5

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

5.1 INTRODUCTION

A consistent, deeply rooted and impact-focused sustainability journey

Danone's sustainability journey started long ago. In 1972, Antoine Riboud, then Chairman of the Group, publicly stated that the responsibility of a business goes beyond its factory doors, positioning Danone as a pioneer and visionary in the field of corporate responsibility. This philosophy set the base for Danone's dual economic and social project. This dual project has been at the heart of Danone's ways of working and decision-making ever since, based on a simple but powerful idea: long-term economic performance cannot exist unless there is a positive impact on society as a whole.

Building on this heritage, over 15 years ago, Danone defined its mission as a Group: bringing health through food to as many people as possible. Going further, Danone started a process in 2015 to become a B Corp globally and in 2020 it became the first listed company to adopt the *Société à Mission* status, created by the French "PACTE" law in 2019.

In March 2022, Danone unveiled a new strategic plan, "Renew Danone", with the ambition to reconnect Danone with a sustainably profitable growth model, underpinned by greater alignment between purpose and performance. In this context, in February 2023, the Group reframed its sustainability roadmap - the Danone Impact Journey - which is built on three key pillars:

■ Recognizing the importance and co-dependence of Health through Food, Nature and People & Communities;

■ Hardwiring sustainability into the business, from a strategic, operational and financial perspective;

■ Putting impact, and Danone's ability to meaningfully impact the food systems and the ecosystems it operates in, at the heart of what the Group does.

For each of these pillars, the Group defines a set of priorities, which are translated into mid- to long-term objectives.

Key highlights from Danone's 2023 sustainability journey

- In February 2023, the Group reframed its sustainability roadmap - the Danone Impact Journey.

- Danone announced it was targeting a 30% absolute reduction in methane emissions from fresh milk used in its dairy products by 2030, from a 2020 baseline, becoming the first major food company to align its targets with the Global Methane Pledge. The Group also became the first corporation to join the Global Methane Hub's Enteric Fermentation R&D Accelerator, which aims to create new scalable and practical solutions for dairy farmers to reduce methane emissions.

- In October 2023, Danone published its Affordability and Accessibility approach: *Reaching as Many People as Possible: Our efforts to make healthy products affordable and accessible,* as part of its actions to offer healthy food and drinks that are safe and accessible, whether physically or in terms of price.

- 68% of Danone's employees 🟢 and 82.5% of its global sales are now covered by B Corp certification, marking significant progress toward Danone's ambition to accelerate its roadmap and become the largest certified multinational.

- Danone is one of the only ten companies in the world to be recognized, for the fifth year in a row, by CDP for its environmental leadership on the three assessed fields of climate change, forest preservation and water security, by once again achieving AAA status.

- Danone accelerated its well-being roadmap by launching a new program called Be Well, which is designed to support all Danone employees to be at their healthiest. Be Well is in line with the Group's belief that people and teams are the most important asset. The program is built around three key action areas: nutrition, mental wellness, and physical well-being.

For more information, see the related sections of this chapter.

Governance in support of Danone's Health through Food, Nature and People & Communities frame of action

Sustainability is embedded into Danone's entire organization. All departments therefore support the sustainability ambition and journey through their specific fields of expertise and action. Danone has put in place a sustainability governance structure to ensure global consistency and efficient decision-making in its key sustainability pillars (Health through Food, Nature and People & Communities), as described below:

Corporate governance bodies	Key responsibilities in the area of sustainability
Board of Directors	■ Sustainability goals, roadmap, action plans and progress, as well as focuses on specific topics and policies, are regularly on the Board of Directors' agenda. Reports are systematically drawn up on the outcomes of CSR Committee discussions at Board of Directors' sessions.
Board of Directors' CSR Committee	■ Sustainability goals, roadmap, action plans, progress, as well as focuses on specific topics and policies, are on the agenda of every CSR Committee session.
Internal governance bodies	**Key responsibilities in the area of sustainability**
Executive Committee	■ Sustainability goals, roadmap, action plans and progress, as well as focuses on specific topics and policies, are on the agenda of the Executive Committee sessions on at least a quarterly basis.

Global Impact Steering Committee	■ The Global Impact Steering Committee is responsible for tracking and steering the implementation of the Danone Impact Journey. It comprises top management representatives from the functions involved in the journey, including sponsors from the Executive Committee. The objective is to:
	• track Danone Impact Journey priorities progress vs the stated ambition;
	• steer transformation programs (per pillar and topic, such as regenerative agriculture, packaging, water reduction, etc.) by providing an overview of each category and a geographical focus;
	• activate the right enablers, such as resources, tools, and methodologies.
	The Committee was set up in April 2023, after the Danone Impact Journey was officially announced, and meets every two months. It is co-chaired by the Chief Sustainability and Strategic Business Development Officer, the Chief Research, Innovation, Quality and Food Safety Officer, the Chief Operations Officer, the Chief Human Resources Officer as well as the Group Deputy Chief Executive Officer in charge of Finance, Technology & Data. It also includes the following permanent members: the Senior Vice-President (SVP) Sustainability Strategy & Partnerships, the SVP R&I Medical and Nutritional Science, the VP Social Dialogue and Social Fundamentals, and the Chief Cycles & Procurement Officer. The agenda is driven by the SVP Sustainability Transformation.
Global Engagement Committee	■ The Global Engagement Committee's role is to oversee and guide Danone's sustainability reporting and reputation, by:
	• monitoring sustainability KPIs for reporting;
	• steering key non-financial ratings and rankings (CDP, ATNI, MSCI, etc.);
	• following-up on key partners and NGOs engagement;
	• analyzing key reports and audits;
	• supervising the actions of the Working Group on the duty of care;
	• driving external and internal engagements, communication and governance;
	• anticipating, securing, and aligning compliance issues.
	The Committee was set up in April 2023, following the official announcement of the Danone Impact Journey and meets every two months. It is co-chaired by the Chief Sustainability and Strategic Business Development Officer, the General Secretary, and the Group Deputy Chief Executive Officer in charge of Finance, Technology & Data. The agenda is driven by the SVP Sustainability Strategy and Partnerships. In addition, the Committee is made up of the following permanent members: the SVP Sustainability Transformation, the VP Global Public Affairs, the VP Investor Relations, the SVP Communication, the SVP General Counsel, and the Head of Sustainable Finance.
Operational governance for each of the three Danone Impact Journey pillars and the different programs	Each of the priorities within Danone Impact Journey (Health through Food, Nature, and People & Communities) focuses on selected KPIs with a high impact. Therefore, each priority is organized around programs, with dedicated leaders, teams, processes, and specific governance to help achieve Danone's objectives.
	The Health through Food program operates under the leadership of the SVP R&I Medical and Nutritional Science, with a dedicated governance overseeing the execution of all programs related to the "Progress and Lead Health through Food for Consumers and Patients" pillar.
	Similarly, the same governance and senior leadership have been established for the Nature and People & Communities pillars of the Danone Impact Journey. These are under the respective responsibilities of the Chief Cycles & Procurement Officer and the VP Social Dialogue and Social Fundamentals.
Risk Committee	■ The Risk Committee works with the Strategic Planning Department to build an integrated strategic risk mapping process at Group level, which covers (i) a strategic, operational and structural risks assessment (including sustainability risks), and (ii) mitigation plans. Its members are senior executives from key functions within Danone. The Committee ensures emerging risks are detected and reported, enables the integration of external input into the process, and oversees deep-dives on selected risks, as needed.
	For more information on Danone's strategic risks policy, see section 2.6 *Risk Factors*.

Danone addresses specific sustainability topics within thematic committees which are mentioned throughout this chapter.

Global and local sustainability teams

Leadership Sustainability Team + expert teams (including corporate and Category sustainability experts)	■ A global Sustainability Team was set up in early 2022, led by the Chief Sustainability and Strategic Business Development Officer at the Executive Committee level. He is supported in this role by the SVP Sustainability Strategy and Partnerships, the SVP Sustainability Transformation and a global team of experts covering all the key sustainability topics (Health through Food, Nature and People & Communities). ■ A dedicated team of experts was formed to: • frame and drive Danone's sustainability ambition; • inform strategic decisions; • build and nurture a high level network of experts; • support Danone's positions and policies; • lead specific topics supporting and bringing expertise to the different zones. ■ In addition, dedicated experts work within the global Sustainability Team, as well as within all global functions and categories in Danone on the following areas: • health through food (Nutrition and science); • nature (Climate, Regenerative Agriculture, Packaging, Water, Waste and Energy topics); • society (People & Communities). ■ A global sustainability network shares best practices and co-builds and scales local initiatives to maximize Danone's impact on Health through Food, Nature, and People & Communities.
Sustainable Finance Team	■ As part of the Finance Department, the Sustainable Finance Team reports directly to Danone's Group Deputy Chief Executive Officer in charge of Finance, Technology & Data, and works closely with all the internal sustainability teams and departments as well as with external stakeholders to advance, monitor, and report on Danone's sustainability performance. It covers all key topics, such as Health through Food, Nature, and People & Communities. Its role is to: • ensure sustainability data is accurate and available for all internal and external stakeholders; • embed sustainability data in the Group's overall decision-making process; • develop and maintain a robust Danone methodology for impact assessment to foster exchanges for value creation; • bring in innovative funding options to finance sustainability transformational projects; • implement regulations related to sustainable finance metrics and standards within Danone.
Local Sustainability Teams	■ Sustainability teams, operating in different geographies, are responsible for: • coordinating the implementation of Danone's sustainability strategy at regional and local levels; • driving the local rollout of all Global Sustainability programs (e.g. B Corp certification and support for the global sustainability audit process, the "Re-Fuel program" on energy, circular economy projects at local level, etc.).

In addition, the Company has set up a Mission Committee as part of its status as a *Société à Mission*, which is notably in charge of monitoring Danone's progress toward its sustainability objectives as included in its by-laws. See section *Danone as a Société à Mission and role of the Mission Committee*.

A consistent set of principles to drive business sustainability

Danone has developed a set of commitments and policies outlining principles to form fair, sustainable, and ethical relationships. Some of these have been renewed recently, such as the Forest Policy. These commitments and policies are explained throughout this chapter.

Danone as a *Société à Mission* and role of the Mission Committee

In 2020, Danone adopted the new *Société à Mission* [(1)] legal status, created by French law in 2019. Danone integrated its purpose ("*raison d'être*") of "bringing health through food to as many people as possible" as well as four objectives into its by-laws. The four objectives are as follows:

■ impact people's health locally, thanks to a portfolio of healthier products, with brands encouraging better nutritional choices, and by promoting better dietary habits;

■ preserve and renew the planet's resources, by supporting regenerative agriculture, protecting the water cycle and strengthening the circular economy of packaging, across its entire ecosystem, in order to contribute to the fight against climate change;

■ entrust Danone's people to create new futures: building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Group, both locally and globally;

■ foster inclusive growth, by ensuring equal opportunities within the Group, supporting the most vulnerable partners in its ecosystem and developing everyday products accessible to as many people as possible.

Each objective is broken down into detailed operational objectives, and into mid- and long-term trajectories with annual milestones. They are directly connected with the mid- to long-term objectives defined in the Danone Impact Journey, thus allowing a consistent monitoring of Danone's progress.

The progress toward these objectives is reviewed and monitored by Danone's Mission Committee, which brings together highly respected independent global experts. As of the date of this document, Danone's Mission Committee members include: Pascal Lamy (Chair), Arancha González, Lise Kingo (Danone Independent Board member), Emna Lahmer (Danone employee), Hiromichi Mizuno, David Nabarro, Ron Oswald and Gabriela Ilian Ramos. The Mission Committee draws up a report every year, which is made public and presented to shareholders during each Annual Shareholders' Meeting. It is also verified by an independent third party at least every two years. This report is orally presented to shareholders during the Annual Shareholders' Meeting and is available on Danone's website.

B Corp ambition

Since 2015, Danone has partnered with B Lab to help define a meaningful and manageable path to certification for multinationals and publicly traded companies, as well as to accelerate the growth of the B Corp movement in becoming mainstream. This partnership is an expression of Danone's long-time commitment to sustainable business as well as to its dual project, combining both economic and social progress.

In 2023, Danone is reporting on two performance indicators: the percentage of global sales certified and the percentage of employees covered by the B Corp certification. While sales continues to be a key indicator, Danone tracks the employee coverage considering that B Corp represents an essential means for employees to drive change and positive impact. A specific target was therefore added as a KPI in the People & Communities pillar of the Danone Impact Journey.

In 2023, 68% of employees ◉ and 82.5% of global sales were covered by B Corp certification, marking significant progress. These achievements reflect Danone's ambition and efforts to be fully certified at global level by 2025. In achieving this, Danone will become the largest B Corp in the world, leading a movement of committed and responsible companies.

Materiality analysis to highlight main externalities

To define its approach to sustainability, Danone takes into account the complementary nature of its risk and materiality analysis processes. This enables the Group to identify the issues facing its operations and value chain, on the one hand, and the expectations of its stakeholders regarding its sustainability ambitions, on the other.

Danone uses the materiality analysis to highlight the 12 most material issues for both Danone's business success and external stakeholders, as listed in the table below. In 2021, the Group renewed this materiality analysis.

[(1)] *The French "Société à Mission" status is defined by Article L.210-10 of the French Commercial Code (Code de commerce), introduced by the May 22, 2019 law, commonly known as the "PACTE" law. It requires companies adopting this status to: define a purpose ("raison d'être") and write it into the company's by-laws, include in its by-laws social and environmental objectives aligned with that purpose, create a mission committee responsible for monitoring progress toward these objectives, appoint an independent third party to verify that the mission is carried out: goals achieved, consistent trajectories and adequate means implemented.*
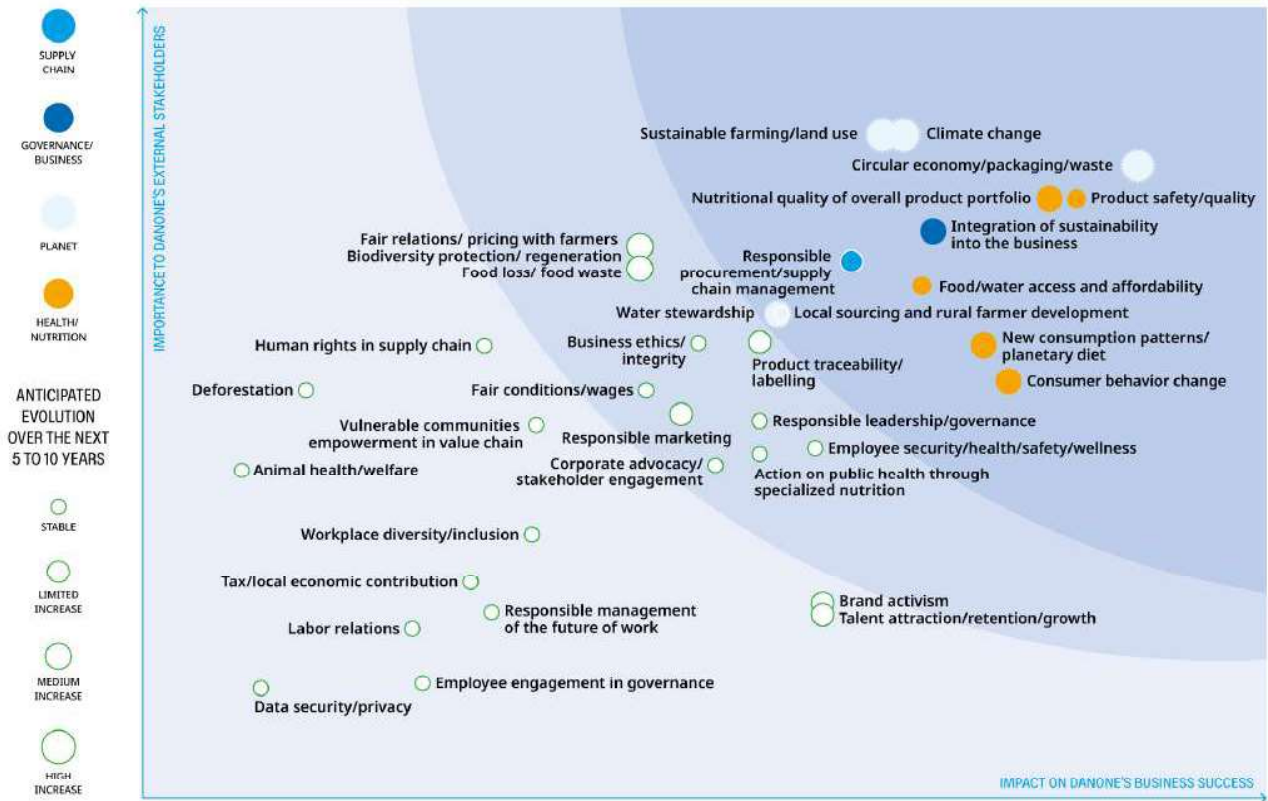
This materiality analysis is the result of a global consultation with more than 380 internal and external stakeholders, including more than 230 external and local stakeholders (national authorities, NGO representatives, academics, experts, suppliers, investors, etc.). Stakeholders shared their views on issues that Danone needs to prioritize as a business today, and over the next five to ten years.

In 2023, Danone launched a major project to prepare for the application of the EU Corporate Sustainability Reporting Directive (CSRD) in January 2024. The Sustainable Finance team is currently finalizing the double materiality assessment (both financial and impact materiality), as set out by the CSRD.

Risks identified in connection with Danone's Non-Financial Information Statement

In 2018, Danone identified its sustainability risks through a joint effort by the departments responsible for Sustainable Development and for Strategy and Risks.

For the purpose of the Non-Financial Information Statement, Danone has adopted the following risk definition methodology:

- **identify risks through research** on risks affecting its activities and value chain over the short, medium and long term;

- **work with its experts** to assess the most significant risks based on its activities, probability of occurrence, and potential impacts on its stakeholders (employees, shareholders, business partners and communities) and its results;

- **identify and consolidate Danone's top 13 sustainability risks**;

- **have the list of risks and material topics monitored and reviewed by several governance bodies**: the Sustainability Integration Committee (now replaced by the Global Impact Steering Committee and the Global Engagement Committee), and the Social Responsibility Committee (now called the CSR Committee).

In 2022, the Group reviewed these risks and concluded that they were still relevant.

The table below shows the 13 priority themes derived from Danone's risk analysis and the 12 material priorities, all linked to the Danone Impact Journey.

	Sustainability risks	Material priorities	Reference within the chapter
PROGRESS AND LEAD HEALTH THROUGH FOOD FOR CONSUMERS & PATIENTS	Unique product portfolio to impact people's health	■ Product safety/quality ■ Nutritional quality of overall product portfolio ■ Food/water access and affordability ■ New consumption patterns/planetary diet ■ Consumer behavior change	5.2 *Health through food*
	Responsible communication	■ Product safety/quality	
	Marketing of breast milk substitutes	■ Nutritional quality of overall product portfolio	
PRESERVE AND REGENERATE NATURE	Regenerative agriculture	■ Climate change ■ Sustainable dairy farming/land use ■ Local sourcing and rural/farmer development	5.3 *Nature*
	Circular economy	■ Circular economy/packaging/waste ■ Climate change	5.3 *Nature*
	Preservation of water resource	■ Climate change ■ Water stewardship ■ Food/water access and affordability	5.3 *Nature*
THRIVING PEOPLE & COMMUNITIES	Inclusive talent development	■ Integration of sustainability into the business	5.4 *People & Communities* 5.5 *Responsible business conduct*
	Social dialogue		
	Employee security		
	Business practices and price setting	■ Sustainable procurement/supply chain management	
	Sustainable sourcing	■ Local sourcing and rural/farmer development	
	Human rights	■ Sustainable procurement/supply chain management	
COMPLIANCE	Responsible practices: ethics and integrity	■ Integration of sustainability into the business	5.5 *Responsible business conduct*

5.2 HEALTH THROUGH FOOD

Contents

"Bringing health through food to as many people as possible" is in Danone's DNA and is at the core of all its activities. Indeed, the Group's commitment to health is included in its by-laws and embedded in its mission ("*raison d'être*"), its social and environmental objectives, as well as its portfolio choices. Danone has built a unique, health-focused portfolio and constantly strives to improve it.

In 2021, Danone identified the "nutritional quality of overall product portfolio" and "product safety and quality" as two of its most material topics through an outreach to 380 internal and external stakeholders (see section 5.1 Introduction).

The Group's 2025 health through food agenda comprises of Danone Impact Journey and *Société à Misson* targets with a focus on sugar reduction and improving nutrition for children.

The Health through Food pillar of the Danone Impact Journey is built on the framework of the Health and Nutrition Pledge defined for internal purposes at the end of 2022.

The Group's 2025 health through food agenda is composed of four pillars and has ten targets for 2025:

- offer tastier and healthier food and drinks with four targets to maintain product portfolio healthiness and further reduce sugar in our products for children;
- promote healthier choices with one target to increase transparency toward consumers;
- provide positive nutrition and hydration for a healthier life with four targets to expand contribution to relevant areas: fortification, iron deficiency anemia, breastfeeding and access to safe drinking water;

- investing in nutrition and hydration science and research, with one target to invest in advancing and pioneering nutrition and hydration science.

Governance

All topics related to health and nutrition are supervised by the Chief Research, Innovation, Quality and Food Safety Officer, and the Chief Sustainability and Strategic Business Development Officer, both members of the Executive Committee. The Chief Research, Innovation, Quality and Food Safety Officer manages Danone's science, innovation, quality and product agenda across categories. The execution of the Danone Impact Journey Health through Food pillar is led by the Senior Vice-President Research and Innovation for Medical & Nutritional Science.

In addition, health and nutrition topics are monitored through the global governance of the Danone Impact Journey and committees. For example, the Global Engagement Committee, which tracks and steers the reporting of Danone priorities, and the Executive Committee which reviews the topics twice a year. At local level, specific decision-making bodies oversee the integration of the Health through Food agenda into specific and concrete actions.

Progress toward the health, social and environmental objectives, set out in Danone's by-laws, is overseen by the Mission Committee composed of independent global experts whose role is to monitor and challenge the Group's roadmap and progress on sustainability topics, including those related to health and nutrition.

OFFER TASTIER AND HEALTHIER FOOD AND DRINKS

Definition

Danone's products are consumed regularly by millions of people across the world. Today, the Group is focused on three healthy Categories: Essential Dairy & Plant-Based Products, Waters and Specialized Nutrition.

The Group develops delicious and enjoyable products that meet the preferences and evolving nutritional needs of consumers throughout their lifespan and contribute to a balanced diet. The everyday products strive to bring key nutrients like calcium, protein, vitamins, and fiber, whilst limiting sugar, saturated fats and calories.

Policies, action plans and outcomes

Since 2005, the Group has been defining comprehensive nutritional targets to continuously improve the nutritional quality of its products. The *Danone Nutritional Targets* are operational objectives for product development. They include nutrients to limit and nutrients to encourage in alignment with their specific food categories and target population. They are applicable in all geographies. They are published externally and are regularly updated to reflect the changes in nutrition science and dietary guidelines. Each year, the Group measures progress toward the targets.

Improving the nutritional quality of the portfolio through product development

Since 2011, Danone has disclosed the percentage of its portfolio that can be qualified as "healthy". Since 2019, the Group has also assessed its portfolio against reference indices, such as the Nutri-Score and the Health Star Rating system (HSR).

Currently, the majority of Danone's portfolio can be qualified as "healthy". In 2023, as part of the Danone Impact Journey and Société à Mission agenda, the Group set four targets to maintain product portfolio healthiness and further reduce sugar in its products for children. By building on its healthy product portfolio as a whole, Danone aims to continue to make its portfolio of products for children healthier, with reduced sugars. In line with this ambition, Danone monitors the following KPIs:

AMBITION	KPI MONITORED IN 2023	ACTIONS AND 2023 OUTCOMES
Offer tastier and healthier food and drinks	Volumes sold of products correspond to healthy categories	In 2023, 90.3% (compared to 91.0% in 2022) of product volumes sold were considered to be from "healthy" categories. The remaining 9.7% corresponds mainly to low-sugar drinks and occasional indulgence categories. The slight decrease is explained by the change in categorization implemented this year, as well as the increase in the scope of reporting entities, which led to a 3% increase in total volumes reported compared to 2022.
	Volumes sold of products scoring ≥3.5 stars according to the Health Star Rating (HSR) system	In 2023, 89.2% (compared to 88.0% in 2022) of product volumes sold scored ≥3.5 stars under the Health Star Rating system. ◓ According to this system, any product that scores 3.5 stars or above can be confidently promoted as a healthy choice (See section 5.8 *Methodology note* for more details). As part of the Danone Impact Journey, Danone aims to have ≥ 85% of the portfolio scoring 3.5 stars or above by 2025.
	Volumes sold of products with Nutri-Score A or B	In 2023, 89.2% (compared to 89.3% in 2022) of product volumes sold had a Nutri-Score of A or B. In this system, the score is translated into a color-coded symbol using the letters A to E. The letters A and B are generally considered as having a healthy score (see section 5.8 *Methodology note* for more details).
	Volumes sold of products without added sugars	In 2023, 81.2% (compared to 82% in 2022) of product volumes sold had no added sugars. The slight decrease is explained by the increase in the reporting scope.
	Volumes sold of Dairy and Plant-Based products aimed at children with ≤10g of total sugars /100g	In 2023, 62.2% (compared to 58.0% in 2022) of the volume sold of the Group's Dairy and Plant-Based products aimed at children between 3 and 12 years old had a maximum of 10g of total sugars per 100g. ◓ As part of the Danone Impact Journey and *Société à Mission* targets, Danone aims to achieve 95% by 2025.
	Volumes sold of toddler milks (1-3 years) with ≤1.25g added sugars per 100kcal	In 2023, 99.3% of the volume sold of Danone's toddler milks aimed at children between 1-3 years old had a maximum of 1.25g of added sugars per 100kcal. ◓ As part of the Danone Impact Journey and *Société à Mission* targets, the Group aims to achieve 95% by 2025.
	Volumes sold of formula milks (4-5 years) with ≤2g added sugars per 100kcal	In 2023, 94.5% of the volume sold of Danone's formula milks aimed at children between 4 and 5 years old had a maximum of 2g of added sugars per 100kcal. As part of the Société à Mission agenda, the Group aims to achieve 95% by 2025.
	Volume (as a percentage) of Dairy and Plant Based everyday adults' products, with total sugars ≤ 10g/100g	In 2022, 72% of the volume sold of Dairy and Plant Based products that are reported as being part of the adult and/or family portfolio, and that are included in the sub-categories: Dairy and Plant-Based Everyday & Functional yogurt, fermented milks, milks, plant-based drinks, dairy and plant-based cheeses, had a maximum of 10g of total sugars per 100g.

In 2023 the reporting scope of the Health & Nutrition scorecard in increased by 3% as explained in section 5.8 *Methodology note*, which can be explained in part by the consolidation of African countries. In 2023, reporting scope of the Health & Nutrition scorecard covered 99.2% of volumes sold.

In the latest Access to Nutrition Global Index (ATNI), Danone was ranked first for the sub-category on Product Profile, recognizing the healthiness of the Group's portfolio in terms of nutritional quality of its products. Danone was also the only group in the list to achieve the healthy threshold of 3.5 stars in HSR at portfolio level.

PROMOTE HEALTHIER CHOICES

Transparency through labelling

The ability to make informed choices about daily food intake is an essential part of long-term healthy living. Therefore, Danone encourages consumers to make healthier choices by providing transparent labelling.

As part of the Danone Impact Journey and *Société à Mission* targets, the Group aims to display interpretative information for consumers whenever possible.

In line with this ambition, Danone monitors the following KPIs:

AMBITION	KPI MONITORED IN 2023	ACTIONS AND 2023 OUTCOME
PROMOTE HEALTHIER CHOICES	Volumes sold of Dairy, Plant-Based and Aquadrinks products with on-pack or online interpretative nutritional information	In 2023, 40.5% of Danone Dairy, Plant-Based and Aquadrinks products displayed interpretative nutritional information online or on-pack ◉ (see Health and Nutrition scope, in 5.8 *Methodology note*). As part of the Danone Impact Journey and *Société à Mission* targets, Danone aims to reach 95% by 2025.

Responsible communication

Definition

By implementing responsible marketing practices, Danone contributes to the promotion of better choices and better nutrition. The Group acknowledges the need to promote healthier lifestyles and choices and believes in harnessing the power of brand and product communication to make healthy products desirable.

Governance

The General Manager of each subsidiary is responsible for ensuring that a specific process for approving communications at local level is in place and is properly implemented, involving relevant functions.

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

In 2023, 89.2% of Danone's global product portfolio was rated as healthy (≥3.5 stars) by the Health Star Rating system. ◉ The overall marketing spend is broadly aligned with sales, ensuring a clear focus on promoting healthier products.

Danone is committed to the International Chamber of Commerce Framework for Responsible Food and Beverage Marketing Communications in all of its marketing communications.

Danone is a founding member of the EU Pledge regarding responsible marketing to children. In 2007, the Group launched its Pledge on Marketing to Children, which is publicly available and covers the key principles applying to Danone's marketing communications to children under the age of 13 at global level (see Action Plans below).

To ensure the greatest transparency and the highest level of compliance, Danone embeds its commitments at local level. In 2023, 88% of entities monitored their compliance with the Marketing to Children pledge. In case of non-compliance, the entities have established a process to rectify their practices in relation to both policies (see Danone Way scope, in 5.8 *Methodology note*).

As a founding member of the EU Pledge (external initiative), Danone also participates in voluntary pledges at local levels, wherever such programs are compatible with the Danone Pledge on Marketing to Children. In most of the countries involved, compliance with this pledge is certified by an external agency.

All Danone health and nutrition claims are based on scientific evidence and must comply with the local nutrition and health claims regulations or the CODEX Alimentarius standards, whichever are the strictest. All communications must comply with Danone's Communication Validation Management policy. As published in Danone's Policy on the Nutritional Principles for the Use of Health and Nutrition Claims, Danone only makes nutrition and health claims on products that score ≥2.5 stars by the Health Star Rating system (HSR). This criterion is closely monitored throughout the new product development process.

Action plans

Responsible communication and marketing to children

As part of the Danone Pledge on Marketing to Children, the following principles apply globally to Danone marketing communications to children under the age of 13:

- Marketing communications can only be used for products that achieve the nutrition criteria outlined in the Pledge on Marketing to Children. These criteria take precedence over any voluntary local standards that are less stringent. 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 on Marketing to Children (see Danone's website for more information);

- Through its brands, Danone encourages and promotes healthy hydration habits and endeavors to make plain water more appealing to children. The Group does not direct any marketing communications for aquadrinks to children under the age of 13;

- More generally, Danone is further committed to complying in all of its communications to consumers with the Codes of the International Chamber of Commerce, which includes no undermining of parental authority, no suggestion of a sense of urgency, no encouragement of pester power or unhealthy lifestyles and no misleading of children using fantasy.

The Danone Pledge on Marketing to Children principles and provisions constitute the foundation and the minimum requirements for Danone marketing communications to children under the age of 13. Local Danone commitments can go further. For example, in Spain, Danone marketing communications directed to children below 13 years of age can only be used for dairy products that meet the World Health Organization's nutritional criteria (European region) for total sugars content (total sugars threshold of 10g/100g).

Outcomes

In 2023, a third-party independent audit conducted by Ebiquity for the EU Pledge in France, Germany, Italy, the Netherlands, Romania and Spain, found that 100% of Danone's television advertising was compliant with the EU Pledge criteria regarding responsible marketing to children.

Marketing of breast milk substitutes

Definition

Danone recognizes that the right nutrition during the baby's first 1,000 days of life, from conception up to two years old, are critical for lifelong health. The Group supports the World Health Organization's view of the importance of breastfeeding for infant health, namely the nutritional recommendation for exclusive breastfeeding for the first six months of age and continued breastfeeding up to two years and beyond, combined with the safe introduction of appropriate complementary foods.

Danone has a key role to play in supporting this recommendation while empowering parents and caregivers to make informed feeding decisions for their babies. Having researched the science of breastmilk and breastfeeding as well as its benefits for the health of both the mother and the child for over 50 years, Danone is convinced that breastfeeding gives babies the best nutritional start in life.

Governance

The ultimate responsibility for the implementation of the Breast Milk Substitute (BMS) Policy lies with the Chief Executive Officer (CEO) of Danone SA. The responsibility for the management, implementation and monitoring compliance with this BMS Policy is delegated by the CEO of Danone SA to the President Specialized Nutrition – who is a member of the Danone Executive Committee, and who delegates day-to-day responsibility for implementation and monitoring of this BMS Policy to the General Managers of subsidiaries in which Danone has operational control. Compliance issues related to breast milk substitutes marketing standards are under the responsibility of the Compliance Department within the Specialized Nutrition category. This department reports to the SVP General Counsel (Legal, Regulatory and Compliance) within the office of the General Secretary, ensuring independence from the operating teams.

Every year, Danone publishes on its website an annual BMS Marketing Compliance report detailing progress made and challenges observed in implementing its global standards based on independent external assessments and internal monitoring systems.

The above report is shared with Danone's relevant governance bodies and executive management teams, including the CSR Committee and the Board of Directors, the Danone President Specialized Nutrition and/or the SVP General Counsel, on an annual basis.

Policies

The Group believes that breastfeeding needs to be protected and promoted and mothers, infants and young children must receive the best possible nutrition.

With its BMS Policy which is publicly available, Danone was the first company to implement strict global standards preventing advertising or promotion of baby formulas for infants under six months, even if allowed by local laws and regulations. In markets classified as Higher-Risk Countries on infant and maternal nutrition (as defined in the FTSE4Good Inclusion Criteria for the Marketing of Breast Milk Substitutes), Danone has voluntarily extended its BMS Policy commitments to infants up to 12 months of age, which may go beyond local legislation. In other words, this BMS Policy is the Group's minimum global standard and Danone follows local legislation whenever the latter is more demanding.

This policy applies to all Danone employees and contracted partners involved in the marketing, distribution, sale, or governance of the affected products and/or related education programs.

Whether working at global or local level, Danone is committed to fostering a proactive, constructive and evidence-based dialogue supporting breastfeeding around the world – not undermining public policy frameworks that serve this purpose – while endorsing the principles of openness, transparency and integrity in Danone's advocacy activities.

Danone is determined to support the design and implementation of advocacy initiatives in every country where it operates, with the aim of helping to create an environment where all parents feel informed and supported on all issues relating to infant nutrition. As this is a shared goal, Danone aims to work with the United Nations, governments, civil society organizations, as well as pediatric/medical societies to develop an evidence-based, shared policy agenda focused on increasing breastfeeding rates, supporting parents and the improved nutritional health of infants and mothers. Danone is ready to take a leadership role, mobilizing industry engagement. Danone will support the adoption, implementation and, critically, enforcement of national legislation to meet the needs of each market in line with the above nutritional commitments to create a level-playing field.

Action plans

As reported in its annual BMS Marketing Compliance report, Danone is committed to continuously monitoring its marketing of baby formulas in line with the BMS Policy and local legislation, through external audits and internal monitoring (internal audits, self-assessments), including by making available to the public a summary of the external audit conclusions, a detailed overview of alleged non-compliance with its BMS Policy framework and related action plans.

Danone also ensures effective communication and provides training for its relevant employees and external partners. This includes the implementation of e-learning training courses on its BMS Policy, available in 13 languages. In 2023, an in-depth online training course specifically designed for employees involved in the marketing of breast milk substitutes was introduced.

Finally, for third-party stakeholders, such as retailers and distributors, a specific toolkit has been created in 2022 and rolled out in 2023 to raise awareness about responsible marketing of baby formula and Danone's BMS Policy standards.

Outcomes

In 2023, 6,349 employees were trained on the BMS Policy (compared to 6,171 in 2022). In 2021, Danone changed its methodology for tracking the number of employees trained. Up to 2020, the Group tracked this indicator over a two-year period. Now it tracks over the corresponding one-year period only (see section 5.8 *Methodology note*). In 2022, Danone continued its journey in progressively rolling out online training, which contributed to the high number of trained employees.

In 2023, 100% of Danone entities involved in the marketing of baby formula monitored their compliance with the BMS Policy.

The latest (2021) Access to Nutrition Index (ATNI) ranked Danone first for the sub-category on marketing of breast milk substitutes and complementary foods, for the second time in a row.

In addition, in 2023, Danone was confirmed a constituent member of the FTSE4Good Index Series, calculated by FTSE Russel, for the seventh consecutive year. FTSE4Good is a global responsible investment index series, measuring performance of companies across environmental, social and governance practices. Danone has met the inclusion of ESG criteria in relation to around 200 indicators and around 25 specific BMS marketing indicators. Danone chose to be included in the index.

PROVIDE POSITIVE NUTRITION AND HYDRATION FOR HEALTHIER LIFE

Danone believes that nutrition is all about making a positive contribution to health and well-being for consumers and achieving the best possible outcome for patients.

As part of the Danone Impact Journey and *Société à Mission* agenda, the Group has defined various targets for 2025, focusing on:

■ providing positive nutrition through fortification;

■ developing impact-oriented projects to expand Danone's contribution to reducing iron deficiency anemia and to support women's choice of breastfeeding;

■ and increasing access to safe drinking water.

In line with this ambition, the company monitors the following KPIs:

Providing positive nutrition through fortification	In 2023, 83.2% of the volumes sold of the Group's Dairy portfolio aimed at children was fortified with relevant vitamins and minerals. ◉ As part of the Danone Impact Journey, Danone set the target of achieving ≥ 85% by 2025.
Developing impact projects to expand our contribution with partners in two important areas: ■ addressing iron deficiency anemia ■ supporting women's choice to breastfeed	Neither products nor training alone are enough to drive positive change in diets and feeding habits. A combination of several levers of action is needed to address public health concerns. As part of the Danone Impact Journey and *Société à Mission* agenda, Danone has set a target to develop five projects that contribute to addressing iron deficiency in children by 2025. In 2023, two projects met the criteria of impact projects with all key criteria covered. ◉
	Danone considers that it plays a key role in ensuring awareness and understanding of the importance of nutrition in the first 1,000 days. As part of the *Société à Mission* agenda, the Group has set a target to develop three projects by 2025 to support women's choice to breastfeed. In 2023, one project met the criteria of an impact project with all key criteria covered.
Increasing access to safe drinking water	Danone believes access to safe water is a human right. As part of the *Société à Mission* and Danone Impact Journey agenda, the Group has set a target to help provide access to safe drinking water. Specific focus is being given to vulnerable populations and communities, through Danone Communities as well as the Water Access Acceleration Fund (W2AF), which both support social businesses that provide safe drinking water at an affordable price. These businesses contribute to Danone Impact Journey KPI to provide 20 million people with access to safe drinking water by 2025. Overall, the social businesses that Danone Communities and the Water Access Acceleration Fund (W2AF) are supporting or supported in their early stage provided access to safe drinking water to 12.7 million people around the world in 2023, representing 4.6 billion liters of water. ◉ See section 5.3 *Nature*, section *Preservation of the water resource* for more information on the W2AF, and section 5.4 *People & Communities*, section *Social innovation funds* for more information on Danone Communities.

Focus – Danone's efforts to make healthy products affordable and accessible

Offering healthy food and drinks that are safe, good value for money, and accessible, whether physically or in terms of price point, is at the heart of the Group's purpose of "bringing health through food to as many people as possible". The Group's healthy portfolio is already being consumed by millions of people across all geographies, populations and income levels, generally in line with population distribution. In 2023, 70% of volumes sold were in countries classified by the United Nations as developing economies and economies in transition.

Affordability and accessibility dimensions are an integral part of business decisions. The Group provides its subsidiaries with relevant market data that can be integrated in brands' value proposition. The two main action areas include:

■ understanding local realities: through data on health and nutrition in the countries where the Group operates, and through data about local consumption and pricing dynamics;

■ developing distribution channels and supporting projects to enhance the accessibility of healthy products.

In 2023, 54% of entities reporting on this Danone Way practice, had either at least one healthy product into their portfolios targeting low- and middle-income populations or had plans to do so.

A total of 67 entities were included in the scope of this practice as part of the Danone Way self-assessments. For further details regarding the overall coverage rate of the Danone Way self-assessments, please refer to the section *5.8 Methodology note*.

In addition, food and water access and affordability through brands are complemented by social innovation platforms. These platforms, Danone Communities and Danone Ecosystem, aim to bring nutrition solutions to low and middle-income populations and to those who have difficulty accessing healthy foods and safe drinking water.

To learn more, read the Affordability and Accessibility approach published in October 2023: Reaching as many people as possible: our efforts to make healthy products affordable and accessible (danone.com).

INVEST IN NUTRITION AND HYDRATION SCIENCE AND RESEARCH

Research, science and innovation are rooted in the Group's DNA. Investing in innovation and connecting with scientific expertise is key. The Group focuses its research and innovation efforts on specific areas such as gut health, children's growth, immunity and allergy, recovery, energy and physical performance, with the goal of enhancing overall health and promoting the superiority of the Group's products and solutions.

Danone aims to continue to invest in research and contribute to the scientific field to demonstrate how nutrition can impact health throughout all stages of life, from early life to aging.

As part of the Danone Impact Journey and in line with this ambition, Danone monitors the following KPI:

AMBITION	KPI MONITORED IN 2023	ACTIONS AND 2023 OUTCOME
Invest in nutrition and hydration science and research	Number of scientific publications in peer-reviewed journals and/or presentations at scientific conferences	In 2023, the Group issued 108 scientific publications in peer-reviewed journals. ◉ 51% of these publications were in scientific journals with an impact factor of 5 or more. 55% of these publications were done in three key areas: Immunity and Allergy, Gut Health, and Children's Growth. The Group also had 92 congress abstracts and/or presentations at scientific conferences. As part of the Danone Impact Journey targets, Danone aims to reach 150 scientific publications in peer-reviewed journals and/or presentations at scientific conferences by 2025.

ENSURING QUALITY AND FOOD SAFETY

Definition

As an active player in the food and beverage industry in many countries, Danone must always guarantee the safety and quality of its products and services to consumers, patients, and customers. The Group believes that people should always trust and enjoy what they eat and drink and, aims to "excel in quality and food safety everywhere, everyday" to honor its promise.

Governance

Globally, the Quality and Food Safety (QFS) strategy is defined and implemented by the SVP QFS, under the leadership of the Chief Research, Innovation, Quality and Food Safety Officer, a member of the Executive Committee.

The SVP QFS is accountable for:

■ establishing, maintaining, and managing the Danone Quality Management System (QMS);

■ anticipating QFS risks and defining preventive actions and mitigation options;

■ delivering scientific and regulatory evaluations to enable informed business decisions;

■ defining and deploying across the organization the Danone QFS standards, policies and positions, as well as the end-to-end processes applicable in the value chain;

■ driving the development and implementation of new capabilities (resources, trainings, information systems);

■ assessing the compliance and effectiveness of the whole system and monitoring the QFS performance;

■ strengthening Danone's culture of quality across the organization.

For independence reasons, the Food Safety auditing system falls under the responsibility of the Chief Research, Innovation, Quality and Food Safety Officer.

At local level (regions, countries), General Managers and Country Managers in charge of a Business Unit are accountable for the safety and quality of products placed on the market in their designated businesses.

In Business Units and plants (manufacturing sites, warehouses, etc.), the QFS function is responsible for:

■ implementing Danone's QFS requirements and applicable Food Safety regulations;

■ managing and escalating QFS non-conformities according to internal applicable rules (i.e., product non-conformities management procedure, or crisis management policy);

■ defining and implementing appropriate corrective and preventive actions;

■ and monitoring QFS compliance and performance reviews.

Policies

Danone's approach to QFS encompasses the entire value chain, from product-process design and supply to manufacturing, distribution, sales/market, as well as service to consumers and patients. It is reflected in:

■ 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 the Group operates;

■ Danone's Food Safety Policy, which was updated in 2023, and refers to the Danone Food Safety Management System (FSMS), which is embedded in the global QMS and aligned with ISO 22000 and FSSC 22000 operating guidelines.

Management system
The QMS is based on key processes, capabilities, programs and connections to drive sustainable QFS excellence across the whole organization.

A strong process for anticipating and measuring risks:

■ A risk anticipation process, involving corporate, business, regional teams and subsidiaries, functions based on an end-to-end approach, identifying new QFS developments (science, analytical methods, regulations, and standards) by leveraging internal and external competencies and connections;

■ A risk assessment performed by the Danone Food Safety Center's qualified experts, using the most advanced science risk assessment approaches, which allow informed business decisions;

■ Danone goes above and beyond local and international regulations by defining its own QFS requirements based on the latest science and highest international standards and in line with evolving consumer/customer needs and expectations. These standards guarantee application of a single benchmark for all the products and technologies wherever they are sold or produced.

Strengthened management of product non-conformities and processes in place to manage QFS in all value chain activities (from product design to marketing).

A rigorous compliance and performance evaluation of the whole system through:

■ QFS audits at manufacturing sites (Danone factories, third party manufacturers) and supplier production sites aiming to prevent and mitigate risks by verifying compliance with internal standards and obtaining external certification through recognized/equivalent schemes;

■ QFS end-to-end key performance indicators reported monthly or quarterly;

■ QFS quarterly and annual performance reviews of results, projects, and priorities.

A continuous effort to build QFS capabilities (QFS methods and tools, systems, knowledge, competencies, and digitalization) across the organization.

The iCare program to strengthen the Culture of Quality across the whole organization and begin engaging its partners.

Close ties with the scientific and regulatory ecosystem as well as numerous collaborations and partnerships in the different regions (e.g., European Union, United States and China), including standardization and certification organizations, academia, governmental and intergovernmental organizations, industry bodies, or peers.

Action plans

In 2023, a set of actions were put in place to continuously and significantly improve QFS in the following areas:

- overall governance of the QFS function, with the aim of:
  - enhancing end-to-end efficiency, with the QFS corporate departments gathered in the same global organization under the responsibility of the SVP QFS,
  - increasing independence, by placing the Food Safety auditing system under the accountability of the Chief Research, Innovation, Quality and Food Safety Officer;

- risk anticipation, with the Public Positions and Policies Committee led by the VP QFS Standards and Risk Management, which has delivered positions on key topics (Precision Fermentation, Per-and polyfluoroalkyl substances and Ultra-Processed Foods). The Committee is also analyzing the further development of the Group's positions on Plastics and Health, Endocrine Active Substances, and Food Additives use including Sweeteners;

- reshaping and harmonization of cross-category standards with a "risk-based approach", and the delivery of numerous methods and tools to enable safe innovation and manufacturing (work in this area goes beyond the revision/creation of standards and general procedures on management of QFS in design, consumer feedback management and Culture of Quality management);

- measures to make FS Audit governance and respective accountabilities more effective in remedying any non-conformities identified and strengthening of the auditors' teams and skills;

- the global Product Non-Conformity (PNC) Management program, with the implementation of a best-in-class management platform to record and track corrective and preventive action plans (CAPAs) on product non-conformities, and the establishment of a global forum to enhance PNC management processes and learning;

- data and digital roadmap deliveries: data analytics studies and data product development, with the launch of digital solutions (for product non-conformity management and quality inspections in stores), as well as the continuous deployment of laboratory information management systems as well as traceability and consumer service capabilities;

- reinforcement of ties with the scientific and regulatory ecosystem as well as governmental and industry partners, such as:
  - food safety collaborations with the best experts (for instance, one scientific publication has already been issued, with three more in advanced stages for submission late 2023 and early 2024) and 14 speeches/presentations have been given externally at scientific seminars, workshops and conferences;
  - the Annual Scientific Advisory Board (SAB) made up of world-renowned experts.

Outcomes

External certifications: Danone achieved a site certification rate of 96% (95% in 2022). In 2023, 152 FSSC 22000 certification audits were conducted by independent certification bodies (166 in 2022). Russian plants were excluded from the report (see *Production Site Food Safety scope,* section 5.8 *Methodology note*).

Internal audits: in 2023, the Global Food Safety Audit team conducted 67 in-house FS audits (72 in 2022) (see *Production Site Food Safety scope,* section 5.8 *Methodology Note*).

5.3 NATURE

Contents

NATURE STRATEGY

Danone's ambition is to transform its value chain by developing solutions that preserve and regenerate nature. The following topics are discussed in this section:

- curbing GHG emissions in line with Danone's 1.5°C targets validated by the Science Based Targets initiative (SBTi), leading the way on methane reduction;
- pioneering and scaling regenerative agriculture, leading the way for regenerative dairy farming models;
- preserving and restoring watersheds where Danone operates and driving water footprint reduction across the value chain;
- preserving biodiversity, forests and ecosystems;
- driving the transition to a circular and low-carbon packaging system and recovering as much as is used;
- cutting waste across the value chain.

Governance

In 2023, Danone's environmental strategy was sponsored by the Chief Executive Officer and the Chief Sustainability and Strategic Business Development Officer, both members of the Executive Committee. In coordination with the SVP Sustainability Strategy and Partnerships, the SVP Sustainability Transformation, and the Chief Cycles & Procurement Officer, they reviewed its implementation, priorities and key issues within the Group governance bodies dedicated to sustainability topics.

The responsibility for reviewing and implementing this strategy and other sustainability issues lies with the following governance bodies:

- Corporate Governance bodies (Board of Directors and CSR Committee);
- Internal Governance bodies (Executive Committee, Global Impact Steering Committee, Global Engagement Committee and Risk Committee).

Furthermore, the strategy is monitored through the following global and local departments:

- the Sustainability Department, reporting to the Chief Sustainability and Strategic Business Development Officer, which designs and implements the environmental strategy, roadmaps and actions plans;
- the Sustainable Finance Department, reporting to the Group Deputy CEO in charge of Finance, Technology & Data, which manages performance;
- the Cycles and Procurement Department, reporting to the Chief Operations Officer, which leads the programs on Nature.

These teams work closely with:

- the Sustainability Teams in each Category as well as the teams of each relevant Global Function (Cycles and Procurement, Operations, Research and Innovation, General Secretary, Marketing and Sales);
- the Categories and subsidiaries, which apply the operational, prevention and risk management action plans and employ nearly a hundred correspondents.

Environmental risk and management systems

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 below).

Year ended December 31	2022	2022 excluding EDP Russia	2023
ISO 14001 CERTIFICATION [a]			
Number of certified sites	84	83	79
Percentage of certified sites	48%	55%	51%
Percentage of volumes covered	68%	69%	69%

(a)   *Production Site Environment scope, see Note 5.8 Methodology note.*

GREEN audit program

Danone deploys its Global Risk Evaluation for ENvironment (GREEN) program worldwide. The Group 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.

This allows the Group to monitor and control atmospheric emissions (greenhouse and refrigerant gases) and 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, the methodology for which was reviewed and updated in 2020 by the Water Cycle team (see section 5.3 *Nature* section *Preservation of water resources).*

Danone deploys action plans at non-compliant sites to remedy non-conformities.

	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
SITES HAVING UNDERGONE A GREEN AUDIT			
Number of sites	123	111	108
Percentage of sites	71%	64%	71%
Percentage of production covered by a GREEN audit	88%	81%	86%

	2022	2022 excluding EDP Russia	2023
COMPLIANCE WITH GREEN STANDARDS			
Number of compliant sites	105	96	93
Percentage of compliant sites	85%	86%	86%
Percentage of compliant production	93%	93%	91%

Responsible communication

The Group is committed to ensuring that its communications are compliant with applicable laws and regulations.

Danone follows a clear set of rules for its communications to ensure proper substantiation, truthfulness and credibility of any material containing reference to environmental/green claims, nature and planet communications and compliance with all relevant Danone policies and commitments.

Policy

In October 2023, Danone published its Communication Validation Management (CVM) policy.

This policy is designed to ensure compliant, responsible, credible, and accurate communications for Danone products and categories, with the aim of securing and strengthening Danone's brand equity and portfolio of brands and assets.

With the set-up of Communication Validation Managers – both at local and global level – and of multi-functional validation processes, the Danone CVM Policy enables Danone Country Business Units (CBUs) to develop communication materials that are locally relevant and compliant with both regulations and Danone's policies and commitments, while benefiting from global expertise and alignment with the brands, categories, and Group strategy.

Implementation

The General Managers and the Communication Validation Managers of all CBUs and Global teams are responsible for the implementation of the CVM Policy.

FIGHT AGAINST CLIMATE CHANGE

Governance

Danone's climate journey is supported by the Chief Executive Officer and the Chief Sustainability and Strategic Business Development Officer. This initiative is integrated across functions and portfolio categories as well as into Danone's governance structure at all levels (Global, Regional, and Country), through:

- the Group Deputy CEO in charge of Finance, Technology & Data who plays a pivotal role in measuring, controlling, and reporting climate-related issues, focusing on assessing and managing climate risks and opportunities. He is responsible for ensuring that Danone's economic value creation aligns with its mid- and long-term sustainability goals, including reducing GHG emissions in line with the 1.5°C target;

- the Chief Procurement and Cycles Officer (CPO), as part of Operations, who is in charge of managing climate-related risks and opportunities within Danone's procurement strategy. Given that procurement-related categories account for nearly 80% of Danone's total emissions, the CPO's role is key.

The Group regularly reviews its climate action progress through key governance bodies, particularly its Board and its committees, including the CSR Committee. Danone's climate action implementation strategy is guided by two internal committees involving key functional leads and Executive Committee members, namely:

- the Global Impact Steering Committee, which is responsible for overseeing the execution of the Danone Impact Journey, particularly the eight climate-related programs; and

- the Global Engagement Committee, which handles reporting, governance and internal and external engagement.

In addition, operational governance at business level has been established for each Nature pillar of Danone's Impact Journey to ensure that the climate strategy and priorities are taken into account.

Identifying the risks related 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 as well as relations between the subsidiaries and local stakeholders;

- price volatility for its product packaging materials and impact 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 existing and potential impacts of climate change, as well as climate-related risks and opportunities (see table below). This information has enabled Danone to develop three climate change scenarios based notably on IPCC's Representative Concentration Pathways (including 1.5°C pathways), carbon prices and the evolution of agricultural production systems and consumer dietary patterns. It also enabled Danone to assess the resilience of its activities and strategy and the related financial impacts. This map has reinforced the Group's development strategy relating to plant-based products, its ambitious regenerative agriculture program and its circular economy approach.

Over the 2020-2030 period, transition risks and opportunities are the most significant for Danone, as illustrated in the table below, while physical risks are expected to become more significant over the 2030-2050 period.

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 potential financial impact has been assessed on the basis of the reduction in the Group's profit margin if the risk were to occur.*
(b) *Some risks have two impact assessments because their financial impact differs depending on the climate change scenario concerned.*

Policies and action plans

Climate Transition Plan

In 2015, Danone pledged to achieve net-zero emissions throughout its entire value chain by 2050 (scope 1, 2, and 3, i.e. all direct and indirect emissions) by reducing its greenhouse gas emissions and neutralizing the residual ones. In September 2019, Danone strengthened its commitments by signing the Business Ambition for 1.5°C pledge at the UN Climate Summit. Danone supported the project launched by the Science Based Targets initiative (SBTi) in 2020 to provide the Forest, Land and Agriculture (FLAG) sector with 1.5°C pathways and sectoral guidance.

In 2023, Danone replaced its Climate Policy (2016) with a standalone Climate Transition Plan, publicly available on Danone's corporate website, in which Danone notably discloses:

- its reduction strategy to meet its 2030 near-term science-based targets, relying on eight programs including direct operations, milk, ingredients, packaging, logistics, co-manufacturing, supplier engagement, as well as low-carbon by design and portfolio management;
- the solutions it is exploring to reduce its emissions in line with 1.5°C pathways between 2030 and 2050;
- its strategy to offset its residual emissions by 2050;
- its actions to mitigate emissions beyond its value chain.

Action plans – reduction of emissions

Danone's greenhouse gas emissions reduction trajectory is consistent with the United Nations Framework Convention on Climate Change (UNFCCC). To achieve this, in 2017 the Group set interim targets, which were approved by the SBTi and were in line with 2°C pathways. In December 2022, Danone's new 1.5°C near-term science-based targets were validated by the SBTi, committing to:

- reduce absolute scope 1 and 2 energy and industrial GHG emissions by 47.2% by FY2030 from a FY2020 base year (the target boundary includes land-related emissions and removals from bioenergy feedstocks);
- reduce absolute scope 3 energy and industrial GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution as well as end of life treatment of sold products by 42% by FY2030 from a FY2020 base year;
- reduce absolute scope 1 and 3 FLAG GHG emissions by 30.3% by FY2030 from a FY2020 base year (the target includes FLAG emissions and removals);
- no deforestation across its primary deforestation-linked commodities with a target date of FY2025.

In November 2023, in application of its baseline recalculation policy, Danone submitted to the SBTi an update of those near-term science-based targets to account for the deconsolidation of its EDP Russia Business in July 2023.

The near-term science-based targets under validation are identical to the ones validated in December 2022, to the exception of the target for scope 1 and 2 energy and industrial GHG emissions (updated target: -46.3% by FY2030 from a FY2020 baseline, to replace current target of -47.2% by FY2030 from a FY2020 baseline).

Danone's emissions reduction strategy to meet those near-term science-based targets relies on the eight programs presented below, namely: increasing energy efficiency and switching to renewable energy, producing Danone's milk sustainably, sourcing Danone's ingredients sustainably, transforming Danone's packaging, improving Danone's logistics, helping Danone's co-manufacturers toward decarbonization, engaging with Danone's value chain and developing sustainable products for consumers.

Scopes 1 & 2 energy and industrial

Under the "Re-Fuel Danone" program launched in 2022, Danone is driving a Global Energy Excellence program with the goal of increasing energy efficiency, resilience, and decarbonization across its operations.

Direct operations | Re-Fuel Danone

- Energy efficiency: targeting a 30% improvement in energy efficiency in its production sites by 2025, relative to a 2022 baseline. This goal will be achieved through digital innovation and leveraging Danone's existing engineering expertise.
- Renewable electricity: committing to 100% renewable electricity by 2030, aligning with the RE100 initiative - a global coalition of businesses committed to 100% renewable electricity. This will involve expanding onsite solar photovoltaic installations, increasing the use of renewable electricity power purchase agreements (PPAs), and purchasing renewable energy certificates. Danone had already reached an interim milestone of 50% renewable electricity in 2020.
- Renewable energy: committing to 50% renewable energy in 2030, by adding to the renewable electricity roadmap a renewable thermal energy roadmap aiming for 35% renewable thermal energy usage by 2030. Strategies include the adoption of biomass, electrification, biogas, and biomethane solutions.

Scopes 1 & 3 FLAG

Since 2017, the reduction of Danone's FLAG emissions (relating to milk, dairy ingredients and other raw materials) has relied on its farmers and ingredient suppliers transitioning their agricultural practices based on three main pillars:

- regenerative agriculture and farm efficiency;
- dairy and non-dairy ingredient supplier engagement;
- removing deforestation and land conversion from Danone's supply chain.

Regenerative agriculture and farm efficiency

- The Group is implementing a regenerative agriculture program, focusing on efficiency and upstream innovation, especially targeting methane emissions in dairy farms. Its goals include:
  - ensuring a 30% reduction in methane emissions from fresh milk by FY2030, compared to a FY2020 baseline;
  - sourcing 30% of key ingredients (including milk) directly from farms engaged in the transition to regenerative agriculture, by 2025.

- Danone has regenerative agriculture projects in 14 countries, including the United States, France, Spain, Mexico, Algeria, Morocco, Egypt and Romania (see section 5.3 *Nature, section Regenerative agriculture*).

Ingredient supplier engagement

- Decarbonization with dairy ingredient suppliers: Danone is implementing decarbonization plans in collaboration with dairy ingredient suppliers, integrating decarbonization targets into contracts, co-developing decarbonization strategies with the dairy sector and investing in practical, on-the-ground projects. Between 2017 and 2023, Danone's collaboration with its supplier Royal Friesland Campina allowed for a reduction of 22% in emissions generated by their ingredients. Also, since launching the Sustainable Dairy Partnership (SDP) in 2021 with the Sustainable Agriculture Initiative (SAI) Platform, over 74% of Danone's dairy ingredients suppliers (by volume) have joined the SDP. Nearly half of these members have already set concrete sustainability goals and plans.

- Engagement with non-dairy ingredient suppliers: Danone is also focusing on decarbonization efforts by engaging with suppliers of non-dairy commodities, aiming to reduce the overall carbon footprint of its sourced materials.

Removing deforestation and conversion from Danone's supply chain

- In 2022, Danone issued its Renewed Forest Policy, committing notably to zero deforestation and conversion in relation to key commodities by 2025 (see section 5.3 *Nature*, section *Forests and natural ecosystems*).

Scope 3 energy and industrial

Danone has structured its Scope 3 energy and industrial decarbonization strategy around three key programs: packaging, logistics and co-manufacturing.

Packaging

- Danone aims for all packaging to be reusable, recyclable, or compostable by 2030. The Group is targeting a 50% reduction in the use of virgin fossil-based packaging by 2040, with an interim goal of a 30% reduction by 2030 from a FY2020 baseline. The packaging program focuses on shifting to lower-carbon materials, optimizing packaging design, improving end-of-life treatment and enhancing value chain engagement (see section 5.3. *Nature* section *Circular economy*).

Logistics

- Danone is collaborating with its business units to develop country-specific logistics roadmaps, adapted to local markets' features. The Group has joined the Smart Freight Center, a non-profit organization dedicated to reducing emissions from global freight transportation. The logistics program is focused on optimization and efficiency, low-carbon warehouse initiatives, innovative technologies and modal shifts in transportation.

Co-manufacturing

- This program involves aligning decarbonization efforts in Danone's direct operations with those of its co-manufacturing partners and encouraging these partners to commit to SBTi targets. In North America, Danone has been working on near sourcing of purchased finished products to further reduce the carbon impact. Additionally, Danone has the first logistical transportation with e-trucks implemented in Europe.

Cross-cutting action plans

Danone is also working on cross-cutting action plans involving supplier engagement as well as low-carbon by design and portfolio management. Further details can be found in the Climate Transition Plan, available on Danone's website.

Incentives linked to climate performance indicators

In order to support the delivery of the eight programs, the compensation of Executives has been strategically aligned with the near-term science-based targets, ensuring a strong commitment from key leaders toward achieving climate goals. The Chief Executive Officer, the Group Deputy CEO in charge of Finance, Technology & Data, the Chief Sustainability and Strategic Business Development Officer, the Chief Operations Officer, and 1,950 senior managers and senior executives are part of this alignment, receiving long-term incentives (LTI) in the form of Group performance shares (GPS). These GPS are evaluated over a three-year period and are approved by the Annual Shareholders' Meeting, which also establishes the performance criteria for each plan. In April 2023, a new GPS plan was approved, incorporating internal social and environmental performance metrics for 30% of the total assessment. Additionally, in 2023, Danone's Chief Executive Officer had a short-term incentive directly linked to climate performance, specifically aimed at reducing Danone's absolute like-for-like GHG emissions between 2022 and 2023. In 2024, the new GPS Plan will incorporate two criteria related to the reduction of GHG emissions and of the water consumption intensity and the Chief Executive Officer will have a short-term incentive directly linked to climate and forest performance (see sections 6.3 and 6.4 for more details).

Action plans - Neutralizing residual emissions and mitigating emissions beyond the value chain

In November 2023, in line with its 2016 Climate Policy, Danone submitted Net-Zero 2050 science-based targets to the SBTi. These targets require residual emissions to be neutralized by 2050.

Danone will follow SBTi guidelines regarding:

- abatement within the value chain to residual emission levels in line with a 1.5°C world by no later than 2050;

- mitigation beyond the value chain to contribute to global decarbonization during the transition period;

- neutralization of all residual emissions (or "removals") from 2050 onwards.

The Group already takes part in reforestation programs and schemes to restore natural ecosystems, notably through the Livelihoods Carbon Funds, of which Danone is a shareholder.

Focus – Training and awareness programs

Danone raises awareness and trains its employees on environmental issues through training sessions and online training programs.

In 2020, Danone launched an e-learning course on the transition to Net-Zero. Available on Danone's training platform, CampusX, the course is built around a general module directed at all employees and more technical modules aimed at employees responsible for steering Danone's environmental performance. In 2021, an additional e-learning module on Net-Zero emissions was made available to all employees to support Danone's 2050 commitment.

Also in 2021, Danone rolled out a new training course to support the launch of Danprint 2.0, the upgraded version of its carbon footprinting tool. This software facilitates the measurement of a product's carbon footprint over its entire life cycle and can be used to compare the impact of various design scenarios.

In 2022, Danone launched a new training course to support the launch of the Initiative Module, a new tool for tracking climate action plans across the Group.

In 2023, in line with the new sustainability roadmap, Danone Impact Journey, a comprehensive e-learning program has been developed. This educational resource is available to all employees and covers, among others, key topics such as Climate Change, Science-Based Targets initiative (SBTi), and decarbonization levers. Additionally, various targeted populations were provided with more specific training assets or masterclasses to built capacity and develop knowledge around energy efficiency and renewable energy, regenerative agriculture, packaging, water, waste, or sustainable finance. For instance, the Sales community was trained to engage in sustainability discussions and to build initiatives with their external stakeholders.

The Sustainable Finance Department continues to train employees involved in the Categories and subsidiaries on the methodology which should be used to monitor environmental performance and its recent developments.

Outcomes

ENERGY EFFICIENCY AND RENEWABLE ENERGIES

(in MWh)	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
Thermal energy [a]	3,160,015	2,892,330	2,820,486
Electricity [a]	1,972,672	1,837,447	1,768,571
TOTAL	**5,132,687**	**4,729,777**	**4,589,057**
Energy consumption intensity (in kWh per metric ton of product)	146.5	138.0	140.2
TOTAL REDUCTION IN ENERGY INTENSITY SINCE 2022 ON A LIKE FOR LIKE BASIS (IN KWH PER METRIC TON OF PRODUCT) [DANONE IMPACT JOURNEY: 30% REDUCTION BY 2025] ☀			**1.3%**

(a)   Production Site Environment scope, see section 5.8 Methodology note.

Energy consumption intensity increased by 1.6% in 2023 compared to 2022 without EDP Russia and decreased by 1.3% in 2023 compared to 2022 on a like for like basis (at constant scope and methodology).☀

INTENSITY OF TOTAL ENERGY CONSUMPTION AT PRODUCTION SITES
(in kWh per metric ton of product)

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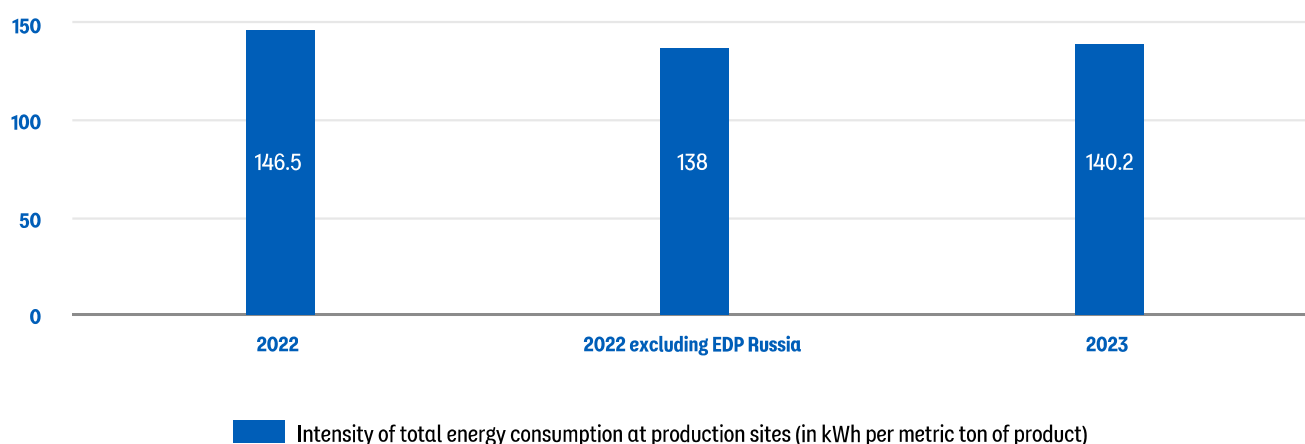
RENEWABLE ENERGY USE

	Year ended December 31		
	2022	**2022 excluding EDP Russia**	**2023**
Production sites purchasing 100% renewable electricity [(a)]	109	99	99
Percentage of renewable electricity [(a)]	70.5%	70.0%	71.8%
Percentage of renewable energy [(a)]	31.4%	31.7%	34.3%

(a)   Production Site Environment scope, see section 5.8 Methodology note.

Thanks to the switch to renewable electricity sources in Thailand and India, 99 production sites purchased electricity from 100% renewable sources (wind, hydro, etc.) in 2023 (as in 2022 excluding EDP Russia), contributing to a total of 71.8% of Danone's electricity purchases (compared to 70.0% in 2022 excluding EDP Russia). Furthermore, its total energy use from renewable sources (electricity and thermal) represented 34.3% of its total energy use in 2023 (compared to 31.7% in 2022). On top of the renewable electricity projects mentioned, this increase was also led by a biomass project installed in the Balclutha production site in New Zealand.

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 section 5.8 *Methodology note*).

Greenhouse gas emissions on scopes 1 and 2

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

Danone set its scope 1 and 2 energy and industrial emissions target 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 section 5.8 *Methodology note*).

Its total emissions in metric tons of CO_2 equivalent for scopes 1 and 2 energy and industrial decreased by 4.7% between 2022 excluding EDP Russia and 2023, mainly due to the switch to renewable electricity sources in Thailand and India and to a biomass boiler installed in New Zealand, increasing the share in renewable thermal energy. All these actions combined contributed to the reduction of scope 1 and 2 emissions at Danone Group level. Since 2020 (excluding EDP Russia), these emissions have decreased by 20.7%.

	Year ended December 31					
Scope 1 and 2 energy and industrial emissions, market-based *(in ktCO2)* [(a)]	**2020**	**2020 excluding EDP Russia**	**2022**	**2022 (hors EDP Russie)**	**2023**	**2030 science-based target**
Scope 1	668	601	666	611	573	
Scope 2	479	443	276	258	256	
TOTAL SCOPES 1 & 2 ENERGY AND INDUSTRIAL EMISSIONS	**1,147**	**1,044**	**942**	**869**	**829**	
Absolute energy and industrial emissions evolution, scopes 1 and 2, market-based since 2020 🌐				-16.8%	-20.7%	-46.3%

(a)   Greenhouse Gas scope & SBT scope, see section 5.8 Methodology note.

Emissions linked to the production of fresh milk in farms owned by Danone increased in 2023 due to the inflation and the economic context in AMEA region, that drove changes in feed purchases by farmers and agricultural practices. These emissions are not material compared to scope 3 emissions from fresh milk purchases.

		2020 excluding		2022 excluding	
Scope 1 FLAG emissions *(in ktCO2eq)* [(a)]	**2020**	**EDP Russia**	**2022**	**EDP Russia**	**2023**
Scope 1 FLAG	186	169	165	147	216

(a)   Greenhouse Gas scope & SBT scope, see section 5.8 Methodology note.

Greenhouse gas emissions on scope 3

Danone measures indirect emissions from the following scope 3 categories (Greenhouse Gas Environment scope, see section 5.8 *Methodology note*):

(in ktCO$_2$eq) [a]	Year ended December 31		
	2022	**2022 excluding EDP Russia**	**2023**
Purchased goods and services	18,708	17,210	16,589
Upstream transportation and distribution of goods	336	313	303
Downstream transportation and distribution of goods	2,132	2,022	2,059
Use of sold products	733	677	714
End-of-life treatment of sold products	840	817	692
Fuel and energy related activities	252	235	206
Waste generated by operations	99	96	51
TOTAL SCOPE 3	**23,100**	**21,370**	**20,614**

(a)   *Greenhouse Gas scope, see section 5.8* Methodology note.

Greenhouse gas emissions on scopes 1, 2 and 3

Greenhouse gas emissions inventory *(in ktCO$_2$eq)* [a]	Year ended December 31		
	2022	**2022 excluding EDP Russia**	**2023**
Scope 1 including FLAG	831	758	789
Scope 2 [b]	276	258	256
Scope 3	23,100	21,370	20,614
TOTAL SCOPES 1, 2 AND 3	**24,207**	**22,386**	**21,659**

(a)   *Greenhouse Gas scope, see section 5.8* Methodology note.
(b)   *Market-based.*

Danone's total emissions from its value chain in 2023 for scopes 1, 2 and 3 decreased by 0.7 million tCO₂eq compared to 2022 (excluding EDP Russia), mainly due to the results of volume effect, reporting improvement and supplier engagement.

With 95.2% of Danone's total emissions across its value chain, scope 3 is the largest contributor, outweighing emissions from scope 1 (3.6%) and scope 2 (1.2%).

In 2019, Danone reached the peak of its carbon emissions on scopes 1, 2 and 3, five years ahead of its original target (2025).

1.0% Scope 3
Fuel and energy related activities

3.2% Scope 3
End-of-life treatment
of sold products

0.2% Scope 3
Waste generated in operations

3.6% Scope 1 including FLAG

1.2% Scope 2

3.3% Scope 3
Use of sold products

9.5% Scope 3
Downstream transportation
and distribution of goods

1.4% Scope 3
Upstream transportation
and distribution of goods

31.5% Scope 3
Milk

6.0% Scope 3
Purchase of goods and services:
Purchased finished products

FLAG Breakdown 2023[(a)]

11.1% Scope 3
Purchase of goods and services: Packaging

8.0% Scope 3
Other raw materials

20.1% Scope 3
Dairy ingredients
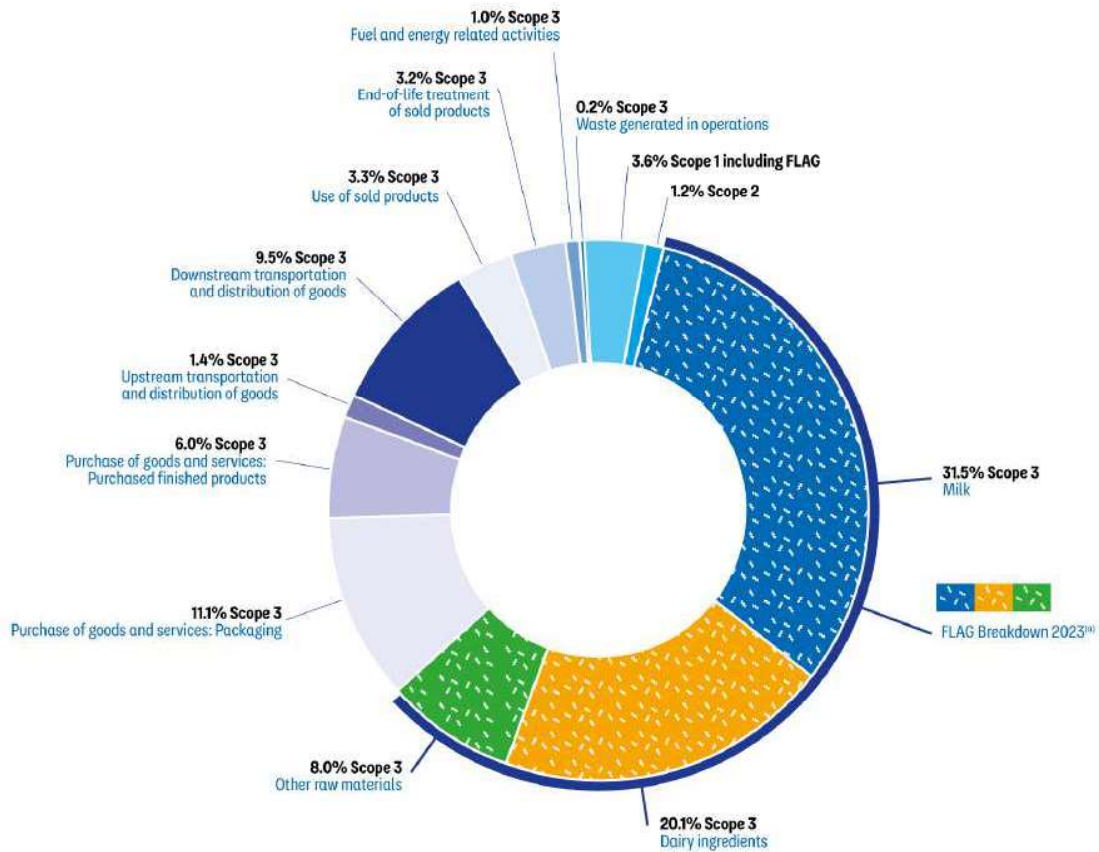
(a) Greenhouse Gas scope, see section 5.8 Methodology note.

Danone's FLAG emissions remained stable between 2022 (excluding EDP Russia) and 2023 as the GHG reductions resulting from the milk action plans, for example in Brazil through the Educampo Program, improving the herd management, diet and genetics, were compensated by the increase in emissions in certain geographies due to the consequences of inflation on feed purchases and agricultural practices (for example, in AMEA region as for scope 1).

Overall, Danone's total emissions reduction on its FLAG science-based target decreased in 2023 by 5.5% compared to its 2020 baseline (excluding EDP Russia). Danone scope 3 energy and industrial emissions ("non-FLAG" scope 3 emissions) decreased by 10.2% between 2022 (excluding EDP Russia) and 2023, notably due to methodological improvements, making its scope 3 energy and industrial emissions decrease 9.4% compared to its 2020 baseline (excluding EDP Russia).

(in ktCO$_2$eq) [(a)]	2020	2020 excluding EDP Russia	2022	2022 excluding EDP Russia	2023	2030 science-based target
Scope 1 FLAG	186	169	165	147	216	
Scope 3 FLAG	15,608	13,699	14,314	12,944	12,888	
TOTAL FLAG	**15,794**	**13,868**	**14,479**	**13,091**	**13,104**	
Absolute total FLAG emissions evolution since 2020 ◐			-8.3%	-5.6%	-5.5%	-30.3%
Scope 3 energy and industrial	7,298	7,011	7,347	7,073	6,351	
Absolute scope 3 energy and industrial emissions evolution since 2020 ◐			0.7%	0.9%	-9.4%	-42.0%

(a) SBT scope, see section 5.8 Methodology note.

Methane emissions of dairy category fresh milk

In 2023, Danone announced a global action plan aiming for a 30% reduction in absolute methane emissions of dairy category fresh milk by 2030, using 2020 as the baseline. This initiative, focusing on the methane emissions linked to its dairy products, positions Danone as the first food and beverage Group to align its targets with the Global Methane Pledge. Danone expects to remove 1.2 million tCO$_2$eq of methane emissions by 2030.

Danone also believes in the power of collaboration and actively engages with non-governmental organizations (NGOs) to advance its climate transition and particularly to tackle methane emissions from agriculture. The NGOs Danone partners with include:

- **The Environmental Defense Fund (EDF):** Danone has launched a strategic partnership with EDF to support its methane reduction ambitions. Danone and EDF are working together in areas such as improved science, data and reporting standards, innovative financing models to help farmers of all sizes, and catalyzing industry and policy leadership through advocacy.

- **The Global Methane Hub (GMH):** The GMH is an international alliance of more than 20 leading philanthropies and organizations that have committed to supporting the development and implementation of tangible methane reduction solutions by 30% by 2030. Danone became the first Group to join the GMH's Enteric Fermentation R&D Accelerator which aims to create new scalable and practical solutions for dairy farmers to reduce methane emissions. The Accelerator, which has already raised $200M in funding, will invest in breakthrough research and innovation to create new scalable and practical solutions for livestock farmers.

- **Dairy Methane Action Alliance (DMAA):** Danone, together with other global dairy companies (Bel Group, General Mills, Kraft Heinz, Lactalis USA and Nestlé), announced at COP28 the launch of the DMAA, under the leadership of the Environmental Defense Fund (EDF). DMAA aims to mobilize others in the dairy industry, drive pre-competitive collaboration and send a clear market signal that the future of dairy is low-methane. The DMAA members will work together to drive harmonization in measurement and reporting, support enabling policies and tackle other methane reduction challenges in the dairy industry.

METHANE EMISSIONS OF DAIRY CATEGORY FRESH MILK

(in ktCO$_2$eq) [a]	2020	2022	2023	2030 Methane pledge
Methane emissions of dairy category fresh milk	4,091	3,494	3,548	
Absolute methane emissions reduction vs 2020 🟢		14.6%	13.3%	30%

(a)   Greenhouse gas scope & SBT scope excluding EDP Russia, see section 5.8 Methodology note

Between 2020 and 2023 Danone continued to measure the effects of our ambitious plan to reach our Methane Pledge by 2030, particularly in the following countries:

- in the United States, due to accelerating manure projects thanks to access to the USDA Climate Smart Commodities Grant;
- in Brazil, due to action plans to improve the herd management, diet and genetics through the Educampo Program;
- in Belgium, due to piloting feed additives (Bovaer), which reduced enteric fermentation related emissions;
- In Algeria, due to small-holder projects to improve milk yield through farm management training.

External recognition

In February 2024, CDP recognized Danone as one of the world's leading companies in terms of its environmental performance and its transparency in fighting climate change and deforestation and protecting water resources. For the fifth consecutive year, Danone has been awarded a "triple A" rating for its 2022 performance in the CDP Climate Change, CDP Forests and CDP Water Security questionnaires, being one of only ten companies in the world awarded a "triple A" rating.

CDP has also recognized the Group as a world leader for its strategy and actions to fight climate change with the suppliers in its supply chain. As a result of its 2022 actions, it was included for the fifth consecutive year in the CDP Supplier Engagement Leaderboard.

In October 2022, the Carbon Trust certified Danprint 2.0, Danone's carbon footprinting tool that can be used to compare the impact of various design scenarios against three external standards:

- Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard (2011);
- ISO 14067: 2018 - Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification;
- PAS 2050: 2011 – Specification for the assessment of the life cycle greenhouse gas emissions of goods and services.

Danprint 2.0 was recertified by the Carbon Trust in January 2024 against the same three standards.

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 table reconciles the main information included in 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, 5.3
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, 5.3
b. Processes for managing climate-related risks	5.1, 5.3
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
c. Targets used to manage climate-related risks and/or opportunities and the Company's performance against these targets	5.3, 6.4

REGENERATIVE AGRICULTURE

Definition

Agriculture is the biggest source of Danone's greenhouse gas emissions (representing 59% of total emissions in 2023) and 89% of its water use. Agriculture emissions are linked to both farms (e.g. herd and manure management on dairy farms, fuel and fertilizers used for crops) and farm upstream activities (e.g. feed production for livestock, production of chemical inputs), including potential impact from deforestation and/or land conversion, as well as processing/transformation activities of Danone's suppliers. All these activities directly affect not only GHG emissions, but also farm productivity and profitability in the short and long-term, farm resilience and ecosystems. Therefore, pathways to reduce GHG emissions must be embedded in a long-term and systemic approach that addresses multiple challenges and avoids undesired trade-offs.

Agriculture is central to Danone's business and the Danone Impact Journey. As such, one of the most significant ways Danone can create positive economic, societal and environmental impact is through the sourcing and farming models it chooses. Danone is firmly committed to regenerative agriculture and promoting practices that protect soil, water, biodiversity and animal welfare, whilst also supporting farmers in a fair transition toward more resilient agricultural models that protect farmer livelihoods and decent conditions for workers.

Policies

Since 2017, Danone has been designing and deploying a Regenerative Agriculture Program. In 2021, Danone published its Regenerative Agriculture Framework which details the concept of regenerative agriculture and defines a set of practices and a strategy to drive the transformation on the ground. It is available on Danone's website. Danone's regenerative agriculture approach is based on the following three pillars:

- protecting soils, water, and biodiversity (also reinforced by Danone's Water and Forest Policies);
- empowering generations of farmers;
- and bolstering animal health and welfare.

Danone's Regenerative Agriculture Framework is a key lever for achieving the objectives related to nature preservation and regeneration within the Danone Impact Journey as well as the 1.5°C SBTi roadmap aiming to reduce the GHG footprint through increased carbon sequestration in soils.

In addition, Danone's 2025 *Société à Mission* target of sourcing 30% of its volumes of key ingredients such as fresh milk, soy, oats and almonds from farms that have begun to transition to regenerative agriculture is one step in Danone's wider ambition to make regenerative agriculture practices the norm across the Group's ingredient sourcing.

In 2022, Danone paved the way for accelerating its work on empowering generations of farmers by publishing its Human Rights Policy.

Moreover, Danone's approach to animal health and welfare was developed in collaboration with the NGO Compassion in World Farming (CIWF) and is based on the Five Freedoms, recognized internationally by the Farm Animal Welfare Council. Danone is committed to transparency for animal welfare commitments and performance. In 2016, the Group published an Animal Welfare Position Paper and it publishes updated commitments and progress on a regular basis (latest progress published in 2023, for 2022).

Action plans and outcomes

Danone works with a large number of farmers, including 58,000 dairy farmers, worldwide. The Group's global, regional and local teams work hand in hand with farmers, suppliers and technical partners to support farmers and develop action plans and roadmaps for continuous improvement toward more resilient, sustainable and economically viable farms. These roadmaps are tailored based on where the farms stand in their regenerative agriculture and decarbonization journeys, and what the farms' challenges are, in order to prioritize improvement practices, bearing in mind trade-offs and co-benefits.

In this sense, regular monitoring is put in place to establish a clear understanding of where farms in the supply chain are currently placed in their regenerative agriculture transition journey and what steps Danone needs to take to support them to go further. This also allows for increased supply chain transparency and enables continuous improvement. Danone assesses farmers' practices and/or impact on the three pillars of regenerative agriculture, based on a number of tools. These include:

- The Cool Farm Tool (in 15 countries) and CAP2ER (in France) to monitor the greenhouse gas footprint of the purchased milk, now covering in total 91% of our direct milk collection volumes from farms. Danone has already achieved great progress, including 500 ktons in reductions between 2020 and 2023 thanks to our on-farm action plans,

- Danone's environmental regenerative agriculture scorecard, and

- Danone's animal welfare assessment (see each sub-section below).

Danone also works with many partners (NGOs, universities, or agricultural technicians) to promote the adoption of best agricultural practices and share learnings with the farming communities and supporting ecosystem. For instance, in 2019, the Group created the Farming for Generations (F4G) global alliance, bringing together eight leading agricultural players across the entire dairy value chain and three world renowned advisory partners (Wageningen University, WWF France, and Compassion in World Farming). This alliance aimed to provide a forum for peer-to-peer exchanges of information on topics such as animal welfare, herd management, GHG emissions reduction, soil health or biodiversity, taking a continuous improvement approach. In addition, Danone and F4G partners set up pilot projects in 33 farms in eight countries (both in Europe and the United States). The alliance has created a toolbox, which as of 2022 has more than 50 solutions for holistic improvement on dairy farms. The toolbox provides solutions on: animal health and welfare, herd management, nutrient cycle management, feed autonomy and feed efficiency, soil health, GHG emissions reduction and farm management skills. By 2023, more than 225 farmers had implemented practices on their farms and 98% of them had improved their performance or maintained the practice after one year. F4G reached more than 2,600 farmers, sharing learnings through farmer events, webinars, newsletters and the Danone Regenerative Agriculture Knowledge Center (see section *Empowering (new) generations of farmers and assessing farmers' and workers' conditions*). While no longer active, Danone continues to scale up regenerative agriculture practices using learnings from the F4G program, which has now evolved into Partners for Growth (P4G). The Group aims to expand and strengthen its relationships with partners from across the world, spanning start-ups and scale-ups to corporate and academic institutions. The P4G program will drive greater innovation and efficiencies to unlock sustainable growth, from new product ideation to the moment it is in the consumers' hands.

Danone also continues to actively work with coalitions such as the Sustainable Agriculture Initiative (SAI) Platform, OP2B (One Planet Business for Biodiversity) as well as with peers to accelerate and scale the transition to regenerative practices in the food and beverage sector. Danone actively contributed to developing the SAI Platform's globally aligned framework, "Regenerating Together", for the transition toward regenerative agriculture practices, which was released in September 2023. The Group contributed by sharing the Danone Regenerative Agriculture Scorecard and associated learnings, testing the SAI draft framework in its supply chain before its release (in the United States and France – for both dairy and plant-based), providing feedback for further improvement, and representing peers as part of the Steering Committee.

Danone has also contributed to shaping the Regenerative Landscapes initiative, consisting of over 25 leading food and agriculture organizations with a collective ambition to work with more than four million farmers to regenerate 150 million hectares of land.

Danone also collaborates with its suppliers of key ingredients by developing strategic partnerships, such as its partnership with Royal Friesland Campina to reduce greenhouse gas emissions on farms (see section 5.3 *Nature*).

Protecting soils, water and biodiversity

The first pillar (environmental) of Danone's regenerative agriculture framework – protect and restore soils, water and biodiversity – focuses on enhancing soil organic matter content, increasing soil carbon sequestration capability, strengthening biodiversity and protecting and retaining water resources (see section 5.3 *Nature*, section *Preservation of water resources*).

In 2021, Danone introduced two resources, the Danone Regenerative Agriculture Handbook and Scorecard, to support field technicians and practitioners to assess farmers' level of adherence to regenerative agriculture practices, advise them on best practices, and develop continuous improvement plans. These resources were updated in 2022 to incorporate feedback from the previous assessment campaign, and were embedded in a digital tool to improve engagement with local teams and the collection of farm information. This new digital survey was piloted in more than 25 farms in Europe, North and Latin America, and it has allowed for better data quality at scale since 2023.

Since 2017, Danone has supported the implementation of 25 agriculture projects in 14 different countries, including a number of projects linked to soil health, water and/or biodiversity:

- In 2017, Danone France implemented the Les 2 Pieds sur Terre project in collaboration with with Danone Produits Frais France, Les Près Rient Bio, IDELE (National French Livestock Institute), and MiiMOSA. The project aims to support dairy farmers to reduce their carbon footprint and regenerate soil. Since its launch in 2017 till the end of the year 2023, the project has reached the following outcomes:
  - 92% of dairy farmers supplying Danone France in 2023 have made a carbon assessment of their farm. Overall, the program has financed more than 2,800 carbon assessments.

- 53% of dairy farmers supplying Danone France in 2023 have conducted a comprehensive evaluation of their soil's regenerative practices.
- 600 individual supports have been provided by external technicians (from the dairy counselling ecosystem) to dairy farmers, in order to design a Carbon roadmap at farm level that identifies the ways and practices to reduce the dairy carbon footprint.

The project has achieved a 10% reduction in greenhouse gas emissions in kg CO_2 eq. per liter of milk collected between 2016 and 2022.

- Danone France has also worked on the Pachamama project, to support French fruit, vegetable and cereal farmers in applying and sharing regenerative agriculture practices that respect soil health and biodiversity. By the end of 2023, the project had reached 38 pilot farms, held 67 training sessions on regenerative agriculture and shared external expertise with 375 farmers and technicians.

- In 2017, Danone North America launched a Regenerative Agriculture Program, built in collaboration with farmers who supply milk for various Danone North America brands such as *Oikos*, *Two Good*, and more. The program aims to increase soil organic matter, improve yields, reduce chemical use, restore biodiversity, and enhance soil water holding capacity to provide farms with improved, long-term economic resilience. As of 2023, the Program has scaled to over 94 farms and 149,808 acres. Danone North America partners with Sustainable Environmental Consultants to continue deploying their R3 tool - "Robust, Resilient and Reliable" - to help farms understand the potential return on investment of regenerative agriculture practices. Since 2023, Danone North America has worked with a set of value chain partners to expand this program. This is being supported by a $70 million grant that was awarded to Danone North America by the U.S. Department of Agriculture to support the Climate Smart Commodities Initiative. The program has arrived at 80% enrollment for fresh milk dairy suppliers and 90% enrollment of almond suppliers.

- In 2021, Danone Brazil launched the Flora Project to implement regenerative practices for different dairy production models, such as rotational grazing with tree shading, no-tillage, cover crops and manure management. The project started in 2021 with 22 hectares and in 2023 the Flora Project covered around 1,400 hectares with regenerative practices, contributing to the farms seeing improvements in soil health, biodiversity, feed autonomy and forage quality.

- To accelerate the transition of its Plant based portfolio in Europe, in 2022, Danone started to define programs for soybean, almond, and oat with local authorities and suppliers. In parallel, Danone also engaged through its iconic plant-based brand *Alpro* to be part in Science Based Targets for Nature (SBTN) pilot group together with key food businesses and retailers, leading the way in preparing to set the first science-based targets for nature. This global alliance develops a systemic approach for companies and cities to holistically assess and prioritize their environmental impacts on nature across freshwater, land, ocean, biodiversity and climate.

All of these projects contribute to reducing greenhouse gas emissions from farms and/or increasing the rate of carbon sequestration in soils, contributing to Danone's Net-Zero emissions by 2050 target.

In line with its operational objective to make agriculture a solution, Danone reviewed the scope of its 2025 target to source 30% of key ingredients directly from farms that have begun to transition to regenerative agriculture. The new, more ambitious, scope is more inclusive of key agriculture raw materials, for example, now encompassing oat, strawberries, and sugar beet (France), and covers fresh milk collected from farms across Danone's whole business. Danone made steady progress and met its 2023 milestones on regenerative agriculture, deploying a tool to monitor sourcing for farms in priority regions including Latin America, Europe, North America and Africa, and across priority ingredients including milk, fruits, soy, almond and oat, among others. Through these efforts, and continued support and partnerships with farmers, 38% of key ingredients sourced directly by Danone in 2023 came from farms that have begun to transition to regenerative agriculture. ◉

Empowering (new) generations of farmers and assessing farmers' and workers' conditions

Developing sustainable relationships with farmers

Agriculture allows Danone to positively influence communities worldwide, beginning with the farms it directly works with and many more indirectly. The Group has a long and close history with its farmers, particularly smallholder farmers, and recognizes the vital role they play in the global food system and economy.

Danone is committed to supporting farmers and farm workers, whether they are just starting their regenerative agriculture transition, or are well on their way. The Group is also committed to improving the livelihoods and conditions of farmers and farm workers, to make the sector more attractive for future generations. For instance, in Spain, Danone has implemented a project to help farmers on the verge of retiring find a new generation to take on their farms and help young people become professional farmers by providing them with training, technical and business planning support and creating the farmers' network for experience sharing. Danone's goal is to support farmers and suppliers in making these shifts and to accompany farmers as they pass down their expertise to the next generation.

To support farmers globally, Danone has created a number of assessment tools and resources, as well as mechanisms for knowledge exchange, such as farmer events, coaching sessions and the Danone Regenerative Agriculture Knowledge Center. Launched in 2021, the Danone Regenerative Agriculture Knowledge Center is a website that provides resources on regenerative agriculture practices to upskill farmers within and outside of Danone's supply chain, field technicians and partners. In 2022, the website was translated into nine languages, making it more inclusive and accessible for Danone's global farmer network. It complements the e-learning model for Danone employees deployed in 2021 that covers the three pillars of its Regenerative Agriculture Framework and the actions Danone's brands are taking to implement them.

In 2022, Danone also organized an EU farm tour as part of the global project Farming for Generations, where farmers and field technicians from Danone Poland, Germany and Romania received a visit from one of the most advanced farmers from the Danone North America portfolio and shared their respective challenges and best practices.

The learnings were shared with more than 50% of farmers in Danone Poland and Danone Romania. In 2023, the Group continued to share these learnings throughout its network to support the scaling up of regenerative agriculture best practices.

Danone also looks to support farmers via training equipment and funding opportunities, to support a positive and sustainable transformation of agricultural chains. For example:

- in Africa, Danone has deployed projects to support more than 12,000 smallholder dairy farmers across Morocco, Egypt and Algeria. In Morocco, the H'lib Bladi project was launched in 2015 with the goal of developing sustainable dairy production for smallholder farmers. The project has successfully onboarded almost 2,000 farmers. In 2022, Danone revisited this project ahead of its 2023 scale-up by expanding the goal to train 10,000 farmers. In 2014, Danone Algeria joined forces with local government and the German government Fund for Climate and Social Impact Projects (GIZ) to launch the H'lib Dzair project. The project aimed to: provide Algerian smallholders with individual training and mentoring as well as financial support to improve their livelihoods and reduce their ecological footprint; help restructure the Algerian dairy distribution system, to enable smallholders to access higher markets, improving their earnings and ability to reinvest in their farm operations. Since then, more than 1,400 smallholder farmers have been empowered, resulting in a wide range of benefits, including a 5% reduction in carbon footprint in one year by adopting best practices (from 2.80 to 2.63kg CO_2eq./kg FPCM, 2020-2021), 97% of farmers reporting improved living and working conditions and an 85% increase in income of farmers who joined the program at the start. In 2023, the project received the Innovation Dairy Award for Innovation in Sustainable Farming Practices (Socio-Economic Category) at the International Dairy Federation (IDF) World Dairy Summit.

- Danone Mexico, Danone Ecosystem, the Inter-American Development Bank, Technoserve and local partners launched the Margarita project in 2010 and have since supported more than 500 smallholder farmers in transitioning to regenerative dairy practices. Support has covered measures to improve herd management and productivity, including connected collars that monitor cow rumination and movements.

Assessing farmers' and workers' conditions to evaluate the need for enhanced due diligence

To support the transition toward regenerative agriculture practices, Danone also plans to assess farmers' livelihoods and agricultural workers' working and living conditions. Danone aims to have a clear understanding of where farms in its supply chain are currently placed with regards to social and human rights standards, and what steps it needs to take to help them improve.

For this purpose, in 2021, Danone developed a survey focusing on people to assess farmers' economic resilience, livelihoods and the priority labor rights of their workers. The survey is organized around three themes: farmers' livelihoods and autonomy, health and safety for all, and workers' labor conditions. It is supported by a scorecard and on-farm assessment tools to establish a diagnosis of farm practices, and used to define and implement ad-hoc continuous improvement plans both for and with farmers.

The survey has been extensively benchmarked against best agricultural standards and developed through internal and external stakeholder engagement with WWF, Fair Labor Association and SAI Platform. The questions reflect Farm Sustainability Assessment questions (SAI platform standard) to facilitate alignment with certification and best practices of the sector.

In 2022, Danone developed the Social Handbook designed to provide guidance for completing this scorecard assessment for the second pillar "empowering generations of farmers" and highlight best practices for farmers and farm workers to improve their performance and working conditions. It can be found on the Regenerative Agriculture Knowledge Center.

Respecting animal welfare

Danone is committed to working with farmers and other key partners to build agricultural models that respect natural resources and foster animal welfare, acknowledging that animals are sentient beings.

The aim is to achieve better conditions for all species, either directly or indirectly involved in the supply chain. For this reason, animal welfare is one of the three key pillars in the Danone Regenerative Agriculture strategy.

In 2016, Danone published an Animal Welfare Position Paper that crystallized its approach. This Position Paper was developed in cooperation with Compassion in World Farming (CIWF) and other animal welfare specialists and is based on the internationally recognized Five Freedoms established by the Farm Animal Welfare Council. The Group is working to ensure these freedoms are upheld globally, in all applicable countries, for all species relevant to Danone: dairy cows for fresh milk, poultry (laying hens, broilers, turkeys), lambs, beef cattle, ducks, calves, pigs, rabbits and fish (including finfish), across the supply chain.

The Five Freedoms call for management and housing of animals to respect the following needs:

- freedom from hunger and thirst by ready access to fresh quality water and a diet that maintains full health and vigor;
- freedom from discomfort by an appropriate environment, including shelter and comfortable resting areas;
- freedom from pain, injury and disease by prevention or rapid diagnosis and treatment;

- freedom to express normal behavior, by providing sufficient space, proper facilities and company of the animals' own kind;
- freedom from fear and distress by ensuring conditions and care that avoid mental suffering.

Upholding the Five Freedoms means working to ensure that the farming practices in Danone's supply chain:

- provide appropriate housing environments and avoid closed confinement (e.g., cages for hens and rabbits);
- give regular access to food and water, in both quantity and quality;
- promote responsible use of antibiotics (to be avoided for prophylaxis);
- monitor and improve key health and behavioral welfare outcomes.

In 2023, Danone assessed animal welfare for 91% of volume of its fresh milk produced via the Group's animal welfare audit. Danone also carried out over 3,000 cumulative audits at farm level, scoring farms on a scale of 0-100 points. In 2023, the average score was 70 points.

Danone regularly reports its progress on its animal welfare commitments in a dedicated report, which is available on the Group's website. The most recent progress report was shared in 2023.

In 2021, the Danone animal welfare assessment tool won the "Special Recognition Award 2021" in the Innovation Category, organized by the CIWF.

Based on its disclosures, Danone was awarded Tier 2 status in the Business Benchmark on Farm Animal Welfare (BBFAW) independent report in 2018, 2019, 2020, and 2021. There was no BBFAW assessment in 2022, as the BBFAW methodology was in the process of being substantially modified, placing further emphasis on companies' performance reporting, performance impact and a stricter interpretation of company disclosures. This evolution of assessment criteria and scoring also changed the rating of all companies assessed. Danone is consequently working to align its animal welfare reporting requirements with the updated BBFAW methodology and report on Danone's progress.

PRESERVATION OF WATER RESOURCES

Definition

Water stewardship is a strategic focus for Danone's operations and supply chain. The Group recognizes the strategic importance of the topic for the planet and its communities. Danone has therefore defined a three-step approach to identify risks, actions and impacts in order to act on, preserve and restore natural ecosystems, wetlands and the natural water cycle, where it matters the most. These three steps are the following:

- understanding exposure to water-related risks through a water risk and water footprint assessment done for Danone's production sites and sourced ingredients, using the Water Risk Filter, the World Resources Institute Aqueduct and the Water Footprint Network tools;

- developing mitigation and adaptation plans leveraging a different set of actions: regenerative agriculture and water stewardship projects for its supply chain, water efficiency within its production sites and nature, technology and collective action-based solutions in the ecosystems around its production sites;

- developing a cost-benefit analysis to prioritize interventions based on the economic, societal, and environmental values they can generate.

Policies

Through its Water Policy, Danone promotes an innovative approach and integrated management of resources. These are based on a thorough risk assessment and a scientific diagnostic of local water cycles, performed with the support of Danone's expert hydrogeologists working in identified priority geographical areas in collaboration with local scientists. The actions involve mobilizing all local water users, collaboratively drawing up action plans, and developing governance models to ensure the implementation of long-lasting actions with a positive impact on water, carbon and biodiversity. These actions are deployed within the following scopes:

- preserving water resources in watersheds in which Danone operates and in the broader supply chain;

- rethinking circularity within and around production sites;

- providing access to safe drinking water for vulnerable people and communities.

Risk identification

In 2023, the Water Sustainability team carried out the water risk assessment process for its operations, 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 methodology behind this risk assessment as well as the development of local mitigation plans follow various steps, such as:

1. **Watershed risk assessment.** This uses the Water Risk Filter tool developed by the WWF to identify watersheds located in areas with physical risks related to water, including water stress, flooding, low water quality, and negative impacts on ecosystem services;

2. **Operational water risk assessment.** On this basis, each production site fills out a WWF Water Risk Filter questionnaire to identify the local physical, regulatory and reputational water-related risks it faces;

3. **Local design of action plans and roadmaps.** Danone has set up a specific tool called SPRING that guides each production site team in (i) defining and implementing water stewardship projects and (ii) adopting the most suitable practices to mitigate local water risks.

Annual water risk assessments are used to determine where to take action. Danone prioritizes the development of watershed plans suited to sites located in water-stressed areas identified by the WWF Water Risk Filter. In 2023, Danone found that 50% of its production sites were located in high or extreme water risk areas. These at-risk sites have to develop active watershed preservation and restoration plans to mitigate water-related risks. Additionally, 31% of production sites were identified through a bottom-up assessment as being exposed to physical, regulatory or reputational risk. The sites exposed to physical risks must reduce their water consumption intensity and increase internal and external water reclaim.

In addition, Danone assesses the water risk of its entire supply chain, through the Aqueduct water risk tool developed by the World Resources Institute. Focusing on water stress, this analysis highlights priority ingredients to deep dive on and helps Danone to prioritize its actions. In 2023, the assessment identified the 20 ingredients that are the most material to Danone in terms of water risk.

Danone brings together all internal stakeholders involved in effectively implementing the Water Policy via (i) committees for information-sharing and co-design of action plans and actions in our production sites, watersheds and supply chain, as well as (ii) regular meetings between the Regenerative Agriculture, Cycles and Procurement and Water teams to develop knowledge and share feedback on current projects.

Danone also engages its external stakeholders through a variety of partnerships, aiming to promote and implement collective action initiatives around watershed preservation. Some of the key partners include the Ramsar Convention on Wetlands, the Mediterranean Institute for Water (IME), and the French Water Partnership (PFE). The Group is also working with research institutions and NGOs, such as Axa Climate, WWF or the Nature Conservancy to understand the impact of water scarcity on the value chain, with the goal of sharing this knowledge with peers for more effective collective actions.

Preserving and restoring water resources in agriculture and watersheds

PRIORITIES UNDER THE 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
Relating to agriculture *By 2030: Danone aims to address 50% of its most material ingredients' volumes, currently sourced from water-stressed areas. The Group's commitments will be adapted to local contexts and value chain structures and will be based on two scopes of action:* ■ *Promoting water-resilient practices at the farm level to enhance infiltration, soil water retention and water efficiency, while reducing water pollution;* ■ *Facilitating the adoption of water-related actions which are embedded in the Sustainable Sourcing Policy for Tier 3 suppliers.*	In 2023, Danone updated its supply chain risk analysis to (i) identify the most material ingredients in terms of water risk and (ii) assess the water-related risks for all 69 ingredients in its supply chain. By cross-referencing the water impact, sourcing location, and water risk-related exposure of each ingredient with its relevance to the business, the Group determined a list of the top 20 most material ingredients to prioritize for supply chain security in terms of water. It found that 54% of the volume of these material ingredients are sourced from areas of water risk. Danone also prioritized the top 13 ingredients in terms of sourcing volumes to be addressed and tracked by 2030, as their sourcing regions face some of the biggest water risks. These ingredients include fresh milk, fruit, nuts, sugar, starches, and oil. For example, the Group has launched the H'lib Bladi project to expand and anchor sustainable milk production in Morocco by improving the revenues of small farmers and milk collection centers, while securing the volume and quality of the milk supply. Specific actions related to feed resilience in light of increasing drought and water scarcity will be tested and implemented by the farmers. Danone is also developing projects on high-risk ingredients such as strawberries, sugar beet and almonds (see Danone's website for more information). For instance, the Group is developing projects on strawberries in Mexico. In this regard, Danone promotes regenerative agriculture practices with farmers in southwestern Mexico, an area that is exposed to high water stress and is crucial for strawberry production. Farmers receive training, technical support and incentives to improve water management at the farm level, reduce water usage and secure better quality yield through decreased pesticide use. These practices boost farmers' competitiveness, improve their working conditions and strengthen their relationship with their ecosystems, resulting in more sustainable farming activity. As for 2022, farmers had achieved 50% water savings at farm level and a 36% increase in incomes, therefore enhancing overall livelihoods.
Relating to watersheds *By 2030:* ■ *build plans to protect and/or restore 100% of the watersheds in which Danone operates, located in highly water-stressed areas;* ■ *work locally to create an effective governance system with the stakeholders or integrate actions into the existing governance bodies;* ■ *share data and scientific studies through open source platforms and train the relevant internal and external players on integrated water stewardship.*	In 2023, 58 of the watersheds in which Danone has production sites are located in highly water-stressed areas, for which preservation and restoration plans are either implemented, in progress or in the planning stage. To improve water resource stewardship and encourage biodiversity, soil health and carbon sequestration, Danone focuses on landscape approach and Nature-based Solutions, such as agroforestry, wetland preservation and agriculture optimization. Danone contributed to the guidance on Benefit Accounting of Nature-based Solutions (NbS) for water stewardship and to the development of the NbS Benefits Explorer, a web-based tool which serves as a key starting point for organizations looking to invest in Nature-based Solutions. Between 2020 and 2023 Danone deployed 18 watershed preservation action plans with the relevant stakeholders. In 2023, 53% of the total water intake of production sites located in water-stressed areas were covered by effective watershed preservation measures [+16.0% vs 2022]. ⬡ In 2023, the Group initiated a cross-mapping exercise with its peers to build collective actions in central Mexico. For instance, at the end of the year, a project concerning reforestation in the Toluca recharge area was initiated with WWF Mexico. In Indonesia, Danone launched the PAHALA project in West Java, with actions on local water governance and agroforestry. The first phase of the BALI project has been finalized, as Danone worked with local stakeholders to install infiltration wells in traditional settlements, in the midstream of the watershed.

Rethinking circularity in and around Danone's production sites

PRIORITIES UNDER THE 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
By 2030: ■ *implement a holistic "4Rs" strategy - reduce, reuse, recycle and reclaim - in 100% of production sites.* *In areas of physical water stress identified by the Water Risk Assessment, by 2030 Danone will:* ■ *reduce water consumption intensity by 50% compared to 2015 or achieve a best-in-class water ratio (m$_3$/ton);* ■ *maximize water reclaim in and around Danone's production sites to reach 100% locally reclaimable water to protect the water cycle.*	In 2021, the Group reviewed its internal Clean Water Standards (CWS) to align them with the wastewater treatment plant capacities and with various country regulations. In 2023, 77.8% of its facilities were compliant with the CWS (vs. 76.1% in 2022). The production sites implemented improvement plans to achieve these standards. In 2020, Danone boosted its approach by adding the fourth pillar, Reclaim, to its "3Rs" Strategy (Reduce, Reuse, Recycle). In order to consolidate these efforts across all production sites and in line with the water policy commitments, the 4R roadmaps and action plans are being deployed to optimize water usage and reinforce second life for water. In 2023, 95% of its facilities had a 4R action plan, compared to 86% in 2022. ⊙ Related to the Water Ratio Reduction in sites at physical water risk – Danone achieved 60.6% of its target -50% in 2023 versus 55.6% in 2022. In addition, Danone has been working for more than 20 years to use water more efficiently in its operations by prioritizing a collaborative approach. Two production sites carried out extensive 3R programs in 2021 and 2022, reducing, reusing, and recycling water in several areas of production. In 2023, this enabled the Ferrières en Bray plant to save 107 million liters of water versus 2022, while Mount Crawford saved close to 7 million liters of water over the same period. Related to the fourth R – Reclaim, Danone built 11 Reclaim units in 2023. These units further purify the production sites' treated wastewater, allowing it to be reused inside these sites. The production sites at which Reclaim units were built included: ■ **Wevelgem, Belgium:** At this plant-based production site, the Reclaim unit opened in 2021. In 2022, it produced 700 million liters of reclaimed water from treated wastewater, enabling a plant water intake reduction of 50%, and a water discharge volume reduction of 70% compared to 2020 without reclaim. The 2023 performances of the Reclaim unit are stable, with 540 million liters of reclaimed water produced. ■ **Feng Run, China:** At this beverage production site, the Reclaim unit opened in 2022. It was designed to reclaim up to 50 million liters of water to be used in cooling towers, gardening and cleaning. In 2023, 20.25% of water were reclaimed, allowing future growth to maximize the facility's usage. ■ **Mount Crawford, USA:** At this dairy production site, the Reclaim unit opened in 2023. It was designed to produce up to 200 million liters of reclaimed water, currently used for cooling towers. In 2023, 7 million liters were produced. ■ Finally, two new Reclaim units were in the design phase in France in 2023, one in Ferrières en Bray and another in Volvic, both aiming to reuse around 200 million liters of treated wastewater from utilities and process water, as this practice is expected to be permitted by French regulations from 2024.

Providing access to safe drinking water for vulnerable people and communities

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
By 2030: ■ *sign the WBCSD WASH Pledge for Access to Safe Water, Sanitation and Hygiene in the workplace;* ■ *create the Water Access Acceleration Fund (W2AF) to support social enterprises providing safe access to drinking water;* ■ *provide daily access to safe drinking water for 50 million people.*	Danone pledges to give all its employees access to safe drinking water, sanitation and hygiene, in line with UN Sustainable Development Goal 6, "Clean Water and Sanitation", and the World Business Council for Sustainable Development (WBCSD) voluntary standard. The Group signed the WBCSD WASH Pledge in 2022 and aims to be fully compliant with the WBCSD voluntary standard by 2025. Across its global operations, nearly 97% of Danone's production sites were compliant with the WASH Pledge self-assessment in 2023 (87% in 2022 excluding EDP Russia). Danone's Water brands also play a key role in providing access to safe drinking water. For example, *AQUA* in Indonesia partnered with the organization Water.org to extend access to safe drinking water (10 liters brought to local communities for each one-liter bottle purchased). The *AQUA* brand also deployed a program to support the Indonesian government objective to achieve universal access to clean water by 2030, in line with the UN Sustainable Development Goals. Established in 2011, the Eco Alberto project is a social initiative financed originally by DANONE communities. Its primary objective is to provide access to safe drinking water. To date, the project has benefited an estimated 30,000 people across nearby ñhañhus indigenous communities, delivering more than 3 million liters of drinking water annually. The process involves purifying water from springs at the "El Alberto" drinking water plant. This purified water is then delivered in large tanks to fill smaller tanks (1,100-liter food-grade) at local shops and schools. These serve as meeting points where the water is sold. This project has supported the creation of formal jobs in the region and positively impacted people's engagement with rural communities. The project has a dual impact—it generates economic income and contributes to health and nutrition. In communities, where there is a prevalent culture of consuming artificial sweeteners and non-nutritive beverages, Eco Alberto provides a healthier alternative. In addition, based on the expertise of the Danone Communities impact fund portfolio of social enterprises providing access to safe drinking water for vulnerable people and communities (see section 5.4 *People & Communities*, section *Social Innovation Funds* for more information), and in order to accelerate the Safe Drinking Water sector, Danone has launched the Water Access Acceleration Fund (W2AF), the first impact fund dedicated exclusively to safe drinking water access, and invited a coalition of players (DFIs, financial institutions, foundations and corporate entities) to join forces to: ■ shape the sector and prove its potential to investors; ■ and rapidly increase the number of beneficiaries with access to safe drinking water (SDG #6) by supporting the development of safe drinking water enterprises. Danone selected the impact asset manager Incofin Investment Management to raise at least 50 million euros in commitments (including 10 million euros from Danone) and manage this fund. The objective is to support businesses contributing to the target of giving 20 million people access to safe drinking water by 2025. This fund is also pioneering because it is "impact first" (with an impact incentive for the fund manager), and is leveraging blended finance through two types of shares (classic and first-loss) to attract diverse investor profiles in the sector. In December 2023, the European Investment Bank (EIB) confirmed a 10 million euros commitment to the W2AF, bringing the fund's total capital commitments to €51 million, in line with the objective.

Outcomes

Water use in operations

	Year ended December 31		
(in thousands of m³)	2022	2022 excluding EDP Russia	2023
WATER DRAWN FROM THE SURROUNDING AREA [a]			
River water	2,810	2,516	2,486
Municipal water	20,985	19,243	18,408
Well water	43,088	41,494	40,090
TOTAL WATER DRAWN VOLUME	**66,883**	**63,253**	**60,985**

(a) Production Site Environment scope, see section 5.8 Methodology note.

In 2023, the total volume of water drawn decreased by 3.6% compared to 2022 excluding EDP Russia. The uses associated with this total volume of water drawn in 2023 are as follows:

- 46% went into finished products, mainly at bottling sites, or was used for by-products;

- 54% was used in industrial processes, with details given in the table below.

	Year ended December 31			
(in thousands of m³)	2022	2022 excluding EDP Russia	2023	2030 target
WATER RELATED TO THE PRODUCTION PROCESS [a]				
Consumption (in thousands of m³)	37,376	33,984	32,945	
Intensity of consumption (in m³ per metric ton of product)	1.07	0.99	1.01	
% OF PRODUCTION SITES AT PHYSICAL RISKS HAVING REDUCED BY 50% THEIR WATER INTENSITY FROM 2015 BASELINE, OR REACHED THE BEST-IN CLASS PERFORMANCE LEVEL	**56%**	**56%**	**61%**	**100%**

(a) Production Site Environment scope, see section 5.8 Methodology note.

In 2023, the water consumption intensity of Danone's production sites increased by 1.5% compared to 2022 excluding EDP Russia. This increase can be explained by a global mix effect and an increase in rinsing water in Indonesia *Aqua* to satisfy quality requirements.

Discharged wastewater quality and chemical oxygen demand (COD)

In all its production sites, Danone applies strict concentration limits to all wastewater discharges into the environment. These limits are based on Clean Water Standards (CWS) and are measured using applicable methods. Net chemical oxygen demand (COD), i.e. the amount of oxygen required to oxidize organic and mineral compounds in water, is used to measure 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 section 5.8 *Methodology note*).

	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
Final discharge of chemical oxygen demand (COD) [a] (in thousands of metric tons)	4.27	4.09	4.26
Net COD ratio [a] (in kg/metric ton of product)	0.12	0.12	0.13

(a) Production Site Environment scope, see section 5.8 Methodology note.

The net COD ratio for Danone Group increased by 4.2% compared to 2022 excluding EDP Russia, mainly related to an increase in COD ratio in Turkey.

FORESTS AND NATURAL ECOSYSTEMS

Definition

Danone recognizes the urgent need to continue and amplify its efforts to protect and restore forests. This has been a central element of its sustainability strategy, since healthy forests and natural ecosystems are vital for life on earth as they support the livelihoods and well-being of people, preserve a vast array of biodiversity and combat climate change.

Tackling deforestation and conversion of natural ecosystems

In December 2022, Danone issued its Renewed Forest Policy, committing to deliver verified deforestation and conversion-free supply chains by 2025, while moving toward a forest-positive future. The new policy builds upon and replaces the set of commodity-specific policies previously developed.

Renewed Forest Policy

Globally, the Renewed Forest Policy focuses on key raw materials for which a forest risk has been identified, namely: palm oil, paper and board, soy, cocoa and animal feed. It addresses all forms of deforestation and land conversion following the Accountability Framework initiative (AFi) definitions. The cut-off date for each commodity is December 31, 2020 at the latest, unless otherwise specified.

The new policy sets out the following three core pillars:

- Clean Supply Chains by 2025: establish traceable and verified Deforestation and Conversion Free (verified DCF) supply chains;
- Responsible Suppliers by 2025: ensure DCF commitments are enforced in the direct supply chain according to specified cut-off dates;
- Regeneration by 2030: support landscape projects and coalitions for the protection and restoration of vital ecosystems.

Danone is also committed to the principles of no deforestation, no development on peat, and no exploitation of rights of workers, indigenous people and local communities (NDPE) and secure Free, Prior, Informed Consent (FPIC) of Indigenous people and local communities.

Specific targets and timelines are defined by category in the new Danone Forest Policy. The Group pledges to develop and implement a monitoring, reporting and verification system, sharing publicly available progress indicators. It publishes an annual dedicated report on its website on the progress made on key ingredients ("Danone Forest Annual Update").

Action plans and outcomes

The actions taken aim to make Danone's upstream supply chain more transparent, drive change through positive projects, mitigate risks and address alerts on both environmental and human rights issues. They all contribute to Danone's raw material sustainable sourcing due diligence.

In 2023, Danone was recognized for the fifth year in a row as a global environmental leader with a triple A score given by CDP - including a triple A rating for CDP Forests (Palm, Paper and Soy).

In 2023, Danone has defined a methodology and an aggregate KPI to monitor its progress against the KPI included in Danone Impact

Journey: Zero deforestation and conversion on key direct commodities by 2025. Using 2022 sourcing data, Danone has achieved 84% of verified DCF direct sourcing for commodities in scope of our Forest Policy and aims to achieve 100% by 2025. ⊙ At the date of this report, the full-year 2023 traceability campaign was ongoing The final figure therefore remains subject to change and will be updated in Danone's Forest Annual Update.

Upstream supply chain transparency and risk mitigation through certification

With input from independent experts, Danone's Renewed Forest Policy sets commitments behind the key forest risk commodities in Danone's supply chain:

- **palm oil**: Danone works with Earthworm Foundation to ensure palm oil traceability.

    In 2023, 95% of the palm oil sourced by Danone was certified Roundtable on Sustainable Palm Oil (RSPO) segregated (vs. 88% in 2022) and 2% was certified RSPO Mass Balance. The remaining 3% was conventional palm oil sourced in West Africa.

    Danone also achieved 99.3% traceability to plantation and 99.8% traceability to mill according to its most recent traceability mill mapping over first-half 2023.

    Since 2018, Danone has continued to publish an updated list of its palm oil direct suppliers and mills as well as the grievance process on its website.

    In 2022, an external commodities consultancy (3Keel) helped Danone to reinforce its traceability process for the other forest-risk commodities (soybeans, cocoa, paper and board). The purpose is to assess supplier performance in delivering traceable and verified DCF commodities, obtain traceability information to determine the closest, or actual (where possible) location of commodity production, identify suppliers who are not compliant with Danone's policy and work with them to achieve transparent verified DCF supply chains;

- **soybeans** used in plant-based products: in Europe (Alpro) and in North America, 100% of soybeans come from areas with little or no risk of deforestation and land conversion. In addition, 100% of soy used for the Alpro brand is ProTerra segregated certified;

- **animal feed (embedded soy)**: Danone estimates that soy accounts for less than 5% of the feed consumed by the dairy cows in its supply chain. In order to identify the deforestation risks accurately, Danone has been conducting country by country assessment of soy feed volume and origin through its Cool Farm Tool. At the end of 2023, Danone has analyzed soy sourcing for 91% of its milk volumes (milk sourcing coverage has been changed by the exclusion of Russia from Danone's scope and the inclusion of Turkey in the scope assessed with Cool Farm tool). Within these milk volumes, 52% of soy consumed is from low-risk origin, 8% is certified, and 40% is at risk of potential deforestation as Danone is lacking of visibility regarding the origin. Of that 40% total soy volume, the Group compensates 37% by purchasing RTRS (Round Table on Responsible Soy) credits. Countries being assessed for the first time are not required to purchase RTRS credits in order to budget for the coming year or to compensate the volumes at risk in another way.

When it comes to tackling deforestation risks for soy feed, the Group's key strategic focuses are:

i.   increasing traceability systemically;

ii. promoting sustainable soy through engagement with farmers and dairy processors;

iii. encouraging feed autonomy through local and/or alternative protein.

- **paper and board**: In 2023, Danone worked with its suppliers to implement and prioritize traceability and ensure a Deforestation and Conversion Free (DCF) supply chain, in particular by reinforcing its processes. At the date of this report, 2023 data was still being collected. Danone expects to have maintained 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. The exact numbers will be confirmed in the first half of 2024 in Danone's Forest Annual Update.

- **cocoa**: based on 2023 volumes, Danone estimates to have sourced 75-80% of certified cocoa within one or more certification programs (e.g Rainforest Alliance, Organic, Fairtrade) and is actively working to increase sourcing of certified cocoa in 2024. In 2023, Danone worked with its suppliers to implement and prioritize traceability and ensure a Deforestation and Conversion Free (DCF) supply chain, in particular by reinforcing its processes.

Positive Impact Projects: investing in forests and natural ecosystems

The Group works directly with selected producers further up its supply chain and has developed many collaborative projects to help producers address environmental and labor issues, such as:

- In 2021, Danone worked with the Livelihoods Fund for Family Farming (L3F) to launch a ten-year project to help 2,500 smallholder palm oil farmers achieve a sustainable transition in Sumatra, Indonesia. The project aims to build a transparent and deforestation-free supply chain thanks to locally adapted agroforestry models, regenerative agriculture and biodiversity enhancement. Collectively, the project will help regenerate 8,000 hectares of palm farms in degrading land areas, while restoring an additional 3,500 hectares of local biodiversity over ten years. This is delivered through a partnership between Danone, Mars and L'Oréal and is implemented locally by Musim Mas (lead processor of palm oil) and SNV (entrusted project implementer working closely with palm oil smallholders).

- Danone has supported the Siak Pelalawan Landscape Program (SPLP) since its launch in 2018. This private sector-driven initiative aims to achieve sustainable palm oil production in the Siak and Pelalawan districts of Riau, Indonesia. With more than 200 villages, the districts spread over two million hectares. Danone supports Goal 2 of the program, namely: improve the livelihoods of palm oil farmers and communities in at least 50 high priority villages in the districts by 2025. To date, SPLP has supported 39 villages and trained 3,460 farmer communities on sustainable land use establishing a systemic enabling condition directly from the grassroots to protect the remaining natural ecosystems and create sustainable livelihood.

- In Mindanao in the Philippines, Danone is supporting a ten-year project to implement a new, sustainable supply chain, where independent coconut smallholders can couple quality production with better income. The project was launched by L3F and is setting up a new supply chain which provides the farmers with the skills, infrastructure and material to produce high quality coconuts and enjoy better access to the market, and improve their revenues. Since 2018, the 1,000 farmers involved in the project have been trained on regenerative agriculture to improve their farms' productivity while improving soil health. Five years after the project launch, productivity has increased by 50% in farms that have adopted mulching and regenerative agriculture practices. The project is implementing a direct sourcing scheme, with the smallholders selling their crop directly to a leading coconut manufacturer through farmer-owned cooperatives. The cooperatives rely on networks of village-level farmers' associations to harvest the coconut and collect it through a unique collection point to the manufacturer, which in turn sells the processed coconut to Danone.

- The Regenerative Coconuts Agriculture Project (ReCAP) in Thailand, started in 2020. Danone Ecosystem Fund, Harmless Harvest, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH teamed up to improve coconut farming practices. The surge in demand of the "Nam Hom", an aromatic variety of coconut from Thailand, has led to mono-cropping and heavy chemical agriculture practices that cause many environmental problems ranging from soil erosion to loss of biodiversity. This condition also makes the farming community's income more vulnerable to coconut price fluctuation. The project adopts regenerative agriculture principles to address the challenge focusing on helping farmers access high quality compost, adopt diverse vegetation and beekeeping to increase biodiversity as well as implement non-chemical pest management. The project has trained 432 farmers with 27 master trainer graduates and helped establish accessible high quality compost via six suppliers, also in collaboration with the Thai government. The project's impact is promising, with soil organic matter increasing by 1.15% on average.

Collaborative initiatives

Danone participates in the One Planet Business for Biodiversity (OP2B) coalition, the Forest Positive Coalition (FPC) in the Consumer Goods Forum, in several dedicated palm oil platforms such as the Palm Oil Innovation Group (POIG) and RSPO, in dedicated platforms for other commodities such as Bonsucro and finally, in industry platforms such as the Sustainable Agriculture Initiative (SAI).

Managing grievances and alerts related to raw materials

Since 2019, Danone has implemented a grievance mechanism for palm oil, with the support of the Earthworm Foundation (available on Danone's website). Currently, this mechanism is also being used for other commodities.

A dedicated team meets regularly to address any incoming NGO and media alerts. When allegations of non-compliance against producers arise, the Group carries out an investigation with support from internal and external experts, and in particular with Tier 1 suppliers. If a low-risk non-conformity has been confirmed, Danone asks the producers to develop an action plan to resolve the non-conformity. In the case of a high-risk non-conformity, which has occurred most often for palm oil, the Group works with its Tier 1 suppliers and can choose to suspend the non-compliant producers until they demonstrate concrete progress toward its commitments. Danone informs all of its active suppliers about the suspension decisions and the suspended producer is only allowed to re-enter the Group's supply chain after demonstrating progress and, ultimately, with Danone's consent.

In 2023, Danone registered 11 new alerts linked to deforestation and human rights violations, ten of which were related to palm oil and one to other commodities.

In total, the Group is monitoring 22 alerts that have been brought to its attention by organizations such as the Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of the Earth.

In line with Danone's grievance mechanism, the alerts are being investigated and monitored in dialogue with the parties involved and the supporting NGOs and experts. Four of the cases have a suspension put in place by Danone meaning Danone decided to issue a suspension for participation in Danone's supply chain due to non-compliance or grievances brought to its attention. In 2023, Danone decided to lift one suspension as the (indirect) supplier showed appropriate remediation plans for non compliance. Danone will continue to monitor the situation closely.

Focus on SBTN

Alpro, Danone's iconic plant-based brand, is part of the official Science Based Targets for Nature (SBTN) pilot group together with key food businesses and retailers, leading the way in preparing to set the first science-based targets for nature. The new SBTN will provide crucial guidance for companies to holistically assess and prioritize their environmental impacts and prepare to set targets, beginning with freshwater and land, alongside climate, through the SBTi.

CIRCULAR ECONOMY: PACKAGING AND WASTE

Circular and low carbon packaging system

Context

Packaging is essential for Danone's activities as it protects food and beverages, increases shelf life and reduces food waste. The Group strives to offer nutritious, high-quality food and beverages in packaging that is 100% circular and low-carbon. This means all packaging is designed to be safely reused, recycled or composted and in a way that the materials used by Danone could stay in the economy and never become waste or pollution. In order to step up the transition to a circular and low-carbon economy, Danone works with many value chain stakeholders to explore different solutions and business models with a view to reducing its packaging use, improving the circulation of packaging that cannot be eliminated, recovering what is not circulated, tackling leakage and improving livelihoods of communities.

For more information on this section on *Circular and low carbon packaging system*, refer section 5.6 *Vigilance Plan*.

Governance

At Danone, a dedicated team focuses on packaging circularity in cooperation with the Research & Innovation (R&I), Procurement and Operations departments and the General Secretary.

National and regional regulatory monitoring is undertaken by the General Secretary, including ongoing dialogue with NGOs and governments. A global policy assessment is conducted on a yearly basis to identify policy trends and anticipate upcoming developments.

Danone's packaging footprint is assessed annually in terms of volumes marketed and using environmental Key Performance Indicators (KPIs) calculated for each country and for each type of packaging. These environmental KPIs include packaging recyclability rates, actual recycling rates, recycled content use and greenhouse gas emissions.

Partnerships and collective initiatives

Key functions such as the Circular Economy, R&I and General Secretary teams are involved in ongoing external dialogue with key stakeholders including suppliers, governments and NGOs. The purpose of this dialogue is both to understand risks and opportunities, monitor Danone's impact and co-build Danone's packaging strategy. While consulting a broad number of stakeholders, key partners include:

- Ellen MacArthur Foundation (EMF), through initiatives such as the New Plastics Economy and the Global Commitment on Plastics, spearheaded by EMF in collaboration with the United Nations Environment Programme;

- The Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA), of which Danone is a member, working to set standards and align industry practices to improve plastic collection, reuse and recycling;

- And, in 2022, Danone joined the Business Coalition for a Global Plastics Treaty, led by EMF and the World Wide Fund for Nature (WWF), that brings together businesses and financial institutions committed to supporting the development of an ambitious, effective, and legally binding UN treaty to end plastic pollution.

Identification of risks

Thanks to this approach and the processes it has rolled out, Danone is able to identify the following risks:

■ license to operate risks in relation to regulatory measures, retailers' packaging restrictions that can induce additional costs;

■ consumer preferences evolution impacting the demand for the Group's products;

■ environmental risks linked with plastic usage and plastic pollution generated affecting water, air, soil, fauna, flora, climate, throughout the plastic's life cycle;

■ risks related to human health and rights of workers and of local communities, particularly affecting vulnerable populations in or near extraction, processing, treatment, and recycling infrastructures. Risk of non-compliance with international conventions on human rights in the plastic value chain, particularly for workers in the collection and recycling sector.

■ risk of harm to human health related to the production and use of certain plastics and additives which could, from the migration of sensitive substances, generate risks for human health along the life cycle of plastics. In this highly regulated field, Danone through its internal programs, qualifies, buys and uses plastic materials that respect and even go beyond all relevant regulatory measures to ensure consumer safety.

Packaging Policy

Danone has long been committed to promoting a circular approach to packaging. This commitment is demonstrated by its participation in the creation of the first Extended Producer Responsibility system (Eco-Emballages, now Citeo) in France in 1992, as well as *evian*'s leadership in becoming the first brand to use food-grade recycled PET for natural mineral water in France in 2008.

The Group fully embraced the ambition of packaging circularity when it joined Ellen MacArthur Foundation's (EMF) New Plastics Economy initiative in 2017, and signed the 2018 Global Commitment on Plastics, spearheaded by EMF.

Since then, Danone has been working toward achieving its targets in addition to advocating for a collective global transition. Since 2018, Danone has demonstrated tangible progress in key areas such as virgin plastic reduction, reuse, recyclability rate, and recycled content. However, the Group has experienced systemic barriers including underdeveloped reuse collection and recycling infrastructures and the scarcity of recycled content.

These systemic barriers need to be overcome together with other industry players across the value chain and policymakers, notably through regulation. This is why since 2020 Danone has advocated, together with World Wide Fund for Nature (WWF) and EMF, for an ambitious and binding UN Treaty on Plastics, an important opportunity to unlock and step up the Group's own progress on plastics circularity.

Commitments

Building on challenges faced and the lessons learned over the last few years, while acknowledging the need to reduce greenhouse gas emissions related to packaging, Danone continues to drive the transition of its activities to a circular and low-carbon packaging system. Danone has been committed to this approach since 2016, guided by Danone's Packaging Policy but also by industry initiatives such as EMF's Global Commitment on Plastics, as well as, since 2023, its new sustainability strategy, the Danone Impact Journey.

The Danone Impact Journey is based on three main targets to drive the transition to a circular and low-carbon packaging system, namely:

■ 100% reusable, recyclable, compostable by 2030;

■ halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 compared to 2020 baseline excluding EDP Russia, accelerating reuse and recycled materials;

■ lead the development of effective collection systems to recover as much plastic Danone uses by 2040.

Danone shares its packaging vision and commitments with its suppliers and business partners, asking them to align with its approach to build a transparent circular economy together. This approach is integrated into the Danone Sustainability Principles (DSP) added in contract clauses between Danone and its direct suppliers.

Actions plans and outcomes

Danone rolls down its commitments in each country where it operates through action plans consistent with **the waste hierarchy principles** underpinned in Ellen MacArthur Foundation's New Plastics Economy, the European Single Use Plastic Directive, and the upcoming European Packaging and Packaging Waste Regulation (PPWR), with three overarching objectives:

1. Reduce packaging usage;

2. Improve the circulation of packaging that cannot be eliminated;

3. Recover what is not circulated by fighting against dumping in nature, while improving the living conditions of workers in the collection and recycling sector.

1. Reduce packaging usage

In 2023, Danone achieved the following results:

■ Total packaging volumes: 1,393,759 tons, including 693,156 tons of plastic;

■ Absolute reduction of 8% (excluding EDP Russia) in the use of plastic packaging between 2018 and 2023;

Danone aims to reduce plastic packaging use where possible, with actions and progress including:

■ **Eliminating problematic or unnecessary packaging**

- Plastic spoons: Danone eliminated or replaced almost 30 million between 2018 and 2023, with full elimination achieved in Europe;

- Elimination of sleeves on *Danacol* products since 2022 and *Actimel* bottles since the end-of 2023 in Europe, reducing a total of 1,000 metric tons of plastic.

■ **Replacing plastic packaging with alternative materials.** The Group intends to offer consumers plastic-free options that are economically viable, tailored to local needs, and ensures, through life-cycle analysis, that the alternative solution is environmentally beneficial. These include:

- Danone has a natural mineral water offering in glass bottles and metal cans;

- Danone plans to offer alternative paper-based solutions in Europe for its plant-based products category.

■ **Reducing packaging through lightweighting and design optimization**

- Leading water brands including *évian*, *Volvic*, *Fontvella*, *Lanjarón* and *Zywiec Zdroj* have reduced weight by more than 10% since 2019 (for 1.5L products);

- Danone also markets large formats for Waters (6L and 8L). The plastic in the *Volvic* 8L format, for example, weighs 25% less per liter than the 1.5L format.

2. Improve circulation of packaging that cannot be eliminated

In 2023, Danone achieved 16% reduction in the use of virgin fossil-based plastic between 2018 excluding EDP Russia and 2023, and 3% reduction between 2020 excl. EDP Russia and 2023. ⦿

Danone wants to improve circulation of packaging that cannot be eliminated by implementing a set of actions including:

■ **Danone is committed to developing reuse models**

- Around 50% of Danone's water volumes are sold in reusable packaging (mainly reusable jugs of *Bonafont* in Mexico, *AQUA* in Indonesia and *Hayat* & *Sirma* in Turkey).

- Danone deploys iconic returnable glass offers for its Waters category for HoReCa (Hotels, Restaurants, Catering) and is working towards expanding in several countries including France, Spain, and Indonesia;

- Danone has a sizeable coffee creamers business in US delivered in bulk for AFH (Away from Home) consumption;

- Danone has launched more than 15 reuse pilots (completed or on-going) in Waters, Essential Dairy & Plant-Based, and Specialized Nutrition working with supply chain partners such as Terracycle Loop, Uzaje and LemonTri, and retailers such as Carrefour and Tesco. The outcomes of these pilots have informed Danone for both bulk, filling solutions and returnable models.

■ **Danone is actively participating in co-creating the future of reuse:**

- In France, Danone is working closely with CITEO on a ReUse program to establish a unified and nationwide operational reuse system for food packaging;

- The Group forges and enters into cross-sector partnerships for its categories across its primary markets. For example, in 2023, Danone was one of the founding members of the Coalition Défi Vrac with companies such as Bel, Lesieur et Famille Michaud;

- The Group continues to work with platforms such as the advisory group of the Ellen MacArthur Foundation's Scaling Returnable Packaging project and the Consumer Goods Forum's Reuse/Refill working group, engaging in pre-competitive discussions and initiatives on the subject;

- Danone supports policies aimed at addressing current challenges concerning the expansion of reuse models, such as the lack of scalable business models, infrastructure and sector collaborations;

- Danone will be committed to supporting consumer engagement on reuse (e.g., the *évian* refillable water system on court for Wimbledon 2023 contributed to raise consumer's awareness).

■ **Danone is re-designing packaging to ensure recyclability**

Danone is working to ensure that the materials put on the market can be sorted and recycled in practice, adapting them to local infrastructure. In 2023, 84% of Danone's packaging was reusable, recyclable, or compostable (stable versus 2022). ⦿

Some examples of efforts deployed in 2023 include:

- Adapting packaging design to ensure an efficient sorting, for example using new inks to improve the recyclability of black beverage cartons such as *Alpro* drinks;

- Re-designing *Badoit* bottles from green to clear PET to support closed loop recycling;

- Danone is also supporting the development of recyclability principles to achieve full circularity, participating in industry alliances (Ceflex, CGF Golden Design Rules) and these guidelines are introduced into the packaging development process;

- For Essential Dairy & Plant-Based cups made either of PS or PET, Danone's goal is to achieve 100% recyclable cups. In this regard, Danone is working with value chain partners to create recycling streams, for instance: PET25 coalition in France with CITEO or PET Recycling Coalition in US (since 2022);

- In Brazil, a pilot project called "Recicla PS" started in 2023 in partnerships, such as with Yattó (start-up specialized in hard recycling materials) to create a new recycling stream for Dairy cups.

■ **Danone is reducing virgin fossil-based packaging by using recycled materials from responsibly managed sources**

- In 2023, the Group achieved 14.6% recycled materials on average in its plastic packaging (versus 11.9% in 2022);

- Danone used on average 23.8% recycled PET (rPET) in the Waters category (compared with 21% in 2022), and 31.3% (vs. 26.4% in 2022) recycled PET. in countries where local standards and regulations allow it. Danone complies, in all countries where it operates, with regulations defining the use of recycled materials. Some countries, like China, do not allow the use of recycled materials.

- Danone is continuing to launch 100% rPET bottles. Since end-2021, all Danone's main water brands have at least one format in 100% recycled materials (where legally authorized);

- Danone is expanding recycled materials to cups, launching PET cups containing 30% rPET in France and Belgium, and in 2023 Danone signed its first contract in United States to offtake food-grade recycled high density polyethylene (HDPE) to incorporate it into Danone's beverages offer;

- Danone is also actively supporting breakthrough technologies to enable the recycling of hard-to-recycle packaging, partnering with companies as LOOP INDUSTRIES and Eastman.

3. Recover what is not circulated by fighting against dumpling in nature, and improving livelihoods for workers in the collection and recycling sectors

■ **Co-build and co-finance collection systems to recover as much as Danone uses**

Danone is committed to co-developing efficient and inclusive collection and recycling systems through a collaborative approach within its ecosystem. In 2023, 58% of plastic put on the market was recovered (versus 56% in 2022). ◐

- Danone is co-financing collection of water by paying Extended Producer Responsibility (EPR) fees in markets where EPR is legislated. For water bottles, Danone plays an active role in advocating for Deposit Return Systems (DRS) and runs pilots to prove their efficiency to decision makers (e.g., in Poland);

- In the US, Danone is a founding member of Circular Action Alliance (CAA), a Producer Responsibility Organization (PRO) selected to implement EPR in Colorado and California. Danone also invested $5 million in Closed Loop Partners' Closed Loop Infrastructure Fund (CLIF);

- The Group's actions also include engaging with local partners, notably in Europe and North America, to create sustainable recycling streams for Essential Dairy and Plant-Based cups.

- Danone will continue to support well-designed EPR/DRS schemes.

For several years, Danone has advocated for an ambitious and binding UN Treaty on Plastics and plays an active role in the Business Coalition for a Global Plastics Treaty. Together with the other members of the Business Coalition, Danone is calling on the world's governments to create a robust treaty, with legally-binding global rules and measures, to drive circularity and curb plastic pollution on a global scale.

In high-leakage markets, in addition to its commitment to EPR, Danone has invested voluntarily in impact funds and provided grants to mitigate structural barriers during the transition phase.

- In 2020, Danone led the formation of Indonesia Packaging Recovery Organization (IPRO), a voluntary Producer Responsibility Organisation (PRO) in Indonesia, in collaboration with five other companies;

- In 2018, Danone is committed to invest $15 million to the Circulate Capital Ocean Fund (CCOF) in South and South-East Asia as part of Water brand *AQUA*'s pledge (Indonesia) to recover more plastic than used by 2025. CCOF has committed more than $62.1 million to date. In 2022, its portfolio companies had an impact on an additional amount of approximately 81,579 tons of plastic leakage prevented and created more than 1,792 safe and stable additional jobs in the collection and recycling sectors;

- In 2023, Danone joined the Circulate Capital initiative for Latin America and the Caribbean and committed an additional $15 million to addressing plastic pollution and scaling the recycling value chain in the region and in particular in Mexico and Brazil;

- With support of grants enabled by the Danone Ecosystem Fund, Danone's collection and recycling partners are collecting more than 25 kilotons of plastic every year globally.

■ **Danone builds projects to provide direct support to waste pickers, improving their well-being while expanding the capacity to reduce leakage into the environment**

Danone and Danone Ecosystem have launched inclusive recycling projects to support waste pickers in seven countries in different ways (e.g., worker cooperatives that oversee the process of collecting, sorting, and selling plastics directly to recycling plants). As a result, these workers benefit from a safe environment, are paid appropriate wages, and are afforded greater social protection.

The global results for several projects include:

- More than 486,100 metric tons of recyclable materials and more than 73,100 tons of PET were collected in eight countries from 2009 to 2023;

- In 2023, more than 10,600 people gained independence thanks to the nine projects implemented since the launch of Danone Ecosystem. This process of empowerment has created a ripple effect, positively impacting more than 2.86 million people.

In Indonesia, Danone's projects, together with Danone Ecosystem's Inclusive Waste Management system, resulted in:

- Around 300 workers in the collection and recycling sectors benefiting from a micro-credit service, and 2,896 gaining access to social benefits adapted to their needs;

- Worker communities in the collection and recycling sectors receiving training to prevent child labor;

- More than 40,000 tons of waste being collected since 2020 from households, businesses, and public spaces.

■ **Offtake of recycled materials to create an after-use economy**

- Managing recycled materials is key to creating an after-use economy as it helps to reduce the amount of waste that ends up in landfills and nature, and to improve the working and living conditions of waste pickers. Closing the loop is Danone's priority to reduce the carbon footprint and conserve natural resources. Moreover, it can help to create new jobs and stimulate economic growth.

- In the Waters Category, Danone met its target of achieving an average of 25% recycled PET (rPET) in 2020 and aims to reach an average of 50% by 2025 in countries where local standards and regulations allow it, thus doubling its volumes of recycled materials versus 2020. The Group has already committed to long-term contracts with its suppliers to achieve its objectives, providing them with sufficient visibility with a view to encouraging them to invest in innovative technologies, collection, and recycling infrastructure;

- Danone is extending recycled materials to cups, launching PET cups containing 30% rPET in France and Belgium. In addition, in 2023 Danone signed its first contract in the United States to offtake food-grade recycled high-density polyethylene (HDPE) to incorporate it into its beverages offer.

Waste management

Danone monitors waste production and recovery by implementing practices such as recycling, reuse, composting and waste-to-energy. The Group'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.

	2022	2022 excluding EDP Russia	2023
INDUSTRIAL WASTE [a]			
Total quantity of industrial waste *(in ktons)*	344 [b]	333 [b]	323 [b]
Ratio of total quantity of industrial waste per metric ton of product *(in kg/tons)*	9.8 [b]	9.73 [b]	10.19 [b]
Proportion of industrial waste recovered	93.5% [b]	94.2% [b]	94.4% [b]
PACKAGING INDUSTRIAL WASTE [a]			
Total quantity of packaging industrial waste *(in metric ktons)*	114	111	109
Ratio of total quantity of packaging industrial waste per metric ton of product *(in kg/tons)*	3.3	3.2	3.3
Proportion of packaging industrial waste recovered	98.4%	99.0%	99.0%
Proportion of plastic packaging waste recovered	98.2%	99.0%	99.0%

(a) Production sites' environmental scope, see section 5.8 Methodology note
(b) Excluding sites from the Water category for Food Waste

The amount of industrial waste generated per metric ton of product increased by 4.7% between 2022 excluding EDP Russia and 2023, Although we can observe a decrease in food waste generated in production sites, the recovery rate for industrial waste remained stable compared to 2022 excluding EDP Russia (Production sites' environmental scope, see Note 5.8 *Methodology note*).

The recovery rate for plastic packaging waste at the production sites accounted for 99.0% in 2023, similar to 2022 excluding EDP Russia. In 2023, 1.5% of post-industrial packaging waste was sent to landfill (1.4% in 2022 excluding EDP Russia). The target is to reach 0% by 2025.

Reducing food waste

Definition

Danone is committed to reducing food waste in its end-to-end supply chain. For that purpose, in 2022 the Group launched an extensive global program named the Battle Against Waste. The program is designed to deliver sustainability and productivity targets. The dual project engages end-to-end supply chain stakeholders, external partners with suppliers and customers, and leverages internal expertise in order to halve Danone's food waste.

Policies

Danone closely monitors and reports on food waste generated in its end-to-end supply chain and continuously optimizes processes, by driving internal awareness and building loss reduction capabilities, investing in new manufacturing technologies, re-purposing and up-cycling where possible and redistributing food surpluses. The Battle Against Waste program is tracked via a robust reporting system and is driven by individually allocated targets for each production site and selling unit. Performance is reviewed regularly at a local and zone level and on a quarterly basis globally.

Targets

Put in place from 2020 and reaffirmed in the Danone Impact Journey framework, Danone has committed to halving its ratio of food waste not fit for human or animal consumption or biomaterial processing (to destinations such as Landfill, Sewer, Refuse/Discards, Controlled Combustion, Not Harvested, Land Application & Co/Anaerobic Digestion) throughout its operations and distribution chain between 2020 and 2030, on a like-for-like basis.

The Group's food waste ambition is in line with the United Nations' Sustainable Development Goal (SDG) 12.3. Danone is a member of the 10x20x30 Initiative and Friends of Champions 12.3.

In 2023, Danone submitted a #123Pledge to demonstrate how it will achieve its 2030 waste reduction target: i) driving breakthrough results in Danone's operations to halve food waste by 2030, ii) leading the transition to "best before date" wherever possible (when there is no food safety risk and the local context allows) whilst educating consumers, and iii) joining forces to optimize food redistribution.

Action plans

Danone adopts a collaborative approach to reducing food waste across its entire product portfolio, involving suppliers, distributors, partners and consumers in the process:

- **in Danone's own operations**: the teams use expert waste assessments to identify key losses. The Battle Against Waste toolkit (a selection of proven best practices) is then reviewed to identify which practices can be scaled. Each production site works cross-functionally in order to track and reduce food waste and loss within operations. Any unavoidable food waste is preferentially sent to recovery streams with higher valorization, in line with Sustainable Development Goal 12.3;

- **in Danone's value chain**: redistributing any surplus food to specialist charities in order to support vulnerable communities. Danone has a global partnership with the Global Foodbanking Network (GFN) to facilitate redistribution and recovery. In addition, all Essential Dairy and Plant-Based products, where safe to do so, are transitioning from "Use By" to "Best Before" date labelling, to reduce food waste in households. Danone is accompanying this date labelling transition with consumer education campaigns in partnership with Too Good to Go and local retailers.

Results

	Production sites [(a) (b)]			Production sites and supply chain [(b) (c)]		
	2022	2022 excluding EDP Russia	2023	2022	2022 excluding EDP Russia	2023
FOOD WASTE MANAGEMENT						
Total quantity of food waste generated *(in metric ktons)*	230	222	215	295	295	274
Ratio of total quantity of food waste per metric ton of product sold *(in kg/tons)*	28.0	30	30.2	35.2	35.3	37.7
Ratio of total quantity of food waste recovered per metric ton of product sold *(in kg/tons)*	25.5	27.5	27.9	29.3	31.1	33.3
Proportion of waste recovered	91.2%	92.0%	92.0%	83.0%	81.0%	88.0%
Ratio of total quantity of food waste non-recovered per metric ton of product sold *(in kg/tons)*	-	-	-	6.0	6.0	4.5
Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016, on a like-for-like basis [(d)]	-	-	-	-34.1%	-33.5%	-41.3%
Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials *(in kg/tons)* - SDG 12.3	-	-	-	21.2	22.0	20.3
Reduction in the total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials - SDG 12.3, since 2020 on a like-for-like basis [(d)]	-	-	-	-13.5%	-14.2%	-19.8%

Heading: Year ended December 31

(a) Production sites' environmental scope, see section 5.8 Methodology note.
(b) Excludes sites from the Waters category.
(c) Production sites' environmental scope see section 5.8 Methodology note.
(d) Based on constant consolidation scope and methodology.

The ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016 decreased by an additional 7.8% in 2023 compared to 2022 excluding EDP Russia, mainly thanks to the results of action plans on supply chain food waste in Morocco and on industrial food waste in the United States and in Brazil.

5.4 PEOPLE & COMMUNITIES

Contents

DANONE'S EMPLOYEES

Danone's employment approach

Employees

BY GEOGRAPHIC ZONE

NORTH AMERICA
2022 | **2023**
6% | **7%**

EUROPE
2022 | **2023**
27% | **30%**

CIS, TURKEY IRAN, UKRAINE
2022 | **2023**
10% | **4%**

CHINA, NORTH ASIA OCEANIA
2022 | **2023**
9% | **10%**

LATIN AMERICA
2022 | **2023**
24% | **25%**

AFRICA, MIDDLE EAST, SOUTH EAST ASIA
2022 | **2023**
24% | **24%**
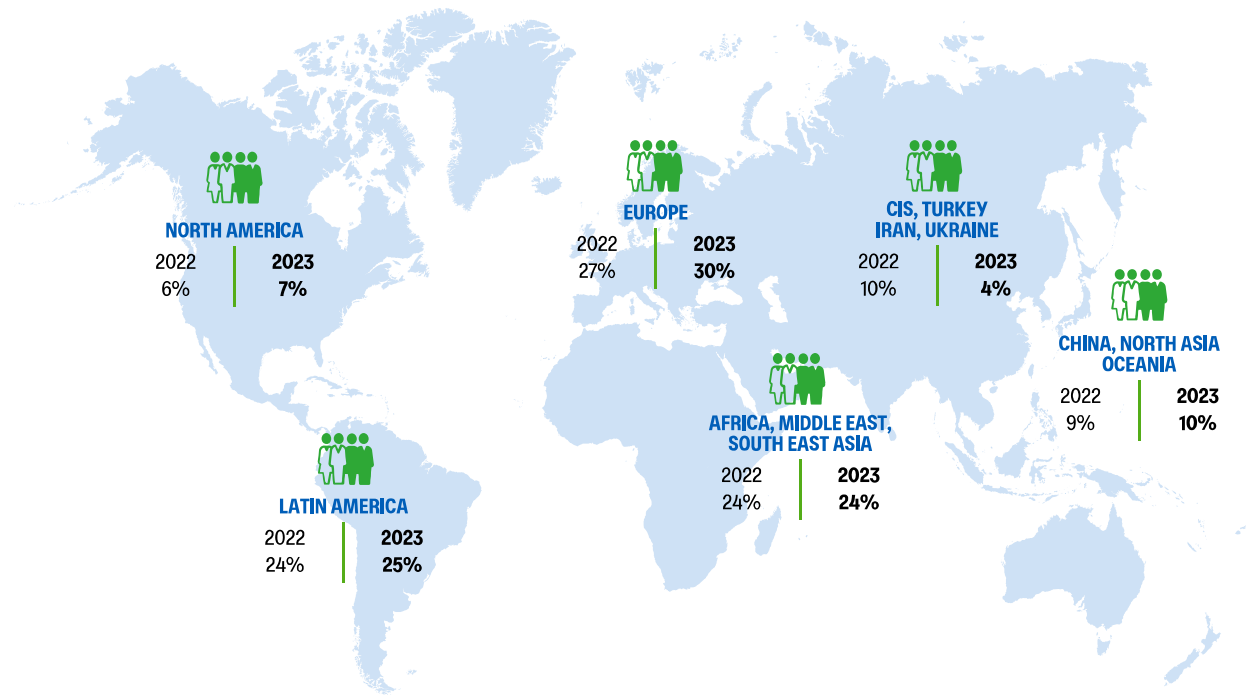
TOTAL NUMBER OF EMPLOYEES
2022 | **2023 (a)**
96,072 | **88,739**

(a) *Social Indicators Scope (refer to section 5.8 Methodology note).*

Age	2022	2023
< 20 years old	0.3%	0.4%
From 20 to 29 years old	16.6%	16.6%
From 30 to 39 years old	35.3%	34.7%
From 40 to 49 years old	30.0%	30.5%
From 50 to 59 years old	15.4%	15.5%
> 60 years old	2.4%	2.3%
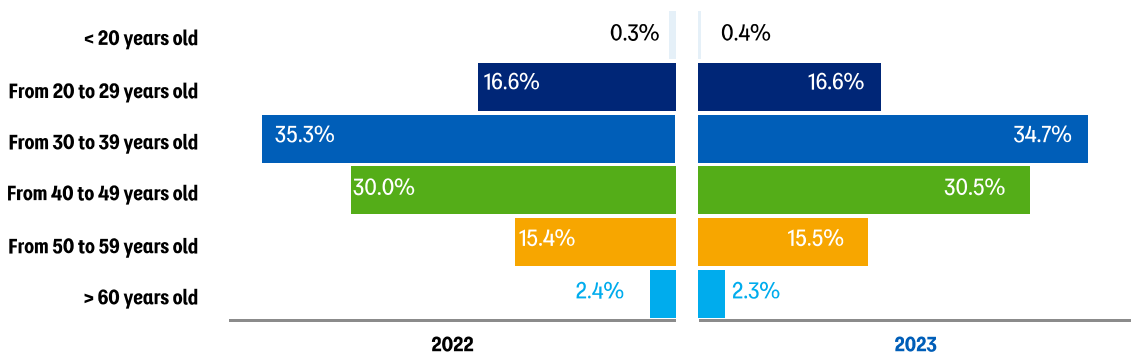
Percentage of women in the organization

	2022		2023	
	Total	**% women**	**Total**	**% women**
Board of Directors [a]	12	50%	12	50%
Executive Committee [a]	16	25%	15	20%
Managers, senior managers and executives	22,488	52%	22,033	53%
Senior managers: executives (excluding Executive Committee) and senior managers 🔵	*1,637*	*42%*	*1,657*	*43%*
Other managers	*20,851*	*53%*	*20,376*	*53%*
Non-management employees	73,584	26%	66,706	25%
TOTAL EMPLOYEES	**100%**	**32%**	**100%**	**32%**

(a) For more information, see section 6.1 Governance bodies.

Conditions and organization of Danone's working time

	2022	2023
Hires [a]	14,835	13,507
Dismissals [a]	6,405	5,568
Absenteeism rate [a]	3.1%	2.9%
Employee turnover rate [a]	20%	19%
Part-time employees [a]	3%	4%

(a) Social Indicators scope, see section 5.8 Methodology note.

Danone enables employees to adapt their work schedules in accordance with their local environment, for example by allowing them to work part-time work or remotely. This has a positive impact on well-being at work. In 2021, the Group launched the "Future of Work" study among its employees to reflect on how to transform its ways of working. Following this consultation, Danone worked with employees to develop new solutions offering them the possibility to work from third party spaces, adapt their physical and digital work environment and adopt a hybrid working model.

Human Resources

Bringing health through food to as many people as possible would not be achievable without the passion and quality of Danone's employees. Attracting and retaining talent, and creating the conditions in which they can give the best of themselves, are critical objectives for Danone's success.

Through its Human Resources strategy, Danone aims at providing a healthy, safe and inclusive place to work, promoting life-long learning and development, with the ambition of being a great talent hub.

Culture

Building on its legacy, Danone wants to promote a culture where performance and sustainability go hand in hand. In 2022, the Human Resources team facilitated an intense global conversation on culture: interviews, workshops, and a Culture survey were conducted in all Zones and Functions to better understand how Danone employees feel about the Group's values and behaviors as well as about the "Renew Danone" strategy.

The insights from the feedback received helped refresh and update the Group's culture in order to:

■ increase awareness of the Danone HOPE Values (Humanism, Openness, Proximity & Enthusiasm). These are the four fundamental values that each Danone employee should use as a moral compass to make the right decisions, not only on everyday topics, but also on strategic decisions that might have a big impact on the future of the Group;

■ launch a new set of Danone Behaviors, critical to achieving the "Renew Danone" strategy objectives:

• *Put Danone first: Consumers, patients and customers are at the center of what we do: we exist for them and we need to act and work as one team to meet their needs,*

• *Lead with people: We grow as leaders by developing others,*

• *Keep it simple: We deal with complexity by bringing focus and a pragmatic approach,*

• *Be accountable: We are decisive and fact-based,*

• *Walk the talk: We do what we say, acting as role models.*

Danone's vibrant, value-driven culture is a very powerful asset that inspires employees. It makes them proud and attracts new talent to the Group.

Diversity, Equity and Inclusion (DEI)

Definition

Diversity, Equity and Inclusion are at the heart of the Danone Culture. For Danone's employees, it means being able to be themselves at work so they can unleash their full potential.

Governance

DEI is embedded at all levels of the organization and its strategy and actions, progress on deliverables and results are reported to the external advisor, the Mission Committee, and internally to the CSR Committee. Regular DEI reports are given during meetings of the Executive Committee, People & Communities Operational Steering Committee, Human Resources Board/Executive Committee and DEI Leads community meetings. DEI Steering Committee members are working on a transformational approach based on the three pillars: People, Brands and Partners. Sponsored by one Deputy Chief Executive Officer and two Executive Committee members, they develop the DEI strategy and policies globally, stay updated on best practices and trends, promote an inclusive and diverse culture, identify and address barriers and challenges and set DEI objectives.

Employee networks - such as the local Women in Tech, Women in Operations and Pride networks in Benelux, North America, the United Kingdom and Ireland and the Disability ERG - focus on specific aspects of DEI.

Policy

DEI policy

Three fundamental policies have been rolled out to create an inclusive and diverse environment:

- "Global DEI Policy", which sets standards of equity and fairness;

- "Global Parental Policy", which sets common foundations for both primary and secondary caregivers;

- "Anti-harassment and Discrimination Policy", an extension of the "Global DEI Policy", reinforcing Danone's commitment to a workplace free of harassment and discrimination.

In 2023, Danone continued promoting inclusive behaviors and gender equality. The main targets, and the main progress made in 2023 are as follows:

Priority	Target	Status in 2023
Promotion of inclusive behaviors	Maintain inclusion index above peers [(a)]	Score of 79% in the Inclusion Index = +2 pts vs.peers ◐
Gender balance	Achieve gender balance in management globally by 2030	43% of senior management positions (executives and senior managers) held by women ◐
	By 2025, we will ensure that above 40% of our senior leaders globally identify as women.	53% of management positions held by women
	40% to 60% gender balance in the Executive Committee by 2029 [(b)]	20% of Executive Committee members are women, as of December 31, 2023
Gender pay gap	Drive equity and close gender pay gap by 2025	2.1 pts in 2023 in manager, senior manager and executive positions ◐

(a) *Measured through the Danone People Survey. Peers refers to other similar companies in the benchmark available through our survey supplier (Qualtrics).*
(b) *Legal requirement (Rixain Law), to be met by March 1, 2029.*

In addition to the global KPIs, each country and function worked on its local and functional DEI Roadmap and KPIs as part of its growth and people agenda.

Disability

In 2023, Danone made plans to increase the number of people with disabilities across the Group. It put in place actions and initiatives to reach this goal, and further analyzed the situation in individual countries to determine the relevant KPIs and roadmaps at local level and achieve each local target.

Following voluntary self-identification through the Danone People Survey to understand how many Danone employees with a disability are represented across the different functions and roles, Danone also launched a global disability awareness campaign. The aim of this campaign was to help close recruitment, hiring, engagement, retention and promotion gaps, independently of local legal frameworks.

Danone also focuses on ensuring the most suitable work environment for disabled employees. As such, the Group renewed its global membership with Business Disability Forum, a non-profit organization, which aims to create a disability-smart world by linking businesses, disabled people, and governments.

Danone also supports inclusive brand initiatives. For instance, Danone Italy created a highly impactful social inclusion project with the "Danette/Pizzahut" partnership that highlights the work of autistic people.

Parental policy

Danone is committed to creating the conditions every employee needs to fully benefit from being a parent, and to developing a family-friendly culture.

Danone's Global Parental Policy is based on three key components:

- pre-natal support, including modified working conditions and nutrition counseling during pregnancy;

- extended parental leave for both men and women, including 18 weeks for a primary birth parent, 14 weeks for a legally adoptive primary parent and 10 working days for a secondary parent;

- post-natal support, including job protection measures and return-to-work support, flexible working conditions and breastfeeding support by providing lactation rooms for mothers at all sites that employ more than 50 women.

The parental policy is deployed in 58 countries in which Danone operates.

Action plans

In 2023, Danone held several internal Diversity, Equity and Inclusion events, simultaneously broadcast live in several of the Group's main languages:

■ International Women's Day: the Group organized events and activities under the theme "Embracing Equity";

■ International Pride Day: in addition to several events organized by local Employee Resource Groups, Danone held a global live-streamed townhall in its Amsterdam offices to raise awareness of how to create a safe and inclusive workplace. This was supported by leaders who actively participated in the event;

■ Inclusive Diversity Week: a full week with local and global events to celebrate diversity and increase awareness on this topic;

■ International Day of Persons with Disabilities: global live-streamed event focused on "Leadership and Inclusion" by leveraging Danone's partnership with the 2024 Paralympic Games. A Paralympic athlete participated as a guest speaker and Danone employees learned more about the meaning of disability in the workplace, with some local projects showcased.

Since 2022, a Country General Manager is presenting the status of Diversity, Equity and Inclusion, the main KPIs and local initiatives related to the topic, to the Executive Committee on an almost monthly basis.

Furthermore, Danone continues to be a member of the LEAD Network, whose mission is to attract, retain and advance women in the consumer goods and retail sector via annual conferences and mentoring support.

Outcomes

External recognition

Danone's work to foster an inclusive environment has helped to improve the Group's position in major external indexes. In 2023, Danone ranked in the Top 100 World in Equileap's Gender Equality Global Report and was ranked #6 in France. In addition, for the fifth time, Danone was included in the Bloomberg Gender-Equality 2023 Index. Danone was also certified by Bureau Veritas for UN Consultant Arborus Fund's GEEIS label and featured in the *Financial Times*' "Diversity Leaders" as well as Forbes' "World's Top Companies for Women" (#8 in its category).

Also in 2023, Danone received the Arborus Fund's Gender Equality Diversity and International Standard - Sustainable Development Goal Award for the "Lisa Nazava - Water filters for safe drinking water" project in Indonesia. This project empowers low-income households to purify their well, tap, river or rain water and make it safe to drink by manufacturing and selling affordable, high quality water filters. They currently impact 450,000 people in Indonesia, contributing to the health of hundreds of thousands of women and children who get safe drinking water at home and relieving the burden of women and girls in rural areas who are traditionally responsible for water collecting.

Focus - Engagement

Danone's employees help to build the Group's strategy. Through the Danone People Survey and Pulse programs started more than two decades ago, all Danone employees worldwide – regardless of their Zone or Function – have the opportunity to express themselves, share their beliefs and put their ideas into action to build the Danone of tomorrow.

In particular, the Danone People Survey measures the various dimensions of Danone employees' engagement: personal accomplishment, motivation, and advocacy, as well as indices that track well-being and inclusion.

In 2023, 91% of all eligible Danone employees worldwide participated in the Danone People Survey, 1% more than in the 2022 edition (90%). The survey was conducted following the Qualtrics methodology and technology.

In 2023, the overall Engagement Score stood at 79 points. When compared externally, Danone employees have higher levels of engagement than peers in the consumer goods industry (+8 points).

Workplace safety: the WISE² program

Definition

Danone is responsible for ensuring the health and safety of its employees, temporary employees and contractors at all its sites, providing a healthy and safe working environment that reflects a long-term and respectful commitment to the work-life balance of its employees.

Governance

Managed by Operations, the WISE² program is deployed at each entity, at production sites, logistics warehouses and sales and distribution locations. Health and Safety managers at the subsidiaries and sites support the program's smooth deployment.

The program is overseen at the Group level by the Safety Steering Committee, which is chaired by the Chief Operations Officer and the Chief Human Resources Officer, both members of the Executive Committee. They are supported by the Vice President Industrial Excellence and the Head of Health, Safety and Well-being.

Policies

WORKPLACE HEALTH AND SAFETY PROGRAM - WISE²

2023 objectives	In 2020, Danone achieved its five-year ambition to reduce lost-time accidents by 50% between 2015-2020. It maintained the positive results trend observed during Covid-19, despite the difficulty in applying Danone's standards in terms of safety audits and safety procedures in particular. Zero fatalities remains the Group's long-term objective [a]. After a challenge with the safety results in 2022, Danone set incremental safety improvements in 2023. Its objective was to reduce its accident frequency rates (FR1+2), which include lost-time accidents and non-lost-time accidents, by 19% compared to 2022 (see section 5.4 *People & Communities,* section *Outcomes* below).
Application scope	Monitoring, analysing and deploying action plans on all types of accidents (fatal accidents, lost-time and non-lost-time accidents): all people working at Danone sites (employees, workers from staffing agencies and other outside labor providers and subcontractors).
WISE² program operation	WISE² is a worldwide program that seeks to continuously reduce the number of workplace accidents through two approaches: ■ promoting the culture of workplace health and safety at all Group sites; ■ ensuring compliance with standards for the most critical risk situations. To address these risk situations, the Group continuously defines new standards and updates existing standards, including those related to the WISE 12 Basics, Danone's health and safety standards in plants (work at height, chemicals, confined spaces, explosive environments, hazardous gases, fire & evacuation, equipment safety, forklifts, racks & pallets, truck loading/unloading, truck fleets, work permits and hazardous energy). Specific risks related to sales and corporate activities are being tackled thanks to the WISE 12 Basics related to these functions (pedestrians, ergonomics, field/merchandising, home office, travel & hotels, personal safety, events (team building & conferences), risk analysis, office & facilities management, contractors and emergency planning). Finally, since 2019, Danone has implemented the WISE 12 Basics in proximity distribution. In 2023, Danone decided to increase its expectations regarding road safety. A new road safety standard has been validated to protect Danone employees and contractors on the road, for deployment in 2024.

(a)   Following a fatal traffic accident in 2021, Danone has reinforced the preventive measures included in its standards to mitigate the risks of road accidents and promote defensive driving.

Action plans

The sites are responsible for conducting their own risk assessments. In Europe, in particular, the Single Risk Assessment Document (*Document Unique d'Évaluation des Risques* - DUER) requires companies to assess their risks and implement the necessary action plans to ensure employee safety.

This risk assessment is to be revised once a year to take new risks into account and eliminate certain risks through specific action plans. Mitigation plans are to be implemented and the remaining risks are to be assessed once actions have been carried out. Health and Safety managers on site are in charge of updating Single Risk Assessment Documents and Site directors are legally accountable for this update. Area managers at production sites work with safety teams to carry out the assessment.

Danone encourages its employees to identify and report risks and accidents through a participatory system open (i) to all Danone employees; (ii) on some sites, to workers employed through agencies,

trade workers and subcontractors. In cases of major risks or accidents, special procedures and a system for escalating reports have been established according to the management levels.

Each year, Danone strives to perform WISE² audits at approximately 50% of Danone production and logistics sites, covering both the safety culture and compliance with standards. Since 2018, Danone has also deployed the WISE² compliance standards in countries where convenience store distribution is significant (Egypt, Indonesia, Mexico and Morocco). In 2022, following the improvement of the global health situation, Danone was able to progressively resume WISE² on-site audits. WISE² audits are also performed in certain administrative headquarters.

In addition, the WISE² action plans include the management of working conditions, particularly with initiatives to assess ergonomic risks, provide training on repetitive motions, posture and workstation configurations. The rate of workplace illness and related absenteeism are monitored at the local level.

Outcomes

| (number of accidents, except frequency rate in percentages) | Year ended December 31 | | | | | |
| | 2022 | | | 2023 | | |
	Fatal accidents [a]	Accidents with at least 1 day lost time [a]	Frequency rate 1 (FR1) [a]	Fatal accidents [a]	Accidents with at least 1 day lost time [a]	Frequency rate 1 (FR1) [a]
TOTAL	**1**	**269**	**1.1**	**3**	**207**	**0.9**

(a) Safety scope, see section 5.8 Methodology note.

| | Year ended December 31 | |
	2022	2023
Frequency rate 2 (FR2) [a]	0.68	0.56
Severity rate [a]	0.06	0.03

(a)   Safety Scope, see section 5.8 Methodology note.

In 2023, Danone achieved its target decreasing FR1+2 of 19.2% versus previous year, landing at 1.48. Auditing and training programs engaged in the last years are delivering their impact and allowing Danone to continue its journey towards its ambition FR1+2 <1.

Nevertheless, in 2023, Danone faced three fatalities of its employees on the road leading to the creation of a road safety program that will continue to be deployed in the coming years. This program will be now integrated into the compliance risk program of Danone and therefore will be audited.

In 2023, Danone continued to reinforce its safety basics with two specific programs driving a positive impact on Machine Safety and Ergonomics. Those will feed the continuous improvement trend of Danone in the coming years.

Focus – Promoting well-being in the workplace and preventing stress

Since 2014, Danone has included the promotion of health and well-being in the workplace in its WISE² program. Danone has set out a systematic approach built around five pillars: (i) ensuring a good work rhythm, (ii) making daily work meaningful, (iii) promoting healthy ways of working, (iv) managing employees with kindness and authenticity, and (v) promoting a healthy lifestyle and environment. Practical guides encourage the subsidiaries and sites to implement these pillars. In 2023, Danone accelerated its well-being program, leveraging all initiatives through the Be Well program focused on sport, nutrition and mental health. Some subsidiaries have implemented initiatives that call for:

■ the right to disconnect;

■ visits by psychologists and social workers and committees to detect situations of workplace isolation;

■ training of management to detect and prevent employee stress.

The Group continued its work to prevent psychosocial risks and focused especially on:

■ regularly training and updating Human Resources and foster healthy managerial practices and activities to protect the health and well-being of employees in a changing context;

■ ensuring that all sites are covered by employee assistance programs.

Employee Learning and Development

Definition

The Learning & Development framework aims at enabling Danone employees to acquire critical skills for their own growth, development and relevance and for the sustainable growth of Danone by creating a continuous learning organization.

Governance

The topics surrounding talent management and employee training are managed by the Global Talent, Culture and Learning & Development team, which reports to Danone's Chief Human Resources Officer, a member of the Executive Committee.

Being a strategic topic, key strategic decisions in this area are made at the Human Resources Board level, with the support of the Human Resources Directors, while other issues are governed at the level of all departments through functional Learning & Development committees on which key senior leaders from global and local teams sit. In addition, learning and development operational teams at global and local level meet regularly to share updates and best practices on this topic.

Policies, action plans and outcomes

In 2022, Global Human Resources identified three priorities for a simpler, more relevant and more user-centric Learning & Development approach: re-ignite development, simplify and curate the learning offer and increase the impact of training by focusing on user-centricity. Those priorities remained the focus in 2023. While great progress was already made in 2022, some additional work to complete the priorities was requested in 2023.

In 2023, one key focus was the relaunch of the annual Development Conversation for all Danone employees. The Development Conversation is a key conversation between a Danone employee and their Line Manager. The aim is to step back from day to day activities and discuss the employee's development and learning goals as well as subsequent plans. These goals can be short-term actions for the year ahead, or connected to longer term career aspirations. The Development Plan (output of the Development Conversation) is structured, with a clear goal and specific development and learning activities decided upon by the Line Manager and the employee. The agreed development and learning activities are documented in Danone's employee portal (sHaRe) for regular review across the year and are based around three categories:

- 70% - learning on the job with line manager support: learning through delivering Danone employees' objectives, getting involved in challenging projects, taking on new tasks and taking on more responsibilities within the team;
- 20% - learning from others, such as peers, seniors and leaders, through feedback, networking, shadowing, mentoring and coaching;
- 10% - learning through training courses, conferences and e-learning courses.

With regard to the 10% training portion, Danone offers managerial, leadership and functional training to enable employees to upskill and reskill themselves according to their needs, notably using digital tools. This is aligned both with the strategic plan of each function and with each Danone employee's individual development plan.

Danone's digital learning platform CampusX is a powerful tool to provide impactful learning solutions for employees all over the globe, with an increasing number of e-learning modules and online courses. Danone also provides access to LinkedIn Learning, Coursera and Get Abstract as well as additional specific functional external platforms to ensure Danone employees have access to best-in-class training solutions for their development.

The CampusX ecosystem has been recognized externally as being at the leading edge of learning systems, providing a wide range of content to Danone's employees, with 50,000 different resources on both functional and leadership topics. It is accessed by approximately 25,000 employees every month.

To address the evolving job market and technological revolution challenges, Danone, in line with its work on people-centricity and social responsibility, focuses on creating a consistent employee experience and underscores the importance of digital skills in the workplace. To support the life-long employability of Danone's employees, especially those most at risk, Danone aims that 80% of its manufacturing employees to have completed at least one digital e-learning course by 2025, which serves as a marker of the Group's broader investment in digital capabilities for its workforce. To achieve this, in 2023, all Danone CBUs prioritized and started to facilitate access to e-learning opportunities for workers, as well as established baseline and reporting system to measure and boost *Société à Mission* KPI in order to contribute to the fulfillment of the Group's mission but also enhance the skills and competencies of its employees in line with the evolving demands of the digital era.

	2022	2023
Number of permanent employees who took at least one training course [a]	95,341	88,520
Total number of training hours [a]	2,451,042	2,090,720
Percentage of permanent employees trained [a]	100%	100%
Average number of hours per person trained [a]	26	24

(a) Social indicators scope, see section 5.8 Methodology note.

Compensation and benefits

Definition

Danone offers its employees competitive compensation and benefit packages, including social and personal protection measures and employee profit-sharing (where applicable).

Policies

Danone offers its employees comprehensive, competitive and fair compensation based on its own system of evaluating and classifying jobs, taking into account external market developments as well as regulations, requirements and the local context of the subsidiaries.

Action plans and outcomes

Compensation - Global Incentive Plan

Variable annual compensation rewards collective and individual performance based on two sets of targets:

- business targets, measuring how well Danone and its subsidiaries performed financially;
- specific individual targets, defined with each employee's immediate manager and allocated to the categories of People (such as succession plan, development, turnover and diversity), Renew (linked with the implementation of the "Renew Danone" Strategy) and Function (such as productivity and market share sustainability).

As part of an integrated vision of the Group's performance, the variable compensation of executives and directors as well as some other key employees has been based on social and environmental performance criteria such as improvement of the Group's environmental impact, employee health and safety and diversity. In 2023, approximately 2,000 employees received this variable compensation (see section 6.3 *Compensation and benefits of governance bodies*).

Employee profit-sharing and share ownership

Employees of Danone's French subsidiaries are eligible for a profit-sharing plan indexed primarily to Danone's results. Some French subsidiaries and certain foreign subsidiaries have established employee incentives and/or profit-sharing agreements indexed to their own results.

Danone also promotes share ownership for its employees:

- Employees of Danone's French companies can subscribe for an annual capital increase as part of a Company Savings Plan;
- At global level, in 2019, Danone launched its first global employee share ownership plan, enabling employees in eight countries to subscribe for new DANONE shares. Since then, the share ownership plan has been extended to additional countries. In 2023, the plan covered 49 countries, representing 85% of Danone employees worldwide (see section 7.3 *Authorization to issue securities that give access to the share capital*);

■ Lastly, in 2019, for the first time, Danone granted each eligible employee One DANONE share, thus giving the employee the right to vote at the Shareholders' Meeting. This share grant also enables employees to participate in a global profit-sharing system indexed to the annual dividend (see section 7.8 *Share ownership structure of the Group as of December 31, 2023*). Each year, every single new Danone employee receives a DANONE share.

Retirement commitments, retirement indemnities and personal protection

Danone contributes to state-sponsored and/or private retirement funds for its employees in accordance with the laws and customs of the countries where its entities do business. The Group also has contractual commitments covering severance pay, retirement indemnities and personal protection, most of which are managed by independent fund management entities.

Commitments related to existing defined-benefit plans generate an actuarial liability, recognized as a provision in the consolidated financial statements. There is no actuarial liability for defined-contribution plans. The provision posted for these commitments as of December 31, 2023, and the expenses for the year are presented in Note 9.3 to the consolidated financial statements.

Health benefits - for employees
Definition

Access to health and risk coverage as well as education regarding health challenges for all employees is a key priority for Danone. The Group continues to support its employees with the Dan'Cares program in all countries in which it operates. This priority has been reinforced for all employees worldwide since Covid-19, has been extended to employees' close family members and in 2023, a Well-Being initiative was introduced.

Policies

In 2009, Danone launched the Dan'Cares program, with the commitment of protecting all employees and ultimately guaranteeing quality health coverage for all employees. It is designed to cover major risks while taking into account relevant practices in the respective markets. The three major risks considered are: 1) hospitalization and surgery, 2) ambulatory care and 3) maternity care. Dan'Cares is intended to be rolled out to all Danone subsidiaries, including in countries where such coverage is not fully offered by government regulated healthcare systems.

In 2023, in order to further support Danone employees to be at their healthiest, Dan'Cares has been expanded with a fourth pillar: Be Well by Dan'Cares. The objective is to foster a positive environment in our workplaces that supports and nurtures Danone employees' well-being, underpinned by a strong culture of well-being. The program is focused on Nutrition and Mental and Physical well-being.

Danone conducts regular market studies to benchmark its policies in the market and enhance them if necessary. Danone also facilitates access to supplementary insurance plans for its employees in markets where supplementary insurance plans are available.

Action plans

The Employee Assistance Program (EAP) is one of the most important benefits under the new Mental Health pillar of Be Well by Dan'Cares. EAP is a professional service handled by an external company that helps Danone's employees with any emotional, practical or physical queries. Access to the EAP is also extended to employees' direct family members. In 2023, the initiative had been implemented in 38 countries (35 in 2022).

Outcomes

As of December 31, 2023, 86,928 employees (94,761 in 2022 - Russia and Belarus are excluded from 2023's figures) in 58 countries (56 in 2022) received health coverage fully or partially meeting the criteria defined by Dan'Cares. 🌐

Most of the beneficiaries under the Dan'Cares program were able to include family members.

Social dialogue
Definition

Danone aims to build successful relationships with its employees through continuous engagement and dialogue, the establishment of systems for reporting problems and filing complaints and the use of responsible practices, especially during the Group's reorganization. Listening to union representatives regarding employee expectations and maintaining an open dialogue with them helps to limit the risk of strikes and business interruptions.

Governance

Social relations issues are managed by the Human Resources Department, which reports to the Chief Human Resources Officer, a member of the Executive Committee.

Social relations at Danone are based on:

■ **Social dialogue meetings:**
  - the Information and Consultation Committee, supported by its own Steering Committee, whose members include representatives from Danone management and union representatives;
  - bi-annual meetings between the International Union of Food Workers (IUF) and the Human Resources Department, its executives and the managers of the main regions to build a common ambition and monitor compliance with and implementation of the agreements.

■ **Board and Committees involved in Social Dialogue:**
  - the Board of Directors' CSR Committee, which monitors the implementation of action plans and initiatives, is regularly updated on any Social Dialogue topics (see section 5.1 *Introduction*);
  - France's Work Council and the Information and Consultation Committee (acting as Danone's European Work Council) appoint two Directors representing employees to sit on the Board of Directors. A member of the Danone SA's Work Council also participates in Board of Directors' meetings in an advisory capacity (see section 6.1 *Governance bodies*).

In addition, ongoing dialogue between Danone's Head of Social Relations and the Human Resources department heads in Danone's entities make it possible to escalate employee expectations, especially with union representatives and employee representatives, and, if necessary, establish global or local action plans.

Policies

Social dialogue is a key driver for Danone at the management, trade union and employee representatives' levels. It enables collective efforts to be aligned in order to improve the Group's performance while ensuring that working conditions are continuously progressing. Ten agreements have been signed between Danone and the IUF since their joint vision was developed in 1988.

Integration, implementation and communication of the fundamental conventions of the ILO

■ Since 2003, Danone has been a member of the UN Global Compact, which incorporates the International Labour Organization's (ILO) fundamental conventions. These conventions are formalized, implemented and brought to the attention of Danone employees and suppliers.

■ The ILO conventions formulate seven fundamental labor principles that are covered in an agreement signed by Danone and the IUF. These principles are the basis of Danone's responsible sourcing programs (see section 5.4 *People & Communities*, section *Sustainable sourcing and human rights for workers in the value chain*).

■ Danone communicates its commitments to all employees through its Code of Business Conduct (see section 5.5 *Responsible business conduct*).

FutureSkills Initiative

Danone is committed to supporting employees who need to acquire new skills. The Group worked with the IUF to develop an innovative approach called FutureSkills, which aims to better prepare employees who need new skills for the jobs of tomorrow. In 2020, Danone and the IUF signed a common statement (available on Danone's corporate website) aiming to give Danone's employees the opportunity and the time to develop new skills that can facilitate internal repositioning within Danone but can also be of value and practical assistance in the broader job market.

Action plans

The FutureSkills approach was rolled out locally according to the following steps: (i) defining employee eligibility, (ii) engaging in dialogue with local unions or employee representatives, (iii) identifying the jobs of the future, and (iv) designing the individual training journey. A digital toolkit was designed for local teams to support them in the project's implementation. For example, in Fulda (Germany) in 2022, the FutureSkills program was deployed in the form of in-depth professional training programs that prepare each team member for the jobs of the future to support the plant's transition to new packaging technology.

As Danone became a *Société à Mission* in 2020, the topic of social dialogue, and more precisely the FutureSkills project, was reviewed in 2022 by the Mission Committee. The FutureSkills program deployment is one of the performance indicators identified to track Danone's progress towards its mission (see Outcomes below).

In addition, Danone and the IUF are continuing their efforts to reduce precarious employment by applying specific definitions, methodology

and processes, as defined in the global agreement on sustainable employment and access to rights signed in 2016.

In the United States, Danone has held an annual meeting between union leadership and Danone management since 2019 and is working to define its local social dialogue roadmap. In 2022, more sites have become organized, resulting in union recognition and the negotiation of collective bargaining agreements in DuBois (Pennsylvania) and Salt Lake City (Utah).

Outcomes

In 2023, 72% of employees were covered by collective bargaining agreements (compared to 74% in 2022) (see section 5.8 Methodology note).

The framework agreements between Danone and the IUF are deployed in each subsidiary, and each year a joint assessment is carried out in selected sites with a Danone representative and an IUF representative. Between 2009 and 2023, a total of 78 site visits were made (5 in 2023).

In 2023, 100% of Danone entities with eligible people have proposed FutureSkills to employees and/or their representatives and 93% of beneficiaries of FutureSkills have secured their transition to a job of the future, internally or externally (see Danone Way scope, in 5.8 *Methodology note*).

Employee security

Definition

With a presence in more than 120 countries, Danone faces security challenges and has the responsibility to protect all employees and assets from malicious acts. To this end, Danone proactively analyses security risks by country and develops preventive measures adapted to each situation to secure the workplace and respond effectively when necessary.

Governance

The Chief Security & Competitive Intelligence Officer (CSO) reports to Danone's General Secretary, a member of the Executive Committee. The Security Department consists of four specialized units:

■ **International Security:** responsible for (i) designing and deploying global security guidelines (the responsibility of implementation sits with the local entity), (ii) mitigating security risks linked to international mobility in coordination with the local entity, and (iii) supporting all teams in protecting the Group's property, plant and equipment and intangible assets against malicious acts;

■ **Operations Security:** responsible for protecting the supply chains and investigating suspected food fraud and food defense cases;

■ **Risk Analysis/Protective Intelligence:** responsible for drafting guidelines and forward-looking reports, country risk analyses, and security and business monitoring;

■ **Cybersecurity:** responsible for mitigating Danone's cyber exposure to ensure Danone complies with the latest international cyber standards and actively repels any cyber threats. The CSO advises the Group Deputy Chief Executive Officer in charge of Finance, Technology & Data and is a member of Danone's Cyber Board that defines Danone's cyber strategy.

Policies

The Travel Security Policy was updated in 2023 in compliance with the latest international standards and equips Danone employees with the information they need to travel as safely as possible.

Action plans and outcomes

Several projects were conducted in 2023 across the three pillars of Danone's Security Risk Management Program – Anticipation and Information; Prevention and Protection; Response and Incident Management - with the overarching objective of strengthening the security function further by maximizing the protection of its people, assets, and activities:

Anticipation and Information

- Recruitment of a Security and Intelligence Analyst to enhance Danone's competitive intelligence capabilities.

Prevention and Protection

- ISO 31030 audit: to fully assess Danone's Travel Risk Management (TRM) program in respect of this international voluntary norm setting the best practices in terms of TRM;

- Digital pre-validation procedure for trips to challenging environments: a unique and easy procedure to assist Danone employees preparing a trip to high-risk environments by providing them with crucial security information and practicalities to minimize their risk exposure during travel. This digital tool is linked to a two-step HR and Security decision workflow to ensure accountability and traceability.

Response and Incident Management

- Tender on assistance services: two new providers – one medical and one security – have been appointed to work seamlessly to replace Danone's current single provider to deliver the best human and technology-driven response to further protect our mobile workforce.

In 2023, Danone's Security Operational Center (SOC) reported 63 important or urgent events to the Danone Security Team. After assessments and based on incident type, potentially impacted employees were contacted if they were within the impact radius of the incident.

Meanwhile, the security function has further expanded its links with other departments such as Communication, Human Resources, and Cycle & Procurement and secured sponsorship from the Executive Committee to ensure the implementation of long-lasting, cross-functional, and inclusive solutions.

Respecting and promoting human rights in Danone's operations

Definition

In 2022, Danone completed its salient human rights impact assessment initiated in 2021 with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Regarding Danone's own operations, the assessment confirmed the gap between Danone's employees and external workers (temporary workers employed through labor agencies or contract workers on Danone's sites) in relation to identifying potential human rights violations and implementing due diligence to prevent, mitigate and remedy them. As a result, Danone will continue to prioritize external workers when conducting due diligence in its own operations.

Policies

In 2022, Danone strengthened its human rights approach by publishing its Human Rights Policy and updating the Danone Sustainability Principles (DSPs) applicable to its value chain, including in its own operations (see section 5.4 *People & Communities*, section *Sustainable sourcing and human rights for workers in the value chain*).

Danone's Human Rights Policy reaffirms Danone's commitment to respecting and strengthening human rights in its value chain and refers to the DSPs to detail the human rights on which the Group is focusing. It provides further information on Danone's responsibilities and its expectations towards business partners (see section 5.4 *People & Communities*, section *Sustainable sourcing and human rights for workers in the value chain*) and describes Danone's approach for implementing human rights due diligence, with external workforce identified as the next priority.

The DSPs outline Danone's fundamental values and principles in terms of social and human rights principles, environmental protection and business ethics. The 2022 update took into account Danone's salient human rights impact assessment and the Group's latest policies and voluntary commitments, in line with reinforced international sustainability standards and requirements.

The Social DSP were strengthened in several ways: in addition to clarifying the international standards used as a reference, some principles were reinforced (e.g. the rights of communities and indigenous people) and others were added (e.g. diversity and inclusion). To guide Danone's operations and employees, the Danone Sustainability Principles & Implementation Note for Danone and Employees sets out the principles for how Danone relates to its employees as well as requirements and expectations for all Danone's entities worldwide. It commits all employees to implement the DSPs in their work and interactions with business partners on a daily basis, including by raising concerns when appropriate.

Action Plan - Implementation

Danone has identified on-site external workers as a main priority for conducting human rights due diligence in its own operations. Given the systemic scale of human rights violations on these vulnerable populations worldwide, Danone actively contributes to and leverages collective approaches with peers and civil society to enable learning, best practice sharing and increased impact.

In 2018, the Group issued an internal Global External Workforce Policy focusing specifically on labor agency workers and prohibiting the payment of recruitment fees by workers. In Mexico, in 2020, as part of its implementation, Danone piloted a dedicated methodology for social audits of labor agencies, which was co-developed and implemented by a specialized firm. This methodology includes surveys conducted among temporary workers and their Danone colleagues and supervisors to better assess the situation of temporary workers. In 2021, Danone developed a dedicated Internal Control/Internal Audit body to monitor its subsidiaries' compliance with the policy and identify areas for improvement.

More broadly, as a member of the Consumer Goods Forum's (CGF) Human Rights Coalition, which is working to eradicate forced labor, Danone pledged to develop and deploy Human Rights Due Diligence (HRDD) systems focusing on forced labor in its own operations, with the aim of reaching 100% coverage by 2025, including external workers hired by temporary work agencies or by its subcontractors to carry out regular and continuous work at its entities. In 2021, Danone contributed to the Coalition's collective work supported by the Fair Labor Association (FLA) to develop the due diligence framework tools and processes. In 2022, Danone developed its HRDD roadmap classing the Business Units in order of priority based on the number of external workers and the inherent country risks. Danone piloted the first steps of the Coalition's due diligence framework in its Polish and Brazilian Business Units, which were selected mainly on the basis of the number of external workers and awareness and engagement of the local teams. Local cross-functional task forces were identified (Human Resources, Procurement, and Legal/Compliance) and trained by the FLA to increase their capabilities. They mapped the workforce of the Business Units and ran the human rights self-assessment questionnaire on the highest risk categories, i.e. external workers. The findings did not identify significant violations but evidenced the need to reinforce policies and processes. In 2023, Danone created a central governance system, sponsored by the Chief Human Resources Officer with a task force dedicated to building internal human rights expertise, strengthening processes and deploying the HRDD roadmap.

In parallel, the Group continues to monitor its subsidiaries' sustainability performance through the Danone Way program. The human rights practice specifically addresses temporary workers identified as being at a higher risk than employees due to their increased vulnerability. Each Business Unit is required to nominate a Business and Human Rights Champion specifically trained on human rights and forced labor, who is responsible for ensuring that local HR and operational managers in contact with temporary workers are trained on unethical recruitment risks and forced labor drivers.

Danone's dedicated e-learning training program on human rights and the fight against forced labor is available to the Procurement, Human Resources and General Secretary functions on the Group's training platform. More than 5,750 Danone employees had completed this training at the end of 2023 (change of methodology versus previous years to ensure we take into account that a same person may have taken the training several times). In 2023, Danone developed a new training course targeting all employees worldwide and addressing "Sustainability & Human Rights Fundamentals". It will be translated into 24 languages and will be mandatory for all employees worldwide, with a target of reaching 100% of connected Danone employees by 2024 and 100% of non-connected employees by 2025. ⦿

Finally, in 2023, Danone continued to support its employees' engagement on human rights through Human Rights Community Networking Calls. Gathering the local Business and Human Rights Champions (Human Resources), RESPECT Champions (see section 5.4 *People & Communities*, section *Focus on Tier 1 suppliers other than dairy farmers: RESPECT program*), and local Sustainability Managers (General Secretary), these regular calls enable information and best practice sharing and aim to progressively build local awareness and capabilities.

In 2023, to address fundamental human rights in a global context of rising inequality, Danone shared the Equal Pay International Coalition (EPIC) pledge affirming Danone's commitment to: supporting the living standards of employees and their families, promoting a more equitable and fair society as well as advocating for the implementation of fair compensation practices outside of the organization, while engaging industry associations and policymakers to promote fair compensation practices in Danone's industry.

SUSTAINABLE SOURCING AND HUMAN RIGHTS FOR WORKERS IN THE VALUE CHAIN

Danone has identified three main risks linked to sourcing, namely: (i) business practices and price setting, (ii) sustainable sourcing, and (iii) human rights. These risks are detailed below, first through a global section covering the whole supply chain, and then through dedicated due diligence programs tailored to supplier types (see Sustainability cross-reference table in section 5.1 *Introduction*).

Danone's sustainable sourcing and human rights due diligence are based on the UN Guiding Principles on Business and Human Rights (UNGPs).

Definition

The global supply chains that power the food and beverage sector carry the risk of human rights and environmental violations, particularly upstream at farm level, but also at the Group's Tier 1 suppliers. In addition, responsible business conduct along agricultural supply chains is essential to ensure that the benefits are widespread, and that agriculture continues to fulfil its multiple functions, including food security, poverty reduction, and economic growth in the countries of origin of the ingredients. Both consumers and civil society are increasingly sensitive to fairness toward suppliers and producers, in areas ranging from business practices to value-sharing and pricing. This is especially true for the sourcing of milk, which is the main raw material that Danone purchases.

To address these risks, Danone has established a set of fundamental sustainability principles and has made specific public commitments. It fulfills these commitments by working with suppliers towards more sustainable business practices.

Governance

Danone's sustainable sourcing approach is sponsored by the Chief Cycles & Procurement Officer with specific teams in charge of monitoring and implementing the Group's related agenda.

The Agriculture Cycle team is specifically responsible for developing Danone's global agriculture strategy and ensuring that it is implemented into regional and local strategies and roadmaps (see section 5.3 *Nature*, section *Regenerative Agriculture*). In addition, the Sustainable Sourcing team has dedicated resources to lead on human rights and deforestation and oversee supplier sustainability engagement and sustainability performance management, including the Tier 1 (excluding milk) supply chain due diligence program (RESPECT+).

An update on the progress of the "human rights" pillar of the duty of care plan was presented to the Board of Directors' CSR Committee in November 2023, including the upcoming Sustainable Sourcing Policy. This policy was approved by the Global Engagement Committee in October 2023, and will be piloted before publication and launch in 2024.

Policies

Sustainability Principles

Danone's sustainable sourcing approach is based on Danone's Sustainability Principles (DSPs). Applicable to the Group's value chain including its own operations, the DSPs were updated in 2022, taking into account Danone's salient human rights risk assessment and the Group's latest environmental policies and voluntary commitments in line with reinforced international sustainability standards and requirements.

The DSPs include:

- ten social principles including the criteria set by the International Labour Organization (ILO): no child labor, no forced labor, no harassment or abuse, reasonable working hours, decent wage, no discrimination, freedom of association and the right to collective bargaining, safe and healthy working conditions, diversity and inclusion, rights of communities and indigenous people;

- seven environmental principles: biodiversity, deforestation, circularity (waste and plastics), water (including not negatively impacting communities' access to water), climate change and greenhouse gas emissions, environmental management and animal welfare;

- principles of business ethics for fair, lawful transactions that reflect the provisions of Danone's Code of Conduct for Business Partners.

The public document Danone Sustainability Principles & Implementation Note for Business Partners sets out the Group's expectations for business partners. Since 2009, the different versions of the DSPs are incorporated into a clause in Danone's contracts with direct suppliers meaning that acceptance and adherence to the DSPs (or provision of equivalent principles) is required in order to do business with Danone.

Furthermore, Danone recognizes the critical role its business partners play in upholding human rights and environmental commitments in its extended supply chain and asks them to exercise due diligence in implementing requirements consistent with the DSPs within their own operations and their supply chain up to origin suppliers of raw materials, including by providing a grievance mechanism.

Environmental commitments

As mentioned above, Danone's sustainable sourcing requires engaging and involving its value chain partners and suppliers in its environmental commitments.

Summarized in the 2022 version of the DSPs, these commitments and their related strategies address biodiversity, eliminating deforestation, regenerative agriculture, preserving water resources, circular economy and reducing GHG emissions, as described in section 5.3 *Nature*.

Human rights commitments

Similarly, Danone's sustainable sourcing requires engaging and involving its value chain partners and suppliers in its social standards and human rights commitments.

Danone's 2022 Human Rights Policy reaffirms Danone's commitment to respecting and strengthening human rights in its value chain and refers to the DSPs to detail the human rights the Group is focusing on. It provides further information on Danone's responsibilities and the expectations it has of its business partners and describes Danone's approach for implementing human rights due diligence in the different scopes of the value chain (see section 5.4 *People & Communities* section *Respecting and promoting human rights in Danone's operation*); finally, it focuses on the grievance mechanism and remedial measures and on the governance of the topic.

In addition to this overarching policy, Danone has a longstanding commitment against forced labor, which is recognized as one of the most pressing social issues of our time in agricultural supply chains. In 2016, Danone joined the CGF collective effort to eradicate forced labor from its global supply chain. To this end, in 2017, Danone incorporated the three priorities set by the CGF into its Social Principles: (i) every worker should have freedom of movement, (ii) no worker should pay for a job, and (iii) no worker should be indebted or coerced to work. In 2018, Danone formalized this commitment in the Danone statement on forced labor (see Danone's website). As a member of the CGF's Human Rights Coalition working to end forced labor, Danone pledged to develop and implement HRDD systems that focus on forced labor in its operations, with the goal of achieving 100% coverage by 2025, including external workers hired by temporary work agencies or by its subcontractors to carry out regular and continuous work at its entities. In 2022, Danone piloted the first steps of the Coalition due diligence framework in its Polish and Brazilian Business Units (see section 5.4. *People & Communities*, section *Respecting and promoting human rights in Danone's operations*).

In 2023, Danone continued its contribution to the World Business Council for Sustainable Development (WBCSD) Business for Inclusive Growth WBCSD-B4IG coalition, which aims to scale up actions on economic inclusion, particularly with regards to human rights across the value chains.

In 2023, Danone committed to have its Responsible Sourcing Policy deployed to all suppliers by 2030. The policy was approved in October 2023 and will be launched in 2024 following a pilot.

Risk Assessment

Human rights and environmental risk mapping

In 2017, Danone performed a global social and environmental impact assessment for its 20 main purchasing categories. The Group analyzed these risks using a checklist derived from the ISO 26000, GRI G4 and SA 8000 standards, taking into account the potential impacts of purchased products mainly from a labor rights and human rights perspective, but also considering the impacts on local communities and consumers, as well as fair trade practices and the environment.

The assessment identified priority categories in relation to human rights, namely (i) workers employed through outside labor providers and (ii) four agricultural raw materials (palm oil, cocoa, sugar cane and fruit), for which the potential risks primarily exist at farms and plantations at the upstream end of Danone's supply chain and include, in particular, the potential risks typical of agricultural chains, such as working conditions, health and safety, forced labor and child labor.

In 2021, Danone conducted a salient human rights impact assessment in its value chain with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights. The previously identified priority categories were confirmed.

In 2022, Danone completed its salient human rights impact assessment and used its findings to update and upgrade the Danone Sustainability Principles as well as their implementation guidance and to develop its Human Rights Policy. The salient impacts will further inform Danone's human rights strategy. In 2023, the assessment was used to develop the Responsible Sourcing Policy approved by the Global Engagement Committee in October. It will be launched in 2024 after a pilot, replacing the Danone Sustainability Principles for direct suppliers who have a contractual relationship with Danone (except for raw material producers and farmers).

In addition, in 2021, the Group had already updated its global materiality analysis, which highlights the importance of responsible purchasing and respect for human rights (see Danone's website for more information).

For environmental issue risk mapping, refer to section 5.3 *Nature*.

Based on its risk assessments, Danone is tailoring its responsible sourcing and human rights due diligence to its various specific supply chains.

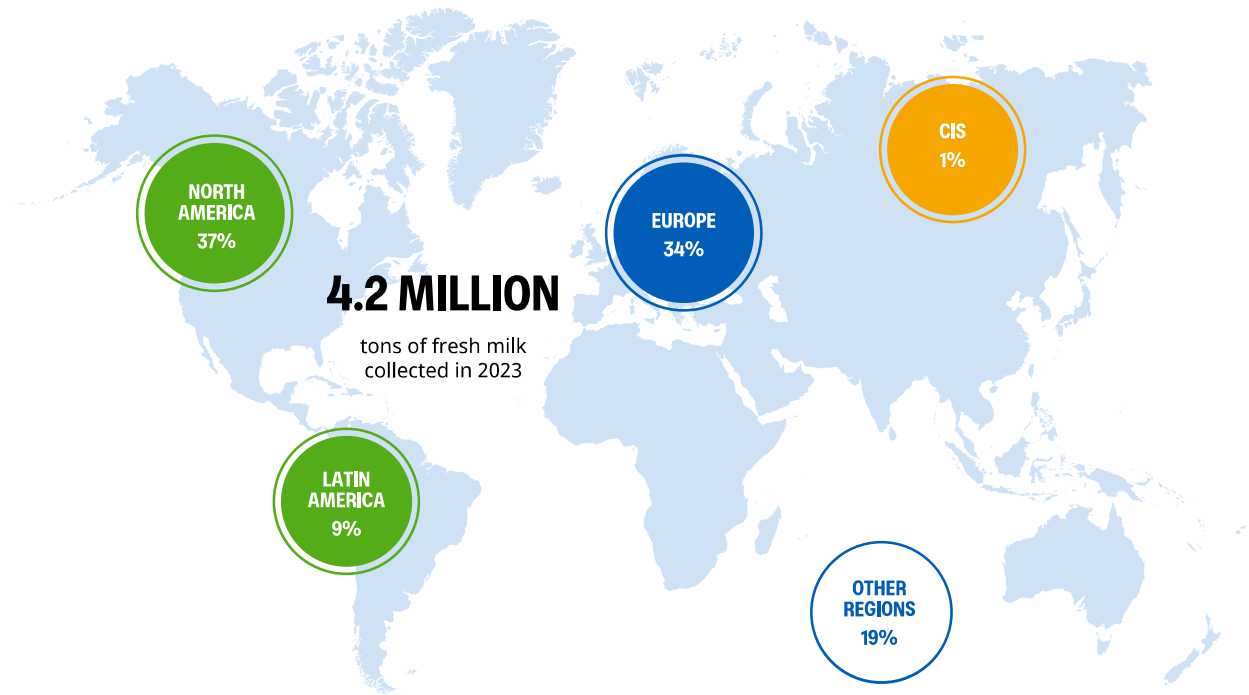## Focus on the agricultural supply chain

Raw ingredient supply chains may have different structures, from the simplest ones with only one intermediary (as in milk sourcing), to complex supply chains involving several intermediaries including traders.

The responsible sourcing due diligence developed on agricultural supply chains with regards to social topics can also be found in:

- section 5.3 *Nature*, for elements related to the Regenerative Agriculture framework;

- section 5.3 *Nature*, for elements related to forest commodities such as palm oil and cocoa through traceability processes and certifications;

- section 5.4 *People & Communities* for Danone's sourcing of fresh milk as well as other Tier 1 suppliers.

Direct sourcing of fresh milk

BY GEOGRAPHIC AREA

NORTH AMERICA 37%

EUROPE 34%

CIS 1%

LATIN AMERICA 9%

OTHER REGIONS 19%

4.2 MILLION

tons of fresh milk collected in 2023

% of fresh milk sourcing per geographic area, for essential dairy and specialized nutrition products

Sourcing strategy

Danone favors local sourcing of raw milk from more than 58,000 farms in around 16 countries, both directly and indirectly. Most of the milk sourced by the Group comes from family farms.

About 90% of the partner producers own small family farms with fewer than 25 cows and are located primarily in emerging countries in Africa and Latin America. These small farms supply about 14% of Danone's total milk volume.

Danone also works with larger family farms (with herds ranging from a 100 to thousands of cows), which represent about 1% of the Group's fresh milk suppliers and nearly 74% of milk volumes, the latter being generally collected directly by the Group.

In North America and some Middle Eastern countries, Danone occasionally works with larger farms to ensure reliable access to sufficient volumes of quality milk.

Action plans and outcomes

Danone supports dairy farmers by providing them with training and technical support to transform their practices while ensuring the viability of their business models. For example, the Farming for Generations (F4G) alliance, which was created in 2019 and in which Danone participates, identified 75 best practices and innovations across various dairy farming models, farm sizes and geographic areas. In total 2,600 farms have already taken notice of the practices and taken action. Danone will continue to scale up regenerative agriculture

practices using findings from the F4G program. Through the Sustainable Dairy Partnership, the Group has continued to work for a more sustainable dairy industry by supporting the prevention of deforestation, the protection of human rights and animal welfare and compliance with local legislation. In addition to these collaborative actions, specific tools and methodologies have been deployed and monitored by Danone's Agriculture cycle:

- **MilQSat**: an initiative co-developed by the Essential Dairy and Plant-Based Category and its partner farmers to assess the performance of farmers from whom Danone purchases milk directly in terms of quality, food safety and traceability;

- **Cool Farm Tool and CAP'2ER**: Since 2017, Danone has been conducting country-by-country assessments on its milk volumes using the Cool Farm Tool (CFT) worldwide and the CAP'2ER tool in France. The CFT was developed and is overseen by a multi-stakeholder coalition that includes food manufacturers, retailers, input suppliers, NGOs and universities. The tool's strength lies in its global application, it is designed for continuous improvement. In 2023, Danone used CFT (in 15 countries) and CAP'2ER (in France) to monitor the greenhouse gas footprint of the purchased milk, now covering in total 91% of direct milk collection volumes from farms. The rollout is planned for next years to include new geographies in South East Asia and India;

- **animal welfare assessment tool**: launched in 2016 and now implemented in 13 countries (see section 5.3 *Nature*, section *Regenerative Agriculture*);

- **water risk assessment in relation to milk sourcing**: updated in 2020, methodology used to identify farms or collection centers located in water-stressed areas and to determine an appropriate approach (mitigation, adaptation or relocation of the supply source);
- **regenerative agriculture scorecards** (see section 5.3 *Nature*, section *Regenerative Agriculture*).

Danone also supports the next generation of farmers, who play a leading role not only in producing the food we eat but also in implementing responsible practices such as carbon sequestration, protection of water resources and biodiversity (see section 5.3 *Nature*, section *Regenerative Agriculture*).

Cost Performance Model (CPM)

Danone works with producers in the United States and Europe to develop innovative contracts, with an average term of three to five years, to reduce milk price volatility and thereby offer farmers greater visibility and financial stability.

These long-term Cost Performance Model (CPM) contracts factor production costs into milk pricing and are developed in partnership with milk producers or their organizations.

In 2023, 37% of milk collected in Europe (44% in 2022) and 26% of milk collected in the United States (29% in 2022) came from producers with CPM contracts. Altogether, 23% of the milk Danone collects is covered by CPM contracts (23% in 2022).

Focus on Tier 1 suppliers other than dairy farmers: RESPECT Program

Danone implements responsible sourcing due diligence towards its Tier 1 suppliers other than for raw milk (i.e., processed raw materials such as prepared fruit products and powdered milk, packaging, production machinery and transportation and other services) through its RESPECT program. Since 2017, Danone has moved this program towards a comprehensive due diligence approach and stepped up its human rights requirements. This approach endorses the principles enshrined in the United Nations Guiding Principles on Business and Human Rights (UNGP).

Regular evaluation procedures for Tier 1 in-scope suppliers

The RESPECT program streamlines evaluation procedures for Tier 1 suppliers. It is structured on three main pillars:

- Danone requires Tier 1 suppliers in scope to complete a self-assessment questionnaire evaluating their sustainability performance by registering on the Sedex (Supplier Ethical Data Exchange) platform (direct procurement categories, as well as third party manufacturers, and producers of promotional items) or the Ecovadis platform (indirect procurement categories), which automatically generate scorecards. Both scorecards evaluate labor standards, health and safety, environment and business ethics. At the end of 2023, 3,511 supplier entities were registered on the Sedex or Ecovadis platform compared to 3,189 in 2022, and 90% had completed the Sedex self-assessment or obtained an Ecovadis scorecard. These 3,511 entities represent 2,759 suppliers.
- Danone identifies high risk or high priority suppliers to undergo on-site assessments (audits). Since 2020, Danone has used a risk analysis approach that combines risks and spend level for suppliers of its operating units and global categories. The Group developed an in-house human rights impact evaluation for suppliers based on (i) the inherent country social risk index as identified by the Sedex risk tool, (ii) the purchase category risk, and (iii) the spend level. Based on its analysis, the RESPECT team worked with purchasing departments around the world to co-develop the 2023 audit plan, selecting 84 high risk or high priority sites. Among them, 65 sites have completed an on-site or virtual assessment, in accordance with the Sedex Members Ethical Trade Audit (SMETA) protocol or the Sedex Virtual Audit (SVA) protocol. Both protocols include labor standards, health and safety, environment and business ethics. The audits are performed by expert third parties. Through the Sedex platform, Danone can also access audits of shared suppliers by peer companies and of participants in mutual recognition of audits through the AIM-Progress initiative. As a result, in 2023, Danone had access to 541 SMETA audits carried out on its suppliers, either by the Group itself or by its peers.
- Once an audit is conducted, Danone's goal is to establish regular dialogue with its Tier 1 suppliers on their responsible business practices and monitor corrective actions identified by audits, including when audits of shared suppliers are conducted by peer companies. In order to increase the robustness of the supplier remediation plans, the RESPECT team has dedicated resources located in Asia and Latin America. The objective is to support suppliers to develop their corrective action plans by providing expert support, resources and regular engagements, and ultimately close audits according to the SMETA methodology.

Mitigating risk and preventing serious violations

Training and engagement

Danone trains its RESPECT champions (local representatives who ensure that the program is embedded and rolled out at a local level) and buyers on the RESPECT program and ensures that they are aware of risks related to forced labor and the CGF's three priorities. The RESPECT team developed a four-module e-learning course covering the fundamentals of the program, which was included in the learning journey for the procurement organization. In 2023, 98 buyers, champions or purchasing managers completed at least one module and close to 2/3rd of them the whole course. The RESPECT e-learning course complements the training module on human rights and forced labor already offered online. At the end of 2023, more than 5,750 Danone employees had completed the human rights and forced labor training.

In addition, Danone developed a new training course in 2023 targeting all employees worldwide and addressing "Sustainability & Human Rights Fundamentals". It will be deployed from 2024 onwards (see section 5.4 *People & Communities*, section *Respecting and promoting human rights in Danone operations*).

Collaborative initiatives

Danone also aims to leverage its impact by collaborating in food and beverage sector initiatives such as AIM-Progress, the Consumer Goods Forum (CGF), Business for Inclusive Growth (B4IG). Danone participates in various coalitions and work streams on a wide range of sustainable sourcing topics, both globally and regionally (for example, the grievance mechanism workstream within AIM-Progress, the Human Rights Coalition and the Forest Positive Coalition both within the CGF, and human rights, living wage and inclusive sourcing work streams within the B4IG).

In 2023, Danone participated in a pilot project to support a group of European logistics suppliers to improve their grievance mechanisms. The pilot was developed and coordinated by AIM-Progress and supported by the Oxfam Business Advisory Service. The purpose was for the suppliers' workers (the main target group in this case being truck drivers) to raise issues and concerns with their employer in a safe, trusted, and transparent manner. The Oxfam Business Advisory Service worked with the carriers to navigate and utilize a grievance mechanism toolkit developed by Oxfam and one of the members of the AIM-Progress grievance mechanism working group. The pilot was positively received by the suppliers, who successfully implemented the toolkit, resulting in a direct positive impact on Danone's supply chain.

In addition, Danone joined peer companies in taking part in the AIM-Progress 2023 India Initiative to raise awareness for human rights and sustainable sourcing practices with suppliers from India. Danone sponsored and coordinated the event that took place in New Delhi and hosted more than 150 suppliers.

Whistleblowing system

Since 2017, the Danone Ethics Line has enabled whistleblowers to report suspected human rights and environmental violations (see section 5.5 *Responsible business conduct*). The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected.

In 2023, a total of 388 alerts were raised in 31 countries versus 273 alerts from 25 countries in 2022. As a reminder, the human rights category was broadly redefined in 2021, adding issues related to discrimination, harassment, and employee health, safety and security to the initial scope of violations in the areas of child labor, forced labor, right to collective bargaining, working time and wages. This increase in the number of alerts is mainly due to the global awareness campaign led in 2023 regarding the Danone Ethics Line & How to raise a concern.

Since 2022, all of the above topics have been grouped under the "human rights" umbrella and deal with:

- ending exploitation (prohibiting child and forced labor, prohibiting harassment and abuse, and ensuring reasonable working hours): 210 alerts (mostly harassment related issues);

- decent work (paying a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, granting freedom of association and right to collective bargaining, and ensuring all workers are treated equally with respect and dignity, with a positive culture towards diversity and inclusion): 178 alerts (mostly misconduct and discrimination issues).

In summary, over 86% of alerts received were related to harassment, misconduct and discrimination.

All alerts are initially reviewed by the Global Human Resources Compliance and Labor Law Director, who appoints an independent internal or external investigator. All alerts are investigated if needed. At the end of the year, of the 388 alerts created in 2023, 309 alerts have been closed while 79 remain under investigation. Among the 309 alerts closed in 2023, 38% turned out to be substantiated or partially substantiated.

If serious violations are identified, they are handled in collaboration with the Human Rights team to determine the appropriate approach and action plans. Further collaboration is planned to improve remediation and strengthen the grievance mechanism approach for the circle of stakeholders beyond employees.

In 2023, ten alerts were raised in the "environmental violations" category, one of which was partially substantiated after investigation and one of which is still open. All alerts received in the "environmental violations" category are initially reviewed by Danone's Compliance Department and, when necessary, sent to the relevant function or department in order to investigate and, where applicable, mitigate the potential problem.

Danone also has investigation and remediation processes in place to manage grievances that come through other channels than the Danone Ethics Line, in particular those related to suppliers.

Tracking and assessing the effectiveness of supplier programs

Danone tracks its RESPECT program using the following three indicators:

- RESPECT KPI1 was modified in 2023. The former RESPECT KPI1 measured the supplier registration rate on the Sedex or Ecovadis platform. Since 2023, to strengthen Danone's approach and align with stakeholders' expectations, KPI1 now measures the percentage of Danone's expenditure covered by the RESPECT program. In 2023, KPI1 stood at 69%, meaning that 69% of the Group's expenditure was covered by the sustainable sourcing program, excluding raw milk, real estate, and tax services [2].

- RESPECT KPI2 measures the annual audit plan completion: 77% of planned SMETA audits were completed in 2023 (compared to 83% in 2022).

- RESPECT KPI3 measures the audit closure rate: 84% of audits that identified critical non-conformities (being commissioned by Danone or by peers on common suppliers) were closed in the expected timeline defined by the auditor (compared to 91% in 2022). The measurement methodology was modified in 2023 to better reflect actual impact, explaining the difference compared to the 2022 figure. The audit scope was changed to include only suppliers whose timeline for audit closure expired during 2023. Suppliers previously considered compliant whose allocated timeframe to resolve non-conformities expires in 2024 have been removed from the scope and carried over to 2024. Audits that have not been closed continue to be monitored. In most cases, critical non-conformities were related to health and safety, working hours and compensation.

In 2023, there was a surge in demand for social (SMETA) audits worldwide, complemented with a strict requirement set by the Association of Professional Social Compliance Auditors (APSCA) to (re)-certify auditors. This resulted in a shortage of qualified auditors worldwide, causing congestion in the market. Consequently, scheduling and closing audits became extremely challenging for suppliers. This situation resulted in a decline in the coverage of KPI2 and KPI3. In order to tackle this issue, Danone joined forces with other peer companies in the AIM-Progress organization to identify root causes and potential solutions.

---

[2] *90% of Danone's expenditure is covered in our global systems.*

Audits that could not be scheduled in 2023 due to auditor scarcity will be scheduled during the first quarter of 2024.

The RESPECT indicators are included in the calculation of the variable compensation of targeted purchasing teams as well as the RESPECT team, including for managers.

Breakdown of critical non-conformities identified

Analysis focused solely on critical non-conformities from SMETA audits (or those conducted using a similar methodology) of Danone suppliers in 2022 and 2023.

	2022	2023
Total number of critical non-conformities identified	**267**	**452**
Percentage of critical non-conformities related to:		
◼ forced labor	2.6%	1.3%
◼ child labor	0.4%	0.7%
◼ health and safety	53.6%	65.9%
◼ discrimination	2.6%	1.1%
◼ freedom of association and the right to collective bargaining	0.8%	–
◼ working hours and compensation	25.5%	21.5%
◼ the environment	6.0%	6.6%
◼ business ethics	4.1%	–
◼ other	4.5%	2.9%

The significantly higher number of critical non-conformities identified compared to 2022 results from a combination of factors: a higher number of audits shared with Danone, some non-conformities having been carried forward from 2022, and finally the Sedex Audit Quality Program was updated in 2023 which included changes on the issue findings and criticality.

All the critical non conformities reported above are followed up: they have either been resolved or are being remedied with the suppliers.

SOCIAL INNOVATION FUNDS

Danone Communities

Created in 2007, Danone Communities is a venture capital fund that empowers pioneering social entrepreneurs. It invests in businesses that have a significant social impact in line with Danone's purpose of "bringing health through food to as many people as possible". Danone Communities invests equity and quasi-equity in social businesses in two main fields: (i) access to safe drinking water, and (ii) access to healthy local nutrition. In addition to its long-term financial support, Danone Communities provides expertise, networks and business support relevant to their local needs towards their journey to success.

In 2007, Danone created the Danone Communities SICAV *(Société d'Investissement à Capital Variable)* and the Danone Communities FPS *(Fonds Professionnel Spécialisé) funds.* The SICAV invests (i) at least 90% of its assets in money market instruments, bonds and other vehicles, and (ii) up to 10% in the FPS.

As of December 31, 2023, the Danone Communities SICAV fund had a total of €75.3 million in assets under management. Of this total, 20% was held by Danone and 47% was held by its employees through the FCPE Danone Communities Solidaire, an employee investment fund (Fonds Commun de Placement d'Entreprise). As of December 31, 2023, Danone also held 72% of the FPS directly.

FPS Danone Communities backs 20 social companies in 25 different countries. Danone is also currently a shareholder in two of these social businesses: Grameen Danone Foods Limited in Bangladesh and Nutrigo in China.

As of December 31, 2023, the total investments in these businesses came to €17.4 million for the Danone Communities FPS fund (compared to €16.2 million as of December 31, 2022).

Providing access to safe drinking water for vulnerable people and communities

Through the Danone Impact Journey, the Group is committed to having a positive impact on the health of vulnerable populations and communities, supporting social businesses that provide safe drinking water at an affordable price.

Overall, the social businesses that Danone Communities and the W2AF are supporting or have supported in their early stages provided access to safe drinking water to 12.7 million people around the world in 2023, representing 4.6 billion liters of water. ◎

Danone Ecosystem

Danone created the Danone Ecosystem Fund in 2009, with initial funding of €100 million. It is a French endowment fund headed by a board of directors and tasked with strengthening and expanding general interest activities within the Danone ecosystem.

In 2022, Danone Group created a French "loi 1901" association, Danone Ecosystem, to continue serving the general interest within the Danone ecosystem, with initial funding of €20 million.

Since their inception, the Danone Ecosystem Fund and Association (together, "Danone Ecosystem") have developed 100 projects together with 89 Non-Profit Organizations as partners. These projects have been catalyzing additional co-funding of €130 million, all with the objective of strengthening inclusion and environmental sustainability.

Danone Ecosystem's support provides organizational knowledge, technical expertise and financing support responding to local challenges linked to the transition to sustainable and regenerative agriculture practices, watershed protection, and promotion of healthy drinking and eating habits at key moments in life. Projects deliver general interest benefits, and aim at ensuring systemic change for more sustainable and inclusive models, within Danone's ecosystem.

At the end of 2023, Danone Ecosystem was supporting 32 active projects across Europe, Asia, Africa and Latin America.

Livelihoods Carbon Fund

The Livelihoods Carbon Fund (LCF) is an impact investment fund, SICAV-SIF *(Société d'Investissement à Capital Variable-Fonds d'Investissement Spécialisé),* dedicated to restoring natural ecosystems and delivering carbon credits with a strong social, environmental and economic impact to its investors. It seeks to invest in three types of projects in Africa, Asia and Latin America: (i) restoration and preservation of natural ecosystems; (ii) agroforestry and soil restoration through regenerative agricultural practices; and (iii) access to rural energy to reduce deforestation and toxic smoke for rural households. The carbon credits generated by the Fund are certified, then allocated to its investors in proportion to their investments. As such, the Livelihoods Carbon Fund fights against climate change while improving living conditions for local communities.

Building on the results achieved by the Livelihoods Carbon Fund created in 2011 by ten private investors, in 2017, eight of these investors created a second compartment to accelerate their efforts in the fight against climate change and protect vulnerable people.

As of December 31, 2023, investors have pledged to invest:

- a total of €45.9 million (with Danone accounting for €13.8 million of that amount) in compartment 1, which currently supports nine projects;
- a total of €65 million (with Danone accounting for €25 million of that amount) in compartment 2, which had been approved to support nine projects as of December 31, 2023.

Capitalizing on the ten-year experience of LCF, a new investment fund, the Livelihoods Carbon Fund 3 - Livelihoods Carbon Fund SICAV-RAIF ("LCF3"), was created in 2021 with 15 corporate and financial investors and with a first closing of €143 million (with Danone accounting for €30 million of that total amount). This new fund finances large-scale projects supporting rural communities in their effort to preserve or restore their natural ecosystems and improve their livelihood through sustainable farming practices.

Livelihoods Fund for Family Farming

The Livelihoods Fund for Family Farming (L3F) was launched by Danone and Mars Inc. in 2015 and joined by Veolia and Firmenich in 2016. It enables companies to secure their supply, both in terms of quality and quantity by granting small farmers access to more sustainable practices, including regenerative agriculture, and higher revenues, due to good connections with markets. These projects also help to preserve ecosystems through farming practices that combine productivity and respect for the environment.

As of December 31, 2023, investors have pledged to invest a combined total of €36 million in the Livelihoods Fund for Family Farming, with Danone accounting for €15 million of that amount. To date, the fund's investment committee has approved eight projects focusing on coconut (representing two projects), vanilla, shea, watershed protection (representing two projects, one in Mexico and the second in Brazil), palm and cocoa.

5.5 RESPONSIBLE BUSINESS CONDUCT

RESPONSIBLE PRACTICES: ETHICS AND INTEGRITY

Definition

Danone works actively against corruption, bribery, payments in kind, facilitation payments, conflicts of interest, theft, fraud, embezzlement, inappropriate use of group resources and money laundering.

Governance

Danone's worldwide compliance program is under the supervision of the Corporate Compliance and Ethics Board, which is chaired by the Chief Compliance Officer. It is approved and supported by its Chief Executive Officer as well as by its Executive Committee. It is also reviewed at least twice a year by the Audit Committee. The Chief Compliance Officer is the executive head of the Compliance function and, along with the Global Compliance directors, is responsible for

designing and leading the compliance strategy and overseeing its implementation and execution worldwide.

At the local level, Danone has a global network of Local Compliance Officers and Local Compliance Committees, chaired by the local General Manager.

Responsibility for the governance of internal evaluations of alleged or suspected non-conformities lies with the Danone Ethics Line Committee, made up of the Chief Compliance Officer, Global Integrity Director, Global Head of Internal Audit, Global Human Resources Compliance and Labor Law Director, Global Compliance Director - Ethics Line and a senior representative from the Security function.

Policies

Danone has established policies and procedures for responsible practices that apply to all of its employees, its subsidiaries, the companies controlled by the Group and, in some cases, its business partners. Danone has a compliance framework which sets out the most important principles with regard to standards, governance, responsibilities, organization and processes for its policies and programs.

All Danone's policies are available on the Group's intranet Compliance Library accessible to all employees.

GENERAL POLICIES

Compliance Framework Policy	■ updated in 2022;
	■ sets out the principles, scope and set up of the Compliance Framework in relation to Standards, Responsibilities, Organization and Process;
	■ includes Whistleblowing Policy.
Code of Business Conduct	■ updated in 2022;
	■ based on principles derived from:
	• the Universal Declaration of Human Rights;
	• the Fundamental Conventions of the International Labour Organization;
	• the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
	• the United Nations Global Compact on human rights, labor standards, environmental protection and anti-corruption;
	■ translated into 34 languages;
	■ covers a number of responsible practices-related topics, including anti-corruption, conflicts of interest, confidentiality, fraud, money laundering, interactions with Government Officials international trade sanctions and competition, data privacy, human rights and the environment;
	■ includes section on how to raise a concern about a breach or a potential breach of the code including a reference and a QR code access to the Danone's Ethics Line;
	■ Danone deploys trainings on compliance fundamentals (see section hereinafter).
Disciplinary Code for Business Conduct Breach	■ applies to all employees to ensure that the Group appropriately and fairly sanctions any unethical behavior in general, and/or any breach of its Code of Business Conduct.
Integrity Policy	■ updated in 2022 and translated into 34 languages;
	■ includes a preface from the Chief Executive Officer and the Chief Compliance Officer;
	■ defines the rules and responsibilities governing the conduct of every Danone employee with respect to Bribery and Corruption, Gifts and Hospitality, Sponsorship, Donations and Grants, Interactions with Government Officials and Healthcare Professionals, Advocacy, Conflicts of Interest, Money Laundering, Fraud and Third Party Vetting;
	■ includes section on who does the policy apply to, how to use the policy, how to raise a concern, including reference to the Danone Ethics Line and the policy in relation to non compliance.
Third Party Vetting Compliance Policy	■ refers to the due diligence that Danone performs on business partners, in order to evaluate and, if necessary, address the potential risk they may pose to the Group in relation to anti-corruption, anti-bribery and/or international trade sanction laws and regulations as well as any other criminal or unethical activity;
	■ applies to all third parties;
	■ defines the rules, responsibilities and guidance that require and enable Danone employees to follow a robust decision-making process for selecting, contracting with and monitoring third parties.
Code of Conduct for Business Partners	■ ensures that Danone's business partners comply with applicable laws on bribery and corruption, money laundering, unfair competition and international trade sanctions.

THEMATIC POLICIES

Competition Policy	■ defines Danone's commitment to engaging in fair competition on the merits in all its business activities in compliance with all applicable competition laws.
International Trade Sanctions Policy	■ defines Danone's commitment to complying with trade, financial and other restrictions imposed by national governments and international bodies on certain sanctioned countries, entities and/or individuals.
Personal Data Privacy Policy	■ recognizes individuals' fundamental right to privacy and protection of personal data;
	■ defines Danone's commitment to processing personal data in a fair, lawful and transparent manner. It applies to all Danone entities worldwide, including all the subsidiaries and affiliates that are majority owned or effectively controlled by the Group, and all their employees;
	■ establishes the rules and responsibilities that employees and any third parties that process personal data on Danone's behalf must abide by when managing personal data.
Danone Policy for the Marketing of Breast Milk Substitutes	■ establishes and implements strict marketing guidance for all Danone employees. This BMS Policy is the Group's minimum global standard and Danone follows local legislation whenever the latter is more demanding;
	■ contains 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;
	■ applies to all Danone employees and contracted partners involved in the marketing, distribution, sale, or governance of the affected products and/or related education programs. Danone was the first Group with a global policy, applicable in all the countries it operates, on marketing breast milk substitutes from birth to six months of age.
Health Care Systems Compliance Policy	■ updated in 2022 with a preface from the Executive President of Specialized Nutrition category;
	■ builds on the learning from the last 5 years and strengthens Danone's commitments to uphold the highest ethical standards including updating its transparency and disclosure requirements;
	■ ensures that all interactions with health care professionals are conducted in an ethical, open, transparent and responsible manner and are in compliance with applicable laws and regulations;
	■ applies to all Danone employees worldwide, as well as third-party contractors who interact with the health care system.
Advocacy Policy	■ describes the Group's vision of advocacy and the way it engages with external stakeholders. In particular:
	• Danone interacts with governmental and non-governmental players as part of its dialogue with stakeholders and in the regular course of business to fulfill its purpose of "bringing health through food to as many people as possible". The Group is committed to sustainable lobbying and advocacy activities, working with others to find solutions to the public health, social and environmental challenges the world is currently facing;
	• Danone does not use any corporate funds or assets to make political contributions or independent expenditures on behalf of candidates or parties.
	■ sets out the behaviors expected of its employees, as well as the expectation that all advocacy efforts must comply with the Code of Business Conduct and the Integrity Policy described above on top of all applicable national and international laws and regulations. The policy also describes how Danone's advocacy activities are monitored, and the external reporting linked to its advocacy. In particular:
	■ Danone is listed in the EU Transparency Register, as well as the French Haute Autorité Française pour la Transparence de la Vie Publique (HATVP) and US registers of interest representatives.

Action plans

Danone has put in place a compliance program that includes a specific section on anti-corruption. This program incorporates risk assessments and their related mitigation plans, policies, procedures, controls, trainings, communication plans and due diligence on third parties.

Several compliance-specific internal controls such as gifts and hospitality, interactions with government officials and healthcare professionals, events, sponsorships, donations and grants, public tenders, confidentiality of personal data, third party due diligence as well as effective implementation of the overall compliance program are in place. These controls are reviewed annually by internal control and periodically by internal audit and the results are used as a key input into Danone's compliance and anti-corruption risk assessment.

Whistleblowing system: Danone Ethics Line

Danone has a clear whistleblowing policy as part of its Compliance Framework policy which encourages all employees, anonymously if necessary, to speak up to raise a concern of any wrongdoing. Any employee raising a concern in good faith will not be retaliated against. The whistleblowing statement is also available on Danone.com and on the homepage of Danone's whistleblowing system, the Danone Ethics Line.

The Danone Ethics Line was upgraded in 2022. It is accessible to all employees and anyone via the internet or phone and is available in 56 languages: www.danoneethicsline.com. Suppliers and any other third parties can also use the Danone Ethics Line to report their concerns, anonymously if necessary, about any violation of the Code of Business Conduct or any of Danone's compliance or complementary policies (e.g. cybersecurity or purchasing), illegal behavior, inappropriate financial practice or activity posing an environmental or human rights risk.

In conjunction with the alerts received through the Danone Ethics Line and the non-conformities identified during the Group's controls and audits, mitigation plans and sanctions are put in place under the governance of the Danone Ethics Line Committee and local management. These mitigation plans can involve process improvements, disciplinary action, training and communication, and enhanced monitoring from the compliance team in the form of a steering committee responsible for overseeing the implementation of corrective measures.

Awareness of the Danone Ethics Line is raised on an ongoing basis via posters and through a targeted communication campaign every year. A QR code is now available on Danone's Code of Conduct, Integrity Policy, Healthcare Compliance Policy, posters, training courses and the intranet. A link to the Danone Ethics Line is also available on the "Contact Us" section of Danone's corporate website.

Employee training and information

Danone has a comprehensive compliance training program incorporating a mandatory annual compliance fundamentals e-learning course for all employees with access to a laptop and a more targeted integrity essentials training for those employees identified as being at higher risk e.g. those working in sales, finance, marketing, medical, public affairs, procurement and R&I. In 2023, 99% of such Danone employees completed the e-learning course (see section 5.8 *Methodology note*). In addition, Danone has specific training modules on interacting within the healthcare environment and international trade sanctions.

Outcomes

In 2023, Danone received 902 alerts on various issues, including workplace people-related issues, corruption and fraud (compared to 506 in 2022). None of these cases had a material impact on the Group's consolidated financial statements.

In 2023, over 164,856 third parties were vetted through Danone's dedicated Third Party Vetting digital solution (70,995 in 2022). Among them, 98.7% were approved (99% in 2022), 1.1% were approved with mitigation (0.8% in 2022) and 0.2% were rejected (0.2% in 2022).

Focus – Fight against tax evasion

Since 2022, Danone published an annual tax transparency report on Danone's website. This publication illustrates Danone's commitment to greater tax transparency and the fight against tax evasion. The transparency report includes Danone's Tax Policy, which underscores its commitment to responsible tax management and its pledge to avoid tax schemes that are artificial, fraudulent or disconnected from actual operations. The tax transparency report includes a range of information such as the total tax contribution with a detail per category of tax and per country. The tax transparency report will be updated annually and can be found on Danone's website.

Danone has also implemented a code of conduct for internal use to prevent any risk of tax evasion. It defines the principles for action and the appropriate behaviors when dealing with the local authorities. Tax-related information and processes are also subject to internal audits.

Danone's tax function is supervised by the Vice-President Tax, who reports at least once a year to the Audit Committee on the main events of the year and on the Group's tax policy. The Vice-President Tax is supported by a core team tasked with performing regular performance reviews with the main regions. At the regional and local level, a network of tax officers is responsible for ensuring implementation of the tax policy and entities' compliance with applicable regulations.

Lastly, Danone is involved in discussions on taxation with its external stakeholders. The Group supports the OECD's Base Erosion and Profit Sharing initiative. Danone has also signed a partnership agreement with the French government as part of the *Confiance Plus* initiative, which encourages transparency in the interactions between the government and businesses. Danone is also part of the B Team association that promotes responsible tax principles.

5.6 VIGILANCE PLAN

Contents

INTRODUCTION

Since its creation, Danone has anchored its vision in the founding belief that sustainable economic performance can only be achieved when it generates a positive impact on the environment and society as a whole. This vision, which was first defined in Danone's dual economic and social project in the 1970s, has been embodied since 2005 in the Group's corporate mission to bring health through food to as many people as possible. In 2020, at its Annual General Meeting, Danone's vision was expressed as social, societal and environmental objectives in the company's by-laws when Danone became a *Société à Mission* (mission-led company) under French law. The Vigilance Plan is naturally anchored in this corporate vision and culture.

Legal framework

Danone's Vigilance Plan fulfills the requirements of French law no. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and main contractors.

In accordance with Article L.225-102-4 of the French Commercial Code (*Code de commerce*), Danone's Vigilance Plan sets out the reasonable actions implemented within the Group to identify risks and prevent severe harm to human rights and fundamental freedoms, the health and safety of people, and the environment. The risks covered by this Plan are those arising from the activities of Danone and the entities it controls within the meaning of Article L.233-16. II of the French Commercial Code (the "Subsidiaries") and Suppliers and Subcontractors with which the Group maintains an established commercial relationship (the "Suppliers and Subcontractors").

Vigilance Plan governance and management

Danone's Vigilance Plan demonstrates the Group's aim to improve and intensify its proactive approach to risk prevention and management.

A working group meets at least quarterly to oversee the Vigilance Plan implemented within Danone. The working group defines a roadmap, setting out the objectives, milestones and resources required to implement the Vigilance Plan. The Senior Vice-President (SVP) Sustainability Strategy and Partnerships chairs the group of in-house experts in charge of the following missions: Health and Safety, Food Quality and Safety, Human Rights, Environment, Legal Affairs, Sustainable Finance and Public Affairs. The working group presents its actions to the Global Engagement Committee, which provides strategic guidance, monitors ongoing initiatives and approves action plans. This Committee oversees the working group's progress at least twice a year and is co-chaired by the Chief Sustainability and Strategic Business Development Officer, the General Secretary and the Group Deputy Chief Executive Officer in charge of Finance, Technology & Data, who are all members of the Executive Committee. The following senior executives sit on the committee: SVP Sustainability Transformation, SVP Communications, SVP General Counsel, Regulatory Affairs and Compliance, VP Public Affairs, VP Investor Relations and Director of Sustainable Finance (see section 5.1. *Governance in support of Danone's Health through Food, Nature and People & Communities frame of action – Global Engagement Committee*).

Stakeholders dialogue

Regular dialogue with Danone's internal and external stakeholders underpins its Vigilance Plan and reflects an integrated approach aimed at aligning economic performance with sustainable value creation.

Danone works closely with its stakeholders, enabling the Group to contribute to debates and issues relating to social, societal and environmental topics and to continually improve its own actions in this area. Danone's teams are in regular contact with experts on environmental issues, human rights and fundamental freedoms, and health and safety of workers, as well as employee representatives, Suppliers, Subcontractors, customers, investors, local and international organizations and associations and public authorities.

The table below presents a non-exhaustive list of the main organizations and associations with which Danone is actively involved:

Risk category	Topic	Organization/ Association	Contribution
ENVIRONMENT	**Reduction of greenhouse gas (GHG) emissions**	Science Based Targets initiative (SBTi)	Danone works closely with SBTi to develop guidelines for companies in the forest, land and agriculture sector, called the FLAG guidance.
		Global Methane Hub (GMH)	The GMH is an international alliance of over 20 leading philanthropic organizations. They have pledged to invest at least 200 million dollars in developing and implementing practical solutions aimed at reducing methane emissions by 30% by 2030. Danone is the first company to join GMH's Enteric Fermentation R&D Accelerator. This commitment aims to foster new, scalable and practical solutions enabling dairy farmers to significantly reduce methane emissions.
		Environmental Defense Fund (EDF)	Danone has launched a strategic partnership with EDF to support its ambitions to reduce methane emissions. Danone and EDF are working together on projects such as improving science, data and reporting standards, introducing innovative financing models to help farmers of all sizes, and catalyzing industry and policy leadership through advocacy.
	Wetland conservation (carbon sinks)	Ramsar	Danone has been a partner of the Ramsar Convention on Wetlands since 1998, with the aim of protecting wetlands as an important carbon sink essential to climate mitigation and adaptation. Danone helped secure the Ramsar sites (Impluvium d'evian, Villavicencio Natural Reserve) and supports wetland conservation best practices through a dedicated award.
	Regenerative agriculture	World Wildlife Fund (WWF)	Danone and WWF have worked together on a range of nature-based solutions, such as WWF France supporting Danone in developing its regenerative agriculture definition and scorecard. Danone has also teamed up with WWF Netherlands and Ramsar to create an open-access training course on water stewardship.
		COP28 Action Agenda on Regenerative Landscapes	Danone is part of the COP28 Action Agenda on Regenerative Landscapes, a flagship initiative led by the COP28 Presidency, the World Business Council for Sustainable Development (WBCSD) and the Boston Consulting Group (BCG) with the support of the UN High Level Climate Champions (HLCC). This initiative aims to consolidate, accelerate and amplify existing efforts and new commitments to transform large agricultural landscapes into regenerative landscapes by 2030.
	Energy transition	RE100	As part of the RE100 initiative, Danone pledges to shift to 100% renewable electricity by 2030, with an interim milestone of 50% achieved in 2020.

Risk category	Topic	Organization/ Association	Contribution
ENVIRONMENT	Plastic packaging and the circular economy	Ellen MacArthur Foundation (EMF)	Danone is a member of the EMF New Plastics Economy initiative Advisory Board and is contributing to the EMF yearly progress report on Global Commitment targets.
			Dialogue with EMF contributed to, for example, Danone's 2018 Packaging Policy and the calculation method used to determine Danone's packaging recyclability rates. The rates use the definition of recyclability per packaging type outlined by EMF in its concept of the circular economy.
		Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA)	Danone is a member of the CGF PWCoA, which aims to set standards to improve plastic collection and recycling.
	Water and biodiversity	World Wildlife Fund (WWF)	With the WWF and EMF, Danone advocates for an ambitious and binding United Nations (UN) Treaty on plastics.
			Danone uses the Water Risk Filter tool developed by WWF to identify water-related risks.
			In partnership with WWF and Ramsar, Danone has launched an open-source water stewardship training course to help build local water stewardship capacities in and beyond Danone's value chain.
			Danone collaborates with WWF as part of the Natural Capital Project and via the *Alpro* brand to develop methodological frameworks that incorporate the value of nature into business models, such as the Science Based Targets Network (SBTN) initiative.
		Water Access Acceleration Fund (W2AF) and Danone Communities	As part of its status as a *Société à Mission* and the Danone Impact Journey roadmap, the Group has pledged to contribute to achieving universal access to drinking water. Vulnerable populations and communities are a priority for Danone through Danone Communities and the Water Access Acceleration Fund (W2AF), both of them supporting social enterprises that provide affordable drinking water. These enterprises contribute to the Danone Impact Journey ambition to provide 20 million people with access to drinking water by 2025.
	Deforestation and land conversion	Consumer Goods Forum, Forest Positive Coalition (FPC)	The FPC's mission is to drive collective, transformative change to eliminate deforestation, land conversion and forest degradation from major supply chains, and to support forest-positive businesses. As one of the FPC's 21 member companies, Danone advocates change articulated around three complementary aspects: zero deforestation and conversion-free value chains, helping Suppliers and Subcontractors also reach this objective, and extending commitments beyond its value chains, notably by supporting landscape projects to transition towards a forest-positive model. This commitment follows on from Danone's Renewed Forest Policy published in December 2022.
			Danone is actively engaged with the FPC steering committee and three working groups on palm oil, soy and paper.
	Supply chain traceability for preventing social and environmental risks	EarthWorm Foundation	Danone works with the EarthWorm Foundation on palm oil traceability and managing social and environmental concerns (e.g., in the area of deforestation) relating to palm oil. The Group intends to extend the process to other raw materials.

Risk category	Topic	Organization/ Association	Contribution
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Sustainable purchasing**	AIM-Progress	Danone contributes to this forum of Fast Moving Consumer Goods (FMCG) companies and common Suppliers and Subcontractors to promote responsible sourcing practices and sustainable supply chains. In 2023, through AIM-Progress, Danone provided four of its strategic logistics Suppliers and Subcontractors with the expertise required to improve their grievance mechanisms.
	Human rights due diligence	CGF Human Rights Coalition with the support of the Fair Labor Association (FLA)	Danone is a founding member of the coalition and has helped define the objectives of its members. In 2020, Danone pledged to develop and deploy human rights due diligence in its operations for 100% of its scope, including external workers. Danone continues to work with its peers to develop frameworks and share best practices for implementing this pledge, with the support of the FLA.
	Waste and recycling worker conditions	Danone Ecosystem	In collaboration with Danone Ecosystem, Danone has launched inclusive recycling projects to support waste pickers and recycling workers across eight countries. Among the numerous initiatives are worker cooperatives that oversee the process of collecting, sorting and selling plastics directly to recycling plants. This creates a safer environment for workers, with appropriate pay and greater social protection. By 2023, over 750 jobs had been created and almost 1,300 people had been able to secure or increase their income.

Risk category	Topic	Organization/ Association	Contribution
HEALTH AND SAFETY OF PEOPLE	**Food safety**	Global Food Safety Initiative (GFSI)	Danone actively contributes to the GFSI, an international initiative that aims to improve food safety worldwide by promoting the principles of good food production, safe food handling and good hygiene practices. Danone's Chief Research, Innovation, Quality and Food Safety Officer is a member of the GFSI Scientific Committee. More specifically, this collaboration has enabled Danone to draw up guidelines for benchmarking private food safety standards, and to contribute to the internationally adopted food standards established by the WHO and FAO in the Codex Alimentarius.
		United Nations Food and Agriculture Organization (UN FAO)	Since 2019, Danone has actively partnered with the FAO on food safety to set up collaborations on emerging food safety issues. Danone and the FAO have jointly published a scientific position paper on food allergens (2022) and continue to collaborate on the future of food packaging and thought leadership concerning new hazards and risks.
		FoodDrinkEurope (FDE)	Danone is an active member of FDE, a European interprofessional association that aims to guarantee all consumers safe, sustainable and healthy food. The collaboration enables the food and drink industry to commit to achieving more sustainable food systems by focusing on the triple challenge to deliver on economic, social and environmental sustainability. Danone contributes to the FDE's positions and policies, particularly those designed to ensure consumer safety on topics such as contaminants, allergens and packaging materials in contact with food.
	Consumer access to healthy products	Danone Ecosystem	Danone Ecosystem focuses on having a long-term impact on health at key stages of life by placing nutrition at the heart of an integrated approach that begins with training key health professionals. Through its Caring Services, Danone Ecosystem designs and launches projects to promote breastfeeding, help prevent iron deficiency and anemia, and support aging well in the regions where Danone is present.
	Promoting nutritional food and healthy diet	Consumer Goods Forum (CGF) "Collaboration for healthier lives"	The CGF "Collaboration for healthier lives" is a coalition of consumer goods manufacturers and retailers whose aim is to promote healthier, more sustainable lifestyles in communities through on-the-ground action, but also by knowledge-sharing and collaboration between member organizations. Danone co-chairs the coalition with Walmart. The coalition's actions focus on three areas: improving consumer access to healthier, more sustainable products, influencing consumer behavior to encourage and enable healthier, more sustainable living, and ensuring employees' health and well-being.
		EU Pledge	Danone is a founding member of the EU Pledge for responsible marketing to children. The EU Pledge is a voluntary framework followed by leading food and drink companies when advertising to under 13s in the European Union. Danone is committed to complying with the International Chamber of Commerce (ICC) Advertising and Marketing Communications Code and the ICC Framework for Responsible Food and Beverage Marketing Communications regardless of the age of the audience or the nutritional profile of the product.

These meaningful exchanges with a broad range of stakeholders lead to observations that nurture the policies and actions defined by Danone's Vigilance Plan.

2023 Highlights

The main updates to the Vigilance Plan in 2023 include the following:

Risk mapping

Danone redefined its risk map to fine tune its methodology and scope.

Human rights and fundamental freedoms

Danone set up a new governance structure in 2023 under which the Chief Human Resources Officer leads a team dedicated to internal human rights expertise building. The team is tasked with accelerating the roll-out of the Human Rights Due Diligence (HRDD) roadmap across Danone's operations worldwide.

Health and safety of people

Danone has extended its Dan'Cares program, which aims to protect all Danone employees by guaranteeing high-quality health coverage, with the launch of a fourth pillar, Be Well. This new pillar aims to foster a positive workplace environment and to support and nurture employee well-being. Danone firmly believes that Danone employees are its most important asset. Be Well focuses on nutrition and mental and physical well-being.

Environment

Danone once again submitted its 2050 Net Zero target to the Science Based Targets initiative (SBTi) to reflect its efforts to limit risks relating to climate change and greenhouse gas (GHG) emissions. The submission confirms the Group's long-term ambition to reduce GHG emissions and align with the 1.5°C pathway. It also notifies a significant change in the Group's scope of consolidation in July 2023 following the deconsolidation of the EDP Russia business, which is now excluded from the decarbonization plan. The Group has also made a global commitment to reduce methane emissions from its milk supply chain by 30% in absolute terms by 2030 (from the 2020 baseline). The target represents the equivalent of 1.2 million metric tons of carbon dioxide.

In doing so, Danone has become the first food company to align with the ambition of the Global Methane Pledge launched at COP26 in 2021. Danone has stepped up its fight against climate change with the publication, in December 2023, of its Climate Transition Plan, which replaces its 2016 Climate Policy.

Moreover, in 2023, Danone published its sustainable development roadmap, the Danone Impact Journey, which encompasses three key principles: (i) Progress & Lead Health through Food for Consumers & Patients, (ii) Preserve and Regenerate Nature and (iii) Thriving People & Communities.

Whistleblowing system

Danone launched a global communication campaign in 2023 to raise employee awareness about being able to report concerns using the Danone Ethics Line. The online platform enables employees and third parties (e.g., Suppliers, customers) to raise, anonymously if necessary, any concerns related to unethical conduct or any violation of the Code of Business Conduct, compliance policies, codes of good practice (e.g., cybersecurity, purchasing policy) or any activity representing an environmental, health, or human rights risk. The global campaign launch included:

- videos featuring Executive Committee members;
- an animation to raise awareness of the Danone Ethics Line; and
- a local campaign at each subsidiary, led by the compliance and communication teams using a comprehensive communication kit including posters and videos translated into 29 languages.

A question on the Danone Ethics Line was included in the 2023 Danone People Survey, which was conducted worldwide. More than 80% of respondents said they knew how to report concerns via the Danone Ethics Line. In addition, in 2023 the Internal Audit team reviewed the Danone Ethics Line as per the audit plan approved by the Audit Committee.

CONTENT OF THE VIGILANCE PLAN

Article L. 225-102-4 of the French Commercial Code defines the scope of any Vigilance Plan and requires it to include the following five measures:

- risk mapping to identify, analyze and prioritize risks;
- procedures for regularly assessing the situation of Subsidiaries and Suppliers and Subcontractors;
- adapted actions to mitigate risks or prevent severe harm;
- a whistleblowing and concern registration system relating to the existence or occurrence of risks; and
- a system to monitor the actions implemented and assess their effectiveness.

The five categories of measures that make up Danone's Vigilance Plan are set out below.

Risk mapping

Risk mapping aims to identify, analyze and prioritize the main risks arising from Danone's activities and those of its Subsidiaries, Suppliers and Subcontractors.

Risk mapping was the first step in building Danone's Vigilance Plan and helped define the measures to be put in place. Danone's methodology is based on the types of risks and violations listed in the law: human rights and fundamental freedoms, health and safety, and the environment.

Presentation of the methodology

The methodology applied by Danone to assess potential risks is based on several parameters including the sector of the activity, the magnitude of the negative impact based on the severity, scale/scope and reversibility of the potential damage, and the estimated likelihood of the risk based on its frequency and geographical location.

This methodology draws on the main international benchmarks for human rights and responsible business conduct, including:

- the principles enshrined in the United Nations Guiding Principles on Business and Human Rights (PDNU);
- the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; and
- the conventions and declarations of the International Labour Organization (ILO), such as the Declaration on Fundamental Principles and Rights at Work.

The purpose of the risk analysis was to identify the main actual or potential negative impacts associated with all of the value chains linked to Danone's various business segments.

The methodological approach to risk mapping comprises three key phases:

- building a risk register;
- modeling the value chains linked to Danone's main activities; and
- mapping the main gross risks in detail.

Building a risk register

Building a risk register provided a framework and direction for identifying risks that could arise from Danone's activities. It was consolidated by analyzing the following elements:

- the main topics highlighted in the human rights impact assessment finalized in 2022 with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights;
- the classification frameworks established by the main organizations promoting human rights, i.e., the ILO and the Office of the United Nations High Commissioner for Human Rights (OHCHR); and
- the risk categories defined by French law on duty of vigilance and the proposal for a European Directive on Corporate Sustainability Due Diligence.

Modeling the value chains linked to Danone's main activities

In line with the United Nations Guiding Principles (UNGPs), the introduction of an analysis framework based on value chain modeling enabled Danone to meet its objective of acquiring sufficient knowledge of "the nature of actual and potential adverse human rights impacts" and "understanding the specific impacts" that the Group could have on stakeholders in the course of its activities (Principle no. 18).

Danone's activities were split across two value chains:

- the food value chain including activities related to animal, plant-based and specialized nutrition products; and
- the value chain for water-related activities.

These value chains were modeled based on consultation with stakeholders. The models were used to identify the various stages and players involved upstream and downstream of Danone's activities.

Four types of risk factor were identified at each stage of the value chains:

- risk factors related to the country or region of the world in which Danone operates;
- risk factors related to the sector and/or Danone's business model;
- risk factors related to raw materials; and
- risk factors related to vulnerable stakeholders.

These risk factors were used to enrich the detailed mapping phase.

Mapping the main gross risks

This phase aimed to analyze and specify the conditions and context in which negative impacts potentially linked to Danone's activities occur. The research was carried out by cross-referencing the risk register with the risk factor analysis carried out for each stage of the value chain.

This approach identified 21 major risks organized according to the three pillars of French law and set out below (see paragraph 2.1.2 *Identification and analysis of risks arising from the activities of Danone, its Subsidiaries, Suppliers and Subcontractors*).

The detailed risk map was used to identify appropriate strategies for responding to any material risks.

Risk mapping

In each of the areas covered by law (environment, human rights and fundamental freedoms, health and safety of people), Danone identified the main gross risks listed below as they stand before the prevention and mitigation actions implemented by Danone, its Subsidiaries, Suppliers and Subcontractors.

Environment

The prioritization process identified the priority risks associated with potential impacts that Danone's activities could have on the environment. Among these, climate change and plastic use represent the most severe risks due to the following impacts:

- **the risk relating to climate change** leads to biodiversity loss, water scarcity and adverse effects on human rights and health;

- **plastic use** can have risks on water, air, soil, the climate, as well as risks on human rights and health.

Risk relating to climate change and GHG emissions

- The risk associated with the increase in the main greenhouse gases in the atmosphere is associated with changes in temperature and weather conditions. Climate change also affects people's rights, including their right to life, food and water, health and decent work. Climate change is likely to aggravate social and economic inequality, disproportionately affecting those who are already vulnerable such as small-scale farmers, children, women and indigenous populations.

Risk relating to plastic use

- This risk relates to plastic use and plastic pollution having an impact on water, air, soil, fauna, flora and the climate as well as affecting human rights and health, particularly among vulnerable populations such as waste pickers and recycling workers (for more details, see section *Focus on risks relating to plastic use and Danone's preventive actions*).

Risk relating to natural resource use

- This risk relates to natural resource depletion and more generally the potential environmental impact of exploiting natural resources across Danone's value chain, especially in its supply chain and operations.

  Danone's supply chain and industrial processes involve the use of natural resources (producing or extracting raw materials, transportation, packaging, end-of-life product treatment, etc.) and can contribute to their decline. The risk includes potential water shortages and soil depletion resulting from agricultural activities, potential water shortages resulting from water extraction activities, and natural resource depletion resulting from industrial energy consumption.

Risk of damage to natural ecosystems and biodiversity

- This risk relates to damage to the stability and functioning of natural ecosystems, as well as to the variety and abundance of living organisms within these ecosystems. It encompasses damage to ecosystems and biodiversity. This risk is linked to:

  - industrial and agricultural processes using substances that generate atmospheric emissions (e.g., volatile organic compounds, ammonia) that can affect air quality and natural environments;

  - water and soil contamination from excessive use of chemical fertilizers and pesticides, untreated wastewater, untreated hazardous waste or accidental chemical releases potentially affecting the environment including biodiversity and human health;

  - releases from ingredient Suppliers and Subcontractors that have an impact on air or water;

  - water, air, soil, fauna and flora pollution across the plastics life cycle; and

  - transport-related air pollution across the value chain.

- This risk covers both Danone's operations and supply chain.

Risk relating to deforestation or conversion and changes in land use

- This risk relates to deforestation driven by expanding agriculture to produce new crops for the food and feed value chains in Danone's supply chain.

Risk of harm to animal welfare

■ This risk pertains to animal living conditions and treatment. Animal welfare in the agricultural industry, and especially in the dairy industry, is a growing concern. The risk focuses on livestock farming upstream of the agricultural value chain. The main animal welfare risks in livestock farming include overcrowding (which increases the risk of injury, disease, infection and stress), inadequate shelter or ventilation systems to protect against the elements, forced breeding practices and using growth hormones. This risk encompasses breeding, raw material production and transport.

Human rights and fundamental freedoms

The prioritization process identified the highest-priority risks associated with potential impacts that Danone's activities could have on respect for human rights and fundamental freedoms. The most significant risks identified were:

Risk of discrimination and harassment

■ This risk refers to workers at Danone or across its supply chain being discriminated against on the grounds of race, ethnic origin, gender, religion, sexual orientation, disability or social origin, or being subjected to undesirable behavior that offends, intimidates, humiliates or exposes them to violence.

Risk to workers' rights to freedom of association and collective bargaining

■ This risk refers to workers being denied the right to assemble, form and join trade unions or go on strike. This risk can exist for external workers (temporary workers and subcontractors) within Danone, and for Danone's Suppliers and Subcontractors.

Risk relating to forced labor

■ This risk relates to workers being forced to work through violence or intimidation, or through more subtle means such as withheld identity documents or threats of being reported to immigration officials. This risk particularly concerns external workers (temporary workers and subcontractors) within Danone, as well as its Suppliers and Subcontractors. This type of situation often arises from risks related to unethical hiring practices that force workers to pay high recruitment fees that can lead to debt bondage. Temporary workers, especially migrant workers, are particularly vulnerable to forced labor.

Risk relating to child labor

■ This risk is considered very low in Danone's operations and concerns its supply chain. According to the Food and Agriculture Organization of the United Nations (FAO, 2023), 70% of child labor is in agriculture. The paper and cardboard packaging value chain is particularly vulnerable to child labor (logging), along with other agricultural value chains such as cocoa. This risk also exists in the food manufacturing sector.

Risk relating to inadequate salary and income

■ This risk relates to workers not receiving enough remuneration to meet their fundamental needs. This risk, which is considered to be very low for Danone employees, may exist for external workers (temporary workers and subcontractors) as well as for Suppliers and Subcontractors. It can arise due to several types of factors including late payment, improper deductions, time-based or piecework rates, or the level of wages or income paid (producer income issues are often linked to the price at which the producer's raw goods are purchased). This risk exists in certain developing countries, the agricultural sector and the plastics recycling sector. In advanced economies, this risk is particularly high for transport workers (truck drivers) and logistics activities. In many parts of the world, a close link exists between low wages and excessive working hours.

Risk relating to unreasonable working time

■ This risk refers to workers not having decent working hours due to low legal protection in some countries or non-compliance with rules, or workers being denied adequate rest periods and annual leave. The consequences may include physical and mental health issues and an increased risk of workplace accidents. This risk, which is considered to be very low for Danone employees, may exist for external workers (temporary workers and Subcontractors) and is more significant for Suppliers and Subcontractors given Danone's global value chains.

Risk relating to precarious working conditions

■ This risk particularly affects temporary workers, waste collection and recycling workers, and self-employed workers in Danone's supply chain.

■ In the food and beverages sector, migrant and temporary workers may be victims of precarious housing and working conditions such as long working hours, low pay and dangerous working conditions, with limited access to labor law protection. The risk is higher on farms and in the transportation and logistics activities of the value chain.

■ Waste collection and recycling workers, who may be exposed to difficult conditions, earn unstable incomes and can be exposed to pollutants and potentially hazardous materials.

■ Precarious working conditions also apply to self-employed Suppliers and Subcontractors in the value chain. Outsourcing certain tasks to self-employed workers can create job insecurity.

Risk relating to community displacement and land grabbing

- This risk arises mainly from the supply chain and is related to the displacement of indigenous peoples and the use of their land and natural resources (forests, traditional agriculture, etc.) for industrial purposes or to grow specific crops (e.g., palm, sugar cane, soy). This makes land unavailable for other purposes, whether individual or collective, which can impede access to basic human rights such as the right to food, water, maintaining one's culture, and having a safe and healthy environment.

Risk relating to a deterioration in living conditions in local communities

- This risk relates to the consequences of climate change, soil, air and water pollution, damage to biodiversity, and deforestation. It also includes unsustainable use of natural resources, especially water. The negative impacts may affect individuals and communities including consumers and Danone's value chain (both its own operations and its supply chain). The United Nations states that a clean, healthy and sustainable environment is essential to human well-being and rights such as the right to life, health, access to adequate food, drinking water and an adequate standard of living. Given the nature of Danone's business, special emphasis is placed on community access to water including drinking water and water for sanitation and everyday use. People living near Danone bottling plants, farms, plantations and Suppliers' or Subcontractors' sites could be affected by water table depletion (agriculture accounts for 89% of Danone's water footprint) and by droughts induced by climate change

- Risks relating to human health and the rights of workers and neighboring communities, especially vulnerable populations in or near plastics extraction, processing, treatment and recycling infrastructure. Risk of failure to respect human rights in the plastics value chain, particularly with regard to waste pickers and recycling workers.

- The various components of risk relating to a deterioration in living conditions in local communities fall under the environment category. As such, the vigilance actions that relate to them (assessment, mitigation and prevention) are described in the environment sections of this document.

The prioritization process also identified the following risks as significant:

Risk relating to insufficient consumer access to products

- This risk refers to the right to access safe food and drinking water, both physically and affordably, so that consumers in general, and especially vulnerable populations, can enjoy a healthy, balanced diet. This risk covers Danone employees conducting their professional activities, as well as consumers.

Risk relating to personal data

- This risk relates to breaches of personal data processed by Danone (collected, held, used, analyzed, stored, etc.), including the personal data of employees, consumers, Suppliers and Subcontractors, partners, and so on. Sources of risk may be internal or external, involuntary or malicious.

- The risk encompasses breaches of confidentiality, availability and integrity of personal data, which could have harmful consequences for individual rights and freedoms (e.g., discrimination, fraud, identity theft).

Risk relating to inadequate professional training

- This risk relates to workers not acquiring, due to a lack of training or training opportunities, the skills they need to keep pace with technological developments (communication, digitalization) and the transition to more sustainable production methods. Upskilling workers, including agricultural producers and workers, is key to avoiding stagnation in low-skilled, low-paid jobs, job insecurity and labor market exclusion. This risk exists both within Danone and across the supply chain.

Health and safety of people

The prioritization process identified the highest-priority risks associated with potential impacts that Danone's activities could have health and safety.

Risk relating to product safety and quality

- This risk relates to the consumer right to safe, high-quality products and to transparent information. This food safety risk can arise from raw materials, packaging or finished goods (chemical and microbiological contaminants, foreign substances or allergens). The risk is present throughout the value chain, from Suppliers and Subcontractors to consumers.

- Human health risks relating to the production and use of certain plastics and additives which, when sensitive substances migrate, can create human health risks throughout the plastic life cycle.

Risk relating to the consumption of foods with low nutritional quality

- This risk refers to diets that do not meet current nutrition and dietary recommendations, either for quantity or quality.

- It may stem from foods of poor nutritional quality that are insufficiently rich in essential nutrients (vitamins, minerals, fiber, etc.) or too rich in nutrients that can be unhealthy when over-consumed (added sugars, certain fatty acids, alcohol, etc.). The risk may also be linked to the influence of communication and advertising, which may promote an unbalanced diet or fail to guide consumers towards healthy, varied products as part of a healthy lifestyle. This risk includes both Danone employees and consumers.

Risk relating to workers' health and safety

■ This risk relates to exposing Danone's operations, supply chain and transportation workers to physical, chemical or biological risks, which could cause illness or injuries caused by working conditions or tasks. Workers' health can also be affected by the lack of or inadequate access to medical care.

Procedures for regularly assessing the situation of Subsidiaries, Suppliers and Subcontractors

Danone has established procedures to assess the situation of its Subsidiaries, Suppliers and Subcontractors in relation to the risk map it has established.

The results of Danone's policies and action plans are assessed annually, both quantitatively, using Danone's published non-financial performance indicators, and qualitatively, via the Danone Way program (see section 5.8. *Methodology note*). Danone Way is a global program underpinned by a comprehensive self-assessment tool designed to analyze progress towards Danone's objectives, especially in terms of sustainable development.

The assessment procedures described below are not exhaustive and are implemented as follows:

Danone Subsidiaries' regular assessment procedures

Environment

■ The Danone Way self-assessment covers the climate, regenerative agriculture, packaging circularity (including plastic), food waste and water preservation.

■ Danone has set up a system to monitor and report environmental data from production sites, and measure its carbon footprint (scope 1, 2 and 3). The Group monitors the data, which is audited by an independent third party and published annually in the Universal Registration Document.

■ Danone deploys its Global Risk Evaluation for ENvironment (GREEN) program worldwide. The Group 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 including water-related risk evaluation criteria. The objective is to 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 the Group's activities, as well as measure noise pollution generated by its production sites. Danone production sites are ISO 14001 certified, meaning that they meet the international standard for environmental management systems.

Danone uses the Water Risk Filter tool developed by WWF to assess its water-related risks. It aims to identify watersheds located in areas with water-related risk including floods, water stress, and scarcity, and to assess operational water-related risk. Danone carries out these assessments on a regular basis and has decided to do so more frequently, on an annual basis.

Human rights and fundamental freedoms

■ Danone has set up worldwide procedures to prevent the risk of harm to human rights and fundamental freedoms identified in the Vigilance Plan, namely discrimination and harassment, restrictions on freedom of association and collective bargaining, forced labor, child labor, inadequate salary and income, unreasonable working time, inadequate professional training and precarious working conditions. These risks have been covered by ten framework agreements signed since 1989 between Danone and the International Union of Food Workers (IUF). The framework agreements between Danone and the IUF are deployed in each Subsidiary, and each year a joint assessment is carried out with a Danone representative and IUF representative. Between 2019 and 2023, 17 site visits took place, including five in 2023 in Belgium and Turkey.

■ The Danone Way program also monitors these procedures. The Danone Way self-assessment covers the human rights of temporary workers, who are more vulnerable than Danone employees. The practical application of Danone Way is overseen by a Human Rights Champion who ensures, within each business unit, that local HR and operational managers receive training about unethical recruitment risks and forced labor drivers.

■ In addition, the Group applies its Global Policy for External Workforce to protect temporary workers at all of its sites. Danone's Internal Control Standards include specific controls for external workers (temporary workers and subcontractors). Human Resources teams carry out these controls in the main Subsidiaries. They are tested by local internal control teams and central internal auditors carry out spot inspections to identify potential improvements.

  • In 2020, Danone committed to develop and deploy Human Rights Due Diligence (HRDD) systems focusing on the prevention of forced labor for external workers in its own operations. A roadmap was drawn up in 2022, when Danone led pilot programs in Poland and Brazil. These countries were selected mainly based on the number of external workers and awareness and engagement among local teams. In 2023, Danone set up a governance structure under which the Group's Chief Human Resources Officer leads a five-person task force dedicated to building internal human rights capacity and implementing the HRDD roadmap. A network of 40 Human Rights Leads supports the taskforce in the countries where Danone operates.

■ Danone has set up procedures to evaluate and monitor rules relating to data protection, including:

  • regularly assessing risk relating to personal data protection at local business units;

  • integrating personal data protection into the annual control plan of the internal audit and internal control teams;

  • monitoring e-learning completion rates annually;

  • auditing data security annually via the internal audit team and automated analysis. An external cybersecurity expert also ensures that weaknesses in Danone's data security are detected in real time and external ethical hacking campaigns are conducted annually.

■ Danone regularly assesses its current personal data protection actions and procedures to improve them where necessary. For example, Danone is rolling out a digital tool to manage its risk assessment procedure concerning personal data processing ("Privacy by design").

Health and safety of people

- The Danone Way self-assessment covers topics such as employees' mental health and well-being, physical access, employee access to basic services, working conditions and working hours.

- Site-level risk assessment covering all people on site (Danone's employees and externals). Danone's sites are responsible for conducting their own risk assessments. These risk assessments are revised annually to integrate new risks and remove others in line with the action plan. In Europe, Danone assesses risks and implements the necessary action plans to ensure employee safety in compliance with the Single Risk Assessment Document (DUER). Health and Safety managers on site are in charge of updating the Single Assessment Documents and site directors are legally accountable for the health and safety of employees.

- Workplace accident monitoring covers all persons present on site. Accidents are reported in a participative system open to Danone employees and, on certain sites, to external workers. In cases of major risks or accidents, special procedures and a system for reporting the information up the line is applied according to the management levels.

- WISE² audits cover all Danone employees and external workers present at production sites and across sales forces in terms of safety and compliance culture. Since 2018, Danone has also deployed the WISE² compliance standards in countries such as Egypt, Indonesia, Mexico and Morocco, where convenience stores are a significant distribution channel.

- Danone has set up worldwide standards and procedures to anticipate, prevent and manage quality and food safety risks. These standards and procedures are integrated into a global Quality and Food Safety management system meeting ISO and FSSC 22000 international standards and managed as part of a continuous improvement process. This system applies to:

  - all stages of the value chain (from design to delivery);

  - all types of hazards (microbiological, chemical, physical, allergenic, nutritional, labeling, etc.), including risks associated with malicious acts and fraud;

  - all products bearing a trademark belonging to Danone or its Subsidiaries.

Danone's internal standards and procedures for Quality and Food Safety are defined at a global level. They are implemented worldwide to ensure that a single set of standards is applied to all products, regardless of where they are manufactured or sold. They are supported by a range of tools designed by in-house experts to help

Subsidiaries make decisions based on robust risk analysis. Specific procedures for each stage of the value chain define targets and the relevant global and local responsibilities. These are supplemented by:

- cross-functional procedures that define requirements common to several value chains or measures aimed at developing, managing, assessing or improving a culture of food quality and safety across sites. Such procedures include strict hygiene rules, risk control measures such as allergen management, and measures to ensure traceability.

- specific requirements for finished goods are adapted to the product's composition, manufacturing process and consumers.

Supplier and Subcontractor regular assessment procedures

Danone assesses its Suppliers and Subcontractors' sustainable development performance and compliance with Danone's Sustainability Principles (DSP) via the RESPECT program. This program includes an assessment of Suppliers and Subcontractors on the Sedex and EcoVadis platforms. Agricultural producers, especially milk producers, are excluded from RESPECT as they are covered by the Regenerative Agriculture program instead. For high-risk and priority Suppliers and Subcontractors, RESPECT also includes Sedex Members Ethical Trade Audits (SMETA). Danone also has access to peer audits on its Suppliers and Subcontractors via the Sedex platform or via the AIM-Progress initiative's shared audit recognition program. These provide an additional source of information on Danone's Suppliers and Subcontractors. The Sedex and Ecovadis platforms, like the SMETA methodology, cover the following four aspects: working conditions, health and safety, environment and business ethics.

Following the audit, Danone aims to establish a regular dialogue with its Tier 1 Suppliers and Subcontractors on their responsible business practices, and to ensure that they implement the auditors' recommended corrective actions. The RESPECT team includes dedicated resources in Asia and South America. Their role is to encourage Suppliers and Subcontractors to develop corrective action plans by engaging with them regularly to provide expert support and methodological frameworks. The aim is to support Suppliers and Subcontractors throughout their improvement process, which is considered validated once the audit has been signed off, in accordance with the SMETA methodology (following verification of the corrective action plans). Danone's dedicated resources focus on audits regarding critical non-conformities (as defined by the SMETA methodology), whether commissioned by Danone or by peers.

Environment

- The Sedex Members Ethical Trade Audit (SMETA) concerns Suppliers and Subcontractors and assesses environmental management systems on points such as compliance with applicable regulations and the granting of permits for consuming and discharging energy, water, atmospheric emissions and waste management.

- Danone assesses the water-related risk of the main 131 ingredients in its supply chain using the Aqueduct water risk tool from the World Resources Institute (WRI). This tool highlights priority ingredients to focus upon and helps to define actions with Suppliers and Subcontractors.

- The first pillar of Danone's regenerative agriculture approach is environmental. It covers protecting and restoring soils, water and biodiversity and focuses on enhancing soil organic matter content, increasing soil carbon sequestration capability, strengthening biodiversity, and protecting and retaining water resources. To that end, in 2021, Danone introduced, the Danone Regenerative Agriculture Handbook and Scorecard, to support field technicians and practitioners with assessing farmers' adherence to regenerative agriculture practices. These tools were updated in 2022 and integrated into a digital tool to improve farming data collection. This new digital survey, piloted in more than 25 farms in Europe, North and Latin America and from 2023 onwards has allowed for better data quality at scale.

- Through the Animal Welfare tool, Danone supports and assesses raw milk Suppliers and Subcontractors. In 2023, animal welfare was assessed at Suppliers and Subcontractors providing 91% of the volume of fresh milk purchased by the Group. Danone has also carried out a total of more than 3,000 farm audits. On a scale of 0-100, they scored 70 points on average in 2023.
  - Danone is actively seeking alternative methods to limit the use of animals. For this, the Group applies the internationally recognized "3R" principle: replace animal testing, reduce the number of animals used, and refine procedures.

Human rights and fundamental freedoms

- Self-assessment by Suppliers and Subcontractors on the Sedex and EcoVadis platforms is based on the following four key topics: working conditions, health and safety, environment and business ethics.

- The audit plan for highest risk and priority Suppliers and Subcontractor was established based on an in-house human rights impact score. Audits are carried out by third parties according to the SMETA methodology or the Sedex Virtual Audit (SVA) protocol, which include areas such as working conditions, health and safety, the environment and business ethics. Based on the audit results, Danone aims to establish regular dialogue with its Suppliers and Subcontractors on their responsible practices and to monitor the existence of corrective action plans.

Health and safety of people

- Supplier and Subcontractor self-assessment on the Sedex or EcoVadis platforms includes the topic of health and safety.

- The SMETA methodology applies to Suppliers and Subcontractors and includes health and safety controls. Based on the audit results, Danone aims to establish regular dialogue with its Suppliers and Subcontractors on their responsible practices and to monitor the existence of corrective action plans.

- Danone's quality and food safety management system for Suppliers and Subcontractors is based on implementing strict measures aligned with ISO and FSSC 22000 certification requirements. Suppliers must implement and follow the relevant regulatory requirements as well as Danone-specific requirements (procedures, policies, positions) relating to:
  - a set of basic conditions and activities essential for maintaining strict hygiene throughout the food chain;
  - a risk management plan for quality and food safety (including managing allergens, traceability, malicious acts and fraud);
  - specific requirements for raw materials and packaging;
  - verification plans for raw materials and packaging supplied to Danone;
  - specific crisis management measures;
  - developing, promoting, measuring and improving a quality and food safety culture.

- These requirements are included in cross-functional procedures or procedures specific to the type of raw material or packaging, and apply to all Suppliers. They cover all relevant hazard types (chemical, biological, allergenic, nutritional and physical).
  - Materials and ingredients delivered to Danone must comply with all these requirements as well as with the relevant regulations documented in specifications jointly signed by Suppliers with Danone. Each Supplier is audited to check that it meets all requirements. In addition, the Supplier must be certified (or in the process of being certified) by an independent external body according to a system recognized by the GFSI (or equivalent) to be able to supply Danone with the materials and ingredients concerned.
  - Danone has also set up Subcontractor procedures to guarantee the quality and food safety of manufactured products. In line with ISO and FSSC 22000 certification requirements, the Subcontractor must implement and follow quality and food safety management system principles similar to those defined for Suppliers (including compliance with the relevant regulations mentioned previously), and comply with requirements specific to the finished goods (dairy, plant, specialized nutrition, water, etc.). In addition, as with Suppliers, internal procedures govern the approval of Subcontractors and finished goods, with all risks taken into account.

Adapted policies and actions for risk mitigation and prevention of severe harm

In light of its risk mapping, Danone defined a series of actions to mitigate the main risks identified and prevent severe harm to the environment, human rights, fundamental freedoms and health and safety.

These actions, described hereafter, include:

- establishing and implementing policies and action plans;
- engaging, raising awareness and training employees;
- engaging Suppliers and Subcontractors on Danone's sustainability agenda;
- engaging and collaborating with value chain partners, academics, NGOs and other key external stakeholders;
- conducting regular audits and investigations; and
- ensuring the availability of dedicated expert remediation support when significant variances are identified among the audited Suppliers and Subcontractors.

Employees of Danone and its Subsidiaries are engaged in a sustainability approach designed to help them understand and report risks. This engagement involves training (such as e-learning) and adherence to the Danone Code of Business Conduct and Danone Sustainability Principles, which govern employee conduct within Danone and its Subsidiaries.

With respect to its Suppliers and Subcontractors, Danone established a Code of Conduct for Business Partners and also requires that they comply with its Sustainability Principles. These requirements are included in the contracts between Danone and its Suppliers and Subcontractors (see section 5.5 *Responsible Business Conduct*).

The prevention of severe harm related to identified risks is based on (i) policies defined by Danone (in particular those listed in the table below) and (ii) adapted actions for risk mitigation.

Policies for risk mitigation and prevention of severe harm

Risk category	Risk	Policy
ENVIRONMENT	**Prevention of risks relating to climate change and GHG emissions**	The Climate Transition Plan, published in December 2023 by Danone, replaced the Climate Policy of 2016. This plan is based on eight programs aimed at 1) reducing Danone's emissions by 2030, in line with its science-based targets and aligned with the 1.5°C pathway and 2) providing forward-looking perspectives for its journey towards Net Zero by 2050. These eight programs cover the different steps of its value chain: direct operations, milk, ingredients, packaging, logistics, co-manufacturing, Supplier and Subcontractor engagement, as well as the design and management of low-carbon portfolios. The plan also addresses solutions to continue reducing emissions beyond 2030, with a view to achieving Net Zero by 2050, in line with the 1.5°C pathways defined by the Science Based Targets initiative (SBTi). With an initial focus on emissions reduction within the Group's value chains, the plan outlines the approach to neutralize residual emissions by 2050. The eight programs and long-term perspectives are described in section 2.3.3.1 below, and the full Climate Transition Plan has been available on Danone's corporate website since December 2023.
	Prevention of risks relating to plastic use	In 2018, Danone signed up to the Ellen MacArthur Foundation (EMF) Global Commitment on Plastics in collaboration with the United Nations Environment Programme (UNEP), and published its Packaging Policy, setting out the Group's roadmap to (i) shift from a linear to a circular economy of packaging throughout its value chain and (ii) reduce the use of plastic in accordance with the French anti-waste law known as AGEC (Anti-Gaspillage pour une Économie Circulaire) of February 10, 2020. In 2024, Danone plans to update its Packaging Policy to reflect its packaging ambitions and roadmap. The Group also continues to support the Ellen MacArthur Foundation Global Commitment on Plastics, working to define new sectoral targets for the industry beyond 2025.
	Prevention of risks relating to natural resource use	As part of its 2020 Water Policy, Danone promotes an innovative approach and integrated management of the resource to preserve water resources throughout its value chain and rethink circularity within and around the production sites. The Danone Water Policy will be updated in 2024. In 2018, Danone signed up to the Ellen MacArthur Foundation (EMF) Global Commitment on Plastics in collaboration with the United Nations Environment Programme (UNEP).
	Prevention of risks of damage to natural ecosystems and biodiversity	The Renewed Forest Policy (2022), the Regenerative Agriculture Framework (2021), the Water Policy (2020) and the Packaging Policy (2018) all contribute to Danone's goal of combating damage to natural ecosystems and biodiversity.
	Prevention of risks relating to deforestation and changes in land use	The Renewed Forest Policy (2022) and Regenerative Agriculture Framework (2021) contribute to mitigating this risk within Danone's value chain. Through its Renewed Forest Policy, Danone is committed to delivering deforestation- and conversion-free supply chains by 2025 and promoting a sustainable future for forests. The policy focuses on key forest-risk commodities (palm oil, paper and board, soy, cocoa and animal feed) and addresses all forms of deforestation and land conversion in line with the definitions of the Accountability Framework initiative (AFi). Danone is also committed to adhering to the principles of No-Deforestation, No Peat, No-Exploitation (NDPE) of the rights of workers, indigenous peoples and local communities and ensuring the Free, Prior and Informed Consent (FPIC) of indigenous peoples and local communities.
	Prevention of risks of harm to animal welfare	Danone's Animal Research Policy (2022), Danone's Animal Welfare Commitments & Full Year 2022 Progress Report, Danone Sustainability Principles (DSP), as well as the Position Paper on Animal Welfare (2018) frame Danone's actions to protect animal welfare within its value chain.

Risk category	Risk	Policy
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks of discrimination and harassment**	The Human Rights Policy (2022), Diversity, Equity and Inclusion Policy (2021), Parenting Policy (2017), Anti-Harassment and Anti-Discrimination Policy (2020), as well as Danone Sustainability Principles (DSP) demonstrate Danone's commitment to ensuring a workplace free of harassment and discrimination in its activities and supply chain.
	Prevention of risks to workers' rights to freedom of association and collective bargaining	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to respect and strengthen human rights in its value chain. They elaborate Danone's responsibilities and expectations towards its business partners regarding freedom of association and the right to collective bargaining (2022).
	Prevention of risks relating to forced labor	Danone's Human Rights Policy (2022), Sustainability Principles (DSP), and Declaration on Forced Labor (2018) reaffirm Danone's commitment to fight against forced labor in both its activities and supply chain.
	Prevention of risks relating to child labor	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to fight against child labor in both its activities and supply chain.
	Prevention of risks relating to inadequate salary and income	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) include Danone's commitment to promote decent work by granting a decent wage and at least the applicable legal minimum or standard pay in both its operations and supply chain.
	Prevention of risks relating to unreasonable working time	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) include Danone's commitment to securing reasonable working hours in both its operations and supply chain.
	Prevention of risks relating to precarious working conditions	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to promote decent working conditions in both its activities and supply chain.
	Prevention of risks relating to community displacement and land grabbing	Danone's Human Rights Policy (2022) and Renewed Forest Policy (2022) reaffirm Danone's commitment to respect and enforce the rights and property rights of people, indigenous peoples and local communities. All negotiations concerning their property or land, including use and transfers, adhere to the Principles of Free, Prior, and Informed Consent (FPIC).
	Prevention of risks relating to a deterioration in living conditions in local communities	The Human Rights Policy (2022) reaffirms Danone's commitment to respect the populations of the communities impacted by its activities: not impeding their access to water and respecting the right to a healthy environment. Danone's various environmental policies (the Renewed Forest Policy (2022), Regenerative Agriculture Framework (2021), the Water Policy (2020) and the Packaging Policy (2018) contribute to reducing the negative environmental impacts of the Group and its value chain on people and local communities, particularly with regard to climate change, soil deterioration, access to water, deforestation plastic use and plastic pollution.

Risk category	Risk	Policy
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to insufficient consumer access to products**	Danone's key document on making healthy products affordable and accessible ("Reaching as many people as possible: our efforts to make healthy products affordable and accessible") reaffirms its commitment, also set out in its by-laws as a *Société à Mission*, to improve product accessibility and provide consumers with healthy and affordable products (2023). It describes Danone's approach to providing access, both physically and in terms of price, to healthy food and drinking water, so that consumers in general, and vulnerable populations in particular, can enjoy a healthy, balanced diet.
	Prevention of risks relating to personal data	Among the actions contributing to the protection of personal data, Danone has implemented: ■ a Global Data Protection Policy applicable to all employees worldwide, setting out the principles and standards they must comply with when processing personal data; ■ business conduct principles, applicable to all employees worldwide, aimed at complying with applicable laws and regulations on personal data protection and in accordance with the Danone Personal Data Privacy Policy.
	Prevention of risks relating to inadequate professional training	As part of the FutureSkills program, Danone signed a joint declaration with the International Union of Food Workers (IUF), which aims to give its employees the opportunity and time to develop new skills and prepare them for the jobs of tomorrow. The implementation of the FutureSkills program undergoes specific monitoring by Danone's Mission Committee, which reinforces the program's governance and emphasizes the importance of training all employees to adapt to the jobs of tomorrow.
HEALTH AND SAFETY OF INDIVIDUALS	**Prevention of risks relating to product safety and quality**	Danone's quality and food safety policy is governed by: ■ Danone Quality and Food Safety Commitments, the Executive Committee's commitments to quality and food safety, based on four pillars (be trusted, be preferred, be efficient and be proud) in order to always guarantee the safety and quality of its products to its consumers (2022); ■ Danone Quality and Food Safety Manual (2019), which describes the Group's operations regarding Quality and Food Safety; ■ Danone's Food Safety Policy (renewed in 2023), which refers to Danone's Food Safety Management System aligned with ISO 22000 and FSSC 22000 operating guidelines. These policies also include preventing the risk relating to human health that can arise from sensitive substance migration. They apply to Danone, its Subsidiaries, Suppliers and Subcontractors.
	Prevention of risks relating to the consumption of foods with low nutritional quality	Danone's Policy for the Marketing of Breast-Milk Substitutes (2018), Pledge on Marketing to Children (2022), Guidelines for the Use of Nutrition and Health Claims (2023), Nutritional Quality Guidelines for Food: Danone's nutritional targets (2023) frame Danone's mission to impact employees' and consumers' health locally.
	Prevention of risks relating to workers' health and safety	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to respect and enforce workers' health and safety in both its activities and supply chain.

Based on these policies, and as part of a continuous improvement approach, actions to mitigate risks and prevent severe harm have been implemented for each risk category, including:

Adapted actions for risk mitigation and prevention of severe harm

Actions specific to the activities of Danone and its Subsidiaries

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks relating to climate change and GHG emissions**	Danone deploys actions across its value chain through eight programs, which form its Climate Transition Plan. For its operations and Subsidiaries, Danone works on eight programs: ■ Improving its production sites' energy footprint and transition to renewable energies ■ Producing milk sustainably ■ Sourcing ingredients sustainably ■ Transforming its packaging ■ Improving its logistics ■ Supporting co-manufacturers ■ Engaging with Suppliers and Subcontractors to decarbonize their own GHG emissions ■ Developing sustainable product offerings for its consumers Danone's climate action is part of a holistic approach, taking into account the various aspects of social and environmental impacts. For example, the deployment of regenerative agriculture in the value chain aims not only to reduce carbon emissions, but also to support biodiversity, soil health, improve water management and animal welfare while accompanying farmers towards resilient agriculture in the face of climate change. As we approach 2050, climate change adaptation will become increasingly critical and is already so in some of the most exposed regions. For more information on the programs, refer to section *Focus on risks relating to Climate Change and GHG emissions and Danone's preventive actions.*
	Prevention of risks relating to plastic use	■ Participation in the Ellen MacArthur Foundation's (EMF) annual progress report on the Global Plastics Commitment (2018) as a member of the Advisory Board of the New Plastics Economy Initiative. ■ Participation in the Consumer Goods Forum Plastic Waste Coalition of Action, which aims to set standards and align the industry to improve plastic collection and recycling. ■ Advocacy with the World Wide Fund for Nature (WWF) and EMF for an ambitious and binding UN Treaty on Plastics. ■ Partnership with Loop Industries to enhance closed-loop recycling for PET bottles and enable the recycling of hard-to-recycle packaging and materials. ■ Joining the Circulate Capital initiative for Latin America and the Caribbean in 2023. Danone committed a further 15 million dollars to combat plastic pollution and develop the recycling value chain in the region.
	Prevention of risks relating to natural resource use	■ Implementing a fourth "Reclaim" pillar to the 3R strategy (Reduce, Reuse, Recycle) described in the Water policy. Deployment of 4R roadmaps and action plans in all production sites, to optimize water usage and reinforce second life for water. For concrete examples in targeted countries, see section 5.3. Nature, section preservation of water resources. The 4R strategy also includes packaging waste management, with the aim of recovering and reclaiming waste to achieve the target of zero-waste landfill by 2025.

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks of damage to natural ecosystems and biodiversity**	■ All the actions taken by Danone to prevent risks relating to climate change and GHG emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity. ■ *Alpro* brand participates in the official Science Based Targets for Nature (SBTN) pilot group for measuring the nature-biodiversity footprint.
	Prevention of risks relating to deforestation or conversion and changes in land use	■ Strengthening commitments to fight against deforestation and the conversion of natural ecosystems through the Renewed Forest Policy (2022). This policy focuses on three commitments: traceable and verified deforestation- and conversion-free supply chains (Clean Supply Chains) by 2025, Responsible Suppliers and Subcontractors by 2025 and support for projects and coalition for the restoration of natural ecosystems by 2030. ■ The Group applies the deforestation- and conversion-free principle to itself, and implements the policy in its supply chains (see the section on Suppliers and Subcontractors below).
	Prevention of risks of harm to animal welfare	■ Integrating the welfare of animals in Danone's regenerative agriculture approach. Collaboration with the international NGO Compassion in World Farming (CIWF) to develop animal welfare roadmaps.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks of discrimination and harassment**	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Implementation of functional local roadmaps and indicators on diversity, equity and inclusion. ■ Creation of a global network of Diversity, Equity and Inclusion Ambassadors. ■ Launch of a global disability awareness campaign following voluntary self-identification through the Danone People Survey to understand how many employees with disabilities are represented across all functions and roles, to help close the gaps in recruitment, engagement, retention and promotion. ■ Renewal of the global membership to the Business Disability Forum, a non-profit organization bringing businesses, people with disabilities and policymakers together. ■ Country General Managers' monthly presentation to the Executive Committee of the status of Diversity, Equity and Inclusion, including key KPIs and local initiatives related to the topic. ■ Membership to the LEAD Network, which aims at advancing women in the Consumer Goods and Retail sector through annual conferences and mentoring support.
	Prevention of risks to workers' rights to freedom of association and collective bargaining	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Deployment of the framework agreements signed between Danone and IUF in each subsidiary. ■ Joint site visits with the IUF to verify the application of agreements and the quality of social dialogue (five visits in 2023, and 78 since 2009). ■ Application of the neutrality agreement signed in 2019 with unions in the USA, having enabled the recognition of unions and the signing of collective agreements at all Danone industrial sites in the USA.
	Prevention of risks relating to forced labor	■ Global deployment of the Danone Sustainability Principles (DSP) ■ Joining the Consumer Goods Forum's (CGF) collective effort to eradicate forced labor from the global supply chain (2016). ■ Deployment of Human Rights Due Diligence (HRDD) systems focusing on forced labor in operations, with the aim of reaching 100% coverage by 2025, also including external workers hired by temporary work agencies or subcontractors to carry out regular and continuous work at its entities: establishing global governance under the responsibility of the Chief Human Resources Officer, creating the team responsible for deploying and updating the roadmap with the selection of the 10 countries in which Danone sites will be subject to a SMETA audit in 2024. They account for two-thirds of the Group's external workers. ■ E-learning course on human rights and forced labor.
	Prevention of risks relating to child labor	■ Global deployment of the Danone Sustainability Principles (DSP).
	Prevention of risks relating to inadequate salary and income	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Launch of the global employee share ownership plan, enabling its employees in eight countries to subscribe for new Danone shares. ■ Contribution to state-sponsored and/or private retirement funds for employees in accordance with the laws and customs of the countries of each Danone entity.
	Prevention of risks relating to unreasonable working time	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Implementation of work schedules in accordance with their local environment, for example by allowing part-time work or remote work, thus contributing to well-being at work. ■ Launch of the Future of Work study (2021) among employees to reflect on how to transform working time methods.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to precarious working conditions**	■ Deployment of Human Rights Due Diligence (HRDD) systems in Danone's operations, with the aim of reaching 100% coverage by 2025, including external workers hired by temporary work agencies or by its subcontractors to carry out regular and continuous work at its entities: establishing global governance under the responsibility of the Chief Human Resources Officer, creating the team responsible for deploying and updating the roadmap with the selection of the 10 countries in which Danone sites will be subject to a SMETA audit in 2024. They account for two-thirds of the Group's external workers. ■ Contribution to the collective work of the CGF's coalition supported by the Fair Labor Association (FLA) to develop the due diligence framework tools and processes.
	Prevention of risks relating to community displacement and land grabbing	■ Global deployment of the Danone Sustainability Principles (DSP).
	Prevention of risks relating to a deterioration in living conditions in local communities	■ See environmental risks above. Implementation of actions linked to the Renewed Forest Policy (2022), the Regenerative Agriculture Framework (2021), the Water Policy (2020) and the Packaging Policy (2018). ■ Global deployment of the Danone Sustainability Principles (DSP).
	Prevention of risks relating to insufficient consumer access to products	■ Group guidelines and tools provided to Subsidiaries to integrate the dimension of accessibility to Danone's healthy products into commercial practices. ■ Monitoring the coverage of countries where Danone operates with at least one healthy product in their portfolio targeting middle- or low-income populations or an action plan to expand access. ■ Development of distribution channels and support projects to provide better access to Danone's healthy products. ■ Danone's contribution to non-commercial initiatives aiming to provide access to healthy food for as many people as possible. ■ Support for social enterprises that provide affordable drinking water to vulnerable populations and communities through Danone Communities and the Water Access Acceleration Fund (W2AF), which aims to provide more than 20 billion liters of drinking water to low-income consumers by 2030.
	Prevention of risks relating to personal data	■ Implementation of a document center providing employees with document and procedure templates, aiming to achieve harmonized and compliant practices in terms of personal data protection. For example: privacy policy and cookie policy templates for informing individuals, procedure for assessing the legality of international transfers of personal data, specific contract templates allowing Danone and its partners to organize their respective relationships or obligations regarding personal data protection. Danone includes necessary clauses and annexes in contracts with external partners, in the form of Data Processing Agreements covering the requirements of Article 28 of the European General Data Protection Regulation (GDPR), as well as necessary measures in consumer interactions, in the context of transparency measures and stating access rights. ■ Training and e-learning programs to raise awareness among employees about the importance of protecting personal data and the reflexes to be adopted for this purpose.
	Prevention of risks relating to inadequate professional training	■ Deployment of the FutureSkills program at the local level. In Fulda (Germany) in 2022, to support the transition of the plant to a new packaging technology, in-depth professional training programs that prepare each team member for the jobs of the future have been deployed. The program also guided the conversion of the Villecomtal site (France) to plant-based products, through an in-depth training program in 2023 for its 138 employees.

Risk category	Risk	Actions for risk mitigation and prevention
HEALTH AND SAFETY OF PEOPLE	**Prevention of risks relating to product safety and quality**	■ Implementation of a process to identify new scientific, regulatory, analytical and normative developments in terms of quality and food safety. ■ Maintaining cutting-edge scientific capabilities, drawing on internal expertise as well as collaborating with recognized external experts. ■ Definition and global deployment of standards and procedures containing a set of internal requirements designed to anticipate, prevent and manage quality and food safety risks. ■ Development and deployment of an internal training program on quality and food safety issues to increase knowledge and skills on key topics and support a strong quality and food safety culture within Danone. ■ Development and deployment of a global program to help local entities monitor, control and resolve any difficulties that may arise at their sites, thereby protecting their consumers. This system allows for an analysis of root causes, problem resolution, technical support, and the definition and implementation of corrective and preventive actions. ■ A lock system ensuring that finished products are released only if the result is approved. ■ Accelerated development of data and digital tools to foster process robustness and data-driven decisions.
	Prevention of risks relating to the consumption of foods with low nutritional quality	■ Publication of the Danone Impact Journey, Danone's sustainability roadmap, including a "Health through Food" pillar with eight quantified commitments for 2025, which are steered on a quarterly basis by the Health Steering Committee chaired by the Chief Research, Innovation, Quality and Food Safety Officer. ■ Implementation of a product renovation program focused on reducing sugar levels in products for children, with regular cross-regional coordination to monitor progress and share best practices. ■ Continuation of the program for transparency in the nutritional content of products, with regular cross-regional coordination, and in consultation with local authorities for the choice of locally relevant labeling systems. ■ Coordinating an iron impact group aimed at encouraging local projects to combat iron deficiency. ■ Bimonthly meetings of the network of local Nutrition correspondents to inform them of existing policies and procedures, and to share the outcomes of action plans and best practices. ■ Detailed outcomes of these actions can be found in the Health Journey Report.
	Prevention of risks relating to workers' health and safety	■ Implementation of the Dan'Cares program, aimed at protecting all employees and ultimately guaranteeing quality health coverage for all employees. ■ Launch of a new Dan'Cares pillar: the Employees Assistance Program (EAP) to help employees with any emotional, practical or physical issues. ■ Global deployment of the WISE[2] program designed to guarantee the safety of all Group employees. This program seeks to continuously reduce the number of workplace accidents, to promote the culture of workplace health and safety at all Group sites, and to ensure compliance with standards for the most critical risk situations. ■ Network of Health and Safety Managers at Danone Subsidiaries and sites ensuring compliance with the WISE[2] program.

Actions specific to the activities of Danone's Suppliers and Subcontractors

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks relating to climate change and GHG emissions**	Danone deploys actions across its value chain through eight programs, which form its Climate Transition Committee: ■ Improving its production sites' energy footprint and transition to renewable energies ■ Producing milk sustainably ■ Sourcing ingredients sustainably ■ Transforming its packaging ■ Improving its logistics ■ Supporting co-manufacturers ■ Engaging with Suppliers and Subcontractors to decarbonize their own GHG emissions ■ Developing sustainable product offerings for its consumers ■ Supplier engagement is an integral part of Danone's climate action and a cross-cutting program on supplier engagement that supports all other programs is dedicated to it. Danone shares its Sustainability Principles (DSP) with its Suppliers and Subcontractors and incorporates them into contractual clauses with its direct Suppliers and Subcontractors. ■ Danone encourages its Suppliers and Subcontractors to set SBTi targets, including those who do not yet have deforestation and conversion targets. Danone aims to have its most strategic Suppliers and Subcontractors align with the 1.5°C SBTi Net Zero emission commitment and commit to a 30% reduction in their FLAG emissions within Danone's supply chains by 2030. ■ For more information on the eight programs, including the Supplier and Subcontractor engagement program, refer to section *Focus on risks relating to Climate Change and GHG emissions and Danone's preventive actions.*
	Prevention of risks relating to plastic use	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. The DSP cover the risk relating to plastic use and the plastic pollution generated throughout the plastic life cycle: • Plastic pollution due to extraction or leaks into nature: this point is covered by the principle relating to the environmental management system. • Greenhouse gas emissions from plastic production and end-of-life plastic incineration: these points are covered by the principles relating to climate change and environmental management systems. The Supplier and Subcontractor SMETA audit assesses environmental management systems on points such as compliance with applicable regulations and the granting of permits for consuming and discharging atmospheric emissions and waste management.
	Prevention of risks relating to natural resource use	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. ■ Development of methodology to identify farms or collection centers located in water-stressed areas and determine an appropriate approach (mitigation, adaptation or relocation of the supply source).
	Prevention of risks of damage to natural ecosystems and biodiversity	■ All the actions taken by Danone with its Suppliers and Subcontractors to prevent risks relating to climate change and GHG emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity. ■ The *Alpro* brand participates in the official Science Based Targets for Nature (SBTN) pilot group for measuring the nature-biodiversity footprint.

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks relating to deforestation or conversion and changes in land use**	■ Conducting a forest risk analysis and selecting priority commodities for deforestation and conversion, based on reports such as the WWF Risky Business Reports and consultation with external stakeholders. This selection was taken into account when drawing up the Renewed Forest Policy (2022). ■ Implementation of the three commitments of the Renewed Forest Policy (2022) for priority categories: traceable and verified deforestation- and conversion-free supply chains (Clean Supply Chains) by 2025, Responsible Suppliers and Subcontractors by 2025 and support for projects and coalition for the restoration of natural ecosystems by 2030: ***Palm Oil*** • Commitment to traceability back to the plantation from 2023, and to the origin of the palm oil used, which must meet the following criteria: come from plantations whose expansion does not threaten forests, particularly High Conservation Value (HCV) forests and High Carbon Stock (HCS) forests, and tropical peatland; protection of the rights of indigenous populations and local communities; protection of the rights of all workers. • Commitment to use RSPO (Roundtable on Sustainable Palm Oil) Certified and Segregated palm oil. • Launch, in 2021, together with the Livelihoods Fund for Family Farming (L3F), of a ten-year project to help 2,500 smallholder palm oil farmers achieve a sustainable transition in Sumatra Island, Indonesia. • Support, since 2018, of the Siak Pelalawan Landscape Program (SPLP) in the province of Riau, Indonesia, aimed at achieving sustainable palm oil production. ***Paper and board*** • Packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. • Commitment to traceability to the mill. ***Soy*** • Use of certified soybeans: for example, Alpro brand soybeans are 100% ProTerra Segregated certified. • Commitment to traceability, with 100% of soybeans traced directly to the plantation by 2025 in high-risk regions for deforestation and conversion. • A country by country assessment of the volume and origin of soy feed consumed by dairy cows through the Cool Farm Tool. ***Cocoa*** • Use of cocoa certified by one or more of the following programs: Rainforest Alliance, Organic, Fair Trade, Fair For Life. • Commitment to trace cocoa back to the plantation. ***External contributions*** • Participation in the One Planet Business for Biodiversity (OP2B) coalition, as well as in the Forest Positive Coalition of the Consumer Goods Forum (Danone is a member of the Steering Committee and of the three task forces for palm oil, soy and paper).
	Prevention of risks of harm to animal welfare	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. ■ Implementation of a Danone animal welfare scorecard used to evaluate farmers' practices and/or impact on the three pillars of regenerative agriculture. ■ Assessment of animal welfare for 91% of the volume of fresh milk produced via the Group's animal welfare audit.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks of discrimination and harassment**	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors: acceptance and adherence to the DSP or provision of equivalent principles is mandatory to do business with Danone, it is the responsibility of Suppliers and Subcontractors to exercise diligence in implementing the DSP or equivalent requirements within their own company and with their Suppliers and Subcontractors, as well as their own monitoring programs. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): • Supplier and Subcontractor self-assessments on Sedex or Ecovadis platforms allowing for an initial risk assessment; • Selection of priority Suppliers and Subcontractors for audits. Annual audit plan (SMETA methodology) supplemented by access to audits of shared Suppliers and Subcontractors by peer companies; • Requirement to implement improvement plans. For critical non-conformities, monitoring of the process by Danone until audit closure by the auditors (validation of improvement measures) for audits of shared Suppliers and Subcontractors by both Danone and peer companies.
	Prevention of risks to workers' rights to freedom of association and collective bargaining	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to forced labor**	■ Informing Suppliers and Subcontractors of Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above. ■ Joining the Consumer Goods Forum's (CGF) collective effort to eradicate forced labor from the global supply chain (2016). ■ Assessment of the situation of external workers at Danone sites through the due diligence program deployed internally.
	Prevention of risks relating to child labor	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. The Supplier must not hire children under 15 years old and must implement rigorous age verification checks. Furthermore, young people under the age of 18 should not be hired for jobs involving dangerous work, night shifts, or work that interferes with regular educational activities. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.
	Prevention of risks relating to inadequate salary and income	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above. ■ Support for improving the livelihoods and conditions of farmers and agricultural workers through the implementation of projects. For instance, in Spain, a project was launched to support farmers on the verge of retiring in finding generational relay for their farms and to coach young people to become professional farmers. ■ Implementation of the "Alban Baladine" milk collection centers project in Egypt, which contributes to the empowerment of small milk producers, particularly women. The target is to have a positive social impact by opening milk collection centers and providing small milk producers with access to milk analysis and storage to increase and stabilize their cows' productivity and consequently their income.
	Prevention of risks relating to unreasonable working time	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.
	Prevention of risks relating to precarious working conditions	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above. ■ Assessment of the situation of external workers (temporary workers and subcontractors, who are more vulnerable to precarious working conditions) at Danone sites through the due diligence program deployed internally.
	Prevention of risks relating to community displacement and land grabbing	■ Supplier and Subcontractor information and engagement based on the 2022 Renewed Forest Policy ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to a deterioration in living conditions in local communities**	■ The actions set out in Danone's environmental policies aim to mitigate the risks relating to a deterioration in living conditions in local communities.
	Prevention of risks relating to insufficient consumer access to products	■ Support to social enterprises that provide affordable drinking water to vulnerable populations and communities through Danone Communities, which has invested in the Water Access Acceleration Fund (W2AF). W2AF aims to supply over 20 billion liters of drinking water to low-income consumers by 2030. ■ Monitoring of countries where Danone operates having at least one healthy product in their portfolio targeting middle- or low-income populations or an action plan to expand access.
	Prevention of risks relating to personal data	■ Implementation of a document center providing employees with document and procedure templates, aiming to achieve harmonized and compliant practices in terms of personal data protection in terms of personal data protection, including: privacy policy and cookie policy templates for informing individuals, procedure for assessing the legality of international transfers of personal data, specific contract templates allowing Danone and its partners to organize their respective relationships or obligations regarding personal data protection.
	Prevention of risks relating to inadequate professional training	■ Support to farmers via training equipment and funding opportunities, to support the positive and sustainable transformation of agricultural chains. To this end, Danone implemented the Farming for Generations program, which focuses on training farmers to accelerate the transition to regenerative agriculture. F4G has reached over 2,600 farmers, sharing their experiences through farming events, webinars, newsletters and the Danone Regenerative Agriculture Knowledge Center. Danone continues to develop its regenerative agriculture practices drawing on the experiences learned from the F4G program, now known as Partners for Growth (P4G) (for more information, see section 5.3 *Nature, section Regenerative Agriculture*).

Risk category	Risk	Actions for risk mitigation and prevention

HEALTH AND SAFETY OF PEOPLE	**Prevention of risks relating to product safety and quality**	■ Implementation of actions to prevent and mitigate risks that apply to all raw materials and packaging (including plastics) and to all Suppliers:
		
		  • Suppliers and Subcontractors certified by an independent external body (or in the process of obtaining certification) following GFSI recognized standards (or recognized as equivalent) as a prerequisite for supplying Danone.
		
		  • Contractual agreement signed by all Suppliers and Subcontractors covering quality and food safety requirements that apply to all raw materials and packaging.
		
		  • Implementation of a lock system ensuring that the purchase of a material is only possible if the supplier is approved, the specification of the material to be delivered is approved and Danone receiving plant approves the use of the material.
		
		  • Implementation of a verification plan to ensure that the specific requirements for the material have been met and that the raw material or packaging is compliant.
		
		■ Implementation of actions to prevent and mitigate risks that apply to all Subcontractors:
		
		  • Certification of the subcontractor (or certification in progress) by an independent external body following GFSI recognized standards as a prerequisite for supplying Danone.
		
		  • Subcontractor approval according to Danone's internal procedures, including a quality and food safety audit and a corrective and preventive action plan to mitigate risks prior to the launch.
		
		  • Signature of a contractual agreement between Danone and the Subcontractor specifying the responsibility, obligation and liability of the co-manufacturer in the prevention and management of risks relating to quality and food safety prior to the launch.
		
		  • Finished products manufactured according to Danone's internal procedures and the regulations in force in the market of sale. All validation, monitoring and verification activities designed to ensure product safety are formalized in the finished product specifications signed by both parties. The relevant analyses/controls are conducted accordingly by the subcontractor and verified during the audits.
		
		■ Danone's specifications for recycled materials are among the most demanding on the market, requiring an average investment of 18 to 24 months for recyclers. Danone has over 15 years' experience in the use of recycled materials, and was one of the initiators of the development of Recycled PolyEthylene Terphthalate for food contact.

	Prevention of risks relating to workers' health and safety	■ WISE[2] program and related audits are applicable to outside workers at Danone sites. WISE[2] especially includes a contractors' element and third parties and interims are directly included in Danone's employee safety performance. ■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.

Focus on risks relating to Climate Change and GHG emissions and Danone's preventive actions

Contents

Background

Climate change is a profound and systemic challenge, happening now and accelerating, generating a multitude of global challenges, such as biodiversity loss, water scarcity, as well as considerable negative social impacts. The food sector holds a key role in fighting climate change and in transitioning toward a low-carbon economy.

Danone recognizes the importance and urgency of addressing climate challenges, as well as the environmental and human impacts of extreme weather events linked to climate change. For this reason, Danone adopted science-based greenhouse gas emission reduction targets across its value chain, aligned with the pathway to 1.5°C by 2030, and also submitted science-based targets to achieve net zero emissions by 2050. The scope covers greenhouse gas emissions from its scope 1, 2 and 3, notably from the production of its farms, its operations and the packaging processing facilities after the consumption of its products.

Governance

To achieve its ambitious goals, the Group recognizes the need to engage all internal functions in the company, along with external stakeholders.

Danone's approach to combating climate change is supported by the Chief Executive Officer and the Chief Sustainability and Strategic Business Development Officer. It is integrated into all functions and levels of the Group (global, regional and national) with the support of:

- The Group Deputy CEO in charge of Finance, Technology & Data, whose teams play a central role in the measurement, monitoring and reporting of climate-related issues;

- The Chief Cycles & Procurement Officer, whose role is essential in deploying the CO_2 emissions reduction strategy with Suppliers and Subcontractors, given that procurement categories represent nearly 95% of Danone's total emissions.

In addition, the Group regularly assesses its progress in terms of climate action, notably through two internal committees comprising key functional managers and members of the Executive Committee:

- the Global Impact Steering Committee, responsible for overseeing the implementation of the Danone Impact Journey strategy, in particular the eight climate-related programs and the program to combat deforestation;

- the Global Engagement Committee, which oversees matters concerning sustainability reporting, governance and dialogue with both internal and external stakeholders.

Furthermore, a Group-level operational governance has been established to implement the climate priorities of the Nature pillar of the Danone Impact Journey.

Partnerships and collective initiatives

Danone collaborates with various stakeholders, such as governments, regulators, scientific experts, NGOs and other companies, to work towards the Paris Agreement objectives. The Group recognizes that collective action is essential to limit global warming to 1.5°C. The following initiatives represent Danone main stakeholders in its fight against climate change:

- **Business Ambition for 1.5 °C** – Danone is actively engaged in this initiative, which promotes targets to limit global warming to 1.5°C.

- **Science Based Targets initiative** (SBTi) – Danone works closely with this corporate climate action organization to develop guidelines for companies in the forest, land and agriculture sector the FLAG guidance.

- **We Mean Business** – Danone is a member of this initiative aimed at taking action on climate change and working towards halving global emissions by 2030 in line with the 1.5°C pathway.

- **CDP**: Danone tracks and assesses its progress on climate and environmental issues through partners such as the CDP, an international non-profit organization whose rating system is recognized as the world's leading standard for corporate environmental transparency. In February 2024, Danone has received the highest possible AAA rating for the fifth consecutive year, alongside only nine other companies (out of 21,000 companies scored in 2023).

Apart from partnering with organizations on climate transition, Danone also works with various stakeholders on cross-cutting climate-related issues such as agriculture, biodiversity and forests, and participates in several industry civil society organizations. A non-exhaustive list is shown in the table below:

Categories	Stakeholders
Agriculture, biodiversity and forest related platforms	■ **One Planet Business for Biodiversity** (OP2B): Danone is a founding member of OP2B, a business coalition focused on scaling up regenerative agriculture practices to protect soil health, developing product portfolios to boost cultivated biodiversity and increase the resilience of the food and agriculture models, eliminating deforestation, enhancing the management, restoration and protection of high value natural ecosystems. ■ **Science Based Targets for Nature** (SBTN): The plant-based brand *Alpro* is part of the SBTN Engagement Program to contribute to the development of SBTN methods, tools and guidance. ■ **Sustainable Agriculture Initiative** (SAI): Danone co-founded the SAI Platform in 2002 to promote regenerative agriculture practices and the transformation to sustainable food systems. ■ **Task Force on Nature-related Financial Disclosures** (TNFD): Danone took part in a pilot study to support the development of the first version of the TNFD's global framework for nature-related risk management and disclosure. ■ **Forest Positive Coalition** (FPC) of Action: Danone actively participates in this coalition as a member of the steering committee and three working groups on raw materials (palm oil, soy and paper).
Non-governmental organizations (NGOs)	■ **Environmental Defense Fund** (EDF): Danone has launched a strategic partnership with EDF to improve science, data and reporting for methane emissions in agriculture to ensure that climate benefits are real and lasting; a call to action from both the dairy sector and public authorities to prioritize solutions that reduce methane emissions in agriculture; advancing innovative financing models, such as co-funding models between companies and governments to more rapidly deploy solutions tailored to farmers. ■ **Global Methane Hub** (GMH): Danone has joined GMH's R&D Accelerator to reduce methane emissions through innovation. This accelerator aims to create new, easy-to-apply solutions to help dairy farmers reduce their methane emissions.

Carbon footprint

As part of its short-term targets aligned with the science-based 1.5°C pathway approved by SBTi, Danone is committed to reducing its annual net emissions from 21.9 million metric tons of CO_2 equivalent in 2020 to 14.3 million tons of CO_2 equivalent by 2030.

Danone is determined to achieve this target while continuing to develop its activities and make progress on its roadmap, which is based on its eight programs constituting its climate transition plan and supported by its program to combat deforestation. The emissions projected in the baseline scenario for 2030, although theoretical, incorporate the evolution of Danone's emissions trajectory in recent years, thus demonstrating the effective integration of decarbonization initiatives into its operating model.

Danone's greenhouse gas emissions, included in the SBTi targets, in millions of metric tons of CO_2 equivalent vs its 2020 baseline, are broken down as follows:

SCOPES 1 & 2	SCOPE 1 & 3 FLAG			SCOPE 3 NON-FLAG			
Energy and industrial 5%	**Milk** 36%	**Dairy Ingredients** 18%	**Non-dairy ingredients** 10%	**Packaging** 14%	**Logistics** 8%	**Co-manufacturing** 7%	**Other** 2%
This includes all sources of emissions from industrial sites, warehouses, distribution centers and corporate vehicle fleet. Emissions from offices and research centers are excluded as they represent less than 5% of our total scope 1 & 2 energy and industrial emissions.	This includes emissions from fresh milk from Danone farms and partner farms as well as external purchases and certain dairy ingredients from the net milk balance (skim milk, cream, skim milk concentrate).	This includes emissions from dairy ingredients sourced from suppliers, such as whey, lactose and powders.	This includes emissions from other raw materials such as fruits, vegetables, or whole grain ingredients.	This includes emissions from packaging material purchases, like plastic or paper, including primary, secondary, and tertiary packaging.	This includes emissions related to the transport of Danone's product both upstream, from suppliers' gates to Danone's factories, and downstream, from Danone's factories to customers.	This includes emissions from manufacturing partners.	This includes emissions related to waste generated in operations, and fuel- and energyrelated emissions not included in scopes 1 & 2.
1 MILLION TONS OF CO_2EQ	**7.9** MILLION TONS OF CO_2EQ	**3.8** MILLION TONS OF CO_2EQ	**2.1** MILLION TONS OF CO_2EQ	**3.2** MILLION TONS OF CO_2EQ	**1.9** MILLION TONS OF CO_2EQ	**1.6** MILLION TONS OF CO_2EQ	**0.4** MILLION TONS OF CO_2EQ

Baseline 2020: 21.9 million tons of CO_2eq

Danone's carbon footprint covers its scope 1, 2 and 3, and is particularly high in its scope 3 (FLAG and non FLAG). For this reason, the Group is stepping up its actions on issues linked to agriculture and packaging, where the risks and challenges are particularly significant for its activities and supply chain.

Risks identified

The current global greenhouse gas emissions are heading towards a global warming exceeding the goals of the Paris Agreement. This reality poses many risks for Danone, its supply chains and its consumers. These risks include environmental, health and social risks.

- Climate change, loss of biodiversity, soil depletion, water scarcity and flooding are closely linked and need to be addressed all together. A silo approach may result in investments that are ultimately counterproductive, leading to a negative impact on biodiversity, water resources and local communities. A non-material approach may also result in failing to mitigate the risks generated by Danone, which must deploy its actions across its entire value chain, with a particular focus on its scope 3 related to its agricultural emissions.

- Climate change also results in risks to the health, livelihoods, well-being and dignity of billions of individuals worldwide. Particularly risks to the right to life, to food and water, to health and to decent work. Water resources are particularly affected by the consequences of climate change, yet they remain fundamental for human health as they involve drinking water, sanitation and hygiene.

- Climate change may exacerbate social and economic inequalities, disproportionately affecting vulnerable groups, such as small-scale farmers, children, women and indigenous peoples.

Commitments and targets

As part of its sustainability strategy – the Danone Impact Journey – Danone aims to reduce its greenhouse gas emissions (1.5°C target) and leading the way on methane reduction.

To achieve this, Danone committed to reduce its absolute emissions by 34.7% between 2020 and 2030, with the following targets:

- reduce absolute scope 1 and 2 GHG emissions by 47.2% by FY2030 from a FY2020 base year;
- reduce absolute scope 3 GHG emissions by 42% by FY2030 from a FY2020 base year;
- reduce absolute scope 1 and 3 Forest Land and Agriculture (FLAG) GHG emissions by 30.3% by FY2030 from a FY2020 base year;
- reduce absolute methane emissions from milk used in dairy products by 30% by 2030.

Danone resubmitted its long-term goal of achieving zero net emissions by 2050 to the Science-Based Targets initiative (SBTi) at the end of 2023.

Roadmap and action plan

To achieve its ambitious targets, the Group has worked on a clear and concrete roadmap for reducing its emissions, built around eight strategic programs, published in the Climate Transition Plan in 2023.

The first six programs cover its entire value chain: operations, milk, ingredients, packaging, logistics and co-manufacturing partners.

The last two programs are cross-functional, aimed at accelerating the decarbonization of Danone's entire value chain, such as the Supplier and Subcontractor engagement program and the program on the design and management of low-carbon product portfolios, which aims to integrate carbon footprint reduction from the design stage of the Group's products.

Program	Actions	Examples
1. **Direct operations (~5% of Danone's GHG emissions, 2020)**	Danone's Re-Fuel program aims to reduce its GHG emissions from scope 1 & 2 by 47.2% between 2020 and 2030. It is based on three pillars: 1. improving the Group's energy efficiency by 30% between 2022 and 2025 by equipping sites with tools to maximize energy efficiency 2. reaching 35% of renewable thermal energy by 2030 (vs 7% in 2022), relying primarily on biomass, electrification, biogas and biomethane. 3. Sourcing 100% of electricity from renewable sources (vs 70%)	In Spain, Danone has installed a solar system that meets 22% of the site's electricity demand, resulting in annual savings on operating expenditure.
2. **Milk (36% of Danone's GHG emissions, 2020)**	To reduce emissions from milk, Danone relies primarily on the deployment of regenerative agriculture, which is a holistic approach aimed not only at reducing carbon emissions from milk, but also at supporting biodiversity, soil health, improving water management and animal welfare, while accompanying farmers towards resilient agriculture in the face of climate change. Main actions to reduce carbon emissions include improving herd welfare and productivity, sustainably sourced feed, manure management, and improving soil health, which will also contribute to soil carbon sequestration. Finally, Danone leads and supports innovations to reduce methane emissions, such as innovations reducing enteric fermentation.	Danone's program in North America has reduced at least 119,000 metric tons of CO_2 since 2017. Partner farmers: ■ implemented regenerative agriculture practices reducing tilling and the use of chemical pesticides; ■ planted cover crops on 51% of the area covered by the program (compared with a national average of 4%); and ■ practice reduced or zero tillage management on 63% of the area covered by the program (compared with a national average of 33%). In view of its results, the program will be expanded with the support of the US Government. ● In France, the *Les 2 Pieds sur Terre* program, launched in 2017, aims to help farmers improve soil health and achieve a 15% reduction in carbon emissions by 2025, while boosting their competitiveness. The project supports farmers by measuring their carbon footprint on their farm (using the Cap2Er tool), co-designing customized action plans with them and providing access to technical and financial support for their implementation. In 2023, the project assessed 1,500 farmers, organized 560 individual training sessions, and achieved a 10% reduction in GHG emissions. ● In 2023, Danone committed to a global action plan to reduce methane emissions from fresh milk supply chain by 30% in absolute terms by 2030 (from the 2020 baseline). The target represents the equivalent of 1.2 million metric tons of carbon dioxide by 2030. To achieve this goal, Danone – supports dairy farmers in implementing regenerative agriculture practices and developing innovative solutions; – collaborates and partners with peers, governments and organizations such as the Environmental Defense Fund to develop innovation, accountability and advance financing models; – engages in dialogue with public authorities to improve methane policies, dissemination of data and information on methane, support research and funding, and facilitate the transition to regenerative dairy practices.

Program	Actions	Examples
	To reduce the environmental impact of its dairy and non-dairy ingredients, Danone is focusing its efforts on three areas: 1. Engaging its Suppliers and Subcontractors to implement actions to reduce GHG emissions, for example by including carbon reduction targets in contracts 2. Deploying regenerative agriculture practices 3. Combating deforestation - see below	Danone works with its partner Royal Friesland Campina to reduce the environmental impact and carbon footprint of its dairy farms through the implementation of regenerative agriculture practices. The collaboration between Danone and Friesland Campina has resulted in a 22% reduction in emissions from sourced ingredients between 2017 and 2023.
3. Ingredients (18% of Danone's GHG emissions, 2020)	Danone aims to source from traced and verified deforestation- or conversion-free value chains by 2025 for direct priority commodities of the Renewed Forest Policy. With the launch of the Renewed Forest Policy in 2022, Danone has defined three pillars (clean supply chain, responsible Suppliers and Subcontractors, regeneration) and specific performance indicators. Danone releases an annual report on forest-related topics to show the progress achieved on each of these indicators. Danone adheres to the methodology and definitions of the Accountability Framework Initiative, through consensus between civil society and NGOs. Over the last two years, Danone has strengthened its traceability and verification processes. All its data on key forest products are collected and verified by external partners: Earthworm Foundation (for palm) and 3keel (for other products). The goal is to assess Supplier and Subcontractor performance in delivering traceable and verified Deforestation and Conversion Free (DCF) products, obtain traceability information to determine the nearest or current (if possible) location of product production, identify Suppliers and Subcontractors who do not comply with Danone's policy and work with them to achieve transparent and verified DCF supply chains. All of Danone's progress is recognized by rankings such as the CDP, with Danone achieving the highest CDP score (AAA) for the fifth consecutive year, and for the first time, an AAA score for the Forest questionnaire.	Danone acknowledges the importance of third-party certification programs for specific value chains, thus supporting such certification programs for its own supply chains whenever feasible. Danone's goal is to source only 100% RSPO-certified palm oil by 2025 (in 2023, 95% of palm oil was certified Segregated with 2% in mass balance).

Program	Actions	Examples
4. **Packaging** **(14% of Danone's GHG emissions, 2020)**	Regarding packaging, Danone has three objectives: ■ Design packaging to be 100% reusable, recyclable or compostable by 2030; ■ Halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 vs 2020, accelerating reuse and recycled materials; ■ Lead the development of effective collection systems to recover as much plastic as we use by 2040. To reduce GHG emissions related to packaging, Danone is focusing its efforts on the following areas: 1. Transition to less carbon-intensive materials and optimized packaging 2. Improved packaging end-of-life 3. Supplier and Subcontractor engagement to reduce their emissions, notably by using renewable energy in their manufacturing processes For more information on plastics, refer to section *Focus on risks related to plastic pollution and Danone's preventive actions.*	■ In 2023, 84% of Danone packaging was reusable, recyclable or compostable (stable vs 2022). For plastic packaging, this proportion represented 74% (vs 65% in 2018); ■ ~50% of worldwide sales volumes in the Waters category were sold in reusable packaging; ■ 8% absolute reduction in the use of plastic packaging between 2018 and 2023; ■ 16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and 3% reduction between 2020 and 2023 (excluding EDP Russia); In 2023, the Group achieved the following results for recycled materials: ■ 14.6% recycled materials on average in its plastic packaging (compared with 11.9% in 2022), 23.8% recycled PET (rPET) used on average by the Waters category (compared with 20.9% in 2022) and 31.3% in countries where local standards and regulations allow it (compared with 26.4% in 2022).
5. **Logistics** **(8% of Danone's GHG emissions, 2020)**	To reduce its GHG emissions related to logistics, Danone is focusing its efforts on the following areas: ■ optimizing its operations and improving efficiency, for example by optimizing truck or pallet filling rates; ■ transitioning to less carbon-intensive modes of transport, such as rail or multimodal transport; ■ improving the energy efficiency of its logistics partners' distribution centers; ■ adopting new technologies such as electric vehicles.	By introducing double-deck trailers, Danone aims to optimize loading capacity, reduce emissions and significantly reduce the environmental impact of its logistics operations. These improvements generally lead to a reduction in CO_2 emissions of between 15% to 50% (projects in Spain and in Mexico).
6. **Co-manufacturers** **(7% of Danone's GHG emissions, 2020)**	Co-manufacturers are partners manufacturing or packaging products on behalf of Danone. To reduce the GHG emissions related to these partnerships, Danone: ■ engages its partners to adopt science-based GHG emission reduction targets aligned with the 1.5°C pathway, same as Danone's targets; ■ urging its partners to activate similar levers for reducing GHG emissions as used by Danone in its direct manufacturing processes.	The focus is on supporting co-manufacturers notably in optimizing energy and waste management processes. In Europe, co-manufacturers have developed an initial network of electric trucks for logistics transport.

Program	Actions	Examples
7. **Engage Suppliers and Subcontractors (cross-cutting program covering 95% of GHG emissions)**	Danone mobilizes its resources to engage its entire value chain on the journey to decarbonization. It is a cross-cutting program that supports all its programs. Danone engages Suppliers and Subcontractors by focusing on the following areas: ■ supporting and engaging Suppliers and Subcontractors to increase their capacity to reduce GHG emissions; ■ improving transparency, such as sharing information on GHG emissions and continuous improvement; ■ incorporating climate engagements in the contracts; ■ developing partnerships, including co-investments and joint projects; ■ developing new Suppliers and Subcontractors who can deliver lower carbon footprints.	The collaboration between Danone and Friesland Campina has resulted in a 22% reduction in emissions from sourced ingredients between 2015 and 2023. Danone has also collaborated with Synlait on a project to measure the impact of regenerative agriculture practices on soil health. By the end of 2023, over 70% of its Suppliers and Subcontractors (by volume) were members of the Sustainable Dairy Partnership, a platform that supports the dairy sector in decarbonization. As part of the forthcoming launch of the new Sustainable Purchasing Policy, Danone will incorporate an SBTi clause requesting an engagement from its Suppliers and Subcontractors to reduce greenhouse gas emissions. Danone has already started to introduce a contractual clause aligned with SBTi with certain Suppliers and Subcontractors who have committed to reducing their emissions by 30% by 2030. Danone is currently developing tools to gain visibility on the decarbonization initiatives of some of these Suppliers and Subcontractors.
8. **Product design and management of low-carbon portfolios**	Danone acknowledges that actions to decarbonize its existing activities must be accompanied by reflection on product design and its business operations. As a consequence, Danone launched a program on product design and low-carbon portfolio management. The main priorities are: ■ integrating GHG indicators into innovation and renovation processes; ■ developing innovative, less carbon-intensive packaging and formats; ■ developing lower-carbon ingredients for dairy and plant-based products, including hybrid products; ■ promoting innovation and new disruptive technologies; ■ managing the portfolio in a way that optimizes both economic and carbon aspects, while remaining true to its mission of bringing health through food to as many people as possible. This entails working together with Suppliers and Subcontractors, distributors and other partners to create competitive conditions for less carbon-intensive products.	The acquisition of the plant-based products portfolio, including the flagship *Silk* and *Alpro* brands, has made Danone a world leader and pioneer in plant-based products. Since 2017, the dairy products category has been transitioning towards regenerative, less carbon-intensive agriculture. With respect to Specialized Nutrition, Danone was able to develop hybrid products that provide nutritional value for consumers while reducing their carbon footprint. 50% of water volumes are already offered in reusable format.

Results

In 2019, Danone estimated to have reached the peak of its GHG emissions on scopes 1, 2 and 3, five years ahead of its original target (2025). Since then, the Group's emissions have continued to decrease. In 2023, its total emissions across its entire value chain amounted to 21,659 million tCO_2eq. (compared with 27,179 million tCO_2eq in 2019).

The largest portion of emissions is generated by scope 3, representing 95.2% of total emissions (i.e. 20,614 million tCO_2eq.), while scope 1 and 2 cover only 4.8% (i.e.789 $ktCO_2$eq. for scope 1 and 256 $ktCO_2$eq. for scope 2).

Scope 3 related to milk purchases is the most significant, representing 31.5% of total emissions, notably due to methane emissions from the supply of fresh milk used in dairy products. Therefore, Danone has made it one of its priorities to decarbonize its value chain, achieving a 13.3% reduction in methane emissions in 2023 compared to 2020.

Furthermore, in 2023, Danone purchased 38% of its main ingredients directly from producers who started their transition to regenerative agriculture, thereby exceeding its target by two years ahead of schedule (initially set at 30% by 2025 as part of its Danone Impact Journey strategy).

The table below presents, in a non-exhaustive list, the Group's key results related to the fight against climate change:

	2022	2023	Target
Total Scope 1 emissions *(in ktCO$_2$eq.)*	831	789	
Total Scope 2 emissions *(in ktCO$_2$eq.)*	276	256	-47.2% in 2030 (2020 base year)
Total Scope 3 emissions *(in ktCO$_2$eq.)*	23,100	20,614	-42% in 2030 (2020 base year)
Total Scopes 1, 2 & 3 emissions *(in ktCO$_2$eq.)*	24,207	21,659	Net Zero in 2050 (SBTi)
Total methane emissions *(in ktCO$_2$eq.)*	3,494	3,548	-30% in 2030
Total percentage of renewable electricity	70.5%	71.8%	100% in 2030
Total percentage of renewable energy	31.4%	34.3%	35% renewable thermal energy by 2030 50% renewable energy by 2030

Focus on risks relating to plastic use and Danone's preventive actions

Contents

Background

Whether it is cardboard, glass, metal or plastic, packaging is of paramount importance for the food and beverage sector, guaranteeing the safe delivery of products to consumers, while protecting and preserving their quality, ensuring their transport and storage, and contributing to the reduction of food waste.

Since the 1970s, plastic materials have gradually emerged as the most widely used material by the industry: lighter yet still strong and highly protective, more functional and practical for consumers and distributors, less energy-intensive than glass, and considered safe from a sanitary standpoint, plastic has notably become the standard for packaging soft drinks and wet foods. As a leader in natural mineral water and spring water and essential dairy and plant-based products, Danone, like its competitors, has become a major user of plastic packaging, and one of the main users in certain countries and regions.

With the widespread use of plastic packaging, however, many effects and impacts on society have developed significantly and on a large scale. The increasing awareness (which has accelerated in recent years) of the impact of plastics on environmental pollution and, more broadly, of the risks it poses on the climate, soil, water and human rights, has led Danone to firmly commit for several years to structured action plans aimed at reducing the use of plastic packaging, improving the circularity of plastics that cannot be eliminated to date, and recovering what is not in circulation.

These objectives are both challenging and complex to achieve. They entail, simultaneously and concomitantly, systematically exploring new technical solutions, developing new business models, promoting new usage and engaging in a comprehensive ecosystem, encompassing either economic or regulatory aspects. Some actions can be implemented immediately, while others cannot or will only have an impact in the medium to long term. Some will be transitional while awaiting better solutions, while others will be definitive. Nevertheless, committing to this pathway is a priority for Danone.

Governance

Danone has a team dedicated to the circular economy of packaging, which collaborates across multiple functions including Research and Innovation, Operations, Procurement and General Secretariat.

Danone's General Secretariat oversees regulatory monitoring at both national and regional level, and conducts an annual global assessment of policy trends and upcoming developments.

Partnerships and collective initiatives

Various Danone teams, dedicated to the circular economy of packaging, reduction in plastic usage, research and innovation, as well as public affairs officials, maintain an ongoing dialogue with external stakeholders such as Suppliers and Subcontractors, government authorities and civil society, including non-governmental organizations. For Danone, the aim of this dialogue is to understand its risks and opportunities, monitor its impact and co-develop its packaging strategy. Danone consults a large number of stakeholders on its environmental strategy (some of whom are mentioned in section 1.1.3 of this Vigilance Plan). Its main partners in the circular economy of packaging are:

- The **Ellen MacArthur Foundation** (EMF), through initiatives such as the New Plastics Economy and the Global Commitment on Plastics, led by EMF in collaboration with the United Nations Environment Programme.

- the Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA), of which Danone is a member, which aims to set standards to improve plastic collection, reuse and recycling.

- The **Business Coalition for a Global Plastics Treaty**, led by the Ellen MacArthur Foundation (EMF) and the World Wildlife Fund (WWF), bringing together companies and financial institutions committed to supporting the development of an ambitious, effective and legally binding treaty within the United Nations to put an end to plastic pollution.

In addition to the three main stakeholders mentioned above, Danone also works with various other partners to develop its packaging and plastics strategy. A non-exhaustive list is shown in the table below:

Categories	Role	Stakeholders
Industry alliances/coalitions	Collaborating on common challenges and pre-competitive solutions, covering various aspects from design to implementation such as standardization	Consumer Goods Forum, New Plastics Economy, Business Coalition for a Global Plastics Treaty
Trade associations	Informing and co-developing advocacy positions and actions	UNESDA, Natural Mineral Waters Europe (NMWE), Food Drink Europe (FDE), etc.
Public authorities and political decision-makers	Participating in the definition of requirements for plastics processing, developing strategies, policies and actions to meet them	United Nations Development Programme, United Nations Environment Programme, European Union officials, national and local political decision-makers in countries where Danone operates
Distributors	Engaging and collaborating on common challenges and shared solutions (such as the adoption of new reuse models and the introduction of Deposit Return Schemes), including consumer involvement.	Walmart, Tesco, Carrefour etc.
Suppliers and Subcontractors	Advising and collaborating to rethink packaging in favor of reuse and recycling	Eastman, Tetrapak, GPI, Amcor
Collection and sorting organizations	Engaging and collaborating on challenges and opportunities to improve collection, recycling and reuse infrastructures (formal and informal)	Extended Producer Responsibility (EPR) organization in countries where Danone operates (Citeo in France, IPRO in Indonesia), Circulate Capital, Closed Loop Fund (in the United States)
Non-governmental organizations (NGOs)	Identifying challenges and/or opportunities related to plastic footprint and proposing actions and solutions to mitigate them	World Wildlife Fund, Ellen MacArthur Foundation, Changing Markets, CDP
Innovation partners/startups	Advising and collaborating to develop innovative solutions to reuse and recycling challenges	LOOP INDUSTRIES, Perfect sorting, HOLYGRAIL 2.0

Plastic footprint

Currently, plastic represents around 50% of Danone's packaging. Danone has conducted an initial assessment of the presence of plastic in its operations and identified its usage at virtually every stage of the value chain: from some of its Suppliers and Subcontractors upstream in its production sites to downstream in its logistics operation for product delivery to customers. This assessment shows that the majority of plastics in Danone's value chain, i.e., more than 93% is used for packaging.

ASSESSMENT OF PLASTICS IN DANONE'S VALUE CHAIN (IN 2023)
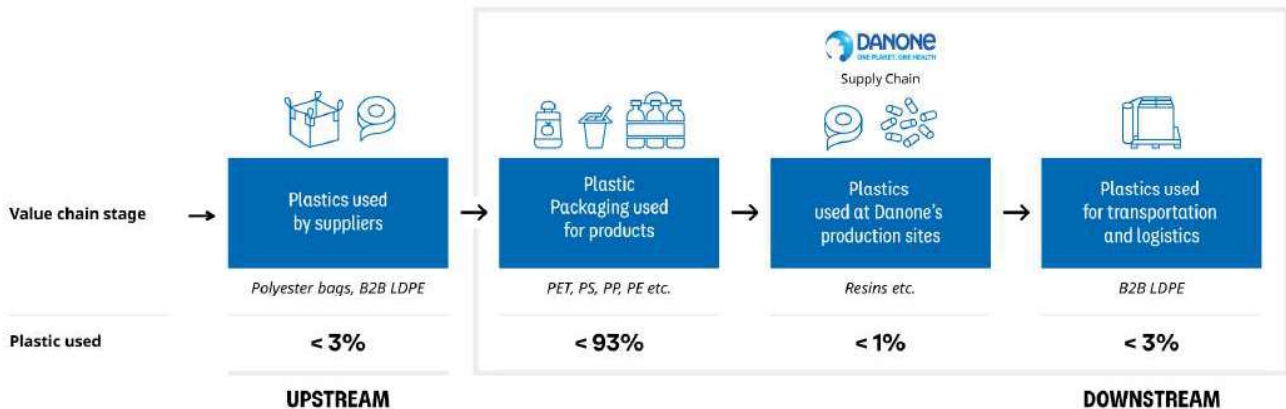
- Upstream, plastic packaging is used by Danone's Suppliers and Subcontractors to ship raw materials to Danone's production sites, mainly in the form of polyester bags and polyethylene film.

- The plastic packaging purchased is used to safely contain Danone's products in accordance with current regulations and make them available to consumers. The Group has mapped primary and secondary plastics such as plastic bottles, films, caps and labels, yogurt pots and beverage cartons. Since this packaging accounts for more than 93% of the plastic used, it has been identified as the main risk to be mitigated.

- Danone's production sites also use plastic components to enable its sites to operate effectively.

- Danone monitors waste production and recovery at its production sites through recycling, waste reuse, and waste-to-energy. The production sites seek to maximize the recovery rate for their waste through on-site sorting. In 2023, the recovery rate for plastic packaging waste at the production sites totaled 99%.

- Downstream, plastics are used for transport and logistics to ship finished products to Danone customers, mainly in the form of polyethylene film.

All the players in Danone's value chain are key in co-building a circular economy for packaging. Danone is preparing the launch of a program in collaboration with these players, in order to increase transparency and traceability across the value chain, and implement actions to reduce the impact of its plastic packaging. To achieve this goal, a tool will have to be deployed in collaboration with the industry.

Risks identified

Danone has established processes and engages in continuous dialogue with its stakeholders, enabling it to identify risks associated with packaging.

Plastic packaging presents cross-cutting risks across the value chain, including:

- environmental risks associated with plastic use and plastic pollution having an impact on water, air, soil, fauna, flora and the climate throughout the plastic life cycle;

- risks relating to human health and the rights of workers and neighboring communities, especially vulnerable populations in or near plastics extraction, processing, treatment and recycling infrastructure; risk of failure to respect human rights in the plastics value chain, particularly with regard to waste pickers and recycling workers;

- human health risks relating to the production and use of certain plastics and additives which, when sensitive substances migrate, can create human health risks throughout the plastic life cycle. In this highly regulated context, Danone, through its in-house programs, approves, purchases and uses plastic materials that meet and sometimes exceed all relevant regulatory standards to ensure consumer safety.

The potential impacts of plastic pollution, especially microplastics, on human health are the subject of research, whose developments and results are closely monitored by Danone.

Commitments and targets

Danone has long been committed to promoting a circular approach to packaging. This is demonstrated by its participation in the creation of the first extended Producer Responsibility system (Eco-Emballages, now Citeo) in France in 1992, as well as *evian*'s leadership in becoming the first brand to use food-grade recycled PolyEthylene Terphthalate (rPET) for natural mineral water in France in 2008.

In 2017, the Group cemented its ambition to lead the transition to a circular economy for packaging by joining the Ellen Macarthur Foundation's (EMF) New Plastics Economy initiative and signing the Global Commitment on Plastics led by EMF in 2018. Since then, Danone has made tangible progress in key areas such as in the reduction in the use of plastic, virgin plastic reduction, reuse, recyclability rate and recycled content.

Commitments

Building on its progress and experience, Danone continues its transition to a circular and low-carbon packaging system, while aiming to recover as much plastic as it uses. This approach is outlined in its Packaging Policy (2018) which will be updated in 2024 and in its sustainability strategy - the Danone Impact Journey - which sets out three main objectives:

- design packaging to be 100% reusable, recyclable or compostable by 2030;

- halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 from a 2020 base year excluding EDP Russia by accelerating materials reuse and recycling;

- lead the development of effective collection systems to recover as much plastic as we use by 2040.

Danone shares its packaging ambition and commitments with its Suppliers and Subcontractors, asking them to align their practices with its approach to co-build a transparent circular economy for packaging. This entails minimizing plastic usage, designing reusable, recyclable or compostable packaging, and enhancing the use of recycled materials in their packaging materials.

This approach is described in the Danone Sustainability Principles (DSP), which are included in contracts between Danone and its Suppliers and Subcontractors. Acceptance and adherence to the DSP or provision of equivalent principles is mandatory to establish business relations with Danone. Suppliers and Subcontractors are responsible for implementing the DSP or provision of equivalent requirements within their company and with their Suppliers and Subcontractors, as well as their own monitoring programs. These requirements will be enhanced and detailed in Danone's new Sustainable Purchasing Policy, to be published in 2024, with a focus on transparency and traceability in its supply chain.

Systemic barriers

Since 2018, Danone has demonstrated tangible progress in key areas such as in virgin plastic reduction, reuse, recyclability rate and recycled content.

However systemic barriers must be emphasized – from underdeveloped reuse, collection and recycling infrastructure to scarcity of recycled material. To overcome them, collective action is needed at all levels of the value chain, involving companies, political decision-makers (notably through regulation), distributors, waste collection services and consumers. Several factors are needed to accelerate the transition:

■ strong and consistent regulation, including Extended Producer Responsibility (EPR) and/or Deposit Return Schemes for bottles and aimed at eliminating any distortion of competition;

■ establishing collection, reuse and recycling infrastructures, and the creation of supply chains for reuse in certain markets;

■ developing new recycling technologies to enhance the recycling of hard-to-recycle packaging and materials;

■ sending aligned market signals to render reuse and recycling more advantageous;

■ adopting solutions to encourage consumer involvement, notably with regard to reuse and recycling.

This is why Danone has advocated since 2020 with World Wide Fund For Nature (WWF) and EMF for an ambitious and binding global UN Treaty on Plastics as this is an important opportunity in unlocking and accelerating progress on plastics circularity and in reducing global plastic pollution.

In 2024, Danone intends to update its Packaging Policy (2018) to reflect its packaging ambitions and roadmap. The Group also continues to support the Ellen MacArthur Foundation Global Commitment on Plastics, working to define new sectoral targets for the industry beyond 2025.

Action plans and outcomes related to the activities of Danone and its Subsidiaries

Danone implements action plans to fulfill its commitments in every country where it operates, following the principles dictated by the waste management hierarchy supported by the Ellen MacArthur Foundation as part of the New Plastics Economy, the European Directive on Single-Use Plastics, and the upcoming European Packaging and Packaging Waste Regulation (PPWR). These action plans focus on three main objectives:

1. reducing plastic use;

2. improving the circularity of plastics that cannot be eliminated;

3. recovering what is not circulated by fighting against dumping in nature, while improving the living conditions of workers in the collection and recycling sector.

Danone's environmental packaging footprint is assessed on a yearly basis and monitored using environmental Key Performance Indicators (KPIs) calculated for each country and for each type of packaging. These indicators include packaging volumes that Danone places on the markets where it operates, packaging recyclability rates, actual recycling rates, use of recycled materials and greenhouse gas emissions.

1. Reducing plastic use

Key results

■ Total packaging volumes: 1,393,759 metric tons, of which 693,156 metric tons of plastic

■ 8% reduction in absolute terms of plastic packaging use between 2018 and 2023 (excluding EDP Russia).

Danone aims to reduce plastic packaging use where possible, with actions and progress including:

■ **Eliminating problematic or unnecessary packaging:**

• plastic straws: between 2018 and 2023, Danone removed or replaced around 3 billion units of plastic straws;

• plastic spoons: Danone removed or replaced around 30 million plastic spoons between 2018 and 2023, with total elimination in Europe;

• Sleeves: Danone has been eliminating sleeves on *Danacol* products since 2022 and on *Actimel* bottles since the end of 2023 in Europe, reducing a total of 1,000 metric tons of plastic;

• PVC: The Group eliminated more than 90% of PVC worldwide, and is working towards total elimination in the remaining countries. Danone has also completely eliminated PVC sleeves in China.

■ **Replacing plastic packaging with alternative materials.** The Group intends to offer consumers plastic-free options that are economically viable, tailored to local needs, and ensures, through life-cycle analysis, that the alternative solution is environmentally beneficial. These include:

• Danone has a natural mineral water offering in glass bottles and metal cans;

• Danone plans to offer alternative paper-based solutions in Europe for its plant-based products category.

■ Reduction achieved **through lightweighting and design optimization:**

• Danone's main water brands, such as *evian*, *Volvic*, *Font Vella*, *Lanjaron* and *Żywiec Zdroj* have reduced weight by more than 10% since 2019 (for 1.5L products);

• Danone also markets large formats for Waters (6L and 8L). The plastic in the *Volvic*'s 8L format, for example, weighs 25% less per liter than the 1.5L format.

2. Improving the circularity of plastics that cannot be eliminated

Key results

16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and a 3% reduction between 2020 and 2023 (excluding EDP Russia).

■ Danone is committed to **developing reuse models:**

• Around 50% of its water volumes are sold in reusable packaging, mainly reusable water jugs under the *Bonafont* (Mexico), *AQUA* (Indonesia), *Hayat and Sirma* (Turkey) brands.

• Danone is rolling out returnable glass packaging for its waters for the Hotels, Restaurants, Catering (HORECA) sector, and is working on expanding it in several countries, including France, Spain and Indonesia.

• Danone has launched more than 15 reuse projects (finalized or underway) for its Waters category, Dairy and Early life nutrition products, in collaboration with supply chain partners such as Terracycle Loop, Uzaje and LemonTri, as well as retailers such as Carrefour and Tesco. These projects have provided insights on bulk models, filling solutions and returnable packaging.

■ Danone **actively participates in co-creating the future of reuse:**

- In France, the Group is collaborating closely with CITEO on the ReUse program to establish a unified and nationwide operational reuse system for food packaging.

- The Group forges and enters into cross-sector partnerships for its categories across its primary markets. For example, in 2023, Danone was one of the founding members of the Coalition Défi Vrac with companies such as Bel, Lesieur et Famille Michaud.

- The Group continues to work with platforms such as the advisory group of the Ellen MacArthur Foundation's Scaling Returnable Packaging project and the Consumer Goods Forum's Reuse/Refill working group, engaging in pre-competitive discussions and initiatives on the subject.

- Danone intends to work with distributors to develop reuse models, including recovery and cleaning standards, cross-industry specifications for distributors and new business models.

- Danone supports policies aimed at addressing current challenges concerning the expansion of reuse models, such as the lack of scalable business models, infrastructure and sector collaborations.

- Danone will continue to support consumer awareness on reuse. For example, its refillable *evian* water system, present on the Wimbledon 2023 courts, has helped raise consumer awareness.

■ Danone **designs its packaging with a focus on ensuring recyclability**

Danone strives to ensure that the materials it markets can be sorted and recycled in practice, by adapting them to local infrastructures. In 2023, 84% of Danone packaging was reusable, recyclable and compostable.

Examples of efforts implemented in 2023:

- Improved efficiency in sorting packaging using new inks to enhance recycling of black packaging,

- Application of eco-design criteria to *Badoit* bottles, changing from green to transparent PET to encourage closed-circuit recycling,

- Danone also supports the development of recyclability principles to achieve full circularity. The Group is a member of industry alliances such as Ceflex and the CGF's Golden Design Rules, and these principles are integrated into the packaging development process.

- The aim is to achieve 100% recyclable pots for dairy products. To this end, Danone works with value chain partners to create recycling channels: PET25 coalition in France with CITEO, PET Recycling Coalition in the United States (since 2022).

■ Danone is committed to reducing **the use of fossil-based virgin plastics by using recycled materials from responsibly managed sources.**

- In 2023, the Group achieved the following results:

  - 16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and a 3% reduction between 2020 and 2023 (excluding EDP Russia).

  - 14.6% recycled materials on average in its plastic packaging (compared with 11.9% in 2022);

  - 23.8% recycled PET (rPET) used on average by the Waters category (compared with 20.9% in 2022) and 31.3% in countries where local standards and regulations allow it (compared with 26.4% in 2022).

  - Danone complies with regulations governing the use of recycled materials in all the countries where it operates. Some countries, such as China, do not allow the use of recycled materials.

- The Group continued the launch of 100% rPET bottles. Since end-2021, all Danone's main water brands have at least one format in 100% recycled materials (in the countries where this is authorized).

- In the Waters category, the Group met its commitment to achieve an average of 25% rPET in 2020 and aims to reach 50% on average by 2025 in countries where local standards and regulations allow it.

- Danone is extending the use of recycled materials to other product categories:

  - by launching PET pots, some of which contain rPET,

  - in 2023, Danone signed its first contract in the United States to supply food-grade recycled high density polyethylene for use in its beverages.

Danone also actively supports new recycling technologies that enable the recycling of hard-to-recycle packaging and materials to reach its ambition, in partnership with companies such as Loop Industries and Eastman.

Danone's objective is to halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030.

3. Recovering what is not circulated by fighting against dumping in nature

■ **Co-build and co-finance collection systems to recover as much as Danone uses**

Danone is engaged into developing efficient and inclusive collection and recycling systems, through a collaborative approach with its ecosystem. In 2023, 58% of the plastic that the Group placed on the market was recovered (versus 56% in 2022).

- Danone participates in financing the collection of waste by paying Extended Producer Responsibility (EPR) fees in markets where this obligation is regulated. Danone participates actively in the promotion of deposit return schemes for water bottles, and runs pilot initiatives to demonstrate their effectiveness to decision-makers, as it has been done in Poland.

- In the United States, Danone is a founding member of the Circular Action Alliance (CAA), an Extended Producer Responsibility (EPR) Organization selected to implement the EPR in Colorado and California. The Group also invested 5 million dollars in the Closed Loop Infrastructure Fund (CLIF) of Closed Loop Partners.

- Danone's actions also include engaging with local partners, notably in Europe and North America, to create sustainable recycling streams for yogurt pots.

- Danone will continue to support EPR/Deposit Return Schemes.

For several years, Danone acts in favour of a global treaty on plastics, and plays an active role in the Business Coalition for a Global Plastics Treaty. Together with other Coalition members, Danone is calling on governments worldwide to establish a robust treaty, with binding global rules and measures, to promote circularity and curb plastic pollution on a global scale.

■ In **markets with high levels of waste dumping**, in addition to supporting Extended Producer Responsibility, Danone **has voluntarily invested in impact funds and provided subsidies** to overcome structural obstacles during the transition phase.

● In 2018, Danone is committed to invest 15 million dollars in the Circulate Capital Ocean Fund (CCOF) in South and Southeast Asia, as part of the *AQUA* water brand's (Indonesia) commitment to recover more plastic by 2025 than what is used. To date, the CCOF has committed over 62.1 million dollars. In 2022, its portfolio companies contributed to preventing the dumping of about 81,579 metric tons of additional plastic while creating more than 1,792 safe and stable additional jobs in the collection and recycling sector.

● In 2020, Danone played a key role in the creation of IPRO, a Voluntary Producer Responsibility Organization in Indonesia, in collaboration with five other companies.

● In 2023, Danone joined the Circulate Capital initiative for Latin America and the Caribbean and committed an additional 15 million dollars to combat plastic pollution and develop the recycling value chain in the region.

● With the support of grants from Danone Ecosystem, the partners in Danone collection and recycling recover more than 25 kilotons of plastic every year worldwide.

4. **Danone designs projects aimed at providing direct support to workers in the collection and recycling sectors, thereby improving their working and living conditions while reducing waste dumping in nature**

■ Danone and Danone Ecosystem have launched **inclusive recycling projects** to support these workers in different ways in seven countries (for example, workers' cooperatives overseeing the collection, sorting and direct sale of plastics to recycling plants), enabling them to work in a safe environment, be fairly compensated and benefit from better social protection.

Global results of Danone Ecosystem projects funded by Danone:

● Over 486,100 metric tons of recyclable materials and more than 73,100 metric tons of PET were collected in eight countries between 2009 and 2023.

● In 2023, more than 10,600 people have become self-sufficient through the nine projects implemented since the launch of Danone Ecosystem. This process of developing their autonomy has created a ripple effect, positively impacting over 2.86 million people.

In Indonesia, inclusive recycling projects, in collaboration with Danone Ecosystem, have resulted in the following outcomes:

● around 300 workers in the collection and recycling sector benefited from micro credit services and 2,896 had access to social benefits tailored to their needs;

● training communities of workers in the collection and recycling sectors to prevent child labor;

● over 40,000 metric tons of waste collected since 2020 from households, businesses and public spaces.

■ Use of recycled materials to promote an economy focused on reuse.

Managing recycled materials is essential to create a reuse economy as it helps reduce the amount of waste dumped in nature and to improve working and living conditions for waste pickers and recycling workers. "Closing the loop" is Danone's priority for reducing carbon footprint and preserving natural resources. Furthermore, it can help create new jobs and stimulate economic growth.

● In the Waters Category, the Group met its commitment to achieve an average of 25% rPET in 2020 and is aiming to reach an average of 50% by 2025 in countries where local standards and regulations allow it, thereby doubling its volumes of recycled materials from 2020. To attain this goal, the Group has already entered into long-term contracts with its Suppliers and Subcontractors to meet its targets, providing them with sufficient visibility to encourage them to invest in collection and recycling technologies and infrastructures.

● Danone extends the use of recycled materials to pots, launching PET pots containing 30% rPET in France and Belgium. Furthermore, in 2023, the Group signed its first contract in the United States for the handling of food-grade recycled high density polyethylene to incorporate it into its beverage offering.

Action plans and outcomes related to Suppliers and Subcontractors and the Sustainable Purchasing Policy

Regarding the risks associated with the use of plastic packaging by its Suppliers and Subcontractors upstream of its supply chain, Danone shares its vision and commitments to them, through its Sustainability Principles (DSP). They define the principles to which Danone is committed, and outline Danone's commitments to promoting decent working conditions, environmentally friendly practices and ethical behavior as part of its ongoing commitment to developing a sustainable supply chain.

In terms of circular economy, the Group asks its Suppliers and Subcontractors to align with its approach to co-build a transparent circular economy for packaging by reducing the use of plastic, while increasing reusability and/or recyclability, as well as the recycled content in their packaging materials.

Danone's Sustainability Principles are incorporated into contracts between Danone and its Suppliers and Subcontractors: acceptance and adherence to the DSP or provision of equivalent principles is mandatory to establish business relations with Danone. Suppliers and Subcontractors are responsible for implementing the DSP or provision of equivalent principles within their own company and with their Suppliers and Subcontractors, as well as within the framework of their own monitoring programs.

Through the RESPECT program, Danone monitors Suppliers and Subcontractors' adherence to and compliance with its Sustainability Principles, implementing sustainable sourcing due diligence on its Suppliers and Subcontractors, other than milk producers (covered by the Social Pillar of Danone's Regenerative Agriculture Framework). This program comprises three steps: self-assessment of Suppliers and Subcontractors on Sedex or Ecovadis platforms, audit (SMETA methodology) of priority Suppliers and Subcontractors, and follow-up on the closure of critical non-conformities.

Danone prioritizes a collaborative approach and fosters a culture of continuous improvement. However, in the event of a breach, in the rare cases where Danone deems that a Supplier or Subcontractor is not committed to remedying the situation, the Group takes necessary actions, which may entail ending a commercial relationship.

RESULTS OF THE RESPECT PROGRAM IN 2023 FOR PLASTIC SUPPLIERS

2023 Plastic suppliers	Overall	Included in the RESPECT program (in number)	Included in the RESPECT program (in %)
of in scope Suppliers	387	303	78%
TOTAL SPENDING (million EUR)	**1.3**	**1.1**	**85%**

A new Sustainable Purchasing Policy will be published in 2024, replacing the Danone Sustainability Principles (DSP) for Suppliers and Subcontractors. The Group worked with various stakeholders to develop it, including trade union representatives, NGOs and international experts. This Policy is structured around three sets of Fundamental Principles on social, environmental and ethical issues.

Regarding human rights and environmental due diligence - Danone encourages its Suppliers and Subcontractors to carry out human rights and environmental due diligence (HREDD) in line with the OECD guidance for responsible business conduct. The aim of conducting an HREDD is to identify, prevent, mitigate and report on how they address and manage potential and actual negative impacts on social and environmental issues that they may cause or contribute to through their own activities, as well as those directly related to their operations, products or services through their business relationships.

Quality and food safety

Design of packaging is primarily based on compliance with all applicable legal and regulatory requirements in the countries of production as well as in the countries where the finished products are marketed. In addition, it incorporates specific requirements from Danone regarding quality and food safety. In-house expertise enables Danone to monitor and anticipate the progress of scientific knowledge on the adverse effects of plastic on human health and the environment.

The various requirements enable Danone to control packaging quality through:

- compliance with purity criteria for substances used in the manufacturing of packaging materials;
- non-use, right from the packaging design stage, of certain substances identified as presenting specific risks to quality and/or food safety;
- verification of compliance with internal and regulatory requirements, particularly ensuring compliance with standards relating to potential migration of chemical substances from the packaging to the finished product;
- a strict risk assessment relating to non-intentionally added substances migrating from packaging to finished goods (substances resulting from reactions or degradations);
- compliance with requirements related to potential microbiological, allergenic and physical hazards;

- continuous monitoring of emerging human health and safety risks and all relevant regulations. The Group develops and updates its company policies, standards and compliance programs to ensure that action is taken when impacts are identified.
- regular assessment of its progress in the field of health and safety, notably through the Public Positions and Policies Committee led by the VP Standards and Risk Management QFS, which takes positions on key issues. This committee also analyzes any changes in the Group's positions relating to plastics and health.

Furthermore, all the Suppliers and Subcontractors are carefully selected, approved and audited to ensure their ability to supply materials that meet these requirements.

In the specific case of recycled plastics, Danone only uses recycled packaging that has been assessed and declared risk-free by the relevant authorities (EFSA, FDA). To remain one step ahead, Danone has set up an in-house procedure involving further requirements and analysis to focus on substances that could be created during recycling. The aim is to ensure that the chosen packaging is risk-free for consumers. These requirements are formalized through the signature of specifications with Suppliers and are recognized as being among the highest standards in the industry for recycled plastic materials in contact with food.

Whistleblowing system

Danone designed and implemented a whistleblowing system providing all its employees and third parties with the possibility of reporting and disclosing any situation that may constitute a breach of the duty of vigilance prescribed by Article L.225-102-4 of the French Commercial Code.

The whistleblowing system covers all the breaches falling within the scope of the law. It was drawn up in consultation with Danone's representative trade unions. The reports are prioritized, they may lead to investigations and, where appropriate, to sanctions, depending on the seriousness of the issue.

Danone Ethics Line whistleblowing system

Background

Since 2017, an ethics whistleblowing system has been in place to enable whistleblowers to report any proven or potential breach of Danone's Business Conduct Principles or Sustainability Principles.

Purpose

The Danone Ethics Line provides a secure channel for anyone wishing to report any alleged violation of business conduct principles, human rights, fundamental freedoms, health and safety or the environment. The tool is adapted to the different stages of Danone's value chain.

The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected.

Access to the whistleblowing system

How to access the whistleblowing system

A QR code is included in (i) Danone's Code of Conduct, (ii) its Integrity Policy and (iii) its Health Care Systems Compliance Policy. This code is also shared during employee training sessions. It can also be found on posters and on Danone's intranet sites. A link to the "Danone Ethics Line" is also available on the "Contact Us" section of www.danone.com.

Suppliers, Subcontractors and any third parties, including external stakeholders, can also use the Danone Ethics Line to report their concerns, anonymously if necessary.

Concerns can be raised through the digital platform or by telephone.

Danone's whistleblowing system has been updated to make it easier to use and offer greater flexibility to whistleblowers, regardless of their geographical location.

Multiple languages

Danone's whistleblowing system is available in 56 languages, which ensures a wide range of expression and use by as many people as possible.

Access hours

Danone's whistleblowing system is available around the clock, every day of the year. This total accessibility provides a permanent space for expression, regardless of the time zone, and promotes real-time information processing by Danone.

Awareness and communication initiatives

Informing employees of Danone and its Subsidiaries of the whistleblowing system

In 2023, several awareness-raising initiatives were carried out to inform employees of Danone and its Subsidiaries about the existence and function of the whistleblowing system.

The "Danone Ethics Line" is communicated to all employees on an ongoing basis via posters and through a targeted communication campaign every year. All measures are taken to protect employees who raise a concern in good faith through this channel.

A question on the Danone Ethics Line was included in the 2023 Danone People Survey (DPS), which was conducted worldwide. More than 80% of respondents said they knew how to report concerns via the Danone Ethics Line. In addition, in 2023, the Internal Audit team reviewed the Danone Ethics Line as per the audit plan approved by the Audit Committee.

Informing Danone's Suppliers and Subcontractors

In 2023, Danone continued to inform its Suppliers and Subcontractors of the existence of its whistleblowing system in its contractual clauses.

Handling of reports

All concerns raised in the "human rights" category, including those relating to health and safety, are initially reviewed by the Global Human Resources Compliance and Labor Law Director, who appoints an independent internal or external investigator. All proven concerns are subject to an investigation, the nature of which depends on the level of risk identified.

If a potentially serious violation is identified, it is handled in collaboration with the Human Rights team to determine the appropriate approach and action plans. Further collaboration is being developed to improve remediation and also to strengthen the whistleblowing system for all stakeholders beyond employees.

All concerns raised in the "environment" category are initially reviewed by Danone's Compliance Department and, when necessary, sent to the relevant function or department in order to investigate and, where applicable, resolve the potential problem.

Specific whistleblowing system for raw materials

Purpose

Since 2019, Danone has implemented a whistleblowing system for palm oil, with the support of Earthworm Foundation, a non-profit organization that assists companies in enhancing the accountability of their supply chains. Currently this mechanism is also being used for other raw materials. Danone is adapting its monitoring process to more effectively manage all concerns relating to raw materials.

A dedicated team meets regularly to address any concerns raised by NGOs and the media. When allegations of non-conformity against producers arise, the Group carries out an investigation with support from internal and external experts, and in particular Suppliers and Subcontractors. If a low-risk non-conformity has been confirmed, Danone asks the producer in question to develop an action plan to resolve the non-conformity.

In the case of high-risk non-conformity, Danone, working together with its Suppliers and Subcontractors, may decide to suspend its relationship with the producer concerned, until it can prove concrete progress in line with its commitments. Danone informs all its active Suppliers and Subcontractors of any suspension decisions. The suspended producer will re-enter Danone's supply chain after demonstrating progress and obtaining Danone's authorization.

Handling of reports in association with stakeholders

Danone is currently reviewing 22 concerns raised by organizations such as Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of Earth. They are being investigated and analyzed together with the parties concerned as well as the NGOs and experts assisting them.

Monitoring of implemented actions and assessment of their effectiveness

Pursuant to Article L.225-102-4 of the French Commercial Code, Danone has adopted a system for (i) monitoring the actions implemented as part of its Vigilance Plan, and (ii) assessing the effectiveness of these actions.

The purpose of this approach is to make any necessary adjustments, optimize the resources allocated by Danone to implement its Vigilance Plan, and assess the outcomes.

Monitoring and assessment of actions specific to the activities of Danone and its Subsidiaries

Risk category	Monitoring and assessment of actions
ENVIRONMENT	■ Monitoring of environmental performance indicators and outcome of action plan ■ Audits based on the environmental risks. In 2023, 108 sites were audited in connection with Danone's environmental risks, through GREEN audit program
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	■ Monitoring of Danone Way results and deployment of additional educational content and improvement assistance including the human rights component. In 2023, 43 entities were assessed on their human rights respect processes regarding temporary workers (see section 5.8 *Methodology note*) ■ Monitoring of the RESPECT program and Human Rights training attendance.
HEALTH AND SAFETY	■ Monthly management of safety performance at all levels of the organization and monitoring of workplace accidents ■ Audits to measure the effectiveness of the WISE[2] program. In 2023, a total of 45 entities assessed their compliance with Danone's global health and safety processes via Danone Way program (see section 5.8 *Methodology note*) ■ Regular performance reviews of quality and food safety. These performance assessments focus mainly on KPIs related to quality and food safety, ongoing issues and monitoring of the implementation of action plans. In addition to these regular reviews, which take place at the central, regional and local levels, an annual management review is carried out by the Board of Directors of the Central Quality and Food Safety function. The Group's overall results are consolidated and analyzed in order to identify action plans to continuously improve the system.

Monitoring and assessment of actions specific to the activities of Danone's Suppliers and Subcontractors

Risk category	Monitoring and assessment of actions
ENVIRONMENT	■ Monitoring of RESPECT program performance indicators ■ Performance monitoring using the Cool Farm Tool and the Animal Welfare tool ■ Improved traceability of priority ingredients ■ Regenerative agriculture scorecard to support and assess the improvement of farmer's practices in regard to regenerative agriculture. ■ Since 2022, the specialized firm 3Keel, renowned for its expertise in sustainable purchasing, has been working with Danone to strengthen and implement a traceability process for all priority raw materials of the Renewed Forest Policy (soy, cocoa, paper). The aim is to (i) measure the performance of all the Suppliers and Subcontractors to deliver verified deforestation- and conversion-free raw materials, (ii) obtain traceability information to determine the production location of the raw materials and (iii) identify the Suppliers and Subcontractors who may not be in compliance with Danone's commitments, in order to work with them towards traced and verified deforestation- and conversion-free value chains.
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	■ Monitoring of RESPECT program performance indicators: KPI1 (Supplier and Subcontractor registration rates on Sedex or Ecovadis), KPI2 (annual audit plan completion), KP3 (audit closure rate) – (see section 5.4 People & Communities, section Focus on Tier 1 Suppliers and Subcontractors other than dairy farmers: RESPECT program). In 2023, the former KPI1 that measured the Supplier and Subcontractor registration rate on Sedex or Ecovadis platforms was revised to strengthen Danone's approach. As from 2023, KPI1 measures the percentage of Danone's expenditure covered by the RESPECT program. In 2023, KPI1 stood at 69%, indicating that 69% of the Group's expenditure was covered by the sustainable sourcing program, other than raw milk, real estate and tax services. KPI2 stood at 77% (annual audit plan completion), and KPI3 at 84% (audit closure rate). ■ Monitoring of milk volumes covered by Cost Performance Models (CPM) contracts take into account production costs in the determination of the price of milk and are established with the farmers or their organizations. ■ Improved traceability and certification coverage of priority ingredients.
HEALTH AND SAFETY	■ Monitoring of RESPECT program performance indicators ■ Periodic performance assessment of Suppliers and Subcontractors. These performance assessments focus mainly on the analysis of performance indicators (KPIs), the analysis of current issues or topics, and the implementation of action plans by Suppliers/Subcontractors to ensure the continuous improvement of their quality and food safety systems.

Vigilance Plan implementation report

As part of a proactive improvement approach, Danone has drawn up an implementation report for its Vigilance Plan, enabling it to measure the effectiveness of the actions taken, and provide a useful basis for guiding its future actions.

Summary of results of Danone's own actions and those of its Subsidiaries

In addition to the significant events of 2023 mentioned in the introduction to the Vigilance Plan (see section 2023 Highlights), Danone highlights the fact that it was awarded the CDP AAA rating for the fifth consecutive year, alongside only nine other companies (out of 21,000 companies rated in 2023). This AAA rating, based on a thorough and unbiased analysis, illustrates Danone's leadership in forest preservation, water security and the fight against climate change. It confirms the quality, consistency and effectiveness of Danone's actions in these areas.

The table below shows the results of the actions implemented under the Vigilance Plan, both within Danone and its Subsidiaries and in relation to Suppliers and Subcontractors.

The results listed are not exhaustive. For more detailed information on monitoring indicators and key sustainability targets, please refer to the relevant sections of Chapter 5 above.

Risk category	Risk	2023 results
ENVIRONMENT	**Prevention of risk relating to climate change and GHG emissions**	■ Danone was awarded the CDP AAA rating for its leadership in environmental performance for the fifth consecutive year, including an A rating in the "Climate" list.
		■ 7.5% CO_2 reduction between 2023 and 2020 (excluding EDP Russia) in line with the SBTi 1.5°C pathway for 2030.
		■ 13.3% reduction in methane emissions from fresh milk production between 2023 and 2020 (excluding EDP Russia).
		■ Thanks to the switch to renewable electricity sources in Thailand and India, 99 Danone production sites used electricity from 100% renewable sources (stable compared to 2022, however excluding EDP Russia). Total energy use from renewable sources represented 34.3% of total energy use in 2023 (compared to 31.4% in 2022).
	Prevention of risk relating to plastic pollution	■ Total packaging volumes: 1,393,759 metric tons, of which 693,156 metric tons of plastic.
		■ Absolute reduction of 8% in the use of plastic packaging between 2018 and 2023 (excluding EDP Russia).
		■ 16% reduction in the use of virgin plastic packaging from fossil resources between 2018 and 2023 (excluding EDP Russia); and a 3% reduction between 2020 and 2023 (excluding EDP Russia).
		■ In 2023, 58% of the plastic that the Group placed on the market was recovered (versus 56% in 2022).
		■ The recovery rate for plastic waste at Danone production sites amounted to 99% (compared to 98.2% in 2022).
	Prevention of risk relating to natural resources use	■ 94.8% of facilities had 4R action plans (compared to 86% in 2022).
		■ 77.8% of facilities complied with the Clean Water Standards (CWS) (compared to 76.1% in 2022). Production sites implemented improvement plans to achieve these standards.
		■ 53% of the total water intake of production sites located in water-stressed areas had an effective watershed preservation action (up 16% compared to 2022).
		■ 79 production sites were ISO14001 certified (compared to 83 in 2022).
		■ In 2023, 50% of Danone production sites were located in high or extreme water risk areas.
		■ 88% of food waste was used (compared to 81% in 2022, excluding Russia).
	Prevention of risk of damage to natural ecosystems and biodiversity	■ All the results in terms of climate change and greenhouse gas (GHG) emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity.
	Prevention of risk relating to deforestation or conversion and changes in land use	■ Danone was awarded the CDP AAA rating for its leadership in environmental performance for the fifth consecutive year, including an A rating in the "Forests" list.
		■ 84% of Danone's raw materials were sourced from zero deforestation and conversion (this result is based on 2022 consolidated data; due to data collection and methodology, 2023 results will only be available from April 2024).
	Prevention of risk of harm to animal welfare	■ The progress report on animal welfare commitments was published in 2023 (available at Animal Welfare Report 2022 (danone.com)).

Risk category	Risk	2023 results
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risk of discrimination and harassment**	■ Inclusion Index: 79% (2 points above peers) ■ Percentage of women in senior management positions (executives and senior managers): 43% ■ Percentage of women on the Executive Committee: 20% ■ Gender Pay Gap 2.1 points in manager, director and executive positions.
	Prevention of risk to workers' rights to freedom of association and collective bargaining	■ The percentage of employees covered by collective bargaining agreements remained stable at 72%.
	Prevention of risk relating to forced labor	■ Implementation of the first steps of the due diligence framework in Danone's Subsidiaries in Poland and Brazil in 2022. ■ Number of employees trained in human rights and forced labor (e-learning): 5,750 Danone employees have taken this training since it was introduced (cumulative figure up to 2023), of which 277 in 2023.
	Prevention of risk relating to inadequate salary and income	■ 49 countries were covered by the global employee share ownership plan: ■ 85% of Danone employees were covered by the global employee share ownership plan.
	Prevention of risk relating to unreasonable working time	■ At least 87.1% of Danone employees maintained an average effective working week of maximum 48 hours per week.
	Prevention of risk relating to precarious working conditions	■ Implementation of the first steps of the due diligence framework in Polish and Brazil Business Units in 2022.
	Prevention of risk relating to a deterioration in living conditions in local communities	■ As this risk relates to environmental impacts (climate change, plastic pollution, etc.), we recommend referring to the results listed above in the "Environment" risk category.
	Prevention of risk relating to insufficient consumer access to products	**Consumers:** ■ Danone's portfolio consists mainly of products that can be promoted as a healthy food choice. In 2023, 89.2% of product volumes sold scored 3.5 stars or higher, according to the Health Star Rating system. According to this system, any product that scores 3.5 stars or above can be promoted as a healthy choice. ■ In 2023, 70% of sales volumes originated from countries classified by the United Nations as developing or transitioning economies. ■ In 2023, 54% of countries where Danone operates had at least one healthy product in their portfolio targeting middle- or low-income populations or a plan to expand access. **Vulnerable populations:** ■ Danone Communities' investments in social enterprises provided access to drinking water for 12.7 million people around the world in 2022, representing 4.6 billion liters of safe drinking water.
	Prevention of risk relating to personal data	■ The completion rates of e-learning courses are monitored on a yearly basis. In 2023, 98% of the target employee population completed e-learning courses.

Risk category	Risk	2023 results
HEALTH AND SAFETY OF INDIVIDUALS	**Prevention of risk relating to inadequate professional training**	■ Percentage of Danone employees trained: 100% ■ Average number of hours per person trained by Danone: 24
	Prevention of risk relating to product safety and quality	■ **External certifications**: in 2023, 152 FSSC 22000 certification audits were conducted by independent certification bodies. 96% of Danone entities were certified. ■ **Internal audits**: in 2023, the internal audit team conducted 67 food safety audits.
	Prevention of risk relating to the consumption of foods with low nutritional quality	■ 89.2% of product volumes sold scored ≥3.5 stars according to the Health Star Rating system. According to this system, any product that scores 3.5 stars or above can be promoted as a healthy choice. ■ 81.2% of product volumes sold had no added sugars. ■ 62.2% of the volumes sold of the Group's Dairy and Plant-Based products directed at children aged between 3 and 12 had a maximum of 10g of total sugar per 100g. ■ 99.3% of the volumes sold of Danone Infant Milk Formula directed at children aged between 1 and 3 had a maximum of 1.25 g of added sugar per 100 kcal. ■ 40.5% of Danone product volumes had on-pack/online interpretative nutritional information. ■ 83.2% of the volumes sold of the Group's portfolio of kids dairy were fortified with important vitamins and minerals. ■ In the latest Access to Nutrition global Index (ATNI), Danone was ranked first for the sub-category on Product Profile, recognizing the superiority of the Group's portfolio in terms of nutritional quality of its products. Danone was the only ATNI-indexed company to achieve the threshold of 3.5 stars according to the Health Star Rating.
	Prevention of risk relating to workers' health and safety	■ Number of countries that have implemented the Employees Assistance Program (EAP): 38 (35 in 2022). ■ Number of employees benefiting from health coverage that complies with the criteria defined by Dan'Cares: 86,928 in 2023 (94,761 in 2022). ■ WISE2 results: number of fatal accidents - 3 (two more than in 2022); accidents with at least one lost working day - 207 (269 in 2022), frequency 0.9 (1.1 in 2022), severity rate in 2023 - 0.03 (0.06 in 2022).

Summary of results from actions implemented regarding Danone's Suppliers and Subcontractors

Risk category	Risk	2023 results
ENVIRONMENT	**Prevention of risk relating to climate change and GHG emissions**	■ In 2023, Danone sourced 38% of its main ingredients directly from producers who started their transition to regenerative agriculture, thus exceeding its target by two years ahead of schedule (initially set at 30% by 2025 as part of its Danone Impact Journey strategy).
	Prevention of risk relating to plastic pollution	■ 16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and 3% reduction between 2020 and 2023 (excluding EDP Russia). ■ 14.6% recycled materials on average in its plastic packaging (compared with 11.9% in 2022). ■ 23.8% recycled PET (rPET) used on average by the Waters category (compared with 20.9% in 2022) and 31.3% in countries where local standards and regulations allow it (compared with 26.4% in 2022).
	Prevention of risk relating to natural resource use	■ In 2023, the assessment conducted using the Aqueduct Water Risk tool developed by the World Resources Institute (WRI) identified the 20 ingredients (out of a total of 69) in its supply chain that were most critical for Danone in terms of water risk. Focused on water stress, this analysis highlights priority ingredients to deep dive on and helps to prioritize actions. 54% of the volume of these ingredients came from water-risk areas.
	Prevention of risk of damage to natural ecosystems and biodiversity	■ All the results in terms of climate change and greenhouse gas (GHG) emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity. ■ Since 2017, Danone has participated in the implementation of 25 agricultural projects in 14 different countries, including projects related to soil health, water and/or biodiversity (e.g.: Les 2 Pieds sur Terre, Pachamama project).
	Prevention of risk relating to deforestation or conversion and changes in land use	■ 99.3% traceability of palm oil back to plantation and 99.8% traceability back to the factory. ■ 95% RSPO (Roundtable on Sustainable Palm Oil) certified palm oil ■ 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. ■ 75-80% of cacao certified with one or more of the following certifications: Rainforest Alliance, Organic, Fairtrade. ■ 100% of the soybeans used for the Alpro brand was ProTerra Segregated certified and came from areas identified as having no or negligible risk of deforestation and conversion.
	Prevention of risk of harm to animal welfare	■ 91% of the volume of fresh milk was assessed via the Group's animal welfare audit. ■ More than 3,000 aggregate audits at a farm level, scoring farms on a scale from 0-100 points. In 2023, the average score was 70 points.

Risk category	Risk	2023 results
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	Prevention of risk of discrimination and harassment	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to discrimination during the audits performed in 2023: 1.1% (representing five non-conformities) *.
	Prevention of risk to workers' rights to freedom of association and collective bargaining	■ No critical non-conformities of Danone's Suppliers and Subcontractors relating to workers' freedom of association and right to collective bargaining were identified during the audits performed in 2023 *.
	Prevention of risk relating to forced labor	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to forced labor during the audits performed in 2023: 1.3% (representing six non-conformities). In each of the six cases, costs were unduly borne by workers during the recruitment process (such as costs relating to work permits, visas, medical examinations, uniforms, etc., which must be borne by the employer). By the end of December 2023, workers had been reimbursed in three cases, and Danone continued to monitor the resolution of the three ongoing situations *.
	Prevention of risk relating to child labor	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to child labor during the audits performed in 2023: 0.7% (representing three non-conformities). Two of the situations concerned non-conformity with health and safety protection for young workers aged between 15 and 18 (ILO): in one case, the tasks involved a dangerous activity (welding), and in the other, inappropriate working hours (public holiday). The third non-conformity related to record-keeping and the absence of proof regarding age in employee files. By the end of December, corrective actions had been taken in all three cases *.
	Prevention of risk relating to inadequate salary and income	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to working time and compensation during audits performed in 2023: 21.5% (representing 97 non-conformities) *.
	Prevention of risk relating to unreasonable working time	
	Prevention of risk relating to community displacement and land grabbing	■ No critical non-conformities of Danone's Suppliers and Subcontractors relating to community displacement and land grabbing during audits performed in 2023 *.
	Prevention of risk relating to a deterioration in living conditions in local communities	See the environmental section above for more details.
HEALTH AND SAFETY OF PEOPLE	Prevention of risk relating to product safety and quality	■ In 2023, Danone achieved an FSSC 22000 certification rate for Suppliers and Subcontractors of 93% and 91%, respectively.
	Prevention of risk relating to workers' health and safety	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to workers' health and safety during audits performed in 2023: 65.9% (representing 298 non-conformities) *.

* For Danone's Suppliers and Subcontractors, the results are based on the analysis of critical non-conformities from SMETA audits (or performed using a similar methodology) of shared Suppliers and Subcontractors by Danone or peer companies. Danone's goals are to support Suppliers and Subcontractors in their improvement process, validated by audit closure by the auditors in accordance with the SMETA methodology (verification of corrective action plans). Danone's dedicated resources are focused on supporting Suppliers and Subcontractors whose audits contain critical non-conformities, representing 281 audits out of 541 in 2023.

Reports received through the Danone Ethics Line

Statistics

In 2023, 388 reports were recorded in the "human rights" category. These reports came from 31 countries, compared with 273 reports in 25 countries in 2022. As a reminder, the "human rights" category was broadly redefined in 2021, to include child labor, forced labor, the right to collective bargaining, working time and decent wage, the set of issues related to discrimination, harassment, and workers' health, safety and security. This increase can be attributed in particular to the global communications campaign carried out in 2023 to raise awareness among all employees of the Danone Ethics Line and how to raise a concern.

All these themes have been brought under the "human rights" category and form a set intended for:

- ending exploitation (prohibiting child and forced labor, prohibiting harassment and abuse, ensuring reasonable working hours): 210 reports (mostly relating to harassment);
- keeping a decent work (granting a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, granting freedom of association and right to collective bargaining, ensuring all workers are treated equally with respect and dignity, promoting diversity and inclusion): 178 reports (almost all relate to misconduct and discrimination).

In summary, 86% of reports in the area of human rights related to harassment, misconduct or discrimination.

Out of the 388 reports received in 2023, 309 have been closed, and 79 are still under investigation. Of the reports closed, 38% were totally or partially founded.

In 2023, 10 reports related to the environment. After investigation, one was partially founded and one is still under review.

In 2023, the whistleblowing system registered a total of 902 reports worldwide (including those related to human rights and environmental concerns mentioned above), i.e., an increase of 78% compared to the previous year. This increase demonstrates the effectiveness of the communication campaign carried out in 2023, and the use of this tool by Danone employees and external workers.

NUMBER OF DEL ALERTS RECEIVED PER YEAR FROM 2018 TO 2023

78 % of increase in the alerts received in 2023 vs 2022 and +200% vs 2018

2018	2019	2020	2021	2022	2023	ECCIOF Benchmark
297	355	469	568	506	902	584
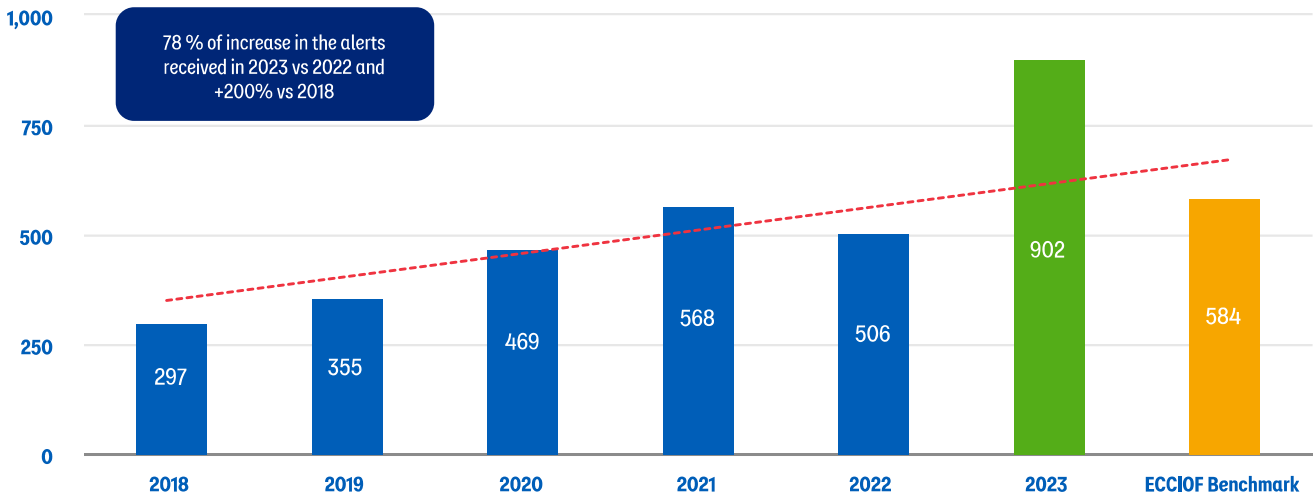
* *ECCIOF – European Chief Compliance Officer Forum*

Finally, with respect to raw material reports, in 2023, Danone registered 11 linked to deforestation and harm to human rights, 10 of which were related to palm oil and 1 to other commodities.

5.7 APPLICATION OF THE EUROPEAN TAXONOMY TO DANONE'S ACTIVITIES

CONTEXT AND CONSISTENCY

Presentation of the European Taxonomy

Under Regulation (EU) 2020/852 (the "Taxonomy" Regulation) supplemented by Delegated Regulation (EU) 2023/2486 (the Taxonomy Environmental Delegated Act) on the establishment of a framework to facilitate sustainable investment in the European Union (EU), Danone is required to publish 2023 key performance indicators (KPIs) for its entire financial consolidation scope. These KPIs must present the proportion of its eligible net sales ("turnover"), capital expenditure ("CapEx") and operating expenditure ("OpEx") derived from products and/or services associated with economic activities qualifying as sustainable, within the meaning of this Regulation, for six environmental objectives:

- Climate change mitigation ("CCM");
- Climate change adaptation ("CCA");
- Sustainable use and protection of aquatic and marine resources ("WTR");
- Transition to a circular economy ("CE");
- Pollution prevention and control ("PPC");
- Protection and restoration of biodiversity and ecosystems ("BIO").

Since 2022, in accordance with delegated act (EU) 2021/2178 adopted on July 6, 2021, supplementing Article 8 of the Taxonomy Regulation, the Group has published information on the level of eligibility and alignment of its turnover, capital expenditure and operating expenditure with the first two climate objectives.

An eligible activity will be considered aligned if it meets the technical criterion (criteria) of substantial contribution, does not significantly harm the other environmental objectives (Do No Significant Harm – DNSH criteria), and if the company complies with the minimum safeguards related to human rights, corruption, taxation and competition.

For 2023, the Group must also disclose the proportion of its turnover, CapEx and OpEx relating to economic activities eligible under the other four environmental objectives.

The food and beverage sector **is not currently covered** by the Taxonomy Regulation with respect to the six environmental objectives. As a result, only secondary Group activities and individually eligible investments are assessed.

Results

Summary of eligible and aligned activities

(in € millions, except percentage)	2023		2022	
	Turnover KPI	CapEx KPI	Turnover KPI	CapEx KPI
Eligibility				
Numerator	62	154	-	212
Denominator	27,619	1,017	27,661	1,089
Eligibility rate	0.2%	15.1%	–%	19.5%
Alignment				
Numerator	–	–	-	3
Denominator	27,619	1,017	27,661	1,089
Alignment rate	–%	–%	–%	0.3%

Assessment and methodologies

The Group has set up a Taxonomy working group, comprising members of the Finance Department, the Sustainable Finance Department and the business teams. The team worked to assess the eligibility and alignment of the Group's activities, in particular on the basis of the Climate Delegated Regulation of June 4, 2021, amended by the Environmental Delegated Regulation (EU) 2023/2485.

In 2023, the Taxonomy working group assessed i) the eligibility of the Group's activities under the six environmental objectives, and ii) the alignment of the Group's activities under the first two climate objectives for the turnover, CapEx and OpEx KPIs.

The Group carried out a review of all of its activities and investment projects to determine its eligible activities. The Group has refined its analysis of CapEx on vehicles and identified trucks eligible under the activity 6.6 Freight transport services by road. As a result of this work, it considers the following activities to be eligible under the six objectives:

Code	Taxonomy activity	KPI	Description of Danone's activity
CCM 4.24/ CCA 4.24	Production of heat/cool from bioenergy	CapEx	Danone uses biomass heat supply contracts
CCM 6.5/ CCA 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	CapEx	Light vehicles leased or owned by Danone
CCM 6.6/ CCA 6.6	Freight transport services by road	CapEx	Trucks leased or owned by Danone
CCM 7.3/ CCA 7.3	Installation, maintenance and repair of energy efficiency equipment	CapEx	Energy efficiency improvements at Danone buildings
CCM 7.6/ CCA 7.6	Installation, maintenance and repair of renewable energy technologies	CapEx	Installation of photovoltaic systems
CCM 7.7/ CCA 7.7	Acquisition and ownership of buildings	CapEx	Offices and warehouses owned or leased by Danone
BIO 2.1	Hotels, holiday, camping grounds and similar accommodation	Turnover and CapEx	Operation of the Evian Resort, comprising multiple hotels and including related experiences and services

Alignment

In order to assess the current alignment of activities identified as eligible, the Group reviewed compliance with the technical screening criteria for a selection of material investments. The results were not extrapolated across all of its investments.

In the case of activities that are already covered by several environmental objectives, such as 7.7 Acquisition and ownership of buildings and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles, the Group assessed their alignment with the two climate objectives.

For certain non-material investments for which it was difficult or impossible to obtain convincing evidence to ascertain compliance with the technical screening criteria, Danone has chosen to apply FAQ 13 (C/2023/305) of December 19, 2022 and considered these projects as not Taxonomy-aligned.

Substantial contribution technical screening criteria

In 2022, Danone reviewed the substantial contribution criteria, particularly for the production of heat/cool from bioenergy. The Group also verified the origin of the biomass and the reduction of greenhouse gas emissions. In 2023, no CapEx was accounted for this activity.

In the case of the acquisition or rental of buildings for which the building permit was filed prior to December 31, 2020, Danone referred to the buildings' energy performance certificates when available, or to energy consumption data, to determine whether the buildings are among the top 15% of energy-efficient buildings (based on the thresholds issued by French independent real estate body, Observatoire de l'Immobilier Durable).

For other investments, the Group verified compliance with the technical screening criteria set out in the Climate Delegated Regulation and specified in the European Commission's FAQ.

Do no significant harm to the Taxonomy's five other objectives ("DNSH")

The Group carried out the work needed to check compliance with the DNSH criteria and, in particular, reviewed compliance with the DNSH criteria for climate change adaptation by conducting a local analysis of climate-related risks and vulnerability.

Verification of compliance with minimum safeguards (MS)

The Group satisfies the minimum safeguard requirements as set out in the report issued by the Platform on Sustainable Finance (PSF), clarified by the June 16, 2023 FAQ, in terms of human rights, corruption and bribery, fair competition and taxation.

Danone verified that there had been no convictions in relation to these topics, and that appropriate procedures had been implemented. For example:

■ Danone mapped and prioritized risks related to human rights (see section [5.4 People & Communities, section Sustainable sourcing and human rights for workers in the value chain]);

■ Danone has an anti-corruption system in accordance with France's Sapin II law (see section [5.5 Responsible business conduct, section Responsible practices: ethics and integrity]);

■ Danone considers the payment of tax to be an integral part of its Social, Environmental and Societal Responsibility (see section [5.5 Responsible business conduct, section Responsible practices: ethics and integrity]);

■ Danone informs its employees of the principle of free and fair competition (see section [5.5 Responsible business conduct, section Responsible practices: ethics and integrity]).

Determination of KPIs

Turnover

The turnover numerator comprises sales generated by Taxonomy-aligned activities.

As presented in Note 7.2 to the Group's consolidated financial statements, the denominator is derived from the Group's consolidated sales, which represented €27,619 million in 2023.

For 2023, the Group's Evian Resort hotel business, including the spa and other related services, is eligible under the "Protection and restoration of biodiversity and ecosystems" objective.

In 2023, eligible sales totaled €62 million, relative to total sales of €27,619 million.

In 2023, as in 2022, the Group's Taxonomy-aligned turnover under the first two environmental objectives is zero.

Capital expenditure ("CapEx")

The CapEx numerator includes all investments aligned with the first two climate objectives.

The numerator of the aligned portion of CapEx mainly capital expenditure aligned with the first two climate objectives.

The denominator includes all acquisitions of property, plant and equipment (IAS 16), intangible assets (IAS 38), right-of-use assets (IFRS 16) and investment property (IAS 40), as well as acquisitions resulting from business combinations. The denominator represents €1,017 million in capital expenditure in 2023, as presented in Notes 7.5 and 11.2 to the Group's consolidated financial statements.

In 2023, eligible capital expenditure totaled €154 million, out of a total of €1,017 million in capital expenditure, compared to €212 million and €1,089 million in 2022.

No taxonomy-aligned capital expenditure identified in 2023, versus €3 million in 2022.

Operating expenditure ("OpEx")

The operating expenditure identified by the Group pursuant to the Taxonomy Regulation concerns non-capitalized research and development expenses, lease expenses, upkeep, repair, maintenance and other direct expenses related to the day-to-day upkeep of property, plant and equipment.

In 2023, OpEx within the meaning of the Taxonomy Regulation amounted to €789 million, compared with total OpEx of €25,577 million, or 3%. Given that the amount of OpEx as defined by the Taxonomy Regulation is not material, the Group will continue to use the exemption from disclosure provided for therein, as in 2022.

Regulatory tables

Turnover

Breakdown of business contribution to environmental objectives:

	Proportion of turnover/total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	–%	–%
CCA	–%	–%
WTR	–%	–%
CE	–%	–%
PPC	–%	–%
BIO	–%	0.2%

Substantial Contribution Criteria	**Year**	**Substantial Contribution Criteria**

Economic Activities	Code(s)	Turnover (in € million)	Proportion of turnover 2023 %	Climate change mitigation Y; N; N/EL	Climate change adaptation Y; N; N/EL	Water Y; N; N/EL	Pollution Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)							
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–				
Of which Enabling							
Of which Transitional							
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	62	0.2%	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		62	0.2%	–	–	–	–
Turnover of Taxonomy-eligible activities (A.1. + A.2.) (A)		62	0.2%	–	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
Turnover of Taxonomy-non-eligible activities (B)		27,557	99.8%				
Total (A + B)		**27,619**	**100%**				

			Do No Significant Harm Criteria ("DNSH criteria")									
Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) turnover 2022	Category enabling activity	Category transitional activity
Y; N; N/EL	Y; N; N/EL										
		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	H	T
										H	
											T
EL; N/EL	EL; N/EL										
N/EL	EL								–		
–	0.2%								–		
–	0.2%								–		

CapEx

Breakdown of activities' contribution to environmental objectives:

	Proportion of CapEx/total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	–%	13.8%
CCA	–%	13.8%
WTR	–%	–%
CE	–%	–%
PPC	–%	–%
BIO	–%	1.4%

Substantial Contribution Criteria		Year	Substantial Contribution Criteria					
	Code(s)	**CapEx**	**Proportion of CapEx, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	
Economic Activities		*(in € million)*	%					
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)								
Production of heat/cool from bioenergy	CCM 4.24 CCA 4.24	–	–	–	–	–	–	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	–	–	–	–	–	–	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	–	–	–	–	
Of which Enabling		–	–					
Of which Transitional		–	–					

						Do No Significant Harm Criteria ("DNSH criteria")							
Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) CapEx 2022	Category enabling activity	Category transitional activity
Y; N; N/EL	Y; N; N/EL										
		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	H	T
–	–	–	–	–	–	–	–	–	0.3%		
–	–	–	–	–	–	–	–	–	0.0%		
–	–	–	–	–	–	–	–	–	0.3%		
										H	
											T

Substantial Contribution Criteria			Year	Substantial Contribution Criteria			
Economic Activities	Code(s)	CapEx *(in € million)*	Proportion of CapEx, 2023 %	Climate change mitigation *Y; N; N/EL*	Climate change adaptation *Y; N; N/EL*	Water *Y; N; N/EL*	Pollution *Y; N; N/EL*
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	106	10.4%	EL	EL	N/EL	N/EL
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	14	1.4%	N/EL	N/EL	N/EL	N/EL
Freight transport services by road	CCM 6.6 CCA 6.6	26	2.5%	EL	EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	8	0.8%	EL	EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	–	–	–	–	–	–
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	–	–	–	–	–	–
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		154	15.1%	13.8%	–	–	–
CapEx of Taxonomy-eligible activities (A.1.+ A.2.) (A)		154	15.1%	13.8%	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
CapEx of Taxonomy-non-eligible activities (B)		863	84.9%				
Total (A + B)		1,017	100%				

		Do No Significant Harm Criteria ("DNSH criteria")							Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.)	Category enabling	Category transitional
Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	CapEx 2022	activity	activity
Y; N; N/EL	Y; N; N/EL										
		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	H	T
EL; N/EL	EL; N/EL										
N/EL	N/EL								11.7%		
N/EL	EL								–		
N/EL	N/EL								–		
N/EL	N/EL								7.0%		
–	–								0.3%		
–	–								0.2%		
–	1.4%								19.2%		
–	1.4%								19.5%		

OpEx

				Substantial Contribution Criteria			
Substantial Contribution Criteria			Year				
	Code(s)	OpEx	Proportion of OpEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
Economic Activities		*(in € million)*	%				
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)							
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)							
Of which Enabling							
Of which Transitional							
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES) [g]							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)							
OpEx of Taxonomy-eligible activities (A.1. + A.2.) (A)							
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
OpEx of Taxonomy-non-eligible activities (B)							
Total (A + B)		**789**	**100%**				

		Do No Significant Harm Criteria ("DNSH criteria")							Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) OpEx 2022	Category enabling activity	Category transitional activity
Circular economy	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum Safeguards**			
	Y; N; N/EL										
		Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	H	T
										H	
											T
EL; N/EL	EL; N/EL										

5.8 METHODOLOGY NOTE

CONSOLIDATION SCOPE AND COVERAGE

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

Nevertheless, some subsidiaries do not report all social, safety, environmental, and health and nutrition indicators. These entities were consolidated for financial reporting purposes as of December 31, 2023 and action plans are planned and/or in progress to ensure the availability and reliability of the data. Lastly, the list of subsidiaries that do not report certain indicators may differ depending on the types of indicators. The coverage scope varies according to the indicator categories, as described in the sections below:

INDICATOR	SCOPE
Production Site Food Safety	In 2023, 153 production sites were included in the scope considered for FSSC 22000 certification. These sites correspond to the production sites for all of Danone's Categories and do not include the production sites of co-manufacturers and suppliers.
	In the same year, 171 production sites were included in the scope of internal audits. These sites are incorporated into the three-year audit plan.
Total Group Headcount Social Indicators	In 2023, 124 entities, representing 99.9% of Danone's total headcount, reported social indicators. This rate may vary depending on the types of social indicators reported (see *Information regarding methodologies*).
Safety	In 2023, 51 Country Business Units, representing approximately 99.9% of Danone's total headcount, reported safety-related indicators.
	The safety data of subsidiaries, removed from the consolidation scope as of December 31, 2023, is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2023. The calculation of these KPIs excludes the countries within the CIS region (Russia, Belarus, Kazakhstan) from its baseline scope.
Production Site Environment	Danone monitors the environmental performance of its production sites using an operational control approach. In 2023, 153 Danone production sites, representing more than 99% of total production, reported environmental indicators.
	The environmental impact of tertiary buildings (offices, research centers, etc.) is not included in the scope of consolidation (except for certain indicators, when these buildings are adjacent to production sites). Given that their greenhouse gas emissions represent less than 5% of Danone's total scope 1 and 2 emissions, the environmental impact is considered as non-significant.

Greenhouse Gas Emissions (GHG)	The Group's total GHG inventory consists of greenhouse gas emissions within the scope of responsibility: ■ scope 1: direct emissions from stationary combustion facilities and refrigeration units installed at industrial sites and warehouses under Danone's operational control, as well as the employee vehicle fleet under the Company's operational control and direct emissions in Danone-owned farms (two countries, after deconsolidation of EDP Russia); ■ scope 2: indirect emissions related to the production of electricity, steam, heating and cooling purchased and consumed by industrial sites and warehouses under Danone's operational control; ■ scope 3: indirect emissions that are not recognized in scope 2: emissions from raw materials purchasing (including agricultural upstream), packaging, production, transport and distribution, warehousing, use of sold products and end of life. Scope 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard. Danone has chosen to consolidate scope 1 and 2 emissions using the operational control approach and to include all emission sources from its industrial sites (see *Production Site Environment Scope*), warehouses, distribution centers and corporate vehicle fleet. Emissions from offices and research centers are excluded, as they represent less than 5% of Danone's total scope 1 and 2 energy and industrial emissions. Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This approach considers emissions throughout the Group's value chain. Scope 3 emissions: ■ upstream emissions (physical flows entering the plants) covered a scope representing approximately 99% of Danone's production volumes in 2023; ■ downstream emissions (physical flows exiting the plants) covered a scope representing approximately 97% of Danone's sales volumes in 2023. Only scope 1 and scope 2 emissions are calculated for Danone Iran (EDP, Iran) entity. Within the Specialized Nutrition category, Scope 3 emissions for about ten sales entities, located mainly in Europe and in Africa, were excluded from the scope 3 emissions reporting scope in 2023.
Science-Based Target (SBT)	In terms of reporting entities, the SBT scope for the reporting year is identical to the Greenhouse Gas Emissions scope. In terms of emission categories, the SBT scope excludes: ■ indirect emissions linked to the use of sold products at home by consumers, which are included in the Greenhouse Gas Emissions scope; ■ emissions linked to storage in retailers' distribution centers and retailers' stores, that are included in the Greenhouse Gas Emissions scope and were reported in the use of sold products category until 2021, and are reported in the downstream transportation and distribution emission category from 2022 to increase compliance with the GHG Protocol. The three 1.5°C near term science-based targets are monitored on the SBT scope as follows: ■ Scope 1 and 2 energy and industrial: scope 1 and 2 emissions of factories, vehicles and distribution centers, including CH_4 and N_2O biogenic emissions, but excluding FLAG scope 1 emissions of the Danone-owned farms (two in 2023); ■ Scope 1 and 3 FLAG: scope 1 FLAG emissions of the two farms owned by Danone (after deconsolidation of EDP Russia), and scope 3 emissions of purchased goods and services for milk, dairy ingredients and other raw materials; ■ Scope 3 energy and industrial: scope 3 emissions for purchased goods (packaging and co-manufacturing), fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution (excluding emissions linked to the storage in retailers' distribution centers and stores) and end of life treatment of sold products. In the event of a material change in the consolidation scope, or material changes in carbon accounting methods, the recalculation rules defined by Danone in compliance with the GHG Protocol and the Science Based Targets Initiative standards will be applied. The 2020 baseline of the science-based targets would be updated once validated by the Science Based Targets initiative (SBTi). In November 2023, in application of its baseline recalculation policy, Danone submitted to the SBTi an update of its existing near-term science-based targets to account for the deconsolidation of its Russian Essential Dairy and Plant-Based business in July 2023. The near-term science-based targets under validation are identical to the ones validated in December 2022, to the exception of the target for scope 1 and 2 energy and industrial GHG emissions (updated target: -46.3% by FY2030 from a FY2020 baseline, to replace current target of -47.2% by FY2030 from a FY2020 baseline).

Packaging	In 2023, packaging data was collected from all Danone production entities, representing 99% of its production volumes. The % recycled PET (rPET) indicator, used on average by the Waters Category in countries where local standards and regulations permit, is calculated excluding China and Turkey, where local regulations prohibit the use of recycled materials in plastic bottles.
Health and Nutrition	In 2011, Danone created a set of performance indicators (One Health Scorecard) to measure advancements in health and nutrition, particularly product composition and responsible communication. In 2023, 92 entities representing 94.5% of consolidated sales and 98.2% of volume sold reported health and nutrition indicators (90% sales and 95% volumes sold in 2022).
Danone Way	In 2023, 172 consolidated entities fell under the scope of Danone Way self-assessments, representing 94.8% of Danone's consolidated sales (97.3% in 2022). This coverage rate excludes EDP Belarus, EDP Kazakhstan, EDP Russia, EDP Algeria, SN Russia, SN Algeria, Waters Argentina, Waters Brazil and FanMilk entities in Africa.
	This program also covers 94% of Danone's total headcount.

LIKE-FOR-LIKE CHANGES

Danone measures changes in environmental indicators and in greenhouse gas emissions on a like-for-like basis, i.e. at constant consolidation scope and constant methodology.

In 2023, following the deconsolidation of EDP Russia business, the Dairy and Plant Based Russia entities were removed from the Danone Company's production sites, GHG and SBT scopes. Given the materiality of EDP Russia in terms of environmental impact, all 2022 data (named "2022 excluding EDP Russia") was recalculated to transparently disclose this impact.

DEFINITION OF THE CATEGORIES

Essential Dairy and Plant-Based (EDP)	Production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and beverages, and coffee creations.
Specialized Nutrition (SN)	Production and distribution of formulas and complementary feeding for babies and young children, as well as food for medical purposes for children and adults with an underlying medical condition.
Waters	Plain water, flavored water and functional beverages.

DATA COLLECTION

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

These reporting guidelines for social, safety, environmental, GHG, health and nutrition and Danone Way data are available on request from the Sustainable Finance Department.

Lastly, health and nutrition data are checked at the subsidiary level and then at the Category level when reported.

Social and safety indicators

The Human Resources Department is responsible for social and safety indicators. The subsidiaries' social data are generally derived from their payroll systems and reported via Danone's financial information consolidation software (SAP/Business Objects Financial Consolidation). Safety indicators are reported monthly by each entity in SPHERA, Danone's safety data consolidation system.

Environmental indicators

The Sustainable Finance Department is responsible for environmental indicators of production sites and GHG indicators. Production Site Environment indicators are reported by each production site's Environment manager using the PURE Platform tool, which was introduced in 2018 alongside UL EHS Sustainability. This is the fifth year that scope 3 greenhouse gas emissions data, including packaging data, were reported using this same tool.

Health and nutrition indicators

The Sustainable Finance Department and the Research & Innovation - Nutrition Department are responsible for the health and nutrition indicators.

Health and nutrition data is reported by the local scorecard owners at each subsidiary through a system of standardized forms, which are then consolidated to calculate the global indicators. Entities report volume sales for the period of reference (October 1, 2022 to September 30, 2023 included). Product data is generated by reporting entity-specific systems, then consolidated and verified by the central Sustainable Finance and Research & Innovation - Nutrition teams. Data on volumes are generated by Danone's financial information consolidation software. This information, along with details on consumer's programs, is reported by scorecard owners at each subsidiary using an online tool (UL PURE).

All health and nutrition indicators are volume-weighted. This excludes all exported volumes, non-food products, private labels (products manufactured for a non-Danone company) and sprays (for the Water activities). All figures are calculated based on the volumes of products as consumed. When necessary, a conversion factor is applied (i.e. for a powder product what is counted is the "reconstituted" volumes, which means the powder mixed/combined with a liquid). It concerns mainly the products from the Specialized Nutrition business.

Danone Way indicators

The Sustainable Finance Department is responsible for Danone Way, a qualitative program which guides subsidiaries toward sustainable growth through a progressive framework of practices. The Danone Way indicators correspond to the percentage of subsidiaries for which it has been determined that one or more practices are applicable and applied. They are reported by the Danone Way coordinators at each subsidiary using the UL PURE Platform data management tool.

INFORMATION REGARDING METHODOLOGIES

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

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

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

Headcount

A negligible portion of the managerial headcount data is not collected during the data reporting period (due to a number of internationally mobile employees being on assignment at other Danone entities).

Furthermore, some disparities may exist in the headcount calculation methods for expatriate employees (this is the case for expatriate employees who have three-party contracts between the employee, the home subsidiary and the host subsidiary).

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

Fixed-term contracts and movements within Danone are not included in arrivals/departures.

In the first year that entities are included in the reporting scope, they only report total headcount and are not consolidated in the social indicators scope until the first full fiscal year thereafter. In 2023, that was the case for Danone Vietnam Company Limited (Vietnam) and Dumex Baby Food Co. Ltd. (China) with a total headcount of 104 people, i.e. 0.1% of the total headcount.

Number of training hours/number of permanent employees trained/percentage of permanent employees trained/number of training hours per permanent employee

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

The number of permanent employees trained takes into account all permanent employees who received at least one training course during the year, including those who were no longer employed as of December 31, 2023.

The number of training hours takes into account all courses during the year, including hours of training received by those who were no longer employed as of December 31, 2023.

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

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

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

Absenteeism

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

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

Some subsidiaries only monitor absenteeism for employees who are paid on an hourly basis, while other employees are included in a program under which they receive a number of days that can be used for various reasons (vacation, sickness, special leave, etc.). In particular, this is the case for The Dannon Company Inc. (United States), Danone Inc. (Canada), Kasdorf (Argentina), and SALUS (Waters, Uruguay). In Brazil, according to labor legislation, leadership positions as well as specialists, external positions or interns are exempt from time control and thus not included in the absenteeism scope. Nutricia Bago Argentina Baby (Argentina) subsidiaries are not included in the scope.

The scope covered represents about 94% of Danone's total headcount.

Number of Danone's employees who completed the mandatory e-learning on compliance

This indicator reflects the share of employees who have access to a laptop and excludes Ukraine entities in 2022.

General collective agreement

A collective agreement results from negotiations between an employer, a group of employers or employer organizations on the one hand, and trade unions or work councils on the other hand.

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

Collective agreements can be negotiated at the Group level (Danone), the regional level, the country (or country cluster) level or the entity level.

Frequency rates of workplace accidents

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

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

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

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

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

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

Production

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

Production of by-products such as cream is not included in production volumes.

Greenhouse gases (GHG)

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

Scope 1 and 2 greenhouse gas emissions

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

- location-based reporting, which reflects emissions due to electricity consumption from a conventional power grid. It therefore uses primarily an average emissions factor of the country's energy mix;

- market-based reporting, which reflects emissions from energy consumption taking into account the specific features of the energy contracts chosen and also considers the impact of the use of energy from renewable sources.

Danone has set its reduction targets based on the market-based method.

Emissions (scopes 1 and 2 energy and industrial) are calculated by applying global warming potentials and emissions factors to the activity data:

- the global warming potentials used for methane (CH_4) and nitrous oxide (N_2O), as well as the impact of fugitive emissions of refrigerants, correspond to data over a 100-year time horizon from the IPCC Sixth Assessment Report (AR6), Climate Change 2022. The IPCC (Intergovernmental Panel on Climate Change) is a group of inter-governmental experts specialized in climate change;

- the emissions factors used to calculate emissions related to energy combustion are based on data from the 2006 IPCC Guidelines (2006 IPCC Guidelines for National Greenhouse Gas Inventories);

- the electricity emissions factors follow the hierarchy outlined in the new scope 2 guidance document of the GHG Protocol for market-based reporting. Suppliers' specific factors must be certified by instruments that prove the origin of electricity (guarantee of origin certificates). If some of the electricity used is not of certified origin, the emissions factors used are the national residual mixes published by official bodies such as the Association of Issuing Bodies (AIB) in Europe and Green-e in North America. For countries that do not have green-electricity attribute instruments, the emissions factors used are those used for location-based reporting provided by the International Energy Agency (2023 publication of energy mixes in 2021);

- the factors used for heating and steam are from the UK Department for Business, Energy and Industrial Strategy' (BEIS) 2021 publication, while those used for cooling are from the carbon database of the French Agency for the Environment and Energy Management (ADEME, 2017);

- the factors used for CH_4 and N_2O biogenic emissions linked to the combustion of biomass and biofuel are from the UK Department for Business, Energy and Industrial Strategy (BEIS) 2022 publication. Despite those scope 1 emissions being immaterial to Danone's GHG inventory, they were included in 2022 and retroactively in 2021 and in 2020 (baseline of our science-based targets), to increase completeness of our GHG inventory. From 2023 onwards those emissions are directly integrated in our GHG inventory.

Scope 3 greenhouse gas emissions

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

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

For the past six years the Group has used the emissions factors from the Cool Farm Tool (CFT) to calculate emissions for milk used in products, which accounted for 31.5% of Danone's emissions in 2023. This tool was developed by the cross-sector Cool Farm Alliance, whose members include manufacturers, research centers and non-governmental organizations, with the aim of developing and promoting the use of measurement systems for sustainable agriculture. In France, Danone uses the emissions factors from the CAP2ER tool (automated calculation of the environmental performance of ruminant farming), developed in collaboration with the French Livestock Institute (IDELE). By default, Danone uses the FAO's 2022 emissions factors for countries where the CFT has not been set up. Since 2020 Danone reported net emission factors for milk that includes small portion of removals calculated in CFT. In 2022 the separation between removals and gross emissions was implemented in beta version of tool and in 2023 integrated in official results. In 2023, Danone used the latest version of CFT 2.0. This version allowed for the disaggregation of emissions and removals and Danone is reporting gross emissions for this year. The current methodology for removal accounting in CFT is to be aligned with GHG Protocol requirements that are still in draft version (Land Sector and Removal Guide). The CFT 2.0 uses the GWP100 AR6. The evolution of the Cool Farm emission factors between 2022 and 2023 GHG inventories also includes a methodological effect designed to remove the removals accounted for in year 2022. Danone aims to report removals in the future once the final version of GHG Protocol Land Sector and Removals Guidance is released and its requirements are integrated in the CFT.

The Cool Farm tool is used for assessing emission factors of farms in Danone's scope 3, but also of farms in Danone's scope 1 (the two Danfarms). The emission factors used to disaggregate scope 1 and scope 3 emissions of farms located in the same country are equal to the average Cool Farm emission factors at country level.

For the past six years, in order to calculate emissions for dairy ingredients, which accounted for 20.1% of Danone's emissions in 2023, the Group has used specific emissions factors. They are calculated by its suppliers, taking into account emissions related to the milk in dairy ingredients and those related to processing techniques, considering the energy intensity of production for each ingredient and transportation between the farms and Danone's suppliers. By default, the FAO's 2022 emissions factors are used for suppliers for which these emissions factors are not available.

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

In 2022, in order to increase the compliance with the GHG Protocol at GHG category level:

- Danone recategorized as scope 1 FLAG the emissions linked to the milk production in the 3 farms owned by Danone in Egypt, Morocco and Russia that were previously reported as scope 3 emissions of milk purchases. For 2023, the same recategorization applies to Danone farms in Egypt and Morocco (Russian farm was deconsolidated with EDP Russia).

- Danone recategorized as downstream transportation and distribution emissions the emissions linked to the storage in retailers' distribution centers and retailers' stores, that were reported in the use of sold products category until 2021.

In order to ensure comparability between 2020 (baseline),2022 and 2023 for each GHG emission category, the 2020 emissions presented in this report were also recategorized.

Methane emissions of Dairy category fresh milk

In 2023, Danone published for the first time separate Methane emissions for the Dairy category, covering its net milk balance (sum of volumes of fresh milk collected from farms and external purchases, excluding the milk resold by Danone). The main sources of Methane emissions for Danone are enteric fermentation and manure management.

Fresh milk emissions were calculated using the Cool Farm Tool, that allows for separation of Methane emissions from total GHG emissions since 2023 and uses the updated GWP100 AR6 values. Emissions of external purchases were calculated using FAO 2022 data.

Packaging

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

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

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

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

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

Waste

Following the application of a new standard, the Food Loss and Waste Protocol (version 1.0 of June 2016), since 2016 Danone has consolidated the quantities of waste generated according to the following categories: treatment facilities' sludge, waste, whey, food waste collected on site and food waste discharged with wastewater, packaging waste, hazardous waste and, lastly, other non-hazardous waste. Since 2019, Danone has focused on the most substantial categories (food waste and packaging waste) and excluded hazardous waste and other non-hazardous waste, representing 13% of total quantities of waste produced at production sites in 2023, from the consolidation scope.

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

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

- whey and okara collected on site and not used for human consumption are reported as dry matter content;
- waste collected on site is reported in real weight, i.e. weight as shown in on-site waste removal orders;
- waste discharged with wastewater and recovered in the sludge at treatment facilities is reported as a percentage of dry-matter content in sludge;
- waste discharged with wastewater and not recovered in the sludge at treatment facilities is calculated in tons of chemical oxygen demand (COD).

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

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

Water consumption

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

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

Rainwater is also excluded from the total amount of water withdrawn. It is included in volumes of recycled/reused water only if it is used by the site.

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

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

The proportion of factories with water stress history having halved their process water water intensity since 2015 or that are at best-in-class level - calculated each year until 2030. The perimeter is based on all production sites being part of Danone's Production sites reporting scope for the reporting year and listed as having water stress history through the Water Risk assessment done the same year. For all sites already in scope in 2020 (when the KPI was set) the target is 50% reduction in water intensity. For sites joining the scope after 2020, the target is proportional and calculated depending on the year of entry vs target in 2030 (e.g., a site entering in 2024 will have to reduce its water ratio by 30%). We consider best-in-class, sites of the Waters Category reaching a process water intensity below 0.25 m_3/tons.

Energy consumption

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

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

The rules for conversion between the different units used to track energy consumption (m_3, liters, Btus, etc.) and the standard reporting unit (MWh) are specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. In certain cases, the subsidiaries use conversion factors provided by their suppliers.

Wastewater

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

The Group defined impact-oriented projects as:

■ ambitious, innovative, and socially oriented.

■ aiming to develop a sustainable model for lasting impact.

■ contributing to systemic change.

■ creating measurable positive health outcomes at scale on a country level.

These projects are typically co-created and implemented with independent expert organizations.

Percentage of volumes sold corresponding to healthy categories

Volumes sold in healthy categories corresponds to:

■ Dairy and plant-based products intended for daily consumption.

■ Specialized Nutrition Category products (except biscuits and beverages for children under three years of age and foods for children over three years of age in the early life nutrition activities).

■ All plain waters and flavored waters with 0% sugar.

Percentage of volumes sold of products scoring ≥3.5 stars according to the Health Star Rating (HSR) system

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories. The HSR algorithm considers negative components of the products that could potentially increase some health risks such as energy, saturated fat, sodium and total sugars. It also considers positive components of a product such as the content of fruits, vegetables, nuts, legumes (in some instances), dietary fiber and protein. Points are allocated based on the composition per 100g or 100ml of the product. Products are rated on a scale ranging from 0.5 stars (least healthy) to 5 stars (most healthy). According to this system, any product that scores 3.5 stars or above can be confidently promoted as a healthy choice.

Percentage of volumes sold of products with Nutri-Score A or B

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories.

In 2022 and 2023 the results were calculated using the current Nutri-Score algorithm; the updated algorithm will start to enter in force in 2024.

The Nutri-Score is calculated using the nutritional data listed on the package for 100g /100ml of the product. The score considers the content of:

■ Elements to promote: fruits, vegetables, pulses, nuts and rapeseed, walnut and olive oils, protein and fibres.

■ Elements to limit: calories, sugars, sodium, and saturated fatty acids.

The overall score for a product is found by subtracting the total number of favorable points from the total number of unfavorable points. Once calculated, the score is used to assign a letter and a color.

For more information on how to calculate the Nutri-Score, see this website: www.santepubliquefrance.fr

Percentage of volumes sold of products without added sugars

This percentage is calculated for all product categories in the Essential Diary and Plant-Based, Waters and Specialized Nutrition Categories. Medical nutrition products are excluded. The products included in this indicator are those whose added sugar content is less or equal to 0.5 grams. The threshold of 0.5g is set for calculation and reporting purposes to avoid overestimation.

All entities are expected to report in accordance to the Danone point of view on sugars. In countries where there is a specific legal contradiction to this document, the entity must follow the local legislation.

Percentage of volumes sold of Dairy and Plant-based products aimed at children with ≤10g of total sugars/100g

This indicator monitors all products in the Essential Dairy and Plant-Based portfolio specifically designed for and/or primarily appealing to children (3-12 years). The term "designed for and/or appealing to children", means that the product is positioned on children's shelves (physical or online); bearing claim(s) addressed to parents, for their children (e.g. "for school snacks", "nutrients needed for bone growth"); with childish characters/licensing/mascots, naive design; games/toys; or directly advertised to children in communications (physical or digital).

Percentage of volumes sold of Toddler Milks (1-3 years), with ≤ 1.25g of added sugars/ 100 Kcal

This indicator is calculated for Specialized Nutrition, essential Dairy and Plant-Based portfolio, specifically for toddler milks, which are milk-based formulas designed to support the nutritional and developmental needs of children aged 1 to 3 years and meeting the added sugar target of less or equal to 1.25g/100 Kcal

Percentage of volumes sold of Formula Milks (4-5 years), with ≤ 2g of added sugars/ 100 Kcal

This percentage is calculated for milk products directed to children aged 3 years and above, having a sugar content of less than or equal to 2g/100Kcal. The calculation is based on the Specialized Nutrition portfolio, excluding milks from tailored nutrition designed for specific medical conditions

Percentage of volumes sold of EDP everyday adults' products, with total sugars ≤10g/100g.

This percentage is calculated for Dairy and Plant Based products that are reported as being part of the adult and/or family portfolio, and that are included in the following sub-categories: Dairy and Plant-Based Everyday & Functional yogurt, fermented milks, milks, plant-based drinks, dairy and plant-based cheeses that had a maximum of 10g of total sugars per 100g, and excluding all dairy and plant-based indulgent sub-categories (desserts, ice creams, creamers, ready to drink coffees), and traditional products/cooking aids (butter, margarine creams). The calculation of this KPI excludes the countries within the CIS region (Russia, Belarus, Kazakhstan) from it's baseline scope.

Percentage of volumes sold of kids dairy products, fortified with relevant vitamins and minerals

This indicator is calculated for all products in the dairy portfolio, specifically designed and/or primarily appealing to children aged between 3 and 12 years, positioned in kids shelves (physical or e-commerce), with childish characters/licensing/mascots, naive designs with games/toys; bearing claims addressed to parents for their kids (e.g. "for school snacks", "nutrients needed for bone growth") and or directly advertised to children in communication (physical or digital). Fortification can be either an increase of a naturally present nutrient or a full addition of vitamins and minerals. For this indicator, a list of relevant nutrients has been defined, considering potential deficiencies or insufficiencies specific to the target group and region. Each case undergoes individual assessment to confirm relevancy criteria.

Percentage of volumes sold of Dairy, plant-based and aquadrinks products, providing on pack or online interpretative Nutritional information

This percentage is calculated for the categories Essential Dairy and Plant-Based and Aquadrinks in countries where regulation or market practice allow to display interpretative labeling in a voluntary or mandatory basis on pack or online.

The interpretative nutritional information are nutritional labeling systems that are presented on the food packages or via Danone owned or Danone supported online platforms (websites, apps, etc.) with the aim of supporting consumers to make healthier food choices by delivering simplified nutritional information.

.

These shall be summary indicator systems such as the Nutri-Score, the Health Star Rating System, the Green Keyhole; or nutrient specific systems like traffic lights, warning labels or similar. The markets may define own preferences and criteria regarding on pack and/or online placement as well as the interpretative labeling system choice.

Percentage of volume sold in developing and in transition countries' economies

This percentage is calculated based on volumes sold in all relevant countries identified as developing or in transition economies, as outlined in the World Economic Situation and Prospects 2023 document, and classified by the United Nations (UN) as developing economies and economies in transition.

Number of scientific publications in peer-reviewed journals and/or presentations at scientific conferences

This indicator is calculated following a cross-category digital review and approval system for tracking and forecasting of scientific publications and abstract submissions.

Number of employees trained on the WHO Code and Danone's BMS Policy

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

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

5.9 Report of the independent third-party organization on the verification of the consolidated
of non-financial performance statement included in the management report

5.9 REPORT OF THE INDEPENDENT THIRD-PARTY ORGANIZATION ON THE VERIFICATION OF THE CONSOLIDATED OF NON-FINANCIAL PERFORMANCE STATEMENT INCLUDED IN THE MANAGEMENT REPORT

Year ended December 31, 2023

Danone

The limited company with a capital of €169,443,282

Head office: 17 boulevard Haussmann, 75009, Paris

RCS : 552 032 534, Paris

REPORT OF THE INDEPENDENT THIRD-PARTY ORGANIZATION ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT INCLUDED IN THE MANAGEMENT REPORT

This is a free translation into English of the independent third-party organization's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2023

To the shareholders,

In our capacity as independent third-party organization, member of Mazars Group and accredited by COFRAC Inspection under number 3-1895 (list of accredited sites and their scope of accreditation available on www.cofrac.fr), we have performed work to provide a reasoned opinion that expresses a limited level of assurance on the historical information (observed and extrapolated) of the consolidated extra-financial performance statement (hereinafter the "Information" and "Statement" respectively), prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the financial year ended 2023, presented in the management report of Société (hereinafter the "Entity") in application of the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the Commercial Code.

CONCLUSION

Based on the procedures we performed, as described in the "Nature and scope of our work" and the evidence we collected, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The lack of a commonly used framework or established practice on which to base the assessment and evaluation of information allows for the use of alternative accepted methodologies that may affect comparability between entities and over time.

The Statement has been prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

RESTRICTIONS DUE TO THE PREPARATION OF THE INFORMATION

The Information may contain inherent uncertainty about the state of scientific or economic knowledge and the quality of external data used. Some of the Information is dependent on the methodological choices, assumptions and/or estimates made in preparing the information and presented in the Statement.

THE ENTITY'S RESPONSIBILITY

The Board of Directors is responsible for:

■ selecting or setting appropriate criteria for the preparation of the Information;

■ preparing the Statement compliant with legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and also, the Information required by Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);

■ and implementing internal control procedures deemed necessary to the preparation of information, free from material misstatements, whether due to fraud or error.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY ORGANIZATION

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

■ the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;

■ the fairness of Information (observed or extrapolated) provided in application with article R.225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

We conducted our work in order to provide a reasoned opinion expressing a limited level of assurance on the historical, observed and extrapolated information.

As it is our responsibility to express an independent conclusion on the Information prepared by management, we are not authorized to be involved in the preparation of such Information, as this could compromise our independence.

This is not our responsibility to express an opinion on:

■ the entity's compliance with other applicable legal and regulatory requirements (in particular with regard to the Information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the due diligence plan and the fight against corruption and tax evasion);

■ the truthfulness of the Information provided for in Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);

■ the compliance of products and services with applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL STANDARDS

The work described below was performed with reference to the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 [3] (revised).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and the professional doctrine of the French National Association of Auditors.

MEANS AND RESOURCES

Our work was carried out by a team of about fifteen people between October 2023 and February 2024. We conducted some twenty interviews with the people responsible for preparing the declaration.

---

[3] *ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.*

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

5.9 Report of the independent third-party organization on the verification of the consolidated of non-financial performance statement included in the management report

NATURE AND SCOPE OF OUR WORK

We planned and performed our work considering the risks of significant misstatement of the Information.

We estimate that the procedures we have carried out in the exercise of our professional judgment enable us to provide a limited assurance conclusion:

- we obtained an understanding of the Entity's activity and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, when appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225 102 1 III;
- we verified that the Statement provides the Information required under article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the Information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including when relevant and proportionate, the risks associated with its their business relationships, its their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and;
  - corroborate the qualitative information (measures and outcomes) and quantitative that we considered to be the most important presented in Appendix 1. Other work was carried out on the consolidating Entity.
- we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L.233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures implemented by the entity and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, presented in Appendix 2, and covers between 18% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We are convinced that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

L'organisme tiers independants,

Mazars SAS

Paris-La Défense, March 5, 2024

Gonzague SENLIS
Partner

Tristan MOURRE
Sustainability - Partner

5 SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

5.9 Report of the independent third-party organization on the verification of the consolidated
of non-financial performance statement included in the management report

APPENDIX 1: INFORMATION CONSIDERED MOST IMPORTANT

Social and Health & Safety indicators

Qualitative information:

- Diversity and inclusion
- Social dialogue

Quantitative information (including key performance indicators):

- Total headcount and breakdown by gender, by age and by geographic regions
- Total number of hires
- Total number of dismissals
- Average permanent headcount
- Turnover rate
- Theoretical worked hours
- Absenteeism hours
- % of part-time employees
- Total number of training hours
- Average number of training hours per employee
- % of employees covered by collective bargaining agreements
- Company frequency rate of workplace accidents with lost-time
- Company frequency rate of workplace accidents without lost-time
- Severity rate
- Total number of hours lost due to accidents at work
- Number of countries that have deployed the EAP (Employees Assistance Program)
- Number of employees and number of countries benefiting from health coverage that fully or partially complies with the criteria defined by Dan'Cares
- Percentage of employees covered by a collective agreement

Environmental Indicators

Qualitative information:

- Preserving water resources: Preserving and restoring water resources in agriculture and watersheds
- Circular economy: Packaging circularity
- Circular economy: Waste management - Combating food waste
- Regenerative agriculture

Quantitative information (including key performance indicators):

- ISO 14001 certification - Percentage of certified sites and percentage of volumes covered
- Greenhouse gas emissions - Scope 1
- Greenhouse gas emissions - Scope 2
- Greenhouse gas emissions - Scope 3
- Thermal energy consumption
- Electricity consumption
- Energy consumption intensity (kWh/tonne of product)
- Total reduction in energy intensity since 2022
- Production sites purchasing 100% renewable electricity
- Percentage of renewable electricity
- Percentage of renewable energy
- Percentage of facilities that comply with CWS
- Water drawn from the surrounding area
- Consumption of water related to the production process
- Intensity of consumption of water related to the production process
- Number of watershed protection plans deployed

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

5.9 Report of the independent third-party organization on the verification of the consolidated of non-financial performance statement included in the management report

- Proportion of facilities with a 4R action plan (Reduce, reuse, recycle and reclaim)
- % of high-risk production sites having reduced by -50% their water intensity or that are at best-in-class level
- Final discharge of chemical oxygen demand and Net COD Ratio
- COD net ratio
- Proportion of industrial waste recovered
- Proportion of packaging industrial waste recovered
- Proportion of plastic packaging waste recovered
- Proportion of food waste recovered and proportion
- Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016, on a like-for-like basis
- Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials
- Reduction in the total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials

Health & Nutrition Indicators

Qualitative information:

- Offering ever tastier and healthier foods
- Promoting healthier choices
- Taking concrete action for better health

Quantitative information (including key performance indicators):

- % of volume in healthy categories
- % of volume without added sugars (except AMN)
- % of volumes sold with nutritional information on the front of packaging
- % of volumes and share of dairy and plant-based products aimed at children with ≤ 10g total sugars
- % of volumes sold and % of volume sold scoring A or B in Nutriscore
- % of volume dairy, plant-based water and aquadrinks rated >3.5 stars by Health Star Rating
- % of volumes sold of milk for young children (1 to 3 yo) containing ≤ 1.25 g of added sugar per 100 kcal
- % of volumes sold of infant formulas (for children aged 4 to 5 yo) containing ≤ 2 g of added sugar per 100 kcal
- % of volumes sold of kids dairy fortified with relevant vitamins & minerals

Danone Impact Journey

- Gender Pay Gap in Points
- % of women in management positions between 40% and 60%
- % of women in Senior Leadership positions between 40% and 60%
- % of women in COMEX between 40% and 60%
- DPS inclusion index > peers FMCG
- Achieve global B Corp certification of employees covered by certification. Weighted average score of above 80 points
- Have all Danone employees covered by Dan'Cares by 2030
- Net zero by 2050 (TBD)
- Lead the development of effective collection systems to recover as much plastic as we use by 2040 (TBD)
- CO2e volume reduction like for like vs. 2020 baseline (CO2e reduction by 2030 in line with 1.5C SBTi)
- 30% reduction in methane emissions from fresh milk by 2030
- Energy consumption intensity
- % of Water Intake of factories in watersheds at risk having a water stewardship with mitigation action started
- Proportion of facilities with a 4R action plan (Reduce, reuse, recycle and reclaim)
- 30% key ingredients we source directly will come from farms that have begun to transition to Regenerative Agriculture (RA)
- % verified Deforestation and Conversion Free (vDCF) materials
- 100% reusable, recyclable or compostable by 2030
- 50% use of virgin fossil-based packaging by 2040 with a 30% reduction by 2030, accelerating reuse and recycled materials
- Halve all food waste not fit for human, animal consumption or biomaterial processing by 2030 vs. 2020.
- % of volume sold of dairy, plant based and aquadrinks products with on pack or online interpretative nutritional information
- % of volume sold of dairy and plant based Kids portfolio with ≤ 10g of total sugars /100g of product
- % of volume dairy, plant-based water and aquadrinks rated ≥ 3,5 stars by Health Star Rating
- % of volume sold of formula milks with added sugar ≤ 1,25 g/100 kcal for toddlers 1-3 yo milks
- % of volumes of infant formulas (for children aged 4 to 5) containing ≤ 2 g of added sugar per 100 kcal
- % of volumes of kids dairy fortified with relevant vitamins & minerals sold
- No. of impact projects to address Iron Deficiency in children
- People with access to safe drinking water
- Scientific publications in peer reviewed journals and/or presentations at scientific conferences (from baseline of 2023)

APPENDIX 2: AUDITED ENTITIES

Country	Category	CBU Name
Belgium	EDP	Alpro NV
Brazil	SN	Support Produtos Nutricionais Brazil Baby
Brazil	EDP	Danone Brazil Dairy
Canada	EDP	Danone Canada Delisle
China	SN - ELN	Nutricia Early Life Nutrition (Shanghai) Co., Ltd
China	SN - ELN	Danone Nutricia Hong Kong Danone Nutricia Online Distribution Hong Kong
China	SN - AMN	Nutricia Pharmaceutical Wuxi Medical Sales
China	SN - AMN	Nutricia Trading (Shangai Medical)
China	SN - AMN	Nutricia Medical Hong Kong SEA
China	Waters	Danone Water China Mizone
France	Waters	SA Des Eaux Minérales D'Evian / Volvic
Germany	SN	Danone Deutschland GmbH
Germany	EDP	Danone Germany
Japan	EDP	Danone Japan
Mexico	EDP	Danone de Mexico
Morocco	Africa	Centrale Danone
Poland	SN	Nutricia Polska/Poland Baby
Spain	Waters	Font Vella
Thailand	SN	Danone Specialized Nutrition (Thailand) Co. Ltd
United Kingdom	SN	SN UK
USA	EDP	Danone US LLC