



– SHAREHOLDERS’ MEETING 2023 –

April 27, 2023

ANSWERS TO THE WRITTEN QUESTIONS SENT BY SHAREHOLDERS

In view of the Combined Shareholders’ Meeting of April 27, 2023, Danone received 13 questions from shareholders, pursuant to Articles L.225-108 and R.225-84 of the French Commercial Code.

This document, made available on the Company’s website in accordance with applicable law, contains the answers to these 13 questions.

- WRITTEN QUESTIONS FROM FORUM POUR L’INVESTISSEMENT RESPONSABLE –

ENVIRONMENT

1.
 - a. Under the Paris agreement, how does each of your measures to reduce direct and indirect GHG emissions contribute to your decarbonization target across all scopes (percentage of the reduction in emissions achieved through each measure)? What role do negative emissions play in your decarbonization targets?

As part of its Climate Policy, Danone pledged in 2015 to achieve carbon neutrality throughout its entire value chain by 2050 (scopes 1, 2 and 3, i.e.; all direct and indirect emissions including those of suppliers and consumers) by reducing its greenhouse gas emissions “GHGs” and offsetting remaining emissions.

In order to reach its Net Zero goal, Danone has developed the following strategy:

- Cutting greenhouse gas emissions;
- Transforming the agricultural practices of its supply chain;
- Keeping more carbon in the ground;
- Eliminating deforestation from its supply chain;
- Offsetting remaining greenhouse gas emissions.

Details of each of these strategies are available in the [2022 Universal Registration Document](#) at the paragraph 5.2.

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. As such, the greenhouse gas inventory published by Danone does not include negative emissions, notably for the emission category “waste generated by operations”.

Relating to removals, the ones linked with regenerative agriculture are fully included in our strategy, notably when the modification of agricultural practices allow to keep more carbon in the ground. As indicated in the paragraph 5.10 of the [2022 Universal Registration Document](#), page 220, for milk, Danone had access end of 2022 to the beta version of the new release of the Cool Farm tool that allows for the disaggregation of emissions and removals. However, Danone decided not to publish this year its 2021 and 2022 emissions with this new disaggregation as it is not the final release of the tool. As such, the published values for 2021 & 2022 are “net”

values (the sum of FLAG emissions and FLAG removals), for the milk collected from farms in countries where Cool Farm tool is implemented.

- b. Can you state the amount of investment necessary for each measure put in place to reduce your direct and indirect emissions as part of your decarbonization strategy?

As indicated in the note 1.4 “assessment of the effects of climate change” to the consolidated financial statements in the section 4.1 of the [2022 Universal Registration Document](#):

- On February 22, 2023, Danone has announced its new roadmap ([Danone Impact Journey](#)), detailing its objectives and commitments regarding the fight against climate change, such as its ambition to reduce its methane emissions by 2030, as announced in its press release of January 17, 2023.
- The procedures for implementing these new objectives were being drawn up as of the date the consolidated financial statements for the year ended December 31, 2022, were prepared. To date, the Group does not anticipate any significant changes in the assumptions underlying the business plans as drawn up as of December 31, 2022.
- In 2022, the Group did not identify any significant effects of the commitments made in this area on the value of its property, plant, and equipment. In particular, the implementation of the action plans necessary to adapt production tools does not adversely affect their useful lives.

- c. On which reference scenario your decarbonization strategy is based? Is it aligned with the 1.5°C scenario?

In December 2022, Danone’s 1.5°C near term science-based targets were validated by the SBTi. Danone committed to:

- reduce absolute scope 1 and 2 energy and industrial GHG emissions 47.2% by 2030 from a 2020 base year (the target boundary includes land-related emissions and removals from bioenergy feedstocks);
- reduce absolute scope 3 energy and industrial GHG emissions (non FLAG – Forest Land and Agriculture) from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution and end of life treatment of sold products 42% by 2030 from 2020 base year;
- reduce absolute scope 1 and 3 FLAG GHG emissions 30.3% by 2030 from 2020 base year (the target includes FLAG emissions and removals);
- no deforestation across its primary deforestation-linked commodities with a target date of 2025.

2.

- a. Have you recently assessed the extent to which your business activities affect and are dependent on biodiversity (directly and indirectly)?
- b. If not, why not? If so, have your calculations regarding the dependency (direct and indirect) of your business activities on biodiversity (expressed as a percentage of revenue) changed relative to last year?
- c. Based on your assessment work, how much do you spend on supporting biodiversity (protection, restoration, etc.)? Please state an amount.

Biodiversity impacts, risks and opportunities are covered through 4 focus areas at Danone:

- water (described in paragraph 5.2 *Preservation of the water resource*, page 157 of [2022 Universal Registration Document](#));
- forests and deforestation (paragraph 5.2 *Fight against climate change*, page 150);
- sustainable sourcing (paragraph 5.6 *Responsible Business Conduct*, page 180); and
- soils (paragraph 5.3 *Regenerative Agriculture*, page 167).

To cover the main impacts, risks and opportunities related to biodiversity in the upstream supply chain, Danone has developed a set of policies aiming to eliminate deforestation from its supply chain. At the end of 2022, Danone continued to progress towards its goal, focusing on key forest risk raw materials—palm oil, paper and board and soy. Moreover, Danone has also published its first [Renewed Forest Policy](#) in 2022, available on the website, with the ambition to continue and increase efforts to protect and restore forests. Danone also publishes an annual report on its website dedicated to the progress made on key ingredients: [forest-update-on-key-categories-2021-data.pdf \(danone.com\)](#).

In 2022, CDP recognized Danone as one of the world’s leading companies in terms of its environmental performance and its transparency in fighting climate change, fighting deforestation and protecting water resources, for the fourth consecutive year, being one of only thirteen companies in the world awarded with the “triple A” rating for its 2021 performance in the CDP Climate Change, CDP Forests and CDP Water questionnaires.

Finally, as explained above, in February 2023 Danone published its new roadmap: [Danone Impact Journey](#), based on three pillars, one of which is Nature, with several objectives aimed at preserving and regenerating nature.

Our programs related to regenerative agriculture, water resource protection and our new Forest Policy contribute to the protection of the biodiversity, without any specific costs associated with it as we aim to develop integrated programs.

As part of our ongoing CSRD risk analysis and the development of the operational implementation of the new objectives defined in the new Danone Impact Journey roadmap, the cost of actions specifically related to the restoration of ecosystems in the watersheds where our production sites are located will be refined.

3.

- a. At a time of high inflation, geopolitical crises, global warming and biodiversity loss, how do you assess the financial and economic impact caused by the increasing scarcity of your strategic natural resources, or difficulties accessing them, on your business models?

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

- availability of ingredients (milk, fruit, etc.) in regions exposed to drought and bad weather;
- exceptional climate events that could affect production sites located near coastlines;
- availability of water resources and degradation of watersheds and groundwater, with a potential impact on Danone’s activities and relations between the subsidiaries and local stakeholders;
- price volatility for its product packaging materials and impacts on its activities; and
- financing the transition toward more sustainable agricultural practices.

Furthermore, as part of the recommendations made by the Taskforce on Climate-related Financial Disclosures (TCFD), Danone has mapped the potential and existing impacts of climate change, as well as the climate-related risks and opportunities (see table page 151 of the [2022 Universal Registration Document](#)). 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, its strategy and the related financial impacts.

Finally, we refer to the Identification and control policy of strategic risks page 22 of the [2022 Universal Registration Document](#) as well as the description of the external environment risk “Raw materials and energy price volatility & availability” page 28.

- b. b) Have you assessed the increase in costs arising from those difficulties (state the change in cost as a percentage or value)?

As indicated in the notes 10.4 “Impairment review of goodwill and brands with indefinite useful lives” and 1.4 “Assessment of the effects of climate change” to the consolidated financial statements (pages 97,98 and page 71 of the the [2022 Universal Registration Document](#) cash-generating units):

For the purposes of impairment testing as of December 31, 2022, the Group has projected in its business plans the effects on its various businesses of the following items, according to its best estimate based on i) the information available at that date with respect to external items, and ii) the initiatives and projects that will be implemented by the Group in accordance with its plans at that same date:

- the effects of the Covid-19 health crisis on its main activities that are the most affected, i.e. those of the CNAO (China North Asia Oceania) zone or the Waters category, over all or part of the duration of the plan to take into account the uncertainty as to its magnitude and duration;
- general acceleration of inflation in raw material prices (milk and ingredients), packaging and logistics costs during 2022 and 2023. For the cash-generating units (CGUs) with limited headroom, the Group has also simulated worsened inflation scenarios (higher level and extrapolation over the following years of the plan), via its operating margin sensitivity analyses. In addition, the effects on raw material costs for 2022 of an increase or decrease in the prices of the Group's two main categories of raw materials are presented in Note 6.7 of the Notes to the consolidated financial statements:
- an after-tax discount rate of between 6.1% and 23.5% and a long-term growth rate of between 0% and 3%;
- operational costs and capital expenditure related to the Plan for the transformation of its operations over the duration of the business plan.

Lastly, the Group has also considered in its business plans the risks related to climate change and its potential effects by means of sensitivity analyses of net sales and operating margin in the exposed geographical zones. These analyses have not indicated any impairment.

The implementation of these scenarios in the impairment tests did not highlight any additional impairment.

- c. What measures have you taken as a result to reduce your consumption and adopt a more circular business model? Please state the proportion of the company's activities concerned by these solutions.

Danone's ambition is to transform its value chain by developing solutions that preserve and regenerate nature. Circular economy and regenerative agriculture are 2 major pillars of Danone new roadmap: the Danone Impact Journey.

Indeed, in its pillar "Preserving and regenerating Nature", Danone aims to:

- lead the transition to a circular and low-carbon packaging system & recover as much as we use, with the following KPIs:
 - 100% reusable, recyclable, compostable packaging by 2030;
 - halve the use of virgin plastic in our packaging by 2040, with a 30% reduction step by 2030, while accelerating the use of recycled and reused materials;
 - lead the development of efficient collection systems to recover as much plastic as we use by 2040;
- work to develop regenerative agriculture and regenerative dairy farming models with the following KPIs:
 - 30% of key ingredients sourced directly from producers who have made the transition to regenerative agriculture by 2025;
 - zero deforestation and zero conversion for our main commodities by 2025.

Full details of our Regenerative Agriculture policy in chapter 5.3 of our [2022 Universal Registration Document](#) and our commitments to packaging circularity on page 163. The [2022 Regenerative Agriculture Scorecard](#) is available on the website.

SOCIAL

4.
 - a. Please state how the environmental and social (E&S) criteria that form part of your short-and long-term variable remuneration policies (if applicable) for your senior executives reflect the most material E&S issues facing your company.

The compensation policy for corporate officers is drawn up by the Board of Directors, on the recommendation of the Governance Committee and is submitted each year to approval by the Shareholders' Meeting. It defines all components of the fixed and variable compensation of the executive corporate officers and the decision-making process followed for its determination and implementation.

The Nomination, Compensation and Governance Committee and the Board re-evaluate the relevance of the performance criteria included in the short and long-term variable remuneration policies, including the social and environmental criteria, in order to ensure these criteria, reflect the main issues facing Danone.

This compensation policy includes, both for annual variable remuneration (bonus), up to 20%, and long-term variable remuneration (in shares subject to performance conditions), up to 30%, social, societal and/or environmental criteria, which the Board of Directors ensures are based on demanding targets, assessed over time. This long-term variable compensation in performance shares concerns, more broadly, approximately 1,750 Danone managers, with the performance conditions set applying to all beneficiaries.

Since 2018, one of the conditions is linked to Danone's environmental performance. In 2022, the relative weight of this conditions has increased from 20% to 30%. This condition was linked to the rating attributed to Danone by CDP under its Climate Change, Water and Forest programs. In 2023, following the dialogue with shareholders, the Company wished to evolve the environmental criterion by creating three internal social and environmental criteria (Health, accounting for 10%, Nature, accounting for 10% and People, accounting for 10%), directly linked to Danone's medium-term strategy and objectives, particularly its Enterprise à Mission status.

In the 2022 annual variable compensation of the Chief Executive Officer of Danone, Antoine de Saint-Affrique, is included a social, societal and/or environmental criteria which weighs 20%: 10% measured with Employee Engagement and 10% measured with the Gender pay gap. In 2023, the annual variable compensation of Danone's CEO will include an environmental and a social criterion: the reduction of greenhouse gas emissions of its entire value chain (scopes 1,2 and 3) and the percentage of Danone's 2023 sales covered by B-Corp certification.

- b. How does the Board verify that E&S targets have been met, and in particular what quantitative criteria does it apply? Are targets always raised when achievement rates are high?

Danone's compensation policy is reviewed on a yearly basis by the Nomination, Compensation and Governance committee, chaired by the Lead Independent Director. This Committee takes particular care to ensure that the performance criteria are stringent and complementary.

As explained previously, the Shareholders' Meeting of April 27, 2023, is asked to vote on the establishment of a new GPS plan in which the 2023 GPS would be subject to performance conditions based on four complementary criteria, assessed over 3 years that are representative of Danone's performance and contribute to Danone's medium-to-long-term value creation model.

Among these criteria and weighted by 30%, internal social and environmental performance conditions more directly linked to Danone's medium-term strategy and objectives include a health criterion (10%), a nature criterion (10%) and a people criterion (10%), in which conditions are detailed from page 292 to 294 of the 2022 URD.

- c. How are E&S criteria factored into the remuneration of your employees other than senior executives (bonuses, long-term remuneration, incentive plans, etc.)? Please state the number of employees concerned and provide as many details as possible about E&S criteria and the proportion of employee remuneration to which they relate.

As explained above, the payment of the long-term compensation in shares (GPS plan), granted to approximately 1,750 people, is subject to the level of achievement of social and environmental conditions for 30% of its grant value. The population eligible for this GPS plan is identified in the Executive, Director and Manager levels.

Furthermore, for the population eligible for a short-term variable compensation plan (Bonus / STI), representing more than 22,000 people, the payment of such variable compensation depends on qualitative criteria for a share ranging from 30% to 50% of the opportunity, depending on the employee's hierarchical level. These qualitative

criteria are determined according to the employee's role and include "People" elements (which may correspond to objectives of promoting diversity, implementing a development plan for the team for which he/she is responsible, for example), "Renew" (which may correspond to actions in line with the transformation/evolution plan in charge) or "Function" (which may correspond to environmental objectives to be delivered within the scope of the person's competence, for example).

5.

- a. As part of your value-sharing policy, what proportion of repurchased shares have you allocated to your employees in the last five years (excluding performance shares)? What proportion of employees was concerned in France and abroad?
- b. Over the same period, can you break down the allocation of repurchased shares (cancellation, employee share ownership transactions, performance share awards, other beneficiaries, other purposes)?
- c. More generally, do you have a policy governing the way you allocate repurchased shares? Is that policy public? If so, can you describe it?

You will find below the details of the transactions on the share capital in the last 5 years and share capital as of 31 December 2022.

Effective date of the transaction	Shares created/ (canceled) by the transaction <i>(number of shares)</i>	Type of transaction	Nominal amount of the transaction <i>(in €)</i>	Amount of share capital after the transaction <i>(in €)</i>	Shares making up the share capital after the transaction <i>(number of shares)</i>
May 31, 2018	13,475,904	Capital increase for the payment of the dividend in shares	3,368,976.00	171,046,576.00	684,186,304
June 7, 2018	868,896	Capital increase reserved for employee members of a company savings plan	217,224.00	171,263,800.00	685,055,200
May 16, 2019	1,018,400	Capital increase reserved for employee members of a company savings plan	254,600.00	171,518,400.00	686,073,600
July 24, 2019	27,355	Capital increase reserved for employees of foreign companies	6,838.75	171,525,238.75	686,100,955
September 26, 2019	19,851	Capital increase reserved for employees of foreign companies	4,962.75	171,530,201.50	686,120,806
July 22, 2020	508,794	Capital increase reserved for employee members of a company savings plan	127,198.50	171,657,400.00	686,629,600
May 18, 2021	1,010,400	Capital increase reserved for employees of foreign companies	252,600	171,910,000.00	687,640,000
September 23, 2021	42,489	Capital increase reserved for employees of foreign companies	10,622.25	171,920,622.25	687,682,489
April 28, 2022	(13,158,315)	Capital decrease by cancellation of shares	(3,289,578.75)	168,631,043.50	674,524,174
May 17, 2022	1,263,426	Capital increase reserved for employee members of a company savings plan	315,856.50	168,946,900.00	675,787,600
September 22, 2022	50,332	Capital increase reserved for employees of foreign companies	12,583	168,959,483.00	675,837,932
Share capital as of December 31, 2022				168,959,483.00	675,837,932

Moreover, the details of GPS are listed on the [2022 Universal Registration Document](#) at pages 286 and 287.

Regarding our repurchased policy, it is published on our website and The Shareholders' Meeting of April 26, 2022 authorized the Board of Directors, for an 18-month period, to buy back a number of shares representing a maximum of 10% of the Company's share capital at a maximum purchase price of €85 per share. This authorization was not used during 2022.

The Board of Directors will submit a new authorization, valid for 18 months, to the Shareholders' Meeting to be held on April 27, 2023, to buy back up to 10% of the total number of shares comprising the share capital of the Company (i.e., for information purposes, 67,583,793 shares as of December 31, 2022, representing a maximum

potential purchase amount – excluding transaction fees – of approximately €5.7 billion) at a maximum purchase price of €85 per share.

6. Since 2 years in a row, you are not giving a definition of living wage. This question is particularly important for responsible investors and especially in the context of global inflation. It is for us crucial to have a clear definition to evaluate Danone's vision on its global strategy. According to the Global Living Wage coalition, a living wage is "The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events. The living wage is distinct from the local legal minimum wage.
 - a. Since last year, did you adopted a definition of the living wage such as the one mentioned above or equivalent? If so, which one?
 - b. What precise measures have you taken to ensure that all of your employees and those of your suppliers receive a living wage (special initiatives, studies to determine living wage levels in each country, inclusion of living wage criteria in your supplier charters, supplier due diligence etc)?
 - c. Have you determined minimum remuneration levels in all countries in which you operate for your employees and those of your suppliers, and where do those levels lie in relation to local minimum wages? If you have determined minimum remuneration levels, do you carry out audits to ensure that the thresholds are complied with and move in line with the cost of living?
 - d. Have you taken into account and mapped the systemic risks that may prevent you from paying a living wage to your employees and those of your suppliers (such as the risk of failing to respect freedom of association)?

In its main countries of operation, Danone's compensation practices are not limited to the local legal minimum wage. In addition to compensation, Danone provides social benefits for its employees.

For example, the Company launched the Dan'Cares programme in 2009 with the ambition of guaranteeing, in the long term, to all its employees, a quality health cover that takes into account the major risks while taking into account the practices of the different markets. As part of its new roadmap, the [Danone Impact Journey](#), Danone aims to have all employees covered by Dan' Cares by 2030.

Danone has also affirmed its commitment to fundamental employee rights, which explicitly include freedom of association and access to collective bargaining, decisive factors in providing a decent wage to the employees of the Company or its suppliers and promotes employee representation through active collaboration with local trade union organizations, as evidenced by the agreements signed in the United States or in Turkey over the last years.

Danone also includes the criterion of respect for these fundamental rights in its contracts with suppliers, thus reinforcing the social standards in force in its supply chain. As part of the Danone Impact Journey, the Company aims to have 100% of its employees trained in Danone's human rights policy by 2025 and to deploy Danone's responsible sourcing policy to all suppliers by 2030.

Finally, Danone participates in the B4IG (Business for Inclusive Growth) coalition, which published its "Call for Action" in June 2021, calling on all its members to build a living wage guarantee for their employees and those in their supply chain. In line with the United Nations Sustainable Development Goals for 2030, Danone is committed to defining its roadmap to ensure a positive impact on the eradication of poverty in its supply chain.

7.
 - a. In France, aside from investments in your company's own shares, what proportion of the employee savings funds offered to your employees have responsibility labels (ISR, Greenfin, CIES, Finansol or foreign labels)? Please state the names of labelled funds, the percentage of 8 assets under management and of non-employee share ownership funds that they represent,

the percentage of Group employees that benefit from them and changes relative to the previous year.

- b. If not all of your employee savings funds are labelled, please explain why not. If some are not labelled but incorporate ESG criteria, please explain how those criteria contribute to a robust and selective ESG approach.
- c. In the other countries where you operate: What employee savings arrangements, excluding employee share ownership plans, are in place for your employees outside France? Do they incorporate robust ESG criteria? If so, which ones? If not, why not?
- d. How do you involve your employees in selecting the funds and checking their commitment to responsibility?

All Danone employees in France have access to the Group Savings Plan which offers 3 funds that take into account socially responsible investment (SRI) criteria in their management.

In total, these funds represent 75% of the total outstanding of the Group Savings Plan (excluding employee shareholding).

- Dan'Dynamique Environnement represents 36% of the outstanding amounts of the Group Savings Plan. It is classified as article 9 by the new European classification established by the Sustainable Finance Disclosure Regulation (SFDR), namely financial products targeting sustainable investments with the GREENFIN and FEBELFIN labels for the underlying MIROVA fund "MIROVA EUROPE ENVIRONMENTAL EQUITY FUND";
- Dan'Equilibre represents 22% of the outstanding amounts of the Group Savings Plan;
- Danone Communities Solidaire fund represents 17% of the outstanding amounts of the Group Savings Plan.

Currently, the majority of Danone French companies offer a supplementary retirement plan that allows employees to invest in a euro fund and in funds that include ESG criteria. In the end, and in accordance with the provisions of Article 71 of the French "PACTE" law, supplementary retirement plans may be subject to further development and the investment vehicles offered to employees may be reviewed. More than 90% of Danone employees in France have access to a supplementary retirement plan.

Moreover, Danone carries out each year a capital increase reserved for Danone employees in France participating in a company savings plan. In 2022, this capital increase represented a total amount of €49 million.

In addition, since 2019 Danone also carries out, under the authorization granted by the Shareholders' Meeting, capital increases reserved for employees of its foreign subsidiaries. In 2022, a capital increase was implemented for the benefit of employees in 42 countries in which Danone operates, representing a total amount of €1.9 million. The Board of Directors of February 21, 2023, decided to implement a new capital increase reserved for employee members of a company savings plan and another capital increase reserved for employees of foreign companies. These two capital increases should be achieved before the end of the first 2023 half year.

GOUVERNANCE

8. To ensure that a company's approach to its tax responsibility is in line with its social responsibility, the company's board of directors or supervisory board must fully exercise its oversight function to maintain high tax morale (aligned with principles such as those of the B Team initiative). The FIR expects companies to produce a tax responsibility report that is publicly available, reviewed and signed by the Board of Directors, and aligned with GRI 207, including country-by-country reporting details. Accordingly:
 - a. Do you publish a document detailing your commitment to tax responsibility? Apart from its contribution to compliance, how does the document fit into your social responsibility policy? Is it reviewed and approved by the Board? Please provide a link or state where the document is located, along with a detailed explanation. In the document, do you provide details of tax practices you regard as unacceptable?

Danone published its annual Tax Policy on its website which underscores its commitment to responsible tax management and its pledge to avoid tax schemes that are artificial, fraudulent, or disconnected from actual operations.

Danone's Tax Policy is based on 3 main principles:

- **Prepare:** ensure full and transparent tax compliance. In practice, Danone ensures that the company is tax compliant with all applicable laws and regulations in the countries where it operates.
- **Propose:** propose tax solutions that are in line with the reality of our business. Danone's tax policy also aims to protect the company's competitiveness.
- **Protect:** ensure good financial visibility for the company. Danone's tax team is constantly reviewing proposed changes in legislation around the world to anticipate the financial impact of these changes.

In March 2021, Danone joined B-team, a non-profit organization of business leaders and members of civil society working for a fairer and more environmentally friendly business model and committed to its responsible tax principles. 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.

Danone is also involved in discussions on taxation with its external stakeholders. The Company thus supports the OECD's Base Erosion and Profit-Sharing initiative. Danone has also signed onto a partnership agreement with the French government as part of the "Confiance Plus" initiative, which encourages transparency in the interactions between the government and companies. Danone published its first tax contribution report in 2019, which shows the total tax burden paid by the group by tax category and region. Since 2022, Danone publish an annual tax transparency report on its website, in line with its B Team commitments.

Danone's tax function is supervised by the Vice-President Tax, who reports once a year to the Audit Committee on the main events of the year and on the Company's tax policy. This Vice-President is supported by a core team tasked, among other missions, 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.

- b. Do you make your country-by-country tax reporting public? If not, how are you preparing for the European directive scheduled for 2024 that will require country-by-country reporting for EU member states? Are you planning to publish country-by-country reporting information in addition to that required by the directive?

As of 2019, Danone publishes the overall amount of taxes and compulsory levies paid by Danone on a global basis, indicating the breakdown of these amounts by major regions. From 2022, Danone publishes a tax transparency report on its website (accessible [here](#)), providing more and more information to reach a level of detail by country in 2024.

9.

- a. What public decisions do you target through your lobbying activities? Please provide details for the last two years, focusing on lobbying related to human rights (including fundamental social rights), the climate and governance, for the main jurisdictions in which you carry out lobbying (including the EU, the United States, emerging markets and other regions).

Danone engages in advocacy as a company or industry member to support the objectives laid out in our sustainable strategy, the [Danone Impact Journey](#), as well as our commitments under our status as a Société à Mission. All key topics we engage on are captured in our materiality assessment. Our participation in policy discussions is varied, covering macro-topics like agriculture and climate change, through to detailed front-of-pack labelling or product quality and safety standards. We proactively publish many of the position papers given by Danone to government authorities or policy makers on Danone's website.

Where Danone does engage in advocacy activities, we follow the principles set out in Danone's [Advocacy Policy](#) and [Integrity Policy](#). We work with governments, regulators, scientific societies, trade associations, experts, consumers, NGOs and other businesses on the development of regulations, policies, procedures and related programs that balance continued innovation and development while improving outcomes for consumers as well as the central role of governments in policy making.

Danone's advocacy strategy is regularly discussed at and Board levels, whether it be on the strategy to adopt on defined dossiers or even on our broader positioning on advocacy. An independent Mission Committee is also responsible for reviewing progress on health, social and environmental goals. Additionally, all of our policies on health, environment and social issues are presented at the CSR Committee, composed of five board members.

As described in our Advocacy Policy, Danone's external reporting on advocacy is subject to the local regulation in place. Danone has signed the EU Transparency Register (TR ID number: 65744846168-89), the French High Authority for Transparency in Public Life (Haute Autorité Française pour la Transparence de la Vie Publique - HATVP)'s electronic register and abides by the US Lobbying Disclosure Act (LDA). All three registers name Danone's lobbyists on the territory, list the general issues the company is lobbying on, list the branches of government / public authorities that we meet with, and estimate the approximate euro/dollar amounts that Danone spends on its lobbying activity.

We advocate for specific policy outcomes in the interest of consumers and to improve public health, social and environmental outcomes. This includes, for example:

- In February 2022, signing with over 100 companies, investors, business associations and initiatives, a [joint statement](#) urging the EU to swiftly adopt a legislative proposal on mandatory human rights and environmental due diligence (mHREDD), within the Sustainable Corporate Governance initiative.
- In July 2022, signing an [open letter](#) with other companies calling on the US Congress to pass a critical climate and clean energy package.
- Supporting a [campaign](#) to encourage governments at the UN Biodiversity Conference (COP15) to require all major companies and financial institutions to assess and disclose their risks, impacts and dependencies on nature by 2030
- Committing to reviewing this year our communications on climate advocacy, notably to outline our climate advocacy goals and reaffirm our commitment to conduct all advocacy in line with the Paris Agreement, whether through our own activities or through the trade associations that we are part of.

- b. How do you check and ensure alignment between your ESG targets and the positions of the trade bodies of which you are a member, and any potential divergence from your own positions? Do you publish a report in which you detail the ways in which your company's positions are aligned with those of your trade bodies, but also cases where they may differ?

Danone is a member of various trade associations, whether they are sector-based, local, national or international. The company's participation depends also on its level of engagement in the association (member of the Board, involvement in a specific working group...).

We consolidate and disclose our membership of trade associations at global and regional levels (see appendix of [Danone's Advocacy Policy](#)), as well as on specific business categories or for specific markets.

Partnering with public policy and advocacy groups is a key element of our work and selecting the right groups and associations to partner with is important. We ensure any work with our partners is conducted transparently, legitimately and ethically.

Our [integrity policy](#) states that:

- Before engaging with any Advocacy partner, we ensure that:
 - the partner shares our ethical values and standards of integrity;
 - the partner (and any of its members) is legitimate, credible and highly recognized in their field of expertise;

- there is a clear legitimate purpose to the engagement;
- a strong governance framework exists with the partner organization

Danone's Corporate Affairs and Compliance Departments are co-responsible for overseeing the worldwide implementation of our company's advocacy policy. Local Public Affairs managers are held accountable of their advocacy activities. Regular trainings are rolled-out by both the compliance and public affairs teams to ensure professionals are trained on the practice of advocacy, and that they understand our advocacy goals and positions on specific topics. In 2023, we will review our advocacy policy to include measures to ensure alignment between our policy positions and those of our trade associations.

c. What resources (human and financial) do you allocate to your lobbying activities across all your markets around the world?

On advocacy expenses, Danone's contributions and spendings for lobbyists or lobbying organizations, trade associations and other tax-exempt groups are managed at different levels of the company (both locally by the subsidiaries and at worldwide business unit level). There is therefore no full consolidation of the total spending at company level.

It must be noted that Danone does not use any corporate funds or assets to make political contributions or independent expenditures on behalf of candidates or parties, as mentioned in our Integrity Policy.

While we don't disclose total expenditures on trade associations, we provide to extra-financial agencies like VIGEO an overview of total resources dedicated to lobbying practices from our corporate headquarters, our EU office, North American and French business.

Partnering with public policy and advocacy groups is a key element of our work and selecting the right groups and associations to partner with is important. We ensure any work with our partners is conducted transparently, legitimately and ethically.

Any action undertaken in the context of advocacy activities must comply with Danone's Code of Business Conduct, Danone's Code of Conduct for Business Partners, Danone's Integrity Policy, Danone's Policy for the Marketing of Breast-Milk Substitutes, Danone's Health Care Systems (HCS) Policy and other relevant internal policies such as Danone's Competition Policy and Danone's Data Privacy Policy. Furthermore, any lobbying or advocacy activity conducted by Danone employees or agencies working on behalf of Danone must fully comply with all applicable national and international laws and regulations at all times, and in particular with any and all laws relating to competition and anti-trust behavior. Where local laws and regulations are less stringent than the above policies, the company policies always prevail.

10.

a. What measures do you take to anticipate the short- and medium-term effects of the environmental transition on jobs and on your group's changing skills requirements, but also in your value chain (subcontractors, suppliers, franchise holders, etc.)?

The climate risk is present in several of Danone's risks: two strategic risks (Packaging and Fast changes in consumer preferences), and two external environment risks (Legal & Regulatory and Raw materials and energy price volatility & availability).

In addition, on the operational side, as Danone's businesses are directly related to nature and agriculture, its value chain can be impacted by climate change and its consequences on soil, biodiversity, and ecosystems and on the consequences of shifts or disruptions in availability, quality and prices of raw materials and ingredients used. Climate change also affects water availability which can impact Danone's operations as well as subsidiaries' relationships with local stakeholders. The transition towards regenerative agricultural practices and ingredients availability as well as the climate efficiency of operations are key to adapt Danone's business model to this environmental change building resilience, efficiency, and consumer preference. Overall, Danone considers this risk as low in the short term but high in the long term.

- b. How do you address environmental matters with your social partners? At what level (local, national, European, worldwide) and in what contexts? Please also state whether those discussions are based on shared information, consultation or negotiation. Please be specific in terms of the various scenarios that may arise.
- c. What resources do you allocate to employee representative bodies so that they can play a role in your company's environmental policy (training, specific committees, etc.)?
- d. Have environmental prerogatives explicitly granted to the social and economic committees by the French Labour Code (by France's Climate and Resilience Law) led to new practices in this area within your company?

During the Danone World Committee with its social partners (CIC), which brings together some sixty trade union delegates from 20 countries, in-depth discussions are organized on the environmental strategies of product categories, as part of the social dialogue commitments developed by Danone.

At the local level in each country and within each operational entity, social dialogue forums are also punctuated by the sharing of information on the business, including environmental issues, at the heart of the strategy of the brands and sites.

Issues related to packaging, its impact and the resulting changes in production have been at the heart of discussions with the unions for many years. Union representatives are therefore regularly and continuously provided with the keys to understanding the environmental issues for our product categories. In the context of consultations on change projects, the environmental impact is regularly addressed as part of the project impact analysis.

With regard specifically to the implementation of the prerogatives of the CSE in France, within the framework of the "climate and resilience" law, discussions have been initiated with the elected representatives and the provision of data, the setting up of exchanges and consultations, are underway.

- QUESTION FROM MISTER PETER THIJSSENS -

I am a very concerned shareholder living in the Netherlands. My question is: what is your plan to reduce your company's global plastic pollution in the coming years? In my opinion, your company continues to rely too much on single-use plastic packaging in the hope that recycling will miraculously solve the flood of plastics it puts on the market. But recycling is a limited solution as statistics show that only 9% of plastics ever manufactured have been recycled. It is unrealistic for food giants like Your Company to claim that recycling is the silver bullet.

Plastic and more generally packaging is an important issue for society: in terms of pollution as mentioned in the question, but also in terms of food safety, transport and more generally in terms of carbon footprint.

Danone is fully aware of the challenges linked to the use of packaging, particularly plastic, and has been a pioneer in the evolution towards a circular economy system for packaging.

Danone, which historically initiated the collection system in France, is one of the founding members of the "Business Coalition for a Global Plastics Treaty" launched under the aegis of the Ellen MacArthur Foundation and WWF, which is working towards the adoption of a legally binding international treaty under the aegis of the United Nations to end plastic pollution.

This commitment and pioneering spirit are manifested in several ways. Firstly, in our efforts to reduce our use of plastic and virgin plastics:

- With 0.76 million tons of plastic used each year, Danone accounts for less than 0.2% of estimated global consumption;
- Danone has managed to reduce its plastic use by 30,000 tons overall and by almost 70,000 tons of virgin plastic between 2018 and 2022, a reduction of 9% over this period;
- Danone has almost doubled the use of recycled plastic between 2018 and 2022.

Secondly, by ensuring that our packaging is recyclable, compostable or reusable. Several figures illustrate the intensity of the effort made in this area to date:

- Almost half of the water sold by Danone is sold in reusable packaging;
- By 2022, 84% of the packaging used by the group's subsidiaries is already reusable, recyclable or compostable;
- Our target published in the Danone impact journey is to be 100% reusable, recyclable and compostable by 2030 and to reduce our use of virgin plastic by 30% by then.

By accelerating the collection of packaging, with the ambition of collecting and recycling as much plastic as we sell by 2040. This can only be done in partnership with all stakeholders - government, local authorities, NGOs, industry - and takes different forms depending on the local context.

- By generalizing collection and deposit in developed countries;
- By creating - through inclusive economy models - the conditions for efficient collection and recycling in developing countries, as we are already doing in Indonesia;
- By developing - in partnership with the industry - technologies that enable efficient recycling and reuse of the collected plastic;
- And finally, by inventing, developing, and promoting innovative, low-carbon and food-safe alternatives.

Replacing plastic with alternative, low-carbon, food-safe materials.

- We offer paper-based yoghurt pots in several countries in Europe. We are also developing solutions with our suppliers to eliminate labels or sleeves on some of our bottles.
- Experimenting with new delivery/reuse models, such as the Loop by Terracycle platform to offer returnable glass bottles (for its Evian and Badoit brands), or the distribution of "bulk" yoghurt developed in Spain in the cafe, hotel, and restaurant sector.

- QUESTION FROM IPAC (Initiative Pour un Actionariat Citoyen) -

The future European regulation on imported deforestation requires a strengthening of the traceability of commodities and, in particular, palm oil. This will pose difficulties for small-scale planters. How much of Danone's palm oil supply comes from small independent farmers? How do you intend to help them meet European requirements?

What is the amount of direct and indirect payments made by Danone worldwide in 2022 to finance the collection and recycling of packaging? Please distinguish between direct and indirect contributions.

Since 2012, Danone has committed through its Forest Footprint Policy to eliminate deforestation from its supply chain by the end of 2020. By 2020, Danone has achieved close to 100% certified sustainable sources for several of its highest risk raw materials.

Danone reinforced this ambition and published in December 2022 its first [Renewed Forest Policy](#), available on the website, with the ambition to continue and increase efforts to protect and restore forests.

Palm oil is one of the priority raw materials of our policy, for which we have specific targets and deadlines. We are committed to:

- source 100% of our palm oil consumption from RSPO Segregated or independent smallholder palm oil producers by 2025;
- achieve 100% traceability from plantations by 2023;
- engage our suppliers to meet our commitments by 2025.

This engagement is also part of our global strategy Danone Impact Journey.

Moreover, Danone works with Earthworm Foundation to ensure traceability of palm oil. In 2022, 88% of the palm oil sourced by Danone was certified Roundtable on Sustainable Palm Oil (RSPO) segregated, 9% was certified RSPO Mass Balance and the remaining 4% was conventional palm oil sourced in Africa (the 5% decrease of RSPO segregated volumes compared to 2021 was largely caused by global supply chain disruption). According to its most recent mill mapping over the first semester 2022, Danone maintained 98% traceability to plantation. These initiatives were recognized by the CDP and enabled Danone to obtain for the fourth year in a row the highest score possible in the CDP Forests–Palm Oil questionnaire for its transparency and its environmental performance in fighting deforestation.

We recognize that transparency is important to achieve tangible progress on responsible palm oil, Danone is publishing the results of our H1 2022 mapping exercise on its website: [Danone 2022 H1 Overall Mill List Connection website.xlsx](#) and continues to publish updated list of its palm oil direct suppliers and mills as well as the grievance process on its website.

Regarding your question on plastic and packaging, please refer to the answer to the question of Mister Peter Thijssens above.

- QUESTION FROM MRS YUTONG LI -

We know that the company has two ways of returning profits to shareholders: dividends and share buybacks. I would like to know why you have distributed the profits in both forms rather than only distributing dividends, i.e. why you have done the share buyback? Also, what criteria do you use to make this split between share buybacks and dividends?

Share buybacks are one of the tools used to remunerate shareholders. Given Danone's disciplined capital allocation and strong balance sheet, share buybacks are part of an overall strategy and are not at the expense of investment. Indeed, it makes it possible to offer an attractive return to shareholders while maintaining the flexibility that management needs to best execute the Renew Danone strategy.

The Shareholders' Meeting of April 26, 2022, authorized the Board of Directors, for an 18-month period, to buy back a number of shares representing a maximum of 10% of the Company's share capital at a maximum purchase price of €85 per share. This authorization superseded the authorization previously granted by the Shareholders' Meeting of April 29, 2021.

This authorization was not used during fiscal year 2022 and the last share buy-back of Danone was in September 2021.

Details of the share buyback authorizations can be found at page 320 in the [2022 Universal Registration Document](#).