

Danone Annual Integrated Report 2020:Methodology Note

Social, Nutrition, Environmental and Danone Way Performances

Consolidation Scope and Coverage

The consolidation scope consists of all Danone subsidiaries that are fully consolidated for the preparation of the consolidated financial statements, in other words, the subsidiaries in which Danone holds, directly or indirectly, exclusive control.

Nevertheless, some subsidiaries do not report all social, safety, environmental, and health and nutrition indicators. These entities were consolidated for financial reporting purposes as of December 31, 2020 and action plans are planned and/or in progress to ensure the availability and reliability of the data. Lastly, the list of subsidiaries that do not report certain indicators may differ depending on the types of indicators. The coverage scope varies according to the indicator categories, as described in the sections below:

INDICATOR	SCOPE
Production Site Food Safety	In 2020, 191 production sites were included in the scope considered for FSSC 22000 certification. These sites correspond to the production sites for all of Danone's Reporting Entities and do not include the production sites of co-manufacturers and suppliers.
Social Indicators	In 2020, 161 entities representing 99.9% of Danone's total headcount reported social indicators. This rate may vary depending on the types of social indicators reported (see Information regarding methodologies).
Safety	<p>In 2020, 195 entities representing approximately 99.8% of Danone's total headcount reported safety-related indicators.</p> <p>In addition, the safety data of subsidiaries removed from the consolidation scope as of December 31, 2020 is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2020.</p>
Production Site Environment	<p>Danone monitors the environmental performance of its production sites using an operational control approach. In 2020, all 180 of Danone's production sites active at end-2020 reported environmental indicators.</p> <p>The environmental impact of tertiary buildings (offices, research centers, etc.) is not included in the scope of consolidation (except for certain indicators, when these buildings are adjacent to production sites). Given that their greenhouse gas emissions represent less than 5% of Danone's total scope 1 and 2 emissions, the environmental impact is considered as non-significant.</p>
Greenhouse Gases	<p>The Company's total emissions consist of greenhouse gas emissions within the scope of responsibility:</p> <ul style="list-style-type: none"> scope 1: these comprise direct emissions from stationary combustion facilities and refrigeration units installed at the industrial sites and warehouses under Danone's operational control, as well as the employee vehicle fleet under the Company's operational control; scope 2: these include indirect emissions related to the production of electricity, steam, heating and cooling purchased and consumed by industrial sites and warehouses under Danone's operational control; scope 3: these comprise indirect emissions that are not recognized in scope 2: emissions from raw materials purchasing (including agricultural upstream), packaging, production, transport and distribution, warehousing, product usage and end of useful life. <p>Scope 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard. Danone has elected to consolidate scope 1 and 2 emissions in accordance with the operational control approach and to include all sources of emissions from its industrial sites (see <i>Production Site Environment Scope</i>), warehouses, distribution centers and corporate vehicle fleet. Emissions from offices and research centers are excluded as they represent less than 5% of Danone's total emissions.</p> <p>Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This approach considers emissions all along the Company's value chain.</p> <p>Scope 3 emissions:</p> <ul style="list-style-type: none"> upstream emissions (physical flows entering the plants) covered a scope representing approximately 96% of Danone's production volumes in 2020; downstream emissions (physical flows exiting the plants) covered a scope representing

	<p>approximately 95% of Danone’s sales volumes in 2020.</p> <p>Only scope 1 and scope 2 emissions are calculated for the Danone Proviva AB (EDP, Sweden), Danone Iran (EDP, Iran), Sirma (Waters, Turkey), Damavand (Waters, Iran) and IBIC (Waters, Brunei) entities.</p> <p>Within the Specialized Nutrition Reporting Entity, scope 3 emissions for the Haps plant in the Netherlands and 12 sales entities, located mainly in South America, Europe and the Middle East, were included in scope 3 reporting in 2020.</p> <p>For the EDP Reporting Entity, scope 3 emissions from operations related to the Vega brand were excluded.</p>
Health & Nutrition	<p>In 2011, Danone created a series of performance indicators (One Health Scorecard) to measure progress made regarding health and nutrition, particularly product composition and responsible communication.</p> <p>These indicators are consolidated for a scope of 32 countries covering all of Danone’s Reporting Entities and geographic regions. In 2020, 85 entities representing 82% of consolidated sales reported health and nutrition indicators (74% in 2019).</p> <p>The health and nutrition indicators scope excludes the medical nutrition activities of Specialized Nutrition Reporting Entity in France.</p>
Danone Way	<p>In 2020, 144 entities conducted a Danone Way self-assessment, representing 99,5% of Danone’s consolidated sales (99% in 2019). This program also covers 99% of Danone’s total headcount.</p>
Packaging	<p>In 2020, data on packaging was collected from all Danone production entities, representing 99% of Danone’s production volumes. The % recycled PET (rPET) indicator used on average by the Waters Reporting Entity in countries where local standards and regulations allow is calculated excluding China, Iran, and Turkey, where local regulations prohibit the use of recycled materials in plastic bottles.</p>
Food Waste	<p>Manufacturing food waste is reported on production sites environmental perimeter. Total food waste (manufacturing and supply chain) is reported for Danone’s production sites perimeter and Downstream distribution perimeter. Waters are not part of this scope. Within that scope, measurement covers around 97% of sales volume in 2020 (versus 96% in 2019).</p>

Like-for-like Changes in Scope (Constant Scope)

Danone measures changes in environmental indicators and in greenhouse gas emissions on a like-for-like basis, i.e. at constant consolidation scope and constant methodology. The 2020 data has been restated using the same consolidation scope and constant methodology as that of 2019.

Definition of the Businesses

Essential Dairy & Plant-Based	Production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and drinks, and coffee creamers and organic products.
Specialized Nutrition	Production and distribution of specialized food for babies and young children to complement breast-feeding and for people afflicted with certain illnesses or frail elderly people.
Waters	Production and distribution of bottled water, water sold in large containers (jugs), and water sold in small containers

Data collection

To ensure the homogeneity of the indicators across the reporting scope, shared data reporting guidelines for social, safety, environmental, and health and nutrition data are transmitted and updated each year following data consolidation and contributors’ comments. These guidelines specify the methodologies to be used for reporting the indicators, including definitions, methodology principles, calculation formulas and standard factors.

These reporting guidelines for social, safety, environmental, GHG, health and nutrition and Danone Way data are available on request from the One Planet. One Health Integration Department.

The social, safety, environmental, and health and nutrition indicators are transmitted by subsidiaries and/or production sites and consolidated at global level by relevant departments. Environmental data are checked at the subsidiary level and then at the Reporting Entity level when reported. Social and safety data are checked at the end of the second quarter and at the time of consolidation as of December 31, 2020. Lastly, health and nutrition data are checked at the subsidiary level and then at the Reporting Entity level when reported.

Social and safety indicators

The Human Resources Department is responsible for social and safety indicators. The subsidiaries’ social data are generally derived from their payroll systems and reported via Danone’s financial information consolidation software (SAP/Business

Objects Financial Consolidation). Safety indicators are reported monthly by each entity in AIRSWEB, Danone's safety data consolidation system.

Environmental indicators

The Nature & Water Cycle Department is responsible for environmental indicators. Production Sites Environment indicators are reported by each production site's Environment manager using the new PURE Platform tool implemented in 2018 with UL EHS Sustainability.

This is the second year that scope 3 greenhouse gas emissions data, including packaging data, were reported using this same tool.

Health and nutrition indicators

The Alimentation Science Department is responsible for health and nutrition indicators. Health and nutrition data are reported by the One Health Scorecard Owners at each subsidiary through a system of standardized forms, which are then consolidated to calculate the global indicators. Product data are generated by Reporting-Entity-specific systems (Nutripride for the Essential Dairy & Plant-Based Reporting Entity, NutreBase for the early life nutrition activities of the Specialized Nutrition Reporting, and Aquamap for the Waters Reporting Entity). Data on volumes are generated by Danone's financial information consolidation software. Lastly, training data are taken from the Human Resources reporting systems. All information including information about consumer programs are reported by One Health Scorecard owners at each subsidiary using the UL PURE application.

Danone Way indicators

The One Planet. One Health Integration Department is responsible for the Danone Way, a qualitative program which guides subsidiaries toward Danone 2030 Company Goals via progressive framework of practices. Danone Way indicators correspond to the percentage of subsidiaries for which it has been determined that one or more practices are applicable and applied. They are reported by the Danone Way coordinators at each subsidiary using the UL Pure data management application. For certain entities (large entities or combinations of entities), a threshold for approving a practice (indicator) has been set at 80% of the entity's sales or headcount.

Information Regarding Methodologies

Social Performance

The methodologies used for certain social, environmental and nutrition indicators may have limits due to:

- the absence of common national and/or international definitions;
- necessary estimates, the representative nature of measurements taken or the limited availability of external data required for calculations.

For these reasons, the definitions and methodologies used for the following indicators are specified.

Headcount

A negligible portion of the managerial headcount data is not collected during the data reporting period (a few cases of internationally mobile employees on assignment at other Danone entities). Furthermore, some disparities may exist in the headcount accounting methods for expatriate employees (this is the case for expatriate employees who have three-party contracts between the employee, the home subsidiary and the host subsidiary).

Employees on long-term leave (more than 9 months) are not counted in the total headcount at the end of the reporting period.

In China, employees paid by Danone but whose contracts are with a third-party company (equivalent to a temporary work agency) are not included in the headcount.

Fixed-term contracts and movements within Danone are not included in the entries/exits.

The first year that entities are included in the reporting scope, they only report total headcount and are not consolidated in the social indicators scope until the first full fiscal year thereafter. In 2020, that was the case for Harrogate Spring Water (Waters, United Kingdom) and Real Food Blends (Specialized Nutrition, United States) for a total headcount of 92 people, *i.e.*, 0.09% of total headcount.

Number of training hours / Number of permanent employees trained / Percentage of permanent employees trained / Number of training hours per permanent employee

Training data for French subsidiaries includes training that is categorized as ongoing professional training, as well as other types of training.

The number of permanent employees trained takes into account all permanent employees who received at least one training course during the year, including those who were no longer employed as of December 31, 2020.

The number of training hours takes into account all courses during the year, including hours of training received by those who were no longer employed as of December 31, 2020.

Training courses for which supporting documents are not received by the closing date for reporting are included in the following fiscal year.

The percentage of permanent employees trained is equal to the ratio of the number of permanent employees trained to the average permanent employee headcount.

The number of training hours per employee is equal to the ratio of the number of training hours to the average permanent employee headcount.

Absenteeism

The absenteeism rate is expressed, in percentage, as the total number of hours of absence divided by the total number of theoretical hours worked. The reasons for absence taken into account by this indicator include sick leave (with or without hospitalization), absences due to work-related illness and injury, absences due to strikes and unauthorized absences. Absences due to maternity/ paternity leave, other authorized leave and long-term absences (more than 9 months) are not taken into account.

The assumptions used to calculate the theoretical hours worked are left to the discretion of the subsidiaries on the basis of local specificities, which can lead to minor discrepancies.

Some subsidiaries monitor absenteeism only for employees who are paid on an hourly basis, while other employees are included in a program under which they receive a number of days that can be used for various reasons (vacation, sickness, special leave, etc.). In particular, this is the case for the activities of The Dannon Company Inc. (EDP, United States) and Danone Inc. (EDP, Canada), Danone's subsidiaries in Brazil and in Argentina, and SALUS (Waters, Uruguay). The Danone Japan (EDP, Japan), Danone Waters of America (Waters, United States), Happy Family (Specialized Nutrition, United States), Sequels Natural ULC (EDP, Canada), Vega US LLC DE (EDP, United States), Advanced Medical Nutrition (Specialized Nutrition, Argentina) and Nutricia Bago Argentina Baby (Specialized Nutrition, Argentina) subsidiaries are not included in the scope.

The scope covered represents about 95% of Danone's total headcount.

General collective agreement

Collective agreements result from collective bargaining between an employer, a group of employers or employers organizations on one hand, and trade unions or work councils on the other hand.

It refers to a written agreement regarding working conditions and terms of employment. It includes all measures forming a minimum basis, generally more advantageous than the legal requirement, and covering diverse topics, in particular wages, social protection and working conditions.

Collective agreements can be negotiated at Company level (Danone), Region level, Country (or countries cluster) level or entity level.

Turnover rate

Turnover rate is calculated as the ratio of the total number of leavings (dismissals, resignations, retirements and other leavings reasons) of Danone's permanent employees to the average number of permanent employees.

Frequency rates of work accidents

The frequency rate of workplace accidents with medical leave (FR1) represents the number of workplace accidents with lost time of one day or more that occur over a 12-month period per one million hours worked.

The frequency rate of workplace accidents without medical leave (FR2) represents the number of workplace accidents without medical leave for every one million hours worked.

The severity rate (SR) represents the number of calendar days of absence due to workplace accidents with medical leave for every 1,000 hours worked.

The hours worked are actual hours worked; by default, theoretical hours worked are taken into account on the basis of local practices and regulations regarding working time.

The assumptions used to calculate the theoretical hours worked are left to the discretion of the subsidiaries on the basis of local specificities, which can lead to minor discrepancies.

Workplace accident indicators also cover accidents affecting temporary employees, workers employed through staffing agencies or service providers working at the sites as well as interns who have an internship agreement with Danone.

Temporary employees and workers employed through staffing agencies or service providers are individuals who do not have a work contract with Danone but are under its management, work on a temporary or non-temporary basis, and for whom Danone is able to collect data on working time (in number of hours). The collection of working hours for temporary employees and workers employed through staffing agencies is under the local responsibility of the subsidiaries. The control of this data by Danone, the wide fluctuation in this population of workers and the disparity of the agencies limit the completeness of data relating to this category.

In 2020, four accidents (three with medical leave and one without) were reclassified, which had a negligible impact on the values published in 2019 in this document. Similarly, adjustments to lost days after reclassifying these accidents with medical leave increased the severity rate (SR) from 0.060 to 0.061.

Within the safety indicators scope, these changes and the improvement in time tracking methods resulted in a revision to hours worked reported in 2019 for workers employed through staffing agencies in the ELN CHINA entity (Specialized Nutrition, China), and the adjustments made to the data increased FR1 from 1.42 to 1.46.

Environmental Performance

Production

The production of Danone's industrial sites is the total production of finished and semi-finished products at each of the sites. As some semi-finished products are used as ingredients at other company production sites, total production of the industrial sites is greater than Danone's total production.

Production of by-products such as cream and condensed milk are not included in production volumes.

Greenhouse gases (GHG)

Results are presented in tons of carbon dioxide equivalent in order to standardize the emissions calculated for carbon dioxide, methane, nitrous oxide and hydrofluorocarbons (HFCs).

Scope 1 and 2 greenhouse gas emissions

Scope 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard (January 2015 revised edition). In January 2015, the GHG Protocol published a guidance document on the method used to account for scope 2 greenhouse gas emissions, which introduces dual reporting:

- location-based reporting, which reflects emissions due to electricity consumption from a conventional power grid. It therefore uses primarily an average emissions factor of the country's energy mix;
- market-based reporting, which reflects emissions from energy consumption taking into account the specific features of the energy contracts chosen and also considers the impact of the use of energy from renewable sources. Danone has set its reduction targets according to the market-based method. Emissions (scopes 1 and 2) are calculated by applying global warming potentials and emissions factors to the activity data.
- the global warming potentials used for methane (CH₄) and nitrous oxide (N₂O) as well as the impact of fugitive emissions of refrigerants, correspond to data in the IPCC Fifth Assessment Report (AR5), Climate Change 2013. The IPCC (Intergovernmental Panel on Climate Change) is a group of inter-governmental experts specialized in climate change.
- the emissions factors used to calculate emissions related to energy combustion correspond to data in the 2006 IPCC Guidelines (2006 IPCC Guidelines for National Greenhouse Gas Inventories).
- electricity emissions factors follow the hierarchy defined in the new scope 2 guidance document of the GHG Protocol for market-based reporting. Suppliers' specific factors must be certified by instruments that prove the origin of electricity (guarantee of origin certificates). If some of the electricity used is not of certified origin, the emissions factors used are the national residual mixes published by official bodies such as the Association of Issuing Bodies (AIB) in Europe and Green-e in North America. For countries that do not have green-electricity attribute instruments, the emissions factors used are those used for location-based reporting provided by the International Energy Agency (2018 publication of energy mixes in 2016).
- the factors used for heating and steam are from the UK Department for Environment Food & Rural Affairs' (DEFRA) 2018 publication and the factors used for cooling are from the carbon database of the French Agency for the Environment and Energy Management (ADEME, 2017);
- the emissions factors used to characterize the impact of fugitive refrigerant emissions are based on the IPCC Fifth Assessment Report (AR5) "Climate Change 2013: The Physical Science Basis" published in 2013.

Scope 3 greenhouse gas emissions

This was the second year that scope 3 emissions were measured using an entity-based organization approach.

Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These emissions are calculated by applying to each reporting entity's activity data the emissions factors from life-cycle analysis databases (Ecoinvent), professional federations (Plastics Europe, FEFCO, FEVE), the Food and Agriculture Organization of the United Nations (FAO), suppliers that have measured their products, and measures recorded as part of the deployment of Cool Farm tool.

This is the third year that the Company has used the emissions factors from the Cool Farm tool to calculate emissions for milk used in products, which accounted for 37% of Danone's emissions in 2020. This tool was developed by the cross-sector Cool Farm Alliance, whose members include manufacturers, research centers and non-governmental organizations, with the aim of developing and promoting the use of measurement systems for sustainable agriculture. In France, Danone uses the emissions factors from the Cap2Er tool (automated calculation of the environmental performance of ruminant farming), developed in collaboration with the French Livestock Institute (Idele). By default, Danone uses the FAO's 2019 emissions factors for countries outside of France where the Cool Farm tool has not been implemented.

This is the third year that, in order to calculate emissions for dairy ingredients, which accounted for 15% of Danone's emissions in 2020, the Company has used specific emissions factors that are calculated by its suppliers and take into account emissions related to the milk in dairy ingredients and emissions related to processing techniques, which factor in the energy intensity of production for each ingredient, as well as transportation between the farms and Danone's suppliers. By default, the FAO's 2019 emissions factors are used for suppliers for which these emissions factors are not available.

The updated methodology and rules for calculating scope 3 emissions were documented in a report shared with all contributors to the Company's emissions reporting. An independent third party has confirmed that these carbon accounting guidelines comply with the GHG Protocol.

Danone improved its analysis of the contribution of methodological effects to the change in the ratio of its total scope 1, 2 and 3 emissions between 2019 and 2020. This improvement was also made to the analysis of the methodological effects between 2018 and 2019.

Carbon-adjusted recurring EPS

To give its stakeholders more visibility on the cost of Danone's scope 1, 2 and 3 emissions as a share of earnings, in February 2020 Danone presented carbon-adjusted recurring earnings per share (EPS). This metric takes into account the estimated financial impact of the cost of carbon on its value chain.

These carbon-adjusted recurring EPS are calculated as the difference between recurring EPS (defined in section 3.6 Indicators not defined by IFRS) and the cost of carbon per share. The cost of carbon per share is the product of Danone's total scope 1, 2 and 3 emissions the cost per ton of carbon, divided by the number of shares after dilution.

The cost per ton of carbon is estimated at €35/t, a figure that Danone has used internally since 2015 as well as in its reporting to the Carbon Disclosure Project. This estimate is corroborated by the cost per ton of carbon (i) on the regulated ETS markets, (ii) on the voluntary carbon credit market, and (iii) by a benchmark of companies that provide information on cost per ton of carbon.

Waste

Following the application of a new standard, the Food Loss and Waste Protocol (version 1.0 of June 2016), since 2016 Danone has consolidated the quantities of waste generated according to the following categories: treatment facilities' sludge, whey waste, food waste collected on site and food waste discharged with wastewater, packaging waste, hazardous waste and, lastly, other non-hazardous waste. In 2019 and 2020, Danone focused on the most substantial categories (food waste and packaging waste) and excluded hazardous waste and other non-hazardous waste, representing 10% of total quantities of waste produced at production sites in 2020, from the consolidation scope.

The Food Loss and Waste Protocol is the first international standard for measuring food losses not used for human consumption. It was established under a partnership between the Consumer Goods Forum, the Food and Agriculture Organization of the United Nations, the United Nations Environment Programme, the World Business Council for Sustainable Development (WBCSD), and the World Resources Institute.

Food waste is consolidated for the Product Sites Environment scope with the exception of the Waters Reporting Entity plants. It includes finished product, raw material and by-product (whey not used for human consumption) losses. This waste may be collected or discharged with wastewater, or form part of the wastewater treatment plant sludge:

- whey and okara collected on site and not used for human consumption is reported as dry matter content;
- waste collected on site is reported in real weight, i.e. weight as shown in on-site waste removal orders;

- waste discharged with wastewater and recovered in the sludge at treatment facilities is reported as a percentage of dry-matter content in sludge;
- waste discharged with wastewater and not recovered in the sludge at treatment facilities is calculated in tons of chemical oxygen demand (COD) discharged.

None of the products and by-products that are used for human consumption (production of lactose or cheese from whey, etc.) are included. Data related to waste recovery includes materials recovery (recycling, composting, reuse, animal feed, sludge used in agricultural applications, etc.) and energy recovery (methanation, incineration with energy recovery). Unused waste is waste that is sent to landfill, discharged to the sewer or incinerated without energy recovery.

As a reminder, in 2018, sludge from wastewater treatment in external wastewater treatment plants started to be included in the indicator of recovered waste, when the traceability of this recovery was available. The completeness of this data was improved in 2019.

Water consumption

The definitions and the method of accounting for various uses of water (including run-off, water pumped from and discharged into streams, water used in the composition of finished products, recycled/reused water, water given to a third party, etc.) are specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. The amount of water withdrawn corresponds mainly to water used for industrial processes and in finished product formulation.

Water used in once-through cooling systems (in which the water withdrawn is returned to its original environment after it has passed through the system once without recirculating) is not taken into account in the total amount of water withdrawn.

Rainwater is not taken into account in the total amount of water withdrawn. It is included in volumes of recycled/reused water only if it is used by the site.

For the Waters Reporting Entity sites, volumes of water withdrawn but not consumed by the site are not taken into account due to losses or to overflow upstream from the plant (losses or overflow at the well or spring level).

When logistics centers are located adjacent to industrial sites, their water consumption is taken into account if the site is unable to subtract this consumption.

Energy consumption

This indicator mainly covers consumption at the production sites. When Research and Development centers or warehouses are located adjacent to production sites, estimates may be made for a given production site to take into account only its own energy consumption (estimate and deduction of the amount of energy consumed by the non-industrial sites adjacent to a production site).

In some cases, the energy consumption of buildings located adjacent to an industrial site is taken into account if the site is unable to subtract its consumption.

The rules for conversion between the different units used to track energy consumption (m³, liters, Btus, etc.) and the standard reporting unit (MWh) are specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. In certain cases, the subsidiaries use conversion factors provided by their suppliers.

Wastewater

The net Chemical Oxygen Demand (COD) data presented correspond to wastewater after internal and/or external treatment. In case of external treatment reported by the site, a purification rate of 90% is assumed.

Packaging

The data on packaging concern primary, secondary and tertiary packaging (excluding pallets) purchased for Danone's operations and are given in tons of material. Packaging purchased for subcontractors who manufacture finished products for Danone is excluded.

Calculations relating to the recyclability rates of Danone packaging are based on the new definition of recyclability as a proportion of the type of packaging recommended by the Ellen MacArthur Foundation (EMF) for circular economy. According to this methodology, a packaging is recyclable if post-consumer collection, sorting, and recycling is proven to work in practice and at scale, which means it achieves a 30% post-consumer recycling rate in multiple regions, collectively representing at least 400 million inhabitants.

The calculation of recycled components for cardboard and plastic materials is based on actual volumes used.

Assumptions for the calculation of recycled components for glass and metal materials are based on the best available data as well as supplier data:

- Recycled components for glass: 50% worldwide
- Recycled components for metal and aluminum: 40% worldwide

Health & Nutrition performance

Percentages communicated are based on the total product portfolio of all Divisions, excluding the non-food products. They are percentages of sales volumes. The Waters division represents 76.3% of the volume of products sold in the reporting scope, whereas the Essential Dairy and Plant-Based Division represents 21.9%, Specialized Nutrition 1.9%.

Percentage of volumes sold in healthy categories

Volumes sold in healthy categories correspond to dairy and plant-based products intended for daily consumption, Specialized Nutrition Business products (except biscuits and beverages for children under 3 years of age and foods for children over 3 years of age marketed by the Early Life Nutrition activities), including products marketed by the Africa strategic business unit, and all packaged waters and beverages (aquadrinks) with 0% sugar. This indicator is calculated in the One Health Scorecard scope.

Percentage of products compliant with the Danone Nutritional Targets 2020

This percentage indicator is calculated on the scope of the One Health Scorecard.

All product categories except packaged water, cooking aids, and products for which a target is not yet defined. Products must attain all nutrient thresholds for their category in the 'Danone Nutritional Targets 2020'. Compliance is weighted by volumes of products sold. This rule applies both at portfolio and product (i.e. multipack) levels.

Percentage of the volume of nutritionally improved products in 2020

The percentage of the volume of nutritionally improved products in 2020 is calculated in the One Health Scorecard scope for the product categories where it is relevant: the Essential Dairy & Plant-Based Business (excluding plant-based products), the early life nutrition activities of the Specialized Nutrition Business and sweetened aquadrinks in the Waters Business.

Percentage of volumes of fortified products sold

The percentage of volumes of fortified products sold is calculated on the scope of the One Health Scorecard and concerns only the Essential Dairy & Plant-Based Business (excluding plant-based products) and the early life nutrition activities of the Specialized Nutrition Business. More specifically, this figure is calculated for a scope covering 80% of the sales of these both Businesses.

A product can be counted as fortified only if three elements are met (for at least one nutrient in the cocktail): 1) It is an essential nutrient (essential fatty acid, fiber, mineral, vitamin); 2) The enrichment is justified by nutritional issues of the targeted population(s) documented by national surveys or the enrichment is mandatory by law and 3) The enrichment has been approved by local experts or validated by the Businesses central nutrition team (mail exchange, launch sheet validation, minutes of a meeting, ...).

Percentage of products sold with on-pack nutritional information / Percentage of products sold with off-pack nutritional information / Percentage of products sold providing an indication of the portion size

This percentage indicator is calculated on the One Health Scorecard scope for the Essential Dairy & Plant-Based Business (excluding plant-based products), Specialized Nutrition Business, and aquadrinks (not relevant for packaged Waters, which are subject to separate regulations). For the medical nutrition products, 100% is by definition applied due to the fact that products are prescribed by healthcare professionals and labeling has to follow the local legislation. All volumes distributed in the away from home channel (canteens, restaurants, etc.) are assessed as they are when they leave the Danone production site, knowing that the final presentation to the consumer is not under the control of Danone, and in that final presentation the nutritional labeling may disappear: products can be presented by the restaurant in single pots without the initial cardboard wrapping, or (for bulk products) transferred to another container.

Percentage of products sold with front-of-pack nutritional information

This percentage indicator is calculated on the One Health Scorecard scope for Essential Dairy & Plant-Based Business (excluding plant-based products) and aquadrinks. Countries where regulations forbid the disclosure of this information are excluded, as well as countries where there is an ongoing public debate on the choice of an appropriate front-of-pack labeling scheme

Percentage of products sold with nutritional claims or with health claims

This indicator is calculated on the scope of the One Health Scorecard, for the Essential Dairy & Plant-Based Business (excluding plant-based products) and the aquadrinks. A claim must follow the local regulation and be validated through

the internal claim validation process.

Number of active expert advisory panels

This indicator is calculated on the scope of the One Health Scorecard.

A panel of experts is defined as a group of scientists/healthcare professionals (from international or local reputed organizations and recognized for his/her expertise) who exchange on a regular basis (minimum one meeting during the last 3 years) with Danone teams to evaluate the relevance, credibility and effectiveness of product innovations, research plans, scientific communication, etc. Each entity must provide evidence of the meeting organized with the panel. For lack of proof, the panel is not taken into account.

Number of employees trained to WHO code and Danone Policy of marketing for breastmilk substitutes

This indicator tracks the number of unique employees, who are working in the Specialized Nutrition Business's early life nutrition activities who were trained on Danone's Policy of marketing for breastmilk substitutes over a two-year period.

When it was not possible to differentiate employees working for the Early Life Nutrition or the Medical nutrition part of the Specialized Nutrition business, the indicators is tracking all employees from the whole Specialized Nutrition business

Each subsidiary must provide evidence of the number of people trained. For lack of proof, the number reported is 0.

Number of active education and information programs during the year/Number of people potentially impacted

A program is any initiative that addresses a local public health cause and that has (i) defined a clear objective relating to this cause or its determinants, (ii) been developed in collaboration with the academic world and/or the government, (iii) targeted a population group and

(iv) defined certain measurable impact indicators (whose initial status has been documented with a baseline and whose impact is measured). A program can be counted as such only if these criteria are met.

The impact does not have to be measured every year.

The people considered to be potentially affected are consumers for the Essential Dairy & Plant-Based and Waters Businesses, and parents, patients and caregivers for the Specialized Nutrition Business.

The subsidiaries counted the people affected by the program in 2020. But if a subsidiary can prove that people are not double-counted, it can aggregate the number of people affected since the start of a program.

People who are affected by several programs can be counted several times.

A person is considered to be potentially impacted if he or she has received the program's messages. Subsidiaries are thus far not required to prove that these people have actually been affected, i.e. that they have changed their eating and drinking consumption habits.

Number of countries covered by Nutriplanet studies

The Alimentation Science department compiles an updated list of countries covered by Nutriplanet studies, including:

- summaries of the local nutrition/health context (*Nutritional Situations*);
- more detailed surveys on food and/or fluid intake (*Food Habits*);
- socio-anthropological studies (*Food Cultures*).

Number of employees who had access to the Health @ Work program

The number of employees who had access to a Health @ Work program is calculated on the basis of the number of employees in each entities that implemented the program in the One Health Scorecard scope. A program is characterized as Health @ Work if it includes at least one of three aspects: Healthy Diet, Healthy Body and Healthy Mind and must provide at least one free offer.

Social Innovations' Funds Performance

Consolidation Scope and Coverage

Danone Ecosystem	All the figures reported for the reporting year are updated with the latest information available on the 31 st of December. The data reported corresponds to all projects funded by the Fund since the validation of the project. After the end of the project with Ecosystem, the last reported figures are taken for the consolidated results. The indicators denominated in % are calculated only for Danone subsidiary having a Fund's project, not for the all Danone subsidiaries. In case of exiting of subsidiary from Danone, social and economic impacts continue to be reported, but the Danone's business impact indicators are not considered anymore.
Danone Communities	All the figures reported for the reporting year are updated with the latest information available on the 31 th December. The data reported corresponds to the scope of the 12 social businesses the Fund has invested in, located in 17 different countries.
Livelihoods Carbon Fund	All the figures reported for the reporting year are updated with the latest information available on the 31 th of December. The data reported corresponds to all projects funded by the Fund since the validation of the project by the Investment Committee.
Livelihoods Fund for Family Farming	All the figures reported for the reporting year are updated with the latest information available on the 31 th of December. The data reported corresponds to all projects funded by the Fund since the validation of the project by the L3F Investment Committee

Data collection

Danone Ecosystem Fund

Raw data are collected by the local project management from Danone subsidiary with the Partner implementing the project. The data is consolidated on the project level according to the reporting instructions communicated by Fund's team and is reported with comments to the dedicated Project Progress Report system. Local subsidiary finance manager then checks the data following the list of the key checks and questions. The Ecosystem coordinator in charge of the concerned project validates the data and its coherence is checked and validated by the Ecosystem finance team. After validation of all the projects in the reporting scope, data is consolidated at the Fund's level and communicated to the external auditors, who audit the social indicators and emit a "limited assurance" conclusion.

A process of continuous improvement of the indicators definition, reporting protocol and system is in place. All the reporting steps are reviewed each year, taking into account the auditors recommendations, improving the definitions in order to increase their consistency and enhancing the communication, monitoring and control process.

Danone Communities

Financial and social data are collected on a monthly basis. Before the 10th of each month, each social business should send to the Danone Communities finance team a template duly filled. This team then checks the relevance of the data and gathers them in a consolidated report with comments from Water & Nutrition managers. These data are challenged during Business Reviews: visio conferences for each social business with CEO, CFO and Danone Communities Directors. After validation of the Danone Communities Financial Director, the Consolidated Report is sent to the Danone Communities Team.

Livelihoods Carbon Fund

Data is collected by the Project Developer and aggregated in a project database that is shared with Livelihoods Venture for verification.

- Mangrove projects: Carbon KPIs are audited by an independent auditor based on a sample, every 3 years.
- Agroforestry projects: Carbon and Beneficiary Number KPIs are audited by an independent auditor, every 3 years.
- Cookstove projects: Carbon and Beneficiary Number KPIs are audited by an independent auditor, every 1 to 2 years.

Besides independent audits, LCF may launch self-audits, mainly during the roll-out phase of the projects.

A process of continuous improvement of the reporting protocol and system is in place. All the reporting steps are reviewed after each audit, taking into account the auditors' recommendation, improving the communication, monitoring and control process and incorporating technological innovation whenever it increases reporting efficiency or precision.

Livelihoods Fund for Family Farming

Data is collected by the Project Developer and aggregated in a project database that is shared with Livelihoods Venture for verification. The specific key results of each project are presented in a form that allows an independent audit from any of the project partners.

Information regarding methodologies

Danone Ecosystem Fund indicators

The indicators of 3 types are reported: Social, Economic and Business. In addition, there is a regular update on the funding and budget of the projects. Under the social indicator set, we measure the Direct beneficiaries of our projects (“People professionally empowered”, which include the number of Jobs creation) and Indirect beneficiaries.

Jobs creation

Creation of positions with a contract or a formalized micro-entrepreneurship status and with an employment of at least 6 months per year and active at the reporting date are included in the calculation.

Empowerment

Empowerment is a process to enable people to develop and strengthen their employability and their social and economic inclusion through, for example, trainings, social benefits, micro-credit services, donations for equipment etc. As there are multiple ways to empower people, a set of sub-indicators has been implemented. For the projects with a risk of double counting, a maximum number of people is retained. Otherwise, all the categories of people empowered are reported. Only direct beneficiaries, i.e. people directly concerned by the project activities are reported.

People professionally empowered

The sub-categories for People professionally empowered include: People with increased or secured revenue, People trained, People with access to social benefits, People who benefit from a micro-credit service, People with better working conditions, People who benefit from a social or professional insertion program and People who received a donation for equipment. For each category there is a split of all the people and women only.

Indirect beneficiaries

This indicator counts the people benefiting somehow from the project indirectly (that are not direct beneficiaries). The consolidated figure per project represents a sum of three project specific sub-indicators. They include Family members of direct beneficiaries benefiting from increased or secured revenue, People sensitized to the nutrition and health practices and Other beneficiaries of the project linked to activities created by the project.

Economic indicators

They measure the yearly turnover created by the project actors and project capabilities.

Danone Communities Fund indicators

Social companies supported by the fund

A social company is considered as supported by the fund when Danone Communities Fund invests on the social business. The company always does it as minority shareholder.

Indicators related to Danone's employees commitment

These indicators correspond to the number of Danone employees that participate to the Danone Communities “Impact3” program. This program allows employees to go on pro-bono missions, with their time and skills, to support social businesses or Danone Communities.

SICAV indicator

The indicator refers to the total performance net of fees over 5 years.

Total number of beneficiaries

The indicator refers to the total number of beneficiaries of the social businesses supported by Danone Communities, in regard to the 17 countries in the Fund.

Number of beneficiaries with access to drinking water

The indicator refers to the total number of beneficiaries of the water access social businesses supported by Danone Communities.

Number of beneficiaries in the fight against malnutrition and poverty

The indicator refers to the total number of beneficiaries of the nutrition social businesses supported by Danone Communities.

Livelihoods Carbon Fund indicators

Number of active projects

A project is considered active from the moment it is approved by the LCF investment Committee, and for the duration of the contract between LCF and the Project developer, ranging from 10 to 20 years.

Total engaged investment volume

This indicator corresponds to the total amount already committed to projects, as approved by the Investment Committee representing the 12 companies financing the Fund: Groupe Caisse des Dépôts, Crédit Agricole SA, Crédit Agricole Midi-Pyrénées, Danone, Firmenich, Hermès, Groupe La Poste, Michelin, Schneider Electric, SAP, Voyageurs du Monde and Eurofins.

Number of people positively impacted

This indicator corresponds to the number of people whose livelihoods are improved thanks to projects' benefits: more resources available (fish, food, cash crops, etc.) and more resilient ecosystems (restoration of agricultural land and forests, barriers against seawater, etc.). Its calculation is cumulative since 2011. It includes households equipped with Livelihoods efficient cookstoves thus less exposed to toxicsmoke.

Number of households equipped with efficient cookstoves

This indicator corresponds to the number of families that use an efficient cookstove for their everyday cooking and/or heating needs. In addition to mitigating deforestation, efficient cookstoves have direct impacts on women's lives: less exposure to toxic smoke and burns, less time needed for wood collecting and cooking. One family may use several cookstoves. Its calculation is cumulative since 2011.

Number of trees planted

This indicator corresponds to the number of trees planted by the project in the reforestation operations. Its calculation is cumulative since 2011.

Number of hectares restored

This indicator corresponds to the area which land cover has been effectively transformed by the project activities. Its calculation is cumulative since 2011.

Number of tons of Carbon credits generated

This indicator corresponds to the number of carbon credits emitted under either Verra (previously VCS) or Gold Standard, independent Carbon Credit Standards. Its calculation is cumulative since 2014.

Livelihoods Fund for Family Farming indicators

Number of active projects

A project is considered active from the moment it is approved by the L3F investment Committee, and for the duration of the contract between L3F and the Project developer.

Total investment volume

This indicator corresponds to the total amount already committed to a given project, as approved by the Investment Committee representing the four companies financing the Fund: Danone, Mars Incorporated, Firmenich and Veolia.

Number of people reached

This indicator corresponds to the number of people whose livelihoods are improved thanks to projects' benefits: more resources available (food, cash crops, etc.) and more resilient ecosystems (restoration of agricultural land and forests, access to water etc.). It includes people benefiting somehow from the project directly or indirectly, being or not involved in L3F project action. They include Family members of direct beneficiaries, people sensitized to good practices and people benefitting from a shared access to the project facilities, tools or services.

Number of people directly empowered

This indicator corresponds to the number of people who were empowered through the project activities and converted to sustainable agricultural practices, such as agroforestry, intercropping, organic fertilization...

This indicator corresponds to the number of men and women who, as a direct result of an L3F project action, have strengthened their: social and economic inclusion, or their awareness on how to best achieve his/her social and professional goals, or their capacity to best achieve his/her social and professional goals.

Number of farms connected to markets or supply chains

This indicator corresponds to the number of farms that are connected to markets or supply chains of investors in the funds. Number of farms (one farm =one household) that are GPS-localized, who benefit from one of the L3F project activities and for who yearly volumes and values of local crop(s) production are recorded up to the first transformer. The farms are considered as connected if they are active project participants and that their production can be traced up to the supply chain of the project partners.