

5.3 PRESERVE AND RENEW THE PLANET'S RESOURCES

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ENVIRONMENTAL STRATEGY

As part of its 2030 Company Goal, to “Preserve and renew the planet’s resources”, Danone’s ambition is to transform its value chain by developing solutions that are positive for the planet. To achieve this, the Company has built its environmental strategy around four priority pillars:

- fight against climate change;
- transition to regenerative agriculture that includes organic agriculture;
- circular economy;
- preservation of water resources.

Governance

In 2020, Danone’s environmental strategy is sponsored by the Chairman and Chief Executive Officer and the Chief Financial Officer, Technology & Data, Cycles & Procurement, a member of the Executive Committee who also sits in the Board of Directors. In coordination with the Chief Cycles & Procurement, they review its implementation, priorities and key issues on a quarterly basis.

Furthermore, the review and implementation of this strategy are among the responsibilities of the following governance bodies:

- the Engagement Committee of the Board of Directors and the OPOH Integration and Investment Board (see section 5.1 *Integrated vision of sustainable business model*);
- the Executive Committee, which oversees the annual strategic planning process establishes the operational roadmaps and action plans to achieve the Company’s commitments, working with the Strategy and Risks Department;
- the Audit Committee, which oversees the Company’s risk review and identifies emerging risks;
- the Cycles and Procurement Department, which ensures the long-term availability and viability of resources (milk, sugar, fruit, packaging, etc.) for the Company’s operations;
- the Nature & Water Cycle Department, reporting to the Cycles and Procurement Department, which manages its performance and designs and supports environmental innovation programs through a funding mechanism in partnership with the social innovation funds. It relies on the Sustainability Department of each Reporting Entity as well as the teams of each strategic cycle (packaging, water and milk) and works with the procurement teams responsible for the main resources;
- the Reporting Entities and subsidiaries, which apply the operational, prevention and risk management action plans, and employ nearly a hundred correspondents.

Focus – Training and awareness programs

Danone raises awareness and trains its employees on environmental issues by means of online training programs (see section 5.4 *Inclusive talent development*).

In 2020, Danone launched an e-learning course on the transition to carbon neutrality. This course, facilitated on the Company’s training platform, is built around a general-purpose module directed at

all employees and includes more technical modules particularly intended for employees responsible for leading the environmental performance of the Company. The Nature & Water Cycle Department has also trained the employees concerned in the Reporting Entities and subsidiaries on the methodology to use to monitor environmental performance and its recent developments.

Environmental management systems and tools

Danone developed its environmental management system based on the international standard ISO 14001. Danone also certifies its main production sites in accordance with this standard, which is a prerequisite for obtaining the highest level of performance in its Global Risk Evaluation for ENvironment (GREEN) program (see hereinafter).

	Year ended December 31	
	2019	2020
ISO 14001 certification ^(a)		
Number of certified sites	85	82
Percentage of certified sites	46%	46%
Percentage of volumes covered	67%	65%

(a) Production Site Environment scope, see Methodology Note.



GREEN audit program

Danone deploys its Global Risk Evaluation for ENvironment (GREEN) program worldwide. The Company commissions external and internal audits to identify and monitor the main environmental risks at its production sites and the implementation of the environmental management system.

The Company can thus monitor and control atmospheric emissions (greenhouse and refrigerant gases), discharges into water

(wastewater) and soil (treatment plant sludge and waste generated by livestock at some subsidiaries) resulting from its activities, as well as measure noise pollution generated by its production sites. The GREEN framework includes an assessment of the water-related risks which methodology was reviewed and updated in 2020 by the Water Cycle team (see section *Preservation of water resources*).

Danone deploys action plans at non-compliant sites in order to remediate non-conformities.

Year ended December 31

	2019	2020
Sites having undergone a GREEN audit		
Number of sites	126	121
Percentage of sites	68%	67%
Percentage of production covered by a GREEN audit	79%	79%
Compliance with GREEN standards		
Number of compliant sites	109	104
Percentage of compliant sites	87%	86%
Percentage of compliant production	95%	94%

Provisions and guarantees for environmental risks

No significant provision for environmental liabilities and risks was recognized on Danone's consolidated balance sheet as of December 31, 2020.

FIGHT AGAINST CLIMATE CHANGE

Definition

Identifying the risks relating to climate change

Danone has assessed the consequences of climate change and identified the following medium-term risks:

- availability of ingredients (milk, fruit, etc.) in regions exposed to drought and bad weather;
- exceptional climate events that could affect production sites located near coastlines;

- availability of water resources and degradation of watersheds and groundwater, with a potential impact on Danone's activities and relations between the subsidiaries and local stakeholders;
- price volatility for its product packaging materials and impacts on its activities;
- financing the transition toward more sustainable agricultural practices.

Furthermore, as part of the recommendations made by the Taskforce on Climate-related Financial Disclosures (TCFD), Danone has mapped the potential and existing impacts of climate change, as well as the climate-related risks and opportunities (see table hereafter). This information has enabled it to develop three climate change scenarios and assess the resilience of its activities, its strategy and the related financial impacts. This map has reinforced the Company's development strategy relating to plant-based products, its ambitious regenerative agriculture program and its circular economy approach.

Risk and opportunity categories	Risk and opportunity descriptions	Probability of occurring between 2020 and 2030	Significance of the potential financial impact 2030–baseline scenario ^(a)	Significance of the potential financial impact 2030–alternative scenarios ^{(a)/(b)}
Transition risks	Shift to plant-based alternatives	High	++	+++
	Growing consumer engagement in fighting climate change	High	++	+++
	Carbon pricing in the procurement of packaging and logistics	Medium	++	++/+++
	Carbon pricing in the cost of direct operations	Medium	++	++
	Increasing reporting obligations	Medium	+	+
Physical risks	Water stress and thermal stress on the milk supply chain	Medium	++	++
	Water stress and thermal stress on agricultural ingredients	Medium	++	++
	Extreme events affecting direct operations	Low	+++	+++
	Water stress on direct operations	Low	++	++
	Impact of climate change on product use	Low	+	+

(a) The significance of the financial impact has been assessed on the basis of the reduction in the Company's profit margin if the risk occurs.

(b) Some risks have two impact assessments because their financial impact differs depending on which climate change scenario is concerned.

Policies and action plans

Climate Policy

As part of its Climate Policy, Danone pledged in 2015 to achieve carbon neutrality throughout its entire value chain by 2050 (scopes 1, 2 and 3, *i.e.* all direct and indirect emissions, including those of suppliers and consumers) by reducing its greenhouse gas emissions and offsetting remaining emissions. In September 2019, Danone underlined its pledge by signing the "Business Ambition for 1.5°C pledge" at the UN Climate Summit, undertaking to reach its peak emissions in 2020. In order to reach its goal, Danone has developed the following strategy:

- cutting greenhouse gas emissions;
- transforming the agricultural practices of its supply chain;
- keeping more carbon in the ground;
- eliminating deforestation from its supply chain by end of 2020;
- offsetting remaining GHG emissions.

Danone has also decided to increase the speed and range of its actions to transform its value chain and place climate change at the heart of its growth model; consequently, in February 2020 it announced a multi-year investment plan amounting to around €2 billion (see section *Outcomes*).

Cutting greenhouse gas emissions

Danone's greenhouse gas emissions reduction trajectory is consistent with the 2°C warming scenario set by the United Nations Framework Convention on Climate Change (UNFCCC). To achieve this, in 2017 the Company set the following interim targets, which were also approved by the Science Based Targets initiative (SBTi):

- reduce its emissions intensity by 50% on its full scope of responsibility (scopes 1, 2 and 3) between 2015 and 2030;
- reduce its absolute emissions by 30% on scopes 1 and 2 between 2015 and 2030.

In 2019, Danone pledged to define targets for cutting greenhouse gas emissions in line with the 1.5°C climate change scenario (keeping global warming below 1.5°C), and it is working to build its new trajectory. In this context, Danone is a member of the working group led by the Science-Based Targets initiative (SBTi) to define 1.5°C industry trajectories.

Lastly, as part of the RE100 initiative, Danone has pledged to shift to 100% renewable electricity by 2030, with an interim target of 50% by 2020 (see section *Outcomes*).

Transforming agricultural practices and keeping more carbon in the ground

Danone has placed agriculture at the center of its low-carbon strategy, notably through the implementation of regenerative agriculture practices. By adopting these practices, partner producers reduce their greenhouse gas emissions, thereby improving soil quality and keeping more carbon in the ground (carbon sequestration). Danone is working to implement its strategy by participating in many actions of the Sustainable Agriculture Initiative (SAI) Platform and the "4 per 1000" international platform, which serve as a catalyst for cooperation regarding soil health and carbon sequestration (see section *Transition toward regenerative agriculture that includes organic agriculture*).

Eliminating deforestation from the supply chain

At the end of 2020, Danone took key steps towards the elimination of deforestation, notably by achieving high traceability on raw materials—palm oil, paper & board and soy.

The deforestation-related action plans of Danone are based on two general policies—its Forest Footprint Policy and its Packaging Policy—and three special policies assessed by the Global Canopy Program (Palm Oil, Soy, and Paper and Cardboard Packaging).

Forest Footprint Policy

In 2012, Danone launched its Forest Footprint Policy to eliminate deforestation from its supply chain by end of 2020, focusing on six main raw materials: palm oil, soy, paper and cardboard packaging, wood biomass, sugar cane, and bio-based raw materials for packaging.

Palm Oil Policy

Since 2015, Danone has pledged to ensure the traceability and provenance of the palm oil it uses. It must come from plantations whose expansion does not threaten forests rated as High Conservation Value (HCV) and High Carbon Stock (HCS) or tropical peatland, and the plantations must respect the rights of indigenous populations and local communities as well as the rights of all workers.

In 2020, Danone used approximately 65,600 metric tons of palm oil (compared with 68,000 metric tons in 2019).

Since 2014, 100% of the palm oil purchased for its early life nutrition activities is certified RSPO (Roundtable on Sustainable Palm Oil)-Segregated, guaranteeing that it can be traced back to the plantations with the support of the Earthworm Foundation (a not-for-profit that supports the creation and development of solutions that address environmental and social issues).

At the end of 2020, 95% of the palm oil purchased by Danone was certified RSPO Segregated, 3% was certified RSPO Mass Balance and the remaining 2% was "conventional" palm oil purchased in Africa. This is because in 2020, Danone worked with two of its US suppliers to build the first segregated palm oil supply chain. This major step forward was recognized by the CDP and enabled Danone to obtain the highest score possible in the CDP Forests-Palm Oil questionnaire for its transparency and its environmental performance in fighting deforestation.

In addition, the Company publishes a list of its palm oil direct suppliers and mills on its website.

Soy Policy

Danone has pledged to contribute to the development of a responsible supply chain for the soy used in its plant-based products and for use in animal feeds. Its Soy Policy consists of increasing transparency across its entire supply chain and notably promoting local protein-rich crops, alternatives to soy imports that help local farmers become more autonomous in animal feed production. Its goal is also to ensure the traceability of the soy used in animal feed for dairy cows from regions with a low deforestation risk. At the same time, Danone works with the Round Table on Responsible Soy (RTRS) association for the purchase of credits supporting the transition toward sustainable soy in Brazil.

Danone's soy consumption and its use in its plant-based products is described in section 5.5 *Responsible sourcing—supplies other than milk*.

Packaging Policy and Paper and Cardboard Packaging Policy

Through its Packaging Policy, Danone aims to guarantee the circularity of its packaging and accelerate the transition toward a global circular economy (see section *Circular economy*).

Danone has also developed a special Paper and Cardboard Packaging Policy with several leading NGOs (notably Rainforest Alliance), setting out three aims:

- switch to lighter-weight packaging across its product range;
- use recycled fiber whenever possible;
- if not, use FSC certified virgin fibers or equivalent.

In 2020, Danone used 98% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers.

Beyond its policies and action plans, Danone is committed to continuing to work with its peers and suppliers to accelerate progress and foster systemic change on this issue. Danone will renew its commitment to the elimination of deforestation in 2021.

Offsetting emissions

Danone pledges to offset remaining greenhouse gas emissions while implementing solutions intended to improve the quality of life of the most vulnerable communities. Accordingly, Danone takes part in reforestation programs and schemes to restore natural ecosystems, notably through the Carbon Livelihoods Fund, of which Danone is a partner Company. The aim of compartments 1 and 2 of the Livelihoods Carbon Fund is to sequester or avoid 20 million metric tons of CO₂ emissions over 20 years through a dozen projects in Asia, Africa and Latin America.

Carbon neutrality of its brands and production sites

Danone also builds its commitment to carbon neutrality around its brands, whose climate action accelerated in 2020 when its *evian* and *Volvic* brands achieved carbon neutrality. More generally, the brands in the Waters Reporting Entity have pledged, via the WeActForWater collective, to achieve carbon neutrality in Europe by 2025. Furthermore, the *Horizon Organic* (EDP Reporting Entity) and *Karicare* (Specialized Nutrition Reporting Entity) brands have also committed to do so by 2025 and 2030, respectively.

In addition, the baby milk production plant in Wexford, Ireland, has been certified carbon neutral by the Carbon Trust. The actions taken by the site have reduced its CO₂ emissions by 10,000 metric tons relative to 2010, reducing its direct carbon footprint by 70% whereas its production volumes have doubled. In 2019, the site offset its remaining emissions in agreement with the Gold Standards.

Outcomes

External recognition

In 2020, CDP recognized Danone as the world's leading company in terms of its environmental performance and its transparency in fighting climate change and protecting water resources, for the second consecutive year. As a result, Danone is one of only ten companies in the world to have been awarded the "triple A" rating for its 2019 performance in the CDP Climate Change, CDP Forests and CDP Water questionnaires.

Since 2018, Danone has used an environmental performance criterion in its Group Performance Shares plans for approximately 1,600 of its senior executives, based on its CDP Climate Change score (see section 6.4 *Details of long-term incentive plans*).

CDP has also recognized the Company as a world leader for its strategy and actions to fight climate change with the suppliers in its supply chain. As a result, it has joined the CDP Supplier Engagement Board.

Greenhouse gas emissions

Danone measures the greenhouse gas emissions of its entire value chain (scopes 1, 2 and 3) based on the international GHG Protocol developed by the World Resources Institute and the World Business Council For Sustainable Development (Greenhouse Gas Environment scope, see Methodology Note).

Greenhouse gas emissions on scopes 1 and 2

For scopes 1 and 2, Danone includes all emissions sources from activities under the operating control of its production sites, warehouses and vehicle fleets.

Danone sets its scope 1 and 2 emissions targets according to the GHG Protocol "market-based" method in order to reflect the share of renewables in its energy mix (Greenhouse Gas Environment scope, see Methodology Note).

Its total emissions in metric tons of CO₂ equivalent for scopes 1 and 2 decreased by 12.4% between 2019 and 2020, mainly due to purchases of electricity from renewable energy sources and energy efficiency improvements. On a like-for-like basis, these emissions decreased by 11.5% compared to 2019 and 38.1% compared to 2015.

	Year ended December 31	
<i>Scope 1 and 2 emissions, market-based (in ktCO₂)</i> ^(a)	2019	2020
Scope 1	722	668
Scope 2	588	479
Total Scopes 1 & 2	1,310	1,147
Absolute emissions reduction, scopes 1 and 2, market-based since 2015	29.1%	38.1%

(a) Greenhouse Gas scope, see Methodology Note.

Greenhouse gas emissions on scope 3

Danone measures indirect emissions from the following scope 3 categories (Greenhouse Gas Environment scope, see Methodology Note).

	Year ended December 31	
<i>(in ktCO₂eq)</i>	2019	2020
Purchased goods and services	20,628	19,921
Upstream transportation and distribution of goods	382	322
Downstream transportation and distribution of goods	2,199	1,627
Use of sold products	1,922	1,886
End-of-life treatment of sold products	245	783
Fuel and energy related activities	320	284
Waste generated by operations	173	153
Total Scope 3	25,869	24,974

Greenhouse gas emissions on scopes 1, 2 and 3

	Year ended December 31	
<i>(in ktCO₂eq)</i> ^(a)	2019	2020
Scope 1	722	668
Scope 2 ^(b)	588	479
Scope 3	25,869	24,974
Total Scopes 1, 2 and 3	27,179	26,122
Emissions intensity ratio scopes 1,2 and 3 <i>(in grams of CO₂ eq/kg of product sold)</i>	740.1	755.9
Reduction in intensity on a like-for-like basis since 2015	24.8%	24.5%

(a) Greenhouse Gas scope, see Methodology Note.

(b) Market-based.



Danone's total emissions from its value chain in 2020 for scopes 1, 2 and 3 amount to 26.1 million metric tons of CO₂ equivalent compared with 27.2 million in 2019, mainly due to the results of the action plans relating to regenerative agriculture (-0.5 million metric tons CO₂ equivalent) and continuing to adopt energy sources that produce lower CO₂ emissions under the Company's RE100 commitment, mainly consisting of green electricity (-0.1 million metric tons CO₂ equivalent). Moreover, consumption changes resulting from Covid-19 have reduced the Company's total sales volumes as well as the share relating to sales by its Waters Reporting Entity (which has the lowest GHG emissions ratio in Danone) (-0.2 million metric tons CO₂ equivalent).

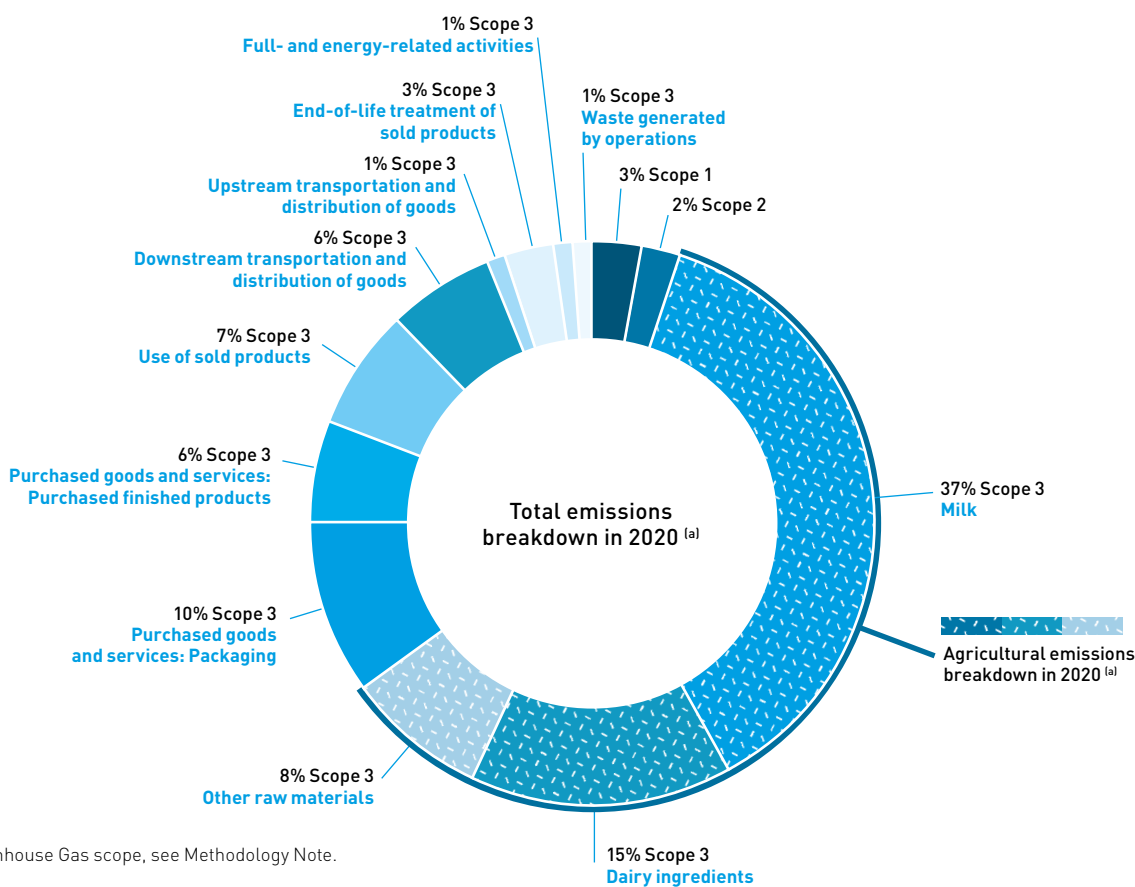
The ratio of Danone's total emissions across its value chain on scopes 1, 2 and 3 increased by 2.1% between 2019 and 2020. On a like-for-like basis, this ratio increased by 0.1% compared to 2019, due to a drop of 4% linked to regenerative agriculture projects, offset by an 4.1% increase due to the smaller share of Waters Reporting Entity volumes in total sales. On a like-for-like basis, this ratio is still decreasing by 24.5% compared to 2015, mainly as a result of productivity gains among producers from which Danone purchases its milk directly and the global milk supply chain, as well as increased purchases of electricity from renewable sources.

In 2020, Danone continued to measure the effects of its ambitious plan to shift to regenerative agriculture, particularly in the following countries:

- in Russia, due to a preferential procurement arrangement with farms producing low-carbon milk, as well as action plans on the carbon footprint of inputs;
- in Mexico, due to the installation of biodigesters to improve manure management, farm reforestation projects, and action plans to improve the performance of small farmers in the Margarita project (see Danone website for more information);
- in Brazil, due to action plans to convert manure into compost, and the traceability of animal feeds in areas with no deforestation risks.

With 95.6% of Danone's total emissions across its value chain, scope 3 represents the largest contributor, more than those from scope 1 (2.6%) and scope 2 (1.8%).

In 2019, Danone estimated that the peak of its carbon emissions on scopes 1, 2 and 3 had been reached five years ahead of its original target (2025) and one year ahead of its "1.5°C Science-Based Targets initiative" pledge.



Since last year, Danone has disclosed a 'carbon-adjusted' recurring EPS evolution that takes into account an estimated financial cost for the absolute GHG emissions on its entire value chain. Given the business context and despite the emissions reduction achieved that

contributed to the -4.1% decrease of the cost of carbon per share, the 'carbon-adjusted' recurring EPS decreased in 2020 by -19%, penalized by the decrease of -13% in recurring EPS (see section 3.2 Examination of consolidated income and 5.8 Methodology Note).

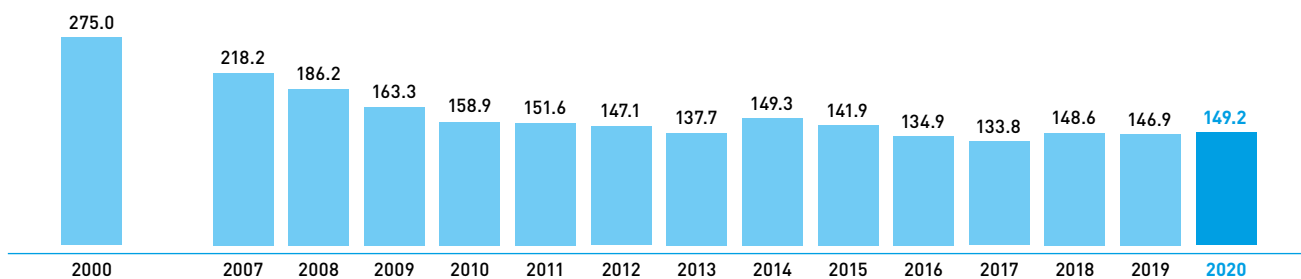
Energy efficiency and renewable energies

	Year ended December 31	
(in MWh)	2019	2020
Thermal energy ^(a)	3,298,502	3,223,381
Electricity ^(a)	2,122,809	2,015,977
Total	5,421,311	5,239,358
Energy consumption intensity (in kWh per metric ton of product)	146.9	149.2
Total reduction in energy intensity since 2000 (in kWh per metric ton of product)	47%	46%

(a) Production Site Environment scope, see Methodology Note.

Energy consumption intensity increased by 1.5% in 2020. On a like-for-like basis, this ratio increased by 0.8% between 2019 and 2020.

Intensity of total energy consumption at production sites (in kWh per metric ton of product)



At end-2020, total energy consumption intensity at production sites declined by 46% compared to 2000 (47% in 2019).

Energy efficiency initiatives

To improve its energy efficiency, Danone makes use of two main drivers: optimization of energy production at its sites, and optimization of its energy use. This trend is further enhanced by the systematic sharing of best practices among production sites.

Renewable energy use

	Year ended December 31	
	2019	2020
Production sites purchasing 100% renewable electricity ^(a)	50	74
Percentage of renewable electricity ^(a)	42.4%	54.3%
Percentage of renewable energy ^(a)	19.7%	24.5%

(a) Production Site Environment scope, see Methodology Note.

As part of the RE100 initiative, 74 production sites purchased electricity from 100% renewable sources (wind, hydro, etc.) in 2020, representing a total of 54.3% of Danone's electricity purchases in 2020 (compared with 42.4% in 2019). Furthermore, its total energy use from renewable sources (electricity and thermal) represented 24.5% of its total energy use in 2020 (compared with 19.7% in 2019).

Opportunities

Danone works closely with all stakeholders in the value chain to strengthen the traceability of its supplies in order to increase the resilience of its producers and secure its purchases. Furthermore, its commitment in these areas in recent years enables it to anticipate the growing demand for transparency by consumers and regulators. The fight against climate change also provides a response to new consumption trends. Consequently, the Company has widened its portfolio of low-carbon, plant-based products.

Focus – Alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)

Danone's disclosures related to climate change are in line with the recommendations of the TCFD. The following reconciliation table makes it possible to identify the main information of this Universal Registration Document with disclosures related to these recommendations.



	Sections
Governance	
a. Oversight by the Board of Directors of climate-related risks and opportunities	6.1
b. Management role in assessing and managing climate-related risks and opportunities	5.1, 5.3, 6.1
Strategy	
a. Climate-related risks and opportunities identified over the short, medium and long term	2.6
b. Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	5.1
c. Resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	5.3
Risk management	
a. Processes for identifying and assessing climate-related risks	5.1
b. Processes for managing climate-related risks	5.1
c. Integration of processes for identifying, assessing and managing climate-related risks in the Company's overall risk management	2.6, 2.7
Metrics and targets	
a. Metrics used to assess climate-related risks and opportunities, in line with the Company's risk management strategy and process	5.1, 5.3
b. Greenhouse gas emissions for scope 1, scope 2 and scope 3 and the related risks	5.3, 5.6, 5.7
c. Targets used to manage climate-related risks and/or opportunities and the Company's performance against these targets	5.3, 6.4

TRANSITION TOWARD REGENERATIVE AGRICULTURE THAT INCLUDES ORGANIC AGRICULTURE

Definition

For Danone, agriculture is the biggest source of greenhouse gas emissions (representing 61% of total emissions in 2020), and the main source of its water use. Believing that agriculture is part of the response to climate change, Danone is firmly committed to regenerative agriculture and promotes practices that protect the soil and biodiversity as well as animal welfare while also supporting farmers in the transition toward more resilient agricultural models that protect natural resources.

Policies

Danone pledged to support sustainable agriculture in 2015, with the publication of a White Paper, and then detailed it in a definition, a set of practices and a plan for the implementation of regenerative agriculture, all jointly developed with the farmers, partners and the WWF and applied through three pillars:

- protecting soils, water and biodiversity (reinforced by the Water Policy published in 2020);
- empowering new generations of farmers;
- respecting animal welfare.

Concerning the last pillar, Danone has made a number of pledges formalized in the Animal Welfare Position Paper and publishes its progress report every year. Its approach, which it developed in collaboration with the NGO Compassion in World Farming (CIWF), is based on the five freedoms internationally recognized by the Farm Animal Welfare Council.

Action plans and outcomes

In 2020, 70% of the entities developed projects in line with at least one of the three pillars of the regenerative agriculture framework regarding the main raw materials it uses (Danone Way scope, see Methodology Note), compared with 76% in 2019. For example, the

Company's French subsidiaries have pledged to produce 100% of the ingredients grown in France from regenerative agriculture by 2025.

Protecting soils, water and biodiversity

With its Water Policy published in June 2020, Danone reiterates the role played by regenerative agriculture in ensuring the protection of natural ecosystems and water cycles, defines its commitments according to different time horizons and underlines its support for its upstream agricultural partners in setting up practices encouraging biodiversity as follows:

- preserve and improve the physical and biological structure of soil to enhance its organic matter content by reducing soil tillage, crop rotation, and planting permanent cover crops;
- maintain soil's natural capacity to regulate water resources;
- preserve animal and plant biodiversity by limiting the use of mineral fertilizers, pesticides and other chemical products and increasing their wildlife habitats (including the protection of water courses). In this respect, Danone pledges to increase the size of buffer zones on farms by at least 15% by 2030.

The Company works directly with farmers to develop action plans with them and help them implement these new practices.

It also works alongside many partners, NGOs, universities or agricultural technicians to promote the adoption of best agricultural practices. For example, Danone North America works with the researchers of Cornell University's carbon sequestration center. In the C-Sequ program, Danone works with other companies in the milk and beef industries to define guidelines for calculating carbon sequestration values. Adopting a collective action approach, the Company continues to help protect biodiversity by working on joint pilots within the One Planet Business for Biodiversity (OP2B) coalition formed in 2019, consisting of 26 companies as at December 31, 2020.

It also endeavors to raise biodiversity protection awareness among employees at its production sites.

All these measures reduce greenhouse gas emissions from farms and increase the rate of carbon sequestration in the soils, thus contributing to Danone's carbon neutrality objective.

Empowering new generations of farmers

Since farmers are the main players in the transition toward regenerative agriculture, Danone seeks to empower them by setting up several mechanisms. Cost Performance Model (CPM) contracts guarantee greater income stability for dairy farmers and encourage them to make the transition to these new practices. Danone also develops partnerships, for instance with the Miimosa participatory funding platform, in order to provide farmers with access to additional funds and to give greater visibility to their actions. It is in this context that the *Blédina* brand launched "Sauvez Williams" project in 2020 to ensure the sustainability of the Williams pear industry in France. Since 2018, Danone in France has invested €40 million in upstream agriculture to support the transition to regenerative agriculture. For its Specialized Nutrition Reporting Entity, nearly 65% of its raw materials grown in France (fruit, vegetables and cereals) is in regenerative agriculture according to the criteria defined by the Company on soil health.

The social innovation funds financed by Danone support also farmers towards a positive and sustainable transformation of agricultural chains. For example, the "Madre Tierra" project in Mexico enables 262 strawberry growers to receive technical and technological support as well as training on soil sustainability, water resource management, and fertilization. Similarly, Danone facilitates access to training, with 2,800 farmers trained on animal welfare since 2018.

These actions all contribute to the target that Danone has fixed itself: to purchase 15% of its volume of agricultural ingredients directly from farms actively committed to a regenerative agriculture approach by the end of 2021. This is an initial key step for Danone, which aims to have all its partner farmers to adopt this approach.

Respecting animal welfare

Danone views animal welfare as an essential element of its strategy since animals can bring circularity to agriculture, particularly when they eat grass, food industry by-products or crop residues inedible to humans, or thanks to the use of their manure as a natural fertilizer for the fields. In 2019, Danone reached its target initially set for 2020, consisting of assessing animal welfare for at least 80% of

the volume of fresh milk collected in the scheme, using its animal welfare assessment tool for dairy cows or *via* the "Validus" certification. In 2020, this scheme had expanded to cover 87% of the volume of milk produced, and nearly 2,800 audits were carried out on farms, assigning a score of up to 100 points to them. The fact that the average score was 67 points emphasizes the best practices generally followed.

With the signature of the Broiler Chicken Act, Danone has pledged with its suppliers to improve the rearing conditions of their broiler chickens by 2026, and the animal living conditions and crowding in general. With respect to Specialized Nutrition Reporting Entity, 100% of sheep and beef cattle had access to pasture in 2020. As for eggs and egg ingredients, more than 80% come from cage-free farms. Since the beginning of 2020, 100% of Danone's contracts relating to eggs and egg ingredients comply with its "cage-free" pledge.

Opportunities

In 2020, Danone is continuing to bring together farmers, agricultural experts and public and private sector partners to advance the transition to regenerative agriculture.

In North America, Danone is leading a soil health improvement initiative actively involving experts and academic researchers to develop programs for the benefit of farms and communities through its subsidiary Danone North America. In December 2020, the program has almost tripled in three years to cover more than 33,000 hectares in the United States and Canada and now includes almond orchards in the central valley of California.

The worldwide Farming for Generations (F4G) alliance created by Danone in 2019 includes several major players in the worldwide agriculture chain and advisers to provide a forum for peer-to-peer exchanges of information. In December 2020, F4G set up programs in 33 farms in eight countries (in Europe, Russia and the United States).

The Company has also launched an information and awareness campaign using a series of online *#soiltalks*. The first edition, with speakers including farmers and representatives of the WWF, McKinsey & Company, the Ellen MacArthur Foundation, the European Commission and Kiss the Ground, attracted more than 500 participants from the public and private sectors, NGOs and the agricultural world generally.

CIRCULAR ECONOMY

Circularity of packaging

Definition

In a move designed to mitigate the challenges related to pollution from packaging, Danone works with numerous value chain stakeholders to accelerate the transition to a circular economy.

Policies, action plans and outcomes

Packaging Policy

In its Packaging Policy, Danone has pledged to ensure a transition from a linear to a circular economy for the packaging used by its Reporting Entities. This ambition was supplemented in 2020 by a

series of commitments addressing environmental challenges as well as by the WeActForWater initiative by the Waters Reporting Entity (see the Danone website for more information).

All these commitments are described in detail below and applied in the form of local roadmaps.



PILLARS AND COMMITMENTS	ACTION PLANS AND OUTCOMES
<p>Packaging designed for circularity</p> <p><i>By 2025:</i></p> <ul style="list-style-type: none"> <i>design all its packaging to be 100% recyclable, reusable or compostable;</i> <i>act to eliminate problematic or unnecessary plastic packaging;</i> <i>launch alternatives to plastic and single-use packaging across all major markets of the Waters Reporting Entity.</i> 	<p>Danone works to increase the recyclability of its packaging by means of action plans in its brands, including the following:</p> <ul style="list-style-type: none"> accelerating reuse models: In many countries, such as Indonesia, Mexico and Turkey, Danone sells reusable water containers, as well as reusable glass packaging for the hotel, canteen and restaurant industry, particularly in France. In 2020, more than 50% of worldwide sales volumes by the Waters Reporting Entity were sold in reusable packaging; <ul style="list-style-type: none"> In this context, Danone is also experimenting with new delivery models, including the Loop™ platform by Terracycle, which it joined in 2019. In this scheme, French consumers are provided with returnable glass water bottles for the <i>evian</i> and <i>Badoit</i> brands. Since 2020, it also includes certain yogurts and plant-based products in France and the United Kingdom. eliminating problematic or unnecessary packaging and diversifying the use of materials: Danone has pledged to eliminate the use of polystyrene in its packaging worldwide by 2025 (in 2024 in Europe). In 2020, the Company has already begun to sell yogurt pots produced in PET (a recyclable material) in the United Kingdom and France. It has also eliminated more than 250 million plastic drinking-straws and eliminated or replaced 8 million plastic spoons, mainly in Europe. <ul style="list-style-type: none"> In addition, Danone is innovating to reduce the amount of plastic it uses and/or switch to other materials; for example, it has launched no-label water bottles under the <i>AQUA</i> and <i>evian</i> brands, and also launched products sold in tin, glass and cardboard carton containers. innovating in its choice of consumption methods, including the following: <ul style="list-style-type: none"> its <i>evian (re)new</i> home hydration prototype, sold in a 5-liter, 100% recycled and recyclable plastic container (consuming 66% less plastic than a 1.5-liter bottle). <p>Consequently, 81% of the packaging is recyclable, reusable or compostable in 2020 (the same as in 2019), 67% of which consists of plastic packaging (as in 2019). During the year, the Company used 716,500 metric tons of plastic (compared with 800,000 in 2019).</p>
<p>Packaging that is reused, recycled or composted in practice</p> <p><i>By 2025:</i></p> <ul style="list-style-type: none"> <i>achieve or even exceed collection targets defined by the authorities (in particular, support the European Union's target of a 90% or greater plastic bottle collection rate);</i> <i>launch or support collection and recycling initiatives in Danone's 20 largest markets, which account for approximately 90% of its sales.</i> 	<p>Danone is working to develop efficient and inclusive channels for collection and recycling, through a collaborative approach with its ecosystem. By participating in the Consumer Goods Forum (CGF) working group on plastic waste, Danone is actively providing a framework and recommendations for the development and implementation of Extended Producer Responsibility (EPR) programs, thereby accelerating the setting up of packaging collection and recycling programs in developed and transitional markets.</p> <p>In France, Danone works with the Citeo eco-organization to create a viable and sustainable yogurt pot recycling industry.</p> <p>The Company also invests in private initiatives, such as the Circulate Capital Ocean Fund (\$15 million over five years) in 2019, to develop recycling and circular economy infrastructures in South Asia and South-East Asia.</p> <p>In Indonesia, it works in the PRAISE industrial coalition, a not-for-profit it jointly created with five major industrial players, supporting (i) the collection and recycling of packaging, (ii) the social inclusion of rag-pickers, and (iii) consumer awareness.</p> <p>Lastly, the Danone Ecosystem Fund continues to support inclusive recycling projects in seven countries. In 2020, more than 400 jobs were created and nearly 4,000 people were able to secure their income or see it increase, notably thanks to the Fund's support.</p>

PILLARS AND COMMITMENTS	ACTION PLANS AND OUTCOMES
<p>Preserving natural resources</p> <p>By 2021:</p> <ul style="list-style-type: none"> market 100% recycled PET bottles in all major Danone markets; <p>By 2025:</p> <ul style="list-style-type: none"> use 50% recycled materials in all Danone's packaging, notably plastic packaging (the initial target was fixed at 25%); use 50% recycled PET (rPET) for the Waters Business (100% in Europe). 	<p>Danone works to reintegrate recycled materials in its packaging and increase the use of renewable materials.</p> <p>In 2020, Danone achieved the following results:</p> <ul style="list-style-type: none"> 10.3% recycled materials on average in its plastic packaging (compared with 10.6% in 2019); 19.8% recycled PET used on average by the Waters Reporting Entity (compared with 15.8% in 2019) and 25.5% in countries where local standards and regulations allow (compared with 20.5% in 2019); 38.7% of rPET is used on average in the <i>evian</i> bottle range (compared with 31% in 2019). <p>In 2020, Danone developed new, 100% rPET items in Europe, Mexico, Brazil and Indonesia. Furthermore, (i) all <i>Volvic</i> bottles in Germany, (ii) all small <i>evian</i> and <i>Volvic</i> bottles in France, and (iii) all <i>evian</i> takeaway bottles in the United Kingdom have been 100% rPET since September 2020.</p> <p>Lastly, in order to reduce fossil resource use further still, Danone is accelerating the development of renewable and bio-based materials. For example, the Company has launched bio-based plastic packaging for its EDP <i>So Delicious</i> brand in the United States (containing 80% bio-based PEHD) and its <i>Les 2 Vaches</i> brand yogurt pots in France, which are made in PLA.</p> <p>Furthermore, Danone has joined Nestlé Waters, PepsiCo and Origin Materials in the NaturAll Bottle Alliance to accelerate the development of 100% bio-PET by using biomass-based raw materials such as used cardboard, sawdust and wood chips in order not to compete with the agricultural land used to produce human foods or feed animals.</p>

Alongside its commitments, the Company is continuing to work actively with the Ellen MacArthur Foundation as well as in other alliances to accelerate the transition toward a circular economy, including the WWF. It has also signed a call for the creation of a United Nations treaty to address the problem of plastic pollution.

Opportunities

Danone innovates with its product distribution, with, for example, the *Faire Bien* yogurt brand in France, and its partnership with the Day by Day brand to experiment with bulk distribution, a method whose wider deployment is currently under study.

Waste management

Danone monitors waste production and its recovery through recycling, reuse, composting and waste-to-energy. The Company's production sites seek to maximize the recovery rate for their waste

through on-site sorting and staff training. To that end, these sites enter into agreements with subcontractors that can recover the various types of waste generated.

	2019	2020
Industrial waste		
Total quantity of industrial waste (in ktons)	511	433
Ratio of total quantity of industrial waste per metric ton of product (in kg/tons)	13.8	12.3
Proportion of industrial waste recovered	90.1%	91.2%
Packaging industrial waste		
Total quantity of packaging industrial waste (in ktons)	122	116
Ratio of total quantity of packaging industrial waste per metric ton of product (in kg/tons)	3.3	3.3
Proportion of packaging industrial waste recovered	95.3%	96.7%
Proportion of plastic packaging waste recovered	95.8%	96.6%

The amount of industrial waste generated per metric ton of product declined by 11% between 2019 and 2020, mainly due to a methodological change at an Alpro site for the waste. In 2020, the recovery rate for industrial waste increased from 90% to 91% (Production Site Environment scope, see Methodology Note).

The recovery rate for plastic packaging waste at the production sites totaled 96.6% in 2020 (compared with 95.8% in 2019). In 2020, 3.4% of post-industrial packaging waste was sent to landfill. The target is to achieve 0% by 2025.



Reducing food waste

Definition

Danone's target is to (i) reduce waste in its operations and its supply chain, notably by combating food loss and recovering food waste, and (ii) help reduce loss and waste prior to and following its direct operations by means of partnerships, consumer education or improved product markings.

Policies

One of the Company's drivers for change is the optimization of its production processes by measuring waste at all of its production sites except its Waters Reporting Entity bottling plants, in accordance with the Food Loss and Waste Protocol, the leading international guidelines for monitoring food waste, developed by the World Business Council for Sustainable Development (WBCSD).

Under the resolution against food waste adopted by the Consumer Goods Forum in 2015, Danone has pledged to reduce its non-recovered food waste by 50% between 2016 and 2025.

In 2020, the Company strengthened its ambition by aligning with Sustainable Development Goal (SDG) 12.3's 10x20x30 initiative, and beyond non-recovered waste, by committing to reduce to halve its food waste (excluding waste intended for animal feed and the processing of biomaterials) throughout its operations and distribution chain.

Action plans

Danone adopts a collaborative approach to reducing food waste—from farm to fork—across its entire product portfolio, involving its consumers, suppliers, distributors and partners in the process. The Company reduces food waste in its value chain as follows:

- **upstream**, by innovating with its brands to make use of ingredients likely to be wasted, as in the case of *Two Good* in the United States, which uses ripe fruit taken from the conventional sales circuits, or *Danone aux fruits d'ici* in France, which launched a limited edition product, "Gariguettes Solidaire 2020", along with Carrefour to consume farmers' surplus strawberry production caused by the Covid-19 crisis;
- **in its production sites, warehouses and logistics centers**, by optimizing its production processes: as a result, its French plants have signed partnerships with the startups Comercio and Phenix to redirect "unfit for sale" products in conventional distribution networks to consumers (because the weight is less than that marked on the label, for example). Furthermore, the Company redistributes its surplus food to specialist charities in order to support vulnerable communities. Consequently, Danone signed an agreement with The Global FoodBanking Network in 2020. Lastly, any unavoidable food waste is sent to recovery streams recognized by Sustainable Development Goal 12.3;
- **downstream**, by acting to reduce waste through consumer education or, when the quality requirements allow, changing the product labeling to say "Best before". As a result, Danone signed a partnership with "Too Good To Go" in Europe in 2020 to change the labeling of consumption dates on some of its products in France. Beginning with *Activia* in Germany in 2019, this type of initiative was extended to other brands in Spain and the United Kingdom and then expanded to cover the rest of Europe.

Outcomes

	Year ended December 31			
	Production sites ^{(a)(b)}		Production sites and supply chain ^{(b)(c)}	
	2019	2020	2019	2020
Food waste management				
Total quantity of food waste generated (in ktons)	386	313	481	409
Ratio of total quantity of food waste per metric ton of product (in kg/tons)	45.0	36.3	57.3	46.8
Ratio of total quantity of food waste recovered per metric ton of product (in kg/tons)	39.9	32.4	47.2	38.5
Proportion of waste recovered	88.6%	89.3%	82.3%	81.2%
Ratio of total quantity of food waste non-recovered per metric ton of product (in kg/ tons)	–	–	10.1	8.8
Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product since 2016, on a like-for-like basis	–	–	-7.0%	-15.6%

(a) Production Site Environment scope, see Methodology Note.

(b) Excludes Waters Reporting Entity sites.

(c) Production Site Environment scope and Scope 3 downstream, see Methodology Note.

The ratio of the amount of food waste generated per metric ton of product at production sites declined by 19.4% between 2019 and 2020, mainly due to a methodological change at an Alpro site. The recovery rate increased from 88.6% to 89.3%.

PRESERVATION OF THE WATER RESOURCE

Definition

Water stewardship is a key issue for the operations and supply chain of Danone but also for the planet. Consequently, the Company acts to preserve and restore natural ecosystems, wetlands and natural water cycles while also continuing its actions to make safe drinking water accessible to the most vulnerable communities. Three basic principles guide all these actions:

- rethinking the value of water by recognizing its many benefits such as protecting biodiversity, improving soil health, and carbon sequestration as well as the socioeconomic impact of preservation and conservation projects;
- building an approach based on scientific, local and concrete facts and sharing knowledge relating to territorial issues;
- thinking and acting locally and collectively as part of an integrated approach to bring concrete results and positive effects for highly water-stressed areas.

Policies

In 2020, Danone published its Water Policy for 2030, which promotes an innovative approach and integrated stewardship of the resource. It is based on a scientific diagnosis of the local water cycle and performed with the support of its hydrogeological experts deployed in identified priority geographical areas. The issue involves the mobilization of all users of water resources at the local level, the joint construction of action plans and the development of governance models supporting the action plans around the following three pillars:

- preserving water resources throughout its value chain;
- rethinking circularity within and around the production sites;
- providing access to safe drinking water for vulnerable people and communities.

In this context, the Waters Reporting Entity's brands have jointly launched WeActForWater, a series of measures, targets and

investments intended to provide a response to the challenges involved in protecting watersheds, access to safe drinking water, climate neutrality and responsible packaging.

Action plans and outcomes

Danone has a dedicated team—the Water Cycle—responsible for defining and implementing the three pillars of the Company's Water Policy and the engagement of its stakeholders. In 2020, this team reviewed the water risk assessment process, taking into account the physical, regulatory and reputational risks, to provide (i) a detailed and structured picture of all watershed and production site risks, and (ii) the baseline for defining priorities and action plans. The process consists of three steps using data from the Water Risk Filter tool developed by the WWF:

- identifying watersheds located in water-stressed areas;
- identifying the water-related risks facing the operating sites;
- defining mitigation, protection and/or recovery plans.

Danone has applied this approach to its entire value chain and the main ingredients in its supply chain.

In order to apply the action plans as local roadmaps, Danone has set up a methodology (SWAN) that guides the teams in (i) defining and implementing a water stewardship project, and (ii) adopting the most suitable practices for the context and the local risks, particularly in water-stressed areas.

In addition, the Water Cycle team has developed a plan to ensure the commitment of all internal stakeholders (involving communication, awareness and training). It prioritizes a collaborative approach with the Reporting Entities and cycles other than water, by means of (i) committees for information-sharing and joint creation of action plans in production sites and watersheds, (ii) the creation of a special working group on water stewardship in the Danone supply chain (representing 89% of its water footprint), and (iii) work to implement regenerative agriculture.

Preserving and restoring water resources in agriculture and watersheds

For this first pillar, the Company pledges to do the following:

- promote regenerative agriculture that respects the natural ecosystems and the water cycles;
- protect water resources by optimizing the stewardship of the watersheds in which it operates and choosing green solutions such as protection, management and recovery.

COMMITMENTS	ACTION PLANS AND OUTCOMES
<p>Relating to agriculture <i>From 2020 onwards:</i></p> <ul style="list-style-type: none"> • <i>develop, for the direct milk supply chain, plans to support farmers in five high-priority areas (the United States, Mexico, Russia, Southern Europe (including France) and North Africa);</i> • <i>ask all its suppliers to set up water stewardship plans.</i> <p><i>By 2025:</i></p> <ul style="list-style-type: none"> • <i>implement pilot projects using an integrated approach on a regional scale for five other key ingredients: milk powder, soy, almonds, strawberries and sugar cane.</i> <p><i>By 2030:</i> <i>For ingredients produced in highly water-stressed areas:</i></p> <ul style="list-style-type: none"> • <i>reduce the water use of farmers with which Danone works in high-risk areas by 25%;</i> • <i>increase the size of buffer zones by at least 15%;</i> • <i>optimize fertilizer use on farms for 75% of milk, fruit, almond and soy volumes.</i> 	<p>In 2020, the Water Cycle team worked with the Agriculture Cycle team and the Cycles and Procurement Department to (i) identify the main ingredients on the basis of criteria such as the volume, expenditure or environmental footprint, and (ii) assess the water-related risks for all 68 ingredients in its supply chain. Danone uses the results obtained to define its priorities and its water stewardship plans for the ingredients produced in areas with a high or extreme water risk.</p>
<p>Relating to watersheds <i>By 2030:</i></p> <ul style="list-style-type: none"> • <i>build plans for protecting and/or restoring 100% of the watersheds in which Danone operates, located in highly water-stressed areas (55 watersheds);</i> • <i>work locally to create an effective governance system with the stakeholders or integrate actions into the existing governance bodies;</i> • <i>develop a new, "open source" Danone platform on water stewardship, to share data and scientific studies and train the internal and external players concerned on integrated water stewardship.</i> 	<p>In 2020, Danone identified 54 at-risk watersheds based on its analysis of the water-related risks.</p> <p>To improve water resource stewardship and encourage biodiversity, soil health and carbon sequestration, Danone develops solutions such as agroforestry, wetland protection or agriculture optimization.</p> <p>Danone does so by participating in the worldwide Nature Based Solutions alliance in order to (i) define green solutions shared between companies and civil society organizations, and (ii) draw up suitable decision-making processes for the water resource stewardship programs.</p> <p>In 2020, Danone began to deploy 15 watershed protection plans.</p> <p>In addition, the Waters Reporting Entity has developed and set up its internal SPRING method, which it has operated for more than 15 years on its production sites (100% covered by SPRING audits since 2017), to ensure the stewardship and protection of its underground water resources. This method includes three main targets for production bottling plants:</p> <ul style="list-style-type: none"> • providing a framework for guiding and assessing water stewardship performance and progress; • ensuring that suitable resources are allocated locally; • building awareness of the importance of proper water resource stewardship.

Rethinking circularity in and around Danone's production sites

For this second pillar, Danone continues to work to reduce its water consumption and ensure that its water discharges are of high quality while also improving water circularity in all its operations.

Danone prioritizes the development of water stewardship plans suited to sites located in water-stressed areas. In 2020, Danone found that 17% of its sites are located in high or extreme water risk areas.

COMMITMENTS	ACTION PLANS AND OUTCOMES
<p><i>By 2020:</i></p> <ul style="list-style-type: none"> • <i>reduce water consumption in the production processes of sites by 60% between 2000 and 2020;</i> • <i>achieve 100% compliance with Danone Clean Water Standards.</i> <p><i>By 2030:</i></p> <ul style="list-style-type: none"> • <i>implement a collaborative 3R Strategy (Reduce, Reuse, Recycle) on all production sites;</i> • <i>ensure that 100% of the clean water discharged directly by the sites located in highly water-stressed areas is reused to reduce the pressure on watersheds;</i> • <i>reduce the water consumption intensity of all production sites located in highly water-stressed areas by 50%.</i> 	<p>Reducing water consumption</p> <p>Since 2015, the action plans carried out at Danone's industrial sites have generated more than 3.6 m³ of process water savings, at constant scope and methodology. In 2020, the most significant action plans mainly concerned the Waters Reporting Entity and the Rotselaar site, where aqueous effluents are now treated and reused in industrial processes.</p> <p>At the end of 2020, the reduction in the intensity of water consumption since 2000 remained stable compared to 2019 at 49%, with the decline in this intensity ratio in the majority of Reporting Entities between 2019 and 2020 being notably offset by the decline in the Waters Reporting Entity's share of sales volumes. The objective of reducing the intensity of water consumption in industrial processes was not achieved in 2020, in particular due to the extension of the reporting scope in 2018, which had an adverse effect on this intensity ratio. All the results related to the performance of the production sites are reported in the Outcomes table.</p> <p>Ensuring that water discharges are of high quality and increasing water circularity</p> <p>In 2015, the Company developed internal standards more stringent than the applicable regulations (Clean Water Standards, or CWS). In 2020, 77% of its facilities comply with the CWS.</p> <p>In addition, Danone has been working for more than 20 years to make more effective use of water in its operations by prioritizing a collaborative approach. In 2020, the Company boosted this approach by adding the fourth pillar, "Reclaim", to its 3R Strategy (Reduce, Reuse, Recycle).</p> <p>For example, on its Rotselaar production site (Belgium, EDP), Danone has developed the Waterless project as part of its "Zero Impact Operations" program, with the goal of achieving "Zero Carbon", "Zero Water" and "Zero Waste". Through the use of two-step filtration technologies, 75% of its wastewater is treated and recovered directly in the form of clean water for reuse in its production processes. This closes the production site's water loop by reinserting and reusing 75% of its water in its operations. The deployment of this process significantly reduces the production site's overall water use and so greatly reduces the strain on local underground water reserves.</p> <p>Lastly, Danone has developed and launched its new tool, Drop Saver, to disseminate best practices, support the deployment of circular water stewardship and assist in the implementation of its new Water Policy.</p>

Providing access to safe drinking water for vulnerable people and communities

For this third pillar, the Company invests through Danone Communities and its brands to support social innovation projects and supply safe drinking water to vulnerable populations.

COMMITMENTS	ACTION PLANS AND OUTCOMES
<p><i>By 2030:</i></p> <ul style="list-style-type: none"> • <i>sign the WBCSD WASH Pledge for access to safe water, sanitation and hygiene at the workplace;</i> • <i>create the Water Access Acceleration Fund (W2AF) to support social businesses providing water access;</i> • <i>provide daily access to safe drinking water for 50 million people.</i> 	<p>Danone pledges to give all its employees access to safe drinking water, sanitation and hygiene, which is consistent with the UN Sustainable Development Goal 6, "Clean Water and Sanitation", and the standard of the World Business Council for Sustainable Development.</p> <p>The Company has been working since 2007 in Asia, Africa and Latin America to provide safe drinking water to low-income communities via the Danone Communities fund. The brands of the Waters Reporting Entity play a key role, with, for example, AQUA in Indonesia partnering with the organization Water.org to extend access to safe drinking water (10 liters brought to local communities for each one-liter bottle purchased). In India, Danone Communities supports initiatives including the water kiosk model to help local entrepreneurs sell safe drinking water to their communities at affordable prices. The kiosks serve more than 260,000 people a day. In 2020, all of Danone Communities' investments in social businesses provided access to drinking water for more than 9 million people around the world.</p>



Outcomes

Water use in operations

Year ended December 31

<i>(in thousands of m³)</i>	2019	2020
Water drawn from the surrounding area ^(a)		
River water	3,038	2,852
Municipal water	22,751	22,986
Well water	47,276	43,312
Total water drawn volume	73,064	69,150

(a) Production Site Environment scope, see Methodology Note.

In 2020, the total volume of water withdrawn decreased by 5.4% compared to 2019. The uses associated with this total volume of water withdrawn in 2020 are as follows:

- 43% went into finished products, mainly at bottling plants, or was used for by-products;
- 57% was used in industrial processes, with details given in the table below.

Year ended December 31

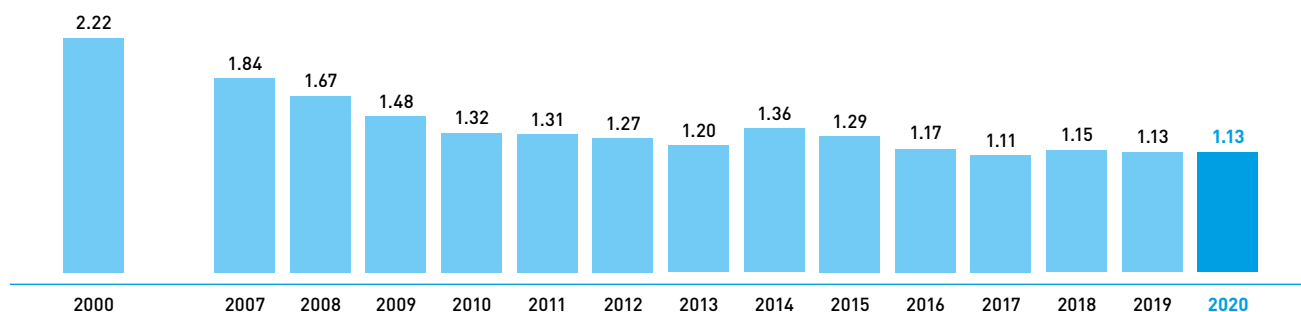
<i>(in thousands of m³)</i>	2019	2020
Water related to the production process ^(a)		
Consumption <i>(in thousands of m³)</i>	41,773	39,714
Intensity of consumption <i>(in m³ per metric ton of product)</i>	1.13	1.13
Reduction in water consumption intensity since 2000	49%	49%

(a) Production Site Environment scope, see Methodology Note.

At the end of 2020, the reduction in water consumption intensity since 2000 has remained stable compared to 2019. The graph below shows the annual evolution.

Water use intensity in industrial processes at production sites

(in m³ per metric ton of product)



At comparable scope and methodology, the intensity of water consumption in industrial processes decreased by 0.5% between 2019 and 2020.

Discharged wastewater quality and chemical oxygen demand (COD)

At its production sites, Danone applies strict concentration limits to all wastewater discharges into the environment. These limits are based on clean water standards and measured using applicable methods. Net chemical oxygen demand (COD), *i.e.* the amount of

oxygen required to oxidize organic and mineral compounds in water, characterizes the quality of wastewater discharges from production sites after any on- or off-site treatment. Danone's assessment of off-site treatment effectiveness is based on certain assumptions (see Methodology Note).

Year ended December 31

	2019	2020
Final discharge of chemical oxygen demand (COD) ^(a) <i>(in thousands of metric tons)</i>	6.38	5.95
Net COD ratio ^(a) <i>(in kg/ton of product)</i>	0.17	0.17

(a) Production Site Environment scope, see Methodology Note.