

Danone Annual Integrated Report 2021: Methodology Note

Social, Nutrition, Environmental and Danone Way Performance

Consolidation scopes 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, 2021 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 2021, 189 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 2021, 150 entities representing 99.6% 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	In 2021, 190 entities representing approximately 99.9% of Danone's total headcount reported safety-related indicators. In addition, the safety data of subsidiaries removed from the consolidation scope as of December 31, 2021 is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2021.
Production Site Environment	Danone monitors the environmental performance of its production sites using an operational control approach. In 2021, 181 Danone production sites, representing more than 99% of total production, reported environmental indicators. 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.

Greenhouse Gas Emissions	<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>Scopes 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 Production Site Environment Scope), 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 scope 1 and 2 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 99% of Danone's production volumes in 2021; • downstream emissions (physical flows exiting the plants) covered a scope representing approximately 99% of Danone's sales volumes in 2021. <p>The increase in coverage relative to 2020 for both upstream and downstream emissions can be attributed mainly to the inclusion of the Sirma entity (Waters, Turkey) in the scope 3 reporting scope.</p> <p>Only scope 1 and scope 2 emissions are calculated for the Danone Proviva AB (EDP, Sweden), Danone Iran (EDP, Iran), Damavand (Waters, Iran) and IBIC (Waters, Brunei) entities.</p> <p>Within the Specialized Nutrition Reporting Entity, scope 3 emissions for about 10 sales entities, located mainly in South America, Europe and the Middle East, were excluded from the scope 3 emissions reporting scope in 2021.</p> <p>For the EDP Reporting Entity, scope 3 emissions from operations related to the Vega brand were</p>
Packaging	<p>In 2021, data on packaging was collected from all Danone production entities, representing 99% of its 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 and Supply Chain food waste is reported on production sites environmental perimeter and downstream distribution perimeter, from which Waters reporting entities have been excluded. Within that scope, reporting covers around 99% of sales volume in 2021 (versus 97% in 2020)</p>
Health and 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. These indicators are consolidated for a scope of 33 countries covering all of Danone's Reporting Entities and geographic regions. In 2021, 75 entities representing 81% of consolidated sales reported health and nutrition indicators (82% in 2020).</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 2021, 144 entities conducted a Danone Way self-assessment, representing 98.3% of Danone's consolidated sales (99.5% in 2020). This program also covers 98.6% of Danone's total headcount.</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 2021 data has been restated using the same consolidation scope and constant methodology as that of 2020.

Definition of the Reporting Entities

Essential Dairy and Plant-Based (EDP)	Production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and drinks, and coffee creamers.
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 the global level by the 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, 2021. 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 Site Environment indicators are reported by each production site's Environment manager using the PURE Platform tool implemented in 2018 with UL EHS Sustainability. This is the third 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 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 EDP Reporting Entity, NutreBase for the early life nutrition activities of the Specialized Nutrition Reporting Entity, 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. This information and information about consumer programs are reported by Scorecard coordinators at each subsidiary using the PURE Platform tool.

Danone Way indicators

Danone Way is an annual program to advance and measure Danone's sustainable growth performance at the local, regional and global level. It serves to support local implementation of 2030 Company Goals, ensure local integration of Danone's public commitments, and prepare country business units for B Corp certification.

The One Planet. One Health Integration Department is responsible for Danone Way, a qualitative program which guides subsidiaries toward the Danone 2030 Goals via a progressive framework of practices. The 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 PURE Platform data management tool. 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

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.

Social Performance

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 nine 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 2021, that was the case for ELN Qingdao (Specialized Nutrition, China) and Earth Island, Inc (Specialized Nutrition, United States) for a total headcount of 368 people, i.e. 0.4% of total headcount. The Harrogate Spring Water entity (Waters, United Kingdom), representing 0.09% of headcount, was included in the reporting scope for the first time in 2020, and was therefore consolidated in the social indicators scope in 2021, with the exception of its training data.

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, 2021.

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, 2021.

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 nine 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 Waters of America (Waters, United States), Happy Family (Specialized Nutrition, 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

A collective agreement results from collective bargaining between an employer, a group of employers or employers organizations on the 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 the Company level (Danone), the regional level, the country (or country cluster) level or the 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 2021, one accident without medical leave was reclassified, which had very little impact on the values published in 2020 in this document.

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 plants, total production of the industrial sites is greater than Danone's total production.

Production of by-products such as cream is 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).

Scopes 1 and 2 greenhouse gas emissions

Scopes 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 (2020 publication of energy mixes in 2018);

- 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 third 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 the Cool Farm tool.

This is the fourth 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 36% of Danone's emissions in 2021. 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 fourth year that, in order to calculate emissions for dairy ingredients, which accounted for 16% of Danone's emissions in 2021, 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.

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, Danone continues to present since February 2020 a 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 3.5 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 scopes 1, 2 and 3 emissions (see section 5.3 Preserve and Renew the Planet's Resources) by the cost per ton of carbon, divided by the number of shares after dilution (see section 3.2 Consolidated net income review).

The cost per ton of carbon is estimated at €35/t, a figure that Danone has used internally since 2015. 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.

EU Taxonomy

Danone has calculated its performance indicators in accordance with the provisions of European Regulation 2020/852 (the "Taxonomy" Regulation) and Annex I of the Delegated Act of July 6, 2021, using the methodology described below:

Justification of the non-materiality of operating expenditures ("OpEx") and application of the disclosure exemption

- OpEx, within the meaning of the Taxonomy Regulation, are limited to (i) direct non-capitalized research and development costs, (ii) direct maintenance and renovation costs, and (iii) direct short-term lease costs.
- it represented less than 3% of Danone's total OpEx in fiscal year 2021, which consisted of costs relating to products sold (procurement, logistics, transport) and to selling expenses (marketing, promotions, and personnel costs).

Calculation of the ratio that determines the share of Danone's eligible capital expenditures ("CapEx")

Calculation of the denominator

This corresponds to the increase in property, plant and equipment and intangible assets in fiscal year 2021, which totaled €1,353 million, of which €245 million for IFRS 16 right-of-use assets and €68 million for additions to the consolidation scope (see Notes 6.5 and 10.2 of the Notes to the consolidated financial statements).

Calculation of the numerator

This concerns "individually sustainable measures" within the meaning of the Taxonomy Regulation and breaks down as follows:

Type of asset	Share of total eligible assets	Source of data used to calculate
Buildings and vehicle fleets leased under long-term leases	63.0%	Accounting information systems
Buildings acquired, built and/or renovated	34.8%	
Other, including energy efficiency equipment for buildings	2.2%	Internal CapEx approval tool

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 by type of packaging recommended by the Ellen MacArthur Foundation (EMF) for the circular economy. According to this methodology, a packaging is recyclable if post-consumer collection, sorting, and recycling are 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

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, waste, whey, food waste collected on site and food waste discharged with wastewater, packaging waste, hazardous waste and, lastly, other non-hazardous waste. Since 2019, Danone has 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 2021, 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 Production Site 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 are 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.

Since 2020, Danone has also introduced reporting that consolidates food waste from its production sites with food waste generated in the scope 3 downstream sub-scope within the Greenhouse Gas scope.

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 the 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.

Health & Nutrition Performance

Percentages communicated are based on the total product portfolio of all Divisions, excluding the non-food products. They are percentages of volumes sold. The Waters division represents 79.2% of the volume of products sold in the reporting scope, whereas the Essential Dairy and Plant-Based Division represents 19%, Specialized Nutrition 1.8%.

Percentage of volumes sold corresponding to healthy categories

Volumes sold in healthy categories correspond to fresh dairy products intended for daily consumption, Specialized Nutrition Reporting Entity products (except biscuits and beverages for children under 3 years of age and foods for children over 3 years of age in the early life nutrition activities), and all waters and flavored waters with 0% sugar. This indicator is calculated in the One Health Scorecard scope.

Percentage of volumes compliant with Danone's 2020 nutritional targets

This percentage is calculated for the One Health Scorecard scope. It includes all product categories except mineral water, cooking aids, plant-based products and products for which a target has not yet been defined. Products must meet all the nutrient thresholds for their category in Danone's 2020 nutritional targets. Compliance is weighted by volumes of products sold. This rule applies at both the portfolio and the product (e.g., multipack) level.

If a local regulatory constraint applies to a nutrient, it is excluded from compliance. All the information on Danone's 2020 nutritional targets can be found on its website.

Percentage of product volumes with no added sugars

This percentage is calculated for all product categories in the EDP (excluding plant-based products), Waters and Specialized Nutrition Reporting Entities for its early life nutrition activities; its medical nutrition products are excluded.

The products included in this indicator are those whose added sugar content is equal to zero grams.

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. All products from Infant formula and tailored Nutrition categories have been excluded from calculation and Follow-on formula considered as fortified by definition.

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.

Volumes that display on-pack nutritional information/Volumes that display off-pack nutritional information/Volumes that display information on portion size

This percentage is calculated for the health and nutrition scope for the EDP Reporting Entity (plant-based products are excluded), the Specialized Nutrition Reporting Entity and aquadrinks (not relevant for waters, which are subject to separate regulations). For medical nutrition products, 100% is applied by definition as the products are prescribed by healthcare professionals and the labeling must comply with local legislation. All volumes distributed through out-of-home distribution channels (restaurants, cafeterias, etc.) are evaluated “as is” when they leave Danone’s production site, as the way the products are ultimately served to consumers is out of Danone’s control and at that stage there may be no nutritional labeling: a restaurant can serve products in individual dishes without their original cardboard packaging or (for bulk products) in another container. The information provided to consumers about portions consists of an indication of portion size and the number of portions in the package.

Volumes that display nutritional information on the front of the packaging

This percentage is calculated for the health and nutrition scope for the EDP Reporting Entity (excluding plant-based products) and aquadrinks (excluding countries where regulations prohibit the publication of this information).

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 2021. 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 employees trained on the WHO Code and Danone’s BMS Policy

This indicator tracks the number of employees working in the early life nutrition activities within the Specialized Nutrition Reporting Entity who were trained on Danone’s policy on the marketing of breast milk substitutes over a one-year period.

Social Innovations' Funds Performance

Consolidation scopes and coverage

INDICATOR	SCOPE
Danone Ecosystem	All the figures reported for the reporting year are updated with the latest information available on the 31st 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 31th December. The data reported corresponds to the scope of the 15 social businesses the Fund has invested in, located in 22 different countries.
Livelihoods Carbon Fund	All the figures reported for the reporting year are updated with the latest information available on the 31th 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 31th 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 Edith 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. By 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, including social impact studies, 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, 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 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.

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 22 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 toxic smoke.

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

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 benefiting 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.