



DANONE
ONE PLANET. ONE HEALTH

REPORT 2021

Raising the bar:
**RESPONSIBLE
MARKETING** *of*
baby formula

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Putting Danone's commitment to protecting breastfeeding into PRACTICE

At Danone our mission of bringing health through food is as old as the company itself, it's at the heart of everything we do. We know in early life, the right nutrition during a baby's first 1,000 days is crucial for their lifelong health which is why we focus on giving babies the best nutritional start in life. Breastfeeding is key for this, and like the World Health Organization (WHO) we believe that it must be protected and promoted. As a leading provider of baby formula we believe we have a key role to play in protecting breastfeeding and championing responsible and ethical formula marketing practices.

As such we continue to work hard to raise the bar for ourselves and the entire industry in responsible formula marketing:

- In 2021 we were ranked number one for the second time in a row with a score of 68% in the Access To Nutrition Initiative's (ATNI) Global Index for the Marketing of Breast-Milk Substitutes. Our management systems were considered the strongest of those evaluated and the score constituted a significant improvement on our 2018 number one score of 46%.
- In 2021 we were proud to be 1 of only 3 breast milk substitute manufacturers to be re-certified by the FTSE4Good Index Series, a global responsible investment index series.

We are committed to doing better every year and everywhere we operate, that's why we transparently report about our progress in responsible marketing of baby formula based on independent external assessments and our own monitoring. Throughout the pandemic we have upheld this commitment, adapting our ways of working to maintain the standards of all our in-market audits. We might not get everything right all the time but we're committed to continuous improvement and ensuring accountability for our actions.

This report summarizes the progress we have made in implementing our strict global marketing policy for Breast-Milk Substitutes (BMS Policy) providing an overview of instances of non-compliance with our policy, both by Danone and partners involved with our products. We champion responsible marketing of formula by monitoring

our and our partners' practices and sharing the steps that we're taking to ensure we address these examples of non-compliance with our BMS policy and improve these practices.

As a company focused on bringing health through food we work to contribute to infant and maternal health by protecting, promoting and supporting breastfeeding. It is why I am proud to share this progress report, a summary of what we learned in 2021 as we continue to raise the bar for the responsible marketing of baby formula.

March 2022



**JEAN-MARC
MAGNAUDET**

President Specialized
Nutrition Unit

5858 employees were trained in 2021 on the WHO Code and the Danone Policy for the Marketing of Breast-Milk Substitutes.



How we're raising the bar in the INDUSTRY

WE'RE CONVINCED THAT BUSINESS CAN BE A FORCE FOR GOOD, AND THAT WE CAN CREATE AND SHARE SUSTAINABLE VALUE FOR ALL WHILE WE DELIVER ON OUR FINANCIAL AGENDA. OUR APPROACH TO ETHICAL MARKETING OF BABY FORMULA ENABLES US TO SUPPORT PARENTS WITH HIGH QUALITY NUTRITION FOR THEIR BABIES WHEN BREASTFEEDING IS NOT AN OPTION FOR THEM.

At the heart of our approach is a commitment to protecting breastfeeding in line with the aims of the World Health Organization's 1981 Code for the Marketing of Breast-Milk Substitutes and subsequent relevant WHA resolutions, also known as the WHO Code.

Danone was the first company not to advertise or promote infant formula for children aged 0-6 months, anywhere in the world, even if permitted by local laws. We also voluntarily extended our BMS Policy to 12 months in parts of the world where infant health is more at risk (as classified by the FTSE4Good BMS Criteria), to help encourage breastfeeding.

Our people set the standard

Employees (or "Danoners") involved in Danone's baby formula portfolio sign a commitment statement upon joining the company to respect our strict worldwide policy for the marketing of baby formula that protects and promotes breastfeeding. Our employees receive regular training about the importance of protecting and promoting breastfeeding for better infant and maternal health and on how to implement Danone's policies in this area. Responsible marketing of baby formula and compliance with our BMS Policy is part of the annual evaluation of all Danoners working in the baby formula category. Through these awareness trainings and programs we embed our industry-leading approach as a core part of our business practices across all teams enabling our people to set the standard.

THE FIRST GLOBAL POLICY

Our industry-leading BMS Policy is embedded across our business in every geography, often going beyond local market regulation to ensure high compliance standards no matter where we're operating.

SUPPORTING OUR EMPLOYEES TO BREASTFEED

Beyond responsible marketing, Danone supports employees to promote and encourage breastfeeding. Lactation rooms are available in offices with more than 50 people and we also have job-protection policies, flexible working hours and return-to-work programmes that support the different needs of parents and caregivers.

FAMILY FRIENDLY CERTIFICATION TO SUPPORT OUR EMPLOYEES' WORK-LIFE BALANCE

In 2021 Blédina and Danone Nutricia Research in France were certified as Family Friendly Company, a certification commissioned by the French Ministry of Solidarity and Health. The certification program recognized Danone's actions and commitment to supporting employees' work-life balance, health and the health of their kids, specifically with regards to supporting mothers in their breastfeeding journey at work.



WORLDWIDE POLICY WITH WHO CODE AT ITS HEART
with respect for laws and regulations



GLOBAL IMPLEMENTATION SUPPORT AND OVERSIGHT
with clear individual accountability in markets



CONSTANT MONITORING FOR IMPROVEMENT
with external verification to ensure independent evaluation and assessment of our approach

Equipping our partners to fulfil their role

We have a duty to promote and advocate responsible business practices across our value chain and partnerships. This is why we aim to provide comprehensive training to all partners that we work with on a contracted basis, to ensure they can fully comply with our BMS Policy. We actively support and encourage third party organizations we work with, such as retailers and pharmacies to familiarize themselves with and implement responsible formula marketing practices according to our strict worldwide BMS Policy.

DEPLOYMENT THIRD PARTY TRAINING & AWARENESS TOOLKIT

We believe we should go beyond our direct scope of influence and work with all our partners to raise the bar in responsible marketing of baby formula. This year we launched a third party BMS awareness toolkit that our local teams are rolling out to increase understanding of our BMS Policy among contracted and non-contracted retail and e-retail partners. The toolkit includes various training materials explaining what marketing restrictions apply for products for different age groups.

External assessment and verification of our practices

We rigorously monitor, report and review our own efforts, but to ensure our approach is as robust as possible, we also work with qualified, external, third-party experts to provide an independent assessment on how we're doing. By working with Bureau Veritas, ATNI, FTSE4Good & B Corp, we are able to get a valuable external perspective on what's working well and what can be improved. We believe that external monitoring raises the compliance and integrity of marketing practices of individual companies, and ultimately, the entire industry.

DANONE RANKED #1 BY ATNI

In 2021 Danone ranked number 1 for the second consecutive time in ATNI's Breast-Milk Substitute and Complementary Foods Marketing Index. ATNI specifically acknowledged Danone's work to strengthen its overarching commitments to the responsible marketing of baby formula and the applicability to and implementation in its affiliates across the globe.

B CORP CERTIFICATIONS ON THE RISE

16 Danone entities selling baby formula achieved Bcorp certification in 2021. B Corp is a movement of companies verified to be meeting the highest standards of social and environmental criteria and using their business as a force for good.

EXTERNAL ASSESSMENTS

FTSE

Headquarter and Philippines ↩

April 7, 2021

ATNI Philippines ↩

May 13, 2021

FTSE Mexico ↩

May 18, 2021

ATNI BMS Ranking ↩

June 17, 2021

ATNI Mexico ↩

June 17, 2021

FTSE Re-Certication

June, 2021

ATNI Global Index ↩

July 1, 2021

Delivering on our commitment to responsible marketing of BABY FORMULA

OUR COMMITMENT TO PROTECTING AND PROMOTING BREASTFEEDING IS AT THE HEART OF OUR BMS POLICY AND FUNDAMENTAL TO OUR WORK. ALL OF US AT DANONE, FROM OUR SCIENTISTS TO THOSE WORKING IN MARKETING, SALES AND DISTRIBUTION, TO OUR SENIOR EXECUTIVES, ARE RESPONSIBLE FOR MAKING SURE WE CONSISTENTLY MEET THE HIGH STANDARDS WE HAVE SET OURSELVES FOR THE RESPONSIBLE MARKETING OF BABY FORMULA.



EDUCATE

To ensure everyone is aware of their responsibilities and has the tools they need to do their part, we've put in place a simple but robust process, which starts with education and training.



EQUIP

With the support of our Early Life Product Compliance Committee, comprised of senior leadership and subject matter experts, our network of "BMS Compliance Managers" are responsible for local implementation and compliance with our BMS Policy.



MONITOR

Regular internal and external assessments, reporting and verification processes ensure that we keep ourselves focused on the importance of compliance with our BMS Policy and on finding ways to continually improve how we operate in this area.



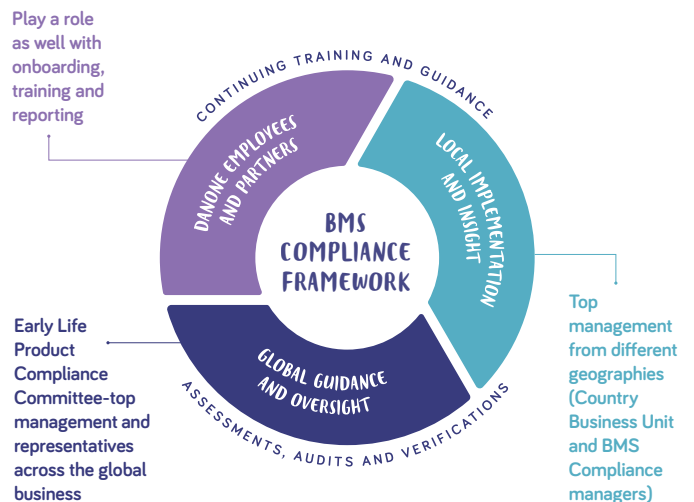
REPORT

We're serious about having a positive impact and we're always trying to do better, however we recognize there is always more we can do, which is why proactively reporting and publishing our progress in implementing our BMS Policy is so important.



IMPROVE AND REPEAT

When it comes to compliance, the job is never complete, which is why we consider our policies and procedures as a work in progress. Supported by continuous communication and a culture of learning and incremental improvement, we strive to ensure our learnings are reflected back in our education and training, starting the cycle again.





We are committed to openly and transparently sharing our compliance with our BMS Policy and we are focused on ensuring continued accountability for our actions. This report provides an overview of instances of non-compliance attributable to both Danone and the third parties with whom we work, as well as the steps we are taking to ensure we are always learning and improving.

OUR EXTENSIVE REPORTING COVERS RETAIL PRACTICES

To impact the industry at scale and continuously raise the bar we do not limit our reporting to alleged instances of non-compliance attributable to Danone and contracted third parties (e.g. distributors) but we also report on other third parties like retailers. Because we believe we have a role to play in raising awareness of importance of responsible marketing of baby formula as widely as we can working with retailers, e-commerce & pharmacies.

In our reporting we categorize allegations as either substantiated or unsubstantiated when compared with the marketing standards laid out in our BMS Policy. We follow a strict process of evaluation of each allegation received from our local business units – irrespective of how or by whom the allegation is reported.

We review compliance with our BMS Policy related to:

- Interaction with the general public
- Interaction with health workers
- Labelling of “covered products”
- Information and education campaigns reaching the general public

Substantiated allegations are then further classified as either:

- Actions conducted by Danone and contracted third parties (e.g. distributors)
- Actions conducted by third parties such as independent retailers or pharmacies

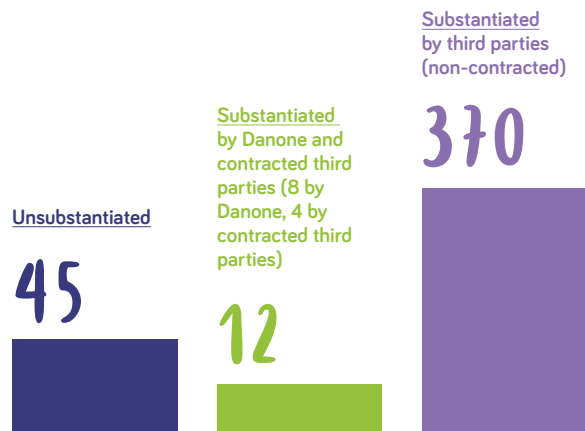
How we did in 2021

Our first report on compliance with our BMS Policy was published in 2013 as part of our effort to increase transparency and openness about how we work to ensure we are marketing baby formula responsibly. Reporting on our progress and identifying areas of improvement is how we continue to evolve our processes and do better every time.

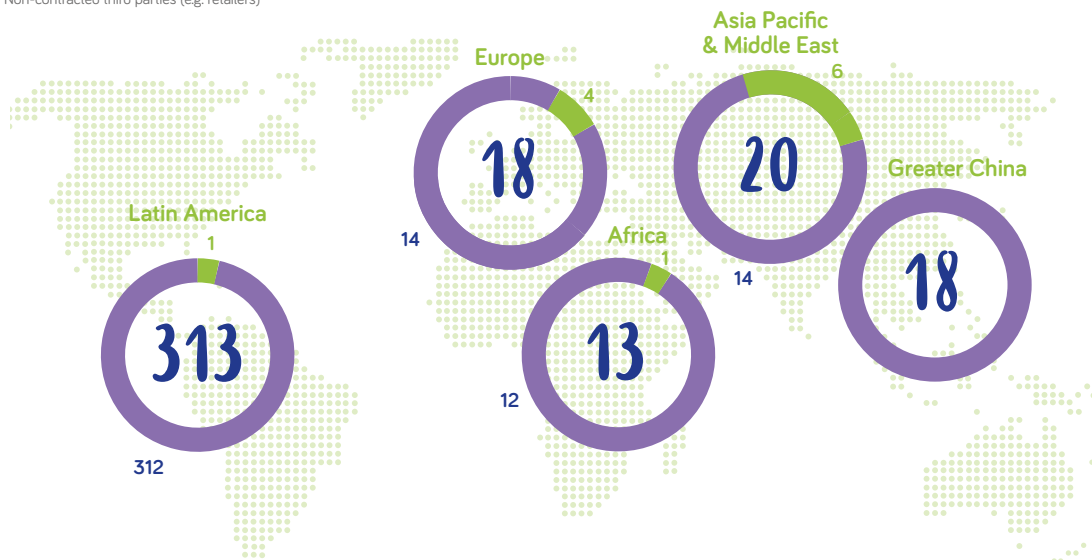
We appreciate feedback and getting things brought to our attention if there's ever a situation where it looks like we did not do enough to market our baby formula responsibly and to protect breastfeeding and promote its benefits. We always look into it through internal investigations – we take this really seriously. That is also why we take reports like the ATNI Index 2021 BMS subcategory and FTSE in-country verifications very seriously and always look into the topics raised by organizations like ATNI and FTSE.

We receive allegations in a number of different ways and review all facts before an allegation is considered as substantiated or unsubstantiated.

An analysis of substantiated allegations (related to either our own actions or those of our contracted third parties and other third parties) is included in the Appendix. In summary, for the period 1 January to 31 December 2021, we had 382 substantiated allegations across our markets which constitute an incident of non-compliance as defined by our BMS Policy. We also received 45 unsubstantiated allegations, for which there was no evidence of violations of our BMS Policy or local regulations.



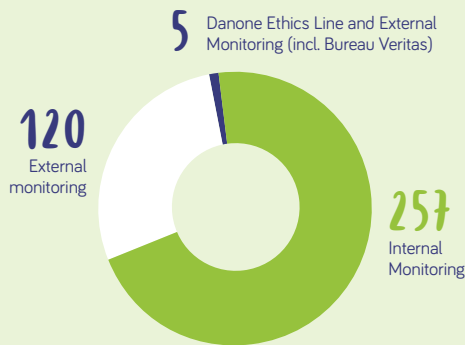
- Danone and contracted third parties
- Non-contracted third parties (e.g. retailers)



WHERE DID THE SUBSTANTIATED ALLEGATIONS TAKE PLACE

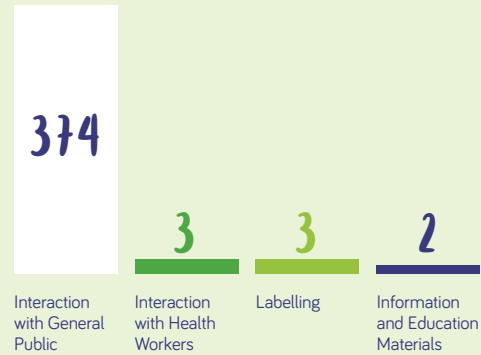
Due to the same proactive approach in Brazil as in 2020 for monitoring compliance with our BMS Policy via a specialized external agency, there has been an even higher number of allegations found in Latin America versus 2020 (313 vs 296). In Europe, Africa and Asia Pacific & Middle East there has been increases as well; from 6 to 18 in Europe, from 7 to 13 in Africa and from 16 to 20 in Asia Pacific & Middle East. Greater China decreased in cases, from 41 in 2020 and 18 in 2021.

ALLEGATIONS 2021



WHERE DID THE SUBSTANTIATED ALLEGATIONS COME FROM

The majority of substantiated allegations was detected through internal monitoring of our and third party e-commerce platforms and social media.



WHAT KIND OF SUBSTANTIATED ALLEGATIONS WERE RECEIVED

Out of the substantiated allegations, the majority was in relation with interactions with the general public (97,5%). There were only a few instances of non-compliance with health workers (1%), labels of Covered Products (1%), and information and educational materials (0,5%).

RAISING THE BAR IN RESPONSIBLE MARKETING IN BRAZIL

Since 2020 Danone Brazil started monitoring its marketing practices and those of third parties more closely to ensure compliance with Danone's BMS Policy. The proactive monitoring was continued in 2021, enabling the local team to address when Danone or third parties did not adhere to the BMS Policy.

DANONE ETHICS LINE

The Danone Ethics Line is a tool that enables both employees and third parties to report potential non-compliance anonymously and outside their normal management reporting line. The ethics line aims to empower people to call out anything of concern without fear of repercussions. This line can be easily accessed online and people can open a confidential post box to communicate with a number of authorized employees at Danone's head office in Paris. The platform can be used for concerns of non-compliance with our strict BMS Policy. Every issue raised is then investigated and appropriate action taken if non-compliance is found. www.danoneethicsline.com

BUREAU VERITAS

In 2021 Bureau Veritas, an external auditor, was commissioned to undertake audits in Cambodia, Ivory Coast and Cameroon. These countries were selected based on the following criteria:

- Infant malnutrition and mortality rates in the country
- Internal risk-assessment of the market
- Follow-ups with minimum 5 years intervals

In order to assess our level of compliance with our strict BMS Policy in these countries, Bureau Veritas conducted the following activities remotely: interviews with Danone and distributors personell, reviewed requested documentation, records and local e-commerce sites. Local auditors interviewd HCPs, visited HCOs and retail locations. To avoid the risk of bias, the auditors did not disclose that Danone was the manufacturer being assessed.

In these three countries, the audits found several areas of best practice. These findings included (among others):

- In all countries, the personnel had an overall good awareness of the requirements of the Danone BMS Policy and the local code
- No promotion or advertising detected at the sampled physical points of sale e.g. in Ivory Coast
- The interviews with Danone healthcare advisors and the key distributor raised no areas of concern in e.g. Cameroon
- The HCP register was comprehensive and gave full visibility in e.g. Cambodia

CAMBODIA

NON-CONFORMANCE	ACTION
<p>Out of 41 retail outlets visited, three instances of end of aisle placement of Covered Products were identified. One was a Danone product branded (young child formula) special display containing stages 1 and 2, the other two were multi-branded. There is no evidence to suggest that the placement in these two cases was done at the request or with the consent of Danone. Moreover, a price tag on Covered Products was incorrectly marked as a promotion and it could be seen throughout the store. There was no evidence to suggest that the placement of the tag was done at the request or with the consent of Danone.</p>	<p>→ Danone is working closely with retail partners to ensure the BMS Policy is fully understood with the aim to avoid any confusion about guidance on product positioning and point-of-sale materials, within stores.</p>
<p>One instance of online multi-buy discount promotion of a Covered Product via an e-commerce platform was found, however no evidence suggested the discount was done at the request or with the consent of Danone.</p>	<p>→ Danone has reminded online retailers of the BMS Policy requirements in this area.</p>
<p>Next to replying to inbound calls of consumers in line with our Policy, the careline also undertook outbound calls to engage mothers of with the intention of extending the reach of its various services.</p>	<p>→ New trainings for careline personnel have been implemented to ensure compliance with our BMS Policy in all inbound and outbound interactions with parents.</p>

IVORY COAST

NON-CONFORMANCE	ACTION
<p>Two instances of online discount promotion of Covered Products via an e-commerce platform were found, however no evidence suggested the discount was done at the request or with the consent of Danone.</p>	<p>→ The discounts were stopped, the local business unit continues to monitor stores online and Danone has reminded all retailers of the Policy requirements in this area.</p>
<p>Insufficient documentary evidence (historic records) was available that training had been carried out for all of the current employees.</p>	<p>→ All training records of employees will be stored locally.</p>

CAMEROON

NON-CONFORMANCE	ACTION
<p>It was found that the inductions of 2 new starters were not done on time according to the BMS Policy.</p>	<p>→ The list of newcomers will be shared as soon as they arrive, and they will be trained within 3 months of their arrival. The attendance sheets will be stored locally.</p>
<p>Two instances of online discount promotion of Covered Products via an e-commerce platform were found, however no evidence suggested the discounts were done at the request or with the consent of Danone.</p>	<p>→ The discounts were stopped, the local business unit continues to monitor stores online and Danone has reminded all retailers of the BMS Policy requirements in this area.</p>
<p>An e-commerce platform provided a product description of a Covered Product which did not meet the requirements of the BMS Policy, however no evidence suggested the description was created at the request or with the consent of Danone.</p>	<p>→ The e-commerce platform was asked to replace the non-compliant product description by the standard official validated product description.</p>

To conclude the audits done in 2021, next to the specific action in the audited countries, we have defined some key for areas of improvement:

- **Third party awareness**

We remain committed to working closely with business partners to establish awareness and promote responsible marketing practices. With a continued focus on education and training, especially when it comes to retailer and consumer interaction, collectively we can raise the standard for ourselves and the rest of the industry.

- **Training records**

In order to make sure we monitor the numbers and timing of employees trained on the BMS Policy correctly, we will focus on maintaining accurate training records and store them locally. The records should be complete, consistent and easily accessible.

Continuing to raise THE BAR

We are proud both to promote and protect breastfeeding and to provide parents with a safe, quality option if breastfeeding is not an option. We welcome the external recognition of our work so far to champion and implement responsible and ethical marketing, and we are committed to challenging ourselves to keep doing more. Together with international health bodies and civil society organizations we share a clear objective to improve infant and maternal nutrition and health.

At Danone, we think it's possible to be a business and a good global citizen. We are working hard to be a successful business that is socially responsible and operates sustainably. We know there's more that can be done and that's why we have a plan in place to deliver on our commitments and ensure we continue to challenge ourselves to keep improving.



SUBSTANTIATED ALLEGATIONS CONCERNING ACTIVITIES BY DANONE AND CONTRACTED THIRD PARTIES

MONTH	CATEGORY	SUMMARY OF ALLEGATION	COMMENTS	SUMMARY CORRECTIVE ACTIONS	REGION
February	Labelling of Covered Products	Labelling of covered products not in line local Food Regulation.	In line with local regulations, there should not be claims on the infant formula label directly or indirectly idealising the use or effect of the product.	The product label was amended & the team performed the rectification action to all the affected product labels in the market within the agreed timeline.	Asia Pacific & Middle East
March	Interaction with General Public	Incentives to one employee specifically on covered products.	In line with our BMS Policy, Bonus or incentive calculations for Danone Employees do not include volume or value targets or quotas set specifically for covered products.	The distributor changed the incentive to a bonus based on overall sales of products marketed by Danone.	Africa
June	Interaction with General Public	Covered product brand name used as title of a video by our media agency on their own channel.	In line with our BMS Policy and local regulations, covered products brand names should not be advertised or promoted.	The video was removed immediately by the agency.	Asia Pacific & Middle East
June	Interaction with General Public	Online advertising on a covered product to drive customers to e-commerce channel.	In line with our BMS Policy and local regulations, covered products should not be advertised or promoted.	The advertisements were removed immediately.	Asia Pacific & Middle East
July	Interaction with Health Workers	HCS procedure was not fully followed.	In line with our BMS Policy, a different HCS procedure should have been followed.	Local team was trained on approval of Healthcare Systems (HCS) activities and local rules. Re-iterated to the distributor our commitments and the importance of compliance to our BMS Policy.	Europe
July	Interaction with Health Workers	HCS procedure was not fully followed.	In line with our BMS Policy, a different HCS procedure should have been followed.	Local team was trained on approval of Healthcare Systems (HCS) activities and local rules. Re-iterated to the distributor our commitments and the importance of compliance to BMS Policy.	Europe

MONTH	CATEGORY	SUMMARY OF ALLEGATION	COMMENTS	SUMMARY CORRECTIVE ACTIONS	REGION
September	Interaction with General Public	Point of Sale (POS) materials in retail outlet which linked pregnant women or mother of infant and young children to recruitment of service platform providing a gift as reward for joining.	In line with our BMS Policy and local regulations, Covered Products should not be promoted or advertised.	The activity was adjusted not to include pregnant women or mother of infant and young children.	Asia Pacific & Middle East
September	Interaction with General Public	Point of Sale (POS) materials in retail outlet which linked pregnant women or mother of infant and young children to recruitment of service platform providing a gift as reward for joining.	In line with our BMS Policy and local regulations, Covered Products should not be promoted or advertised.	The activity was adjusted not to include pregnant women or mother of infant and young children.	Asia Pacific & Middle East
October	Information and Education Materials	Educational materials on infant feeding have been produced by Danone.	In line with our local regulations, the production and sponsorship of educational materials on the feeding of infants and young children by distributors, suppliers, importers, or manufacturers of covered products is prohibited.	The educational materials were stopped.	Asia Pacific & Middle East
October	Interaction with General Public	One of our marketing agencies used an influencer to promote a covered product via social media.	In line with our BMS Policy, covered products should not be promoted or advertised.	The post was removed immediately. Re-iterated to agency and the local team our commitments and the importance of compliance to our BMS Policy.	Asia Pacific & Middle East
November	Information and Education Materials	Use of an icon in a video that was linked to a covered product.	In line with our BMS Policy and local regulations, Covered Products should not be promoted or advertised.	Video was removed immediately, and the icon was adjusted.	Europe
December	Interaction with Health Workers	Number of Products for Professional Evaluation (PPE) of Covered Products are given to HCPs.	In line with our BMS Policy and local regulations, only 2 PPE may be given to HCPs to evaluate the new product.	The amount of PPE is 2. Re-iterated our commitments and the importance of compliance to our BMS Policy.	Asia Pacific & Middle East

SUBSTANTIATED ALLEGATIONS CONCERNING ACTIVITIES BY NON-CONTRACTED THIRD PARTIES

NUMBER OF ALLEGATIONS	CATEGORY	SUMMARY OF ALLEGATION	COMMENTS	SUMMARY CORRECTIVE ACTIONS
14	Interaction with General Public	Promotion of infant formula and follow-on formula using point of sale material.	In line with our BMS Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Third parties were informed that such point of sale material is not permitted, and the materials were removed. Re-iterated to the third parties our commitments and the importance of compliance to our BMS Policy.
91	Interaction with General Public	Promotion through discounted price of infant formula and follow-on formula in retail outlet and e-commerce.	In line with our BMS Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted by third parties. Re-iterated to the third parties our commitments and the importance of compliance to our BMS Policy.
11	Interaction with General Public	Promotion of infant formula and follow-on formula using a special display.	In line with our BMS Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Third parties were informed that such special display is not permitted, and the products were removed. Re-iterated to the third parties our commitments and the importance of compliance to our BMS Policy.
239	Interaction with General Public	Promotion of infant formula and follow-on formula on social media.	In line with our BMS Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Third parties were informed that such advertising is not permitted, and the published post was removed. Re-iterated to the third parties our commitments and the importance of compliance to our BMS Policy.
13	Interaction with General Public	Promotion of infant formula and follow-on formula in (digital) advertising materials.	In line with our BMS Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Third parties were informed that such advertising is not permitted, and the advertisement was stopped/removed. Re-iterated to the third parties our commitments and the importance of compliance to our BMS Policy.
2	Interaction with General Public	Promotion of infant formula and follow-on formula by giving a gift/product/delivery with every purchase.	In line with our BMS Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Third parties were informed that such promotion is not permitted, and the gift was removed. Re-iterated to the third parties our commitments and the importance of compliance to our BMS Policy.



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