

5.2 OFFERING SAFE, HEALTHY PRODUCTS

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UNIQUE PRODUCT PORTFOLIO TO IMPACT PEOPLE'S HEALTH

Food safety and nutritional value are inherent factors in consumers' choices. In addition, consumers are paying closer attention to the social and environmental footprint of the products on offer. Danone has a responsibility to provide safe products to its consumers and commits to offering healthy and sustainable products. In 2021,

Offering consumers healthy products

Definition

Impact people's health locally is one of Danone's strategic goals which is anchored in the objectives that the Company set as part of its *Entreprise à Mission* status. The Company aims to contribute to the food model transformation by focusing on nutritional needs at local level, proposing relevant solutions anchored in local food cultures, and developing local routes to market. The intent of its health and nutrition strategy is thus to create a positive impact on health through healthier and more balanced diets. To do so, the Company works to evolve its product portfolio toward healthier food categories by reformulating, innovating and renovating on its product range while also drawing on its in-depth knowledge of public health concerns, eating habits and local cultural traditions.

Governance

In 2021, the health and nutrition strategy is implemented by the Alimentation Science Department, which reports to the Chief Growth Officer, who is a member of the Executive Committee. The Research and Innovation Department in charge of the products' formulation now reports to the COO End-to-End Design to Delivery, who is a member of the Executive Committee, allowing Danone to achieve both its health and business objectives together.

Danone identified the "nutritional quality of overall product portfolio" and "product safety and quality" as two of its most material issues through an outreach of 380 internal and external stakeholders (see Danone's website for more information).

The health and nutrition strategy governance is supported by:

- the OPOH Integration and Investment Board (see section 5.1 *An integrated approach of sustainable business model*);
- the Growth Strategies and Capabilities Committee, animated by the Chief Growth Officer and global heads of Reporting Entities, which contributes in particular to the strategic discussions: this Committee reflects on how to embed the health and nutrition strategy and objectives into the brands' strategy and contributing to their growth.

Policies, action plans and outcomes

Danone aspires to impact people's health locally. It means to create a positive contribution through its products and its brands, in line with both consumer and stakeholders' expectations. To have an even greater impact, Danone works *via* its social funds. For example, the Danone Ecosystem Fund enables to support systemic change in eating practices and health (€13.6 million spent to date in health-related issues).

In 2021, Danone decided to extend selected nutritional commitments which were backed by new targets for the year to come for its entire product portfolio. Across all categories, Danone's strategic focus remains on (i) portfolio healthiness and nutritional quality, (ii) responsible marketing and (iii) transparent nutritional labeling.

Simultaneously, Danone is defining enhanced nutritional commitments at global level for the horizon 2025-2030.

Improving the nutritional quality of the portfolio through innovation and reformulation

Danone strives to continuously improve its recipes not only to optimize the profile and nutritional value of its products, but also to limit the use of certain nutrients (e.g. added salt or sugar, additives, etc.). The Company also innovates within each of its Reporting Entities with more products sourced organically, locally and naturally to meet consumers expectations.

2021 COMMITMENT	ACTION PLANS AND OUTCOMES
<p>Danone is committed to offer products with a high nutritional quality.</p> <p>2021 transition objectives:</p> <ul style="list-style-type: none"> • Volumes of healthy categories: 90% • Volumes sold without added sugars: 80% • Volumes compliant with internal sugar target: 95% 	<p>In 2021, 90% of product volumes sold are in healthy categories, stable relative to 2020 (see Health and Nutrition scope, Methodology Note). The other categories are mainly low-sugar drinks and occasional “indulgence” products.</p> <p>In 2021, 85.7% of product volumes sold comply with Danone nutritional targets (in slight decrease compared to 86% in 2020).</p> <p>Danone exceeded its target of volumes without added sugar, reaching in 2021 83% versus the targeted 80% (see Health and Nutrition scope, Methodology Note). The Company has been progressing in added sugar reduction across all categories. For example, in dairy products, the reduction of added sugar reached 14% between in 2014 and 2021 and 25% in aquadrinks between 2008 and 2021.</p> <p>The Company performance in increasing its compliance with internal sugar target was, however, slightly below its plan, achieving 92% versus 93% in 2020. This has been caused by Covid-19, the overall market context and the Company’s reorganization plan. Despite these challenges and the slight decrease in the overall performance in this indicator, Danone continues its efforts, for example, the Specialized Nutrition Reporting Entity has progressed from 98% to 99% of compliance in 2021.</p> <p>Danone also continues to support Nutri-Score and has even – alongside several players in the food chain and civil society – called on the European Union to make the Nutri-Score mandatory in all countries. At the same time, Danone continues to gradually roll it out to the EDP Reporting Entity’s product portfolio. In 2021, this label was applied to its products in Austria, Belgium, France, Germany, Latvia, Luxembourg, Poland, Portugal, Slovenia, Spain, Switzerland, Romania, Bulgaria, Hungary, the Czech Republic and Slovakia. In 2021, 89.3% of volumes of products sold were compliant with Nutri-Score A or B (or equivalent) compared to 88.3% in 2020.</p>

Performance indicators monitored as part of Danone’s *Entreprise à Mission* status.

The Access to Nutrition Index (ATNI) has ranked Danone first for the sub-category on Product Profile, recognizing the Company’s performance in terms of nutritional quality of its products. At the same time, in 2021, Danone was confirmed as a member of the FTSE4Good Index calculated by FTSE Russel for the fifth consecutive year.

Developing responsible marketing practices through brands



Danone is committed to responsible marketing in compliance with the International Chamber of Commerce Code for Responsible Food and Beverage Marketing Communication and national and regional standards (For more information, see *Responsible communication* hereinafter). With this commitment, Danone promotes healthier choices and products for the consumers.

2021 COMMITMENT	ACTION PLANS AND OUTCOMES
<p>Danone has a global company Pledge on responsible marketing, especially towards children, and is committed to translate this Pledge into local declarations in each country in which the Company operates.</p>	<p>In 2021, 22 of Danone’s major selling countries have a marketing pledge posted on their websites as part of the local implementation of the Danone Pledge (the Company’s pledge to engage in responsible marketing and communication) vs 20 at end 2020.</p>



Fostering healthier eating and drinking habits through transparent and informative labeling

To encourage healthier choices for consumers, Danone is encouraging and developing extensive nutritional labeling on a large range of products.

2021 COMMITMENT	ACTION PLANS AND OUTCOMES
<p>Danone is committed providing full and relevant nutritional information on its products, to guide consumers.</p> <p>2021 transition objective:</p> <ul style="list-style-type: none"> Volumes sold with Front of Pack labeling: >96%  	<p>Danone supports initiatives to better inform consumers and help them become active participants in their own health.</p> <p>Thus, in 2021, 91.2% of Danone products displayed comprehensive nutritional information (nutritional table on the back of the packaging; a summary of the information on the front; guidance on portion size; information provided in other ways, such as the website) compared with 82.6% in 2020.</p> <p>In particular, in 2021, 97%  of products displayed nutritional information on the front of their packaging (versus 96% in 2020) and 92% of these volumes provided a portion size and number guidance (versus 83% in 2020).</p>

 Performance indicators monitored as part of Danone's *Entreprise à Mission* status.

Focus – Accessible, affordable nutrition

As reflected in its purpose of “bringing health through food to as many people as possible,” Danone believes that accessible, affordable nutrition is a fundamental component of its strategy. With its 2030 Company Goals in particular, Danone aspires to foster inclusive growth for the most vulnerable partners in its value chain in collaboration with its social innovation funds.

The Company aims to expand healthy, affordable products to vulnerable groups based on targeted distribution models that make them more accessible.

Danone improves its portfolio for these communities not only by making the products more affordable, but also enriching selected products with key nutrients. For instance, its subsidiary in Poland (Specialized Nutrition Reporting Entity) offers *Bobovita My First Cereal*, a range of milk cereals without added sugar and fortified with vitamins C and D, thiamine, calcium, iron and iodine.

In 2021, Danone continued to support the populations most affected by the sanitary crisis through its various initiatives. At the local level, this involved (i) studying the socioeconomic pyramid and (ii) determining the right price positioning to make safe drinking

water and healthy and nutritious food accessible. The Specialized Nutrition Reporting Entity has applied this approach to several product launches in Asia (mainly in Indonesia and Malaysia) and Latin America. In 2021, 55% of Danone's entities had at least one healthy product in their portfolios targeting low-income populations or a plan to expand access (see Danone Way scope, Methodology Note).

Lastly, Danone builds its strategy on innovative partnerships, with support from several of its social funds. These include (i) the Danone Communities Fund, which invests equity in social businesses in three fields: access to safe drinking water, access to healthy local nutrition and access to sustainable food systems. (ii) the Livelihoods Fund for Family Farming, which helps smallholders become more resilient and develop subsistence farming strategies that improve their diets, and (iii) the Danone Ecosystem Fund which develops inclusive and sustainable projects with several value chain stakeholders including projects related to promotion of healthy drinking and eating habits at key stages of life. In Egypt, for example, the Danone Ecosystem Fund, in partnership with several stakeholders, is financing a project to combat anemia and iron deficiency, which affect nearly 50% of the population.

Ensuring quality and food safety

Definition

Danone, because of its purpose and as an active player in the food and beverage industry in many countries, must always guarantee the safety and quality of its products to its consumers.

Governance

In 2021, the responsibilities for defining standards, implementing action plans and monitoring commitments lies with:

- the Quality and Food Safety (QFS) function, led by the QFS SVP, who is reporting to the COO End-to-End Design to Delivery, member of the Executive committee. This function is responsible for defining the Danone QFS strategy, defining the Quality standards, and implementing the QFS policy and standards at all levels of the organization. The General Manager of each subsidiary is responsible for ensuring that the products on the market comply with applicable laws and regulations and with Danone's food safety standards.
- the Danone Food Safety (FS) department, led by the Danone Chief Food Safety Officer which reports to the General Secretary, a

member of the Executive Committee and ensuring independence from the operational teams. It is in charge of establishing and maintaining the Danone food safety management system (FSMS), defining the highest food safety standards, maintaining, and assessing compliance and effectiveness of the whole system.

Policies

Danone's approach to QFS encompasses the entire value chain, from product design and supply to manufacturing, distribution, sale, as well as service to consumers. It is replicated for each Reporting Entity, product and technology and reflects:

- Danone's QFS commitments based on the four pillars (be trusted, be preferred, be efficient and be proud).
- Danone QFS Manual which describes the way Danone operates.
- Danone's Food Safety policy which refers to a Company-wide management system aligned with ISO 22000 and FSSC 22000 operating guidelines, rooted in the latest science and technology to enable robust risk anticipation, assessment and management under continuous improvement.

Action plans

Identifying emerging and evolving issues

Danone has developed an end-to-end risk anticipation process which aims to anticipate any emerging food safety issues and to reinforce its FSMS, with the objective of remaining at the leading edge on food safety science. It covers any new or evolving food safety risk related to the safety of raw materials, ingredients, food contact materials, manufacturing processes and finished products.

As part of this process, the map of potential risks for product category is regularly updated by the Danone FS department and adequate preventive plans are defined with the QFS operational departments responsible for local risk control.

Strategic collaborations and partnerships all over the world

The Danone FS department ensures tight connections with the scientific and regulatory ecosystem and maintains numerous collaborations and partnerships in the different regions (*i.e.*, European Union, the United States, China) with standardization & certification organizations, academia, governmental & intergovernmental organizations, industry associations and peers.

In 2021, the Danone FS department strengthened its external engagement through, among others:

- its collaboration with the China National Center for Food Safety Risk Assessment (CFSA) in food safety capability building and scientific research. Danone entity in China is the official partner of the EU-China-Safe project, co-led by the Queen's University of Belfast and the CFSA. This is an inter-governmental project aiming to deliver an effective, resilient, and sustainable EU-China food safety partnership.
- its partnership with Mars Company in the field of food safety with a co-hosted global summit on the future of food safety, that focused on advances in science, technology and research contributing to food safety and food security in the service of UN Sustainable Development Goals (SDGs).

An integrated risk-based approach

Danone not only abides by local and international regulations, but also goes above and beyond by performing risk assessments and defining its own company Quality & Food Safety requirements based on the latest science and highest international standards.

In 2021, a new QFS Standard Operating Procedure (SOP) has been released to reinforce Danone's principles of risk-based approach and guidance has been shared with local teams. The scope covers design, sourcing, manufacturing, and supply chain, where QFS is engaged in risk management decisions. The SOP details notably the uncertainties list, responsibilities, and principles.

In order to continue strengthening the requirements of FSSC 22000 standards in 2020-2021, the Danone FS department upgraded its internal FS standards in two main areas:

- safety qualification of new ingredients: the safety assessment process for new ingredients has been reviewed to cover in a tailored way all types of substances intentionally added to products' recipes (for example, microbiological strains, botanical ingredients, flavorings, additives, enzyme). This assessment process is supported by expert-built databases and tools.

- Hazard Control and Verification Planning: the internal methodologies and terminology have been aligned with the latest concepts developed in ISO 22000:2018 to deploy consistent practices all over Danone production sites to ensure robust, efficient and risk-based management of food safety risks.

Compliance and performance evaluation

Under the responsibility of the Danone FS department, a compliance and performance evaluation is conducted through:

- internal food safety audits aiming to check compliance with the FSMS requirements and associated internal standards;
- external food safety certification processes: Danone's objective is to earn FSSC 22000 certification for all production sites by the end of 2022 (see section *Results*).

Strengthen the quality and food safety culture

Danone developed the iCare program to strengthen its employees' quality and food safety culture with a focus on the following priorities:

- develop a consumer-first mindset;
- engage all its employees on quality and food safety topics;
- promote visible engagement by leaders and management;
- ensure that quality and food safety-related requirements and messaging are consistent and easy to understand;
- encourage employees to get involved and share ideas to improve performance.

As part of its partnership with the Safe Secure Approaches Field Environments (SSAFE), Danone supported in 2021 the development of the "Food Safety Culture Tool", a free entry level tool to help food companies to measure and accelerate the development and implementation of strong food safety cultures.

The Company aims for continuous improvement and conducts assessments to measure the maturity of this culture on a regular basis. An assessment has been conducted in 2021, which results showed improvements and confirmed the "Improving" maturity status of Danone.

Employee training and awareness

Danone relies on numerous initiatives and training courses to raise awareness and train all its employees in order to strengthen the food quality and safety culture within the Company. In 2021, Danone made an internal awareness campaign on the 4 pillars of the Danone QFS ambition and expanded its training offerings to include notably a new e-learning course accessible to all employees on the food safety risk analysis.

Listen to consumers

Being preferred means continuously improving consumer satisfaction and playing a key role in the evolution of food systems. As consumer feedback is key to achieving the highest product quality and innovation, Danone ensures that, in each market, consumers can easily share their questions and opinions either over the phone or online. In 2021, as every 2 years, Danone conducted a census of its consumer contact centers, allowing to identify strengths and improvement areas and to build a strategic plan for the next 3 years.

Outcomes

External certifications: Danone reached a site certification rate of 93% (89% in 2020). In 2021, 190 FSSC 22000 certification audits were conducted by independent certification bodies (140 in 2020). As of December 31, 2021, 175 sites were certified and 186 are planned to be audited in 2022, postponing the initial commitment to reach 100% by the end of 2022 (see Production Site Food Safety scope, Methodology Note).

RESPONSIBLE COMMUNICATION

Definition

Research has shown that, for children under 12 years of age, marketing communications can influence the families' purchasing behavior and short-term eating habits. Danone's goal is therefore responsible marketing and communications for all. In particular, it is committed to ensuring that its communications have integrity, meet ethical standards, are verified, and are based on solid scientific claims to promote healthier habits.

Governance

Under the directive described above, the General Manager of each subsidiary is responsible for communications and their approval. He or she appoints someone to ensure that a specific process for approving communications at the local level is in place and has been properly implemented.

Responsible Marketing Policy is overseen globally by the Vice President Public Affairs reporting to the General Secretary who is a member of the Executive Committee.

Policies

As 90% of Danone's product volumes are sold in healthy categories, Danone spends the majority of its marketing budget on healthy products.

As a founding member of the EU Pledge (2007), and a signatory to the International Food and Beverage Alliance's (IFBA) global policy on responsible marketing, Danone has restricted its marketing communications to children under the age of 13 (The IFBA's and EU Pledge's 2021 enhanced Policy on Marketing Communications to Children now extends to children under the age of 13, rather than 12 years old), so that they are only exposed to products that meet:

- nutritional criteria set by local authorities, or defined by the industry as a whole, and to which Danone has committed regionally or locally;
- common nutritional criteria set by the EU Pledge in the absence of such standards at the local level.

The Company strengthened its commitment to responsible marketing to children with the publication of the Danone Pledge, which provides a set of guiding principles (see *Action Plans* hereafter). To ensure the greatest transparency and the highest level of compliance, Danone decided to embed its commitments at local level: at the end of 2021, 95.6% of its major selling countries have published a local declaration on marketing to children (87% in 2020).

Danone has also joined several local pledges that are consistent with its position on this issue. In most of the countries involved, compliance with this pledge is certified by an external agency.

Lastly, in its advertising, Danone has also pledged to apply the International Chamber of Commerce Code for Responsible Food

Internal audits: in 2021, the Global Food Safety Audit team conducted 50 in-house food safety audits (50 in 2020) (see Production Site Food Safety scope, Methodology Note).

Opportunities

Having a robust FSMS in place, anticipating food safety and quality risks and actively listening to consumers give Danone the opportunity to honor its commitment to the quality and integrity of its products. These attributes also enable the Company to respond proactively to consumers' expectations and their need for transparency.

and Beverage Marketing Communication (ICC Code) and aims for compliance across all of its communications campaigns. Corrective actions are taken if non-conformities occur.

To ensure operational monitoring of its commitments, an internal directive, applicable to all Reporting Entities, was developed to guarantee the consistency and scientific accuracy of the health and nutrition claims in Danone's communications.

Action plans

Responsible communication and marketing to children

Danone uses its brands to promote healthy hydration habits and make water more appealing to children. It does not market its aquadrinks range to children under the age of 13.

More generally, Danone has established the following principles for marketing to children:

- no misleading messages;
- no parental influence undermining, but supporting the role of parents or other responsible for guiding diet and lifestyle choices;
- no suggestion of a time/sense of urgency or a price minimization pressure;
- no exploitation of a child's imagination or inexperience, in a way that could mislead him/ her about the benefits of the product involved;
- no encouragement of unhealthy dietary habits;
- no blurring of the boundary between marketing and branding;
- striving that marketing materials primarily appealing to children under 13 years old promote healthy, balanced diets and lifestyles as well as positive values.

The details of the measures taken, including with respect to the use of influencers and licensed characters on packaging and at points of sale, are set out in the Danone Pledge (see Danone's website for more information).

In 2021, 80% of Danone's entities monitored their compliance with the Danone Pledge (see Danone Way scope, Methodology Note).

Outcomes

In a 2021 audit conducted in Bulgaria, France, Germany, Italy, Poland and Spain, Danone's television advertising was found to be 99.4% compliant with the EU Pledge criteria across all six countries.

In 2021, 100% of brand-owned websites, brand-managed social media profiles and brand-recognized influencer profiles analyzed in 8 different countries were compliant with the EU Pledge commitment.

MARKETING OF BREAST MILK SUBSTITUTES

Definition

Danone offers breast milk substitutes to parents who cannot or choose not to breastfeed exclusively. Similarly, the Company is committed to complying with local law and its own policies by practicing responsible communication and marketing.

Governance

Issues related to breast milk substitutes are under the responsibility of the Compliance Department within the Specialized Nutrition Reporting Entity. This department reports to the Legal and Compliance Department within the office of the General Secretary, ensuring independence from the operating teams. At the local level, each General Manager is responsible for implementing the Policy for the Marketing of Breast-Milk Substitutes (BMS Policy) and for monitoring its procedures in the relevant geographic region.

Policies

Danone supports the World Health Organization's (WHO) international public health recommendation calling for exclusive breastfeeding in the first six months of a baby's life and continued breastfeeding up to the age of two and older, in conjunction with the introduction of safe, appropriate complementary foods.

Danone also published a position paper on Health and Nutrition during the first 1,000 days of life, from the first day of pregnancy until the age of two, based on two convictions:

- breastfeeding must be protected and promoted;
- mothers, infants and young children must receive the best possible nutrition.

As part of its BMS Policy, the Company has deployed strict rules at the global level: no Danone subsidiary may advertise or promote breast milk substitutes for babies under six months, even if local law allows it. In accordance with the breast milk substitutes criteria of the FTSE4Good Index, in countries classified as higher-risk, Danone has voluntarily extended its BMS policy to infants up to 12 months of age, which may go beyond local legislation.

This policy applies to all Danone employees and partners involved in the marketing, distribution, sale, or governance of the affected products and/or related education programs. Danone is the first and only company with a global policy, applicable in all the countries it operates, on marketing breast milk substitutes from birth to six months of age.

In 2020, together with UNICEF and several civil society organizations, WHO published a Call to Action for companies that manufacture BMS to publicly commit and take steps toward full worldwide compliance

with the International Code of Marketing of Breast Milk Substitutes (WHO Code) by 2030. Danone reaffirmed its support for the aims and principles of the WHO Code by providing a response to this BMS Call to Action. In its response, Danone set out a clear program, made commitments encompassing, amongst others, a new approach to product differentiation and Health Care Professionals (HCP) engagement, and developed a roadmap for promoting, protecting and supporting breastfeeding over the next 10 years. In 2021, the Danone Nutricia Campus, an open science and educational platform for HCP, went live.

Action plans

Every year, Danone appoints an independent third party to conduct three market-based assessments of its breast milk substitute marketing practices the summary report is publicly accessible. Additionally, the Company publishes an annual report on BMS Policy management and compliance called *Raising the bar: responsible marketing of baby formula which includes:*

- a summary of the external audits and checks for the previous year;
- suspected and reported non-conformities;
- action plans.

Danone has also rolled out e-learning training on its BMS Policy which is accessible to all employees and external partners and has been translated into 13 languages. Additionally, an in-depth e-learning for all its marketeers working in the field of baby formula was rolled out in 2021.

For the third-party stakeholders, a toolkit was created to increase the awareness around responsible marketing of baby formula.

Outcomes

In 2021, 5,858 employees were trained on Danone's Policy for the Marketing of Breast-Milk Substitutes (versus 6,387 in 2020). Danone changed its methodology in 2021 in terms of tracking the number of employees trained. Instead of tracking over a two-year period for 2020 and before, the Company now tracks only over the corresponding one-year (see section 5.8 *Methodology Note*). In 2021, Danone continued its journey in progressively rolling out e-learning trainings, which contributed to the high number of trained employees.

The Access to Nutrition Index (ATNI) ranked Danone first for the sub-category on marketing of breast milk substitutes and complementary foods, for the second year in a row. At the same time, in 2021, Danone was confirmed as a member of the FTSE4Good Index calculated by FTSE Russel for the fifth consecutive year.