

Danone

UNIVERSAL
REGISTRATION
DOCUMENT
ANNUAL FINANCIAL
REPORT 2022

1	INFORMATION ABOUT THE ISSUER AND INFORMATION ON THE UNIVERSAL REGISTRATION DOCUMENT	
1.1	Information about the Issuer	5
1.2	Information about the Universal Registration Document	6
1.3	Person responsible for the Universal Registration Document	7
2	OVERVIEW OF ACTIVITIES, RISK FACTORS	
2.1	Presentation of Danone	9
2.2	Strategic priorities	11
2.3	Description and strategy of the Zones	12
2.4	Other elements related to Danones activity and organization	13
2.5	Simplified organizational chart as of December 31, 2022	15
2.6	Risk factors	18
2.7	Control environment	21
2.8	Insurance and risk coverage	22
3	BUSINESS HIGHLIGHTS IN 2022 AND OUTLOOK FOR 2023	
3.1	Business highlights in 2022	35
3.2	Consolidated net income review	39
3.3	Free cash flow	41
3.4	Balance sheet and financial security review	42
3.5	Outlook 2023	45
3.6	Financial indicators not defined in IFRS	50
3.7	Documents available to the public	52
4	FINANCIAL STATEMENTS	
4.1	Consolidated financial statements and notes to the consolidated financial statements	57
4.2	Financial statements of Danone SA, the parent company	57
4.3	Information on payment terms granted to suppliers and customers of the parent company, Danone SA	58
4.4	Information originating from third parties, expert opinions and declarations of interest	61
5	SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY	
5.1	Introduction	143
5.2	Nature	144
5.3	Regenerative agriculture	149
5.4	People and Communities	167
5.5	Health	170
5.6	Responsible business conduct	186
5.7	Strategy and objectives	193
5.8	Application of the European Taxonomy to Danones activities	198
5.9	Vigilance plan	200
5.10	Methodology note	208
5.11	Report by the independent third party on the consolidated non financial statement included in the management report	214
6	CORPORATE GOVERNANCE	
6.1	Governance bodies	223
6.2	Positions and responsibilities of the Directors and nominees to the Board of Directors	254
6.3	Compensation and benefits of governance bodies	264
6.4	Detailed information on long term compensation plans	284
6.5	DANONE shares held by the members of the Board of Directors and the Executive Committee	315
6.6	Related party agreements	316
7	SHARE CAPITAL AND OWNERSHIP	
7.1	Share capital of the company	319
7.2	Treasury shares held by the Company and its subsidiaries	320
7.3	Authorizations to issue securities giving access to the share capital	323
7.4	Financial instruments not representing share capital	326
7.5	Dividends paid by the Company	326
7.6	Shareholders' Meeting, voting rights	327
7.7	Crossing of thresholds, shares and share sales	328
7.8	Share ownership structure of the Company as of December 31, 2022 and significant changes over the past three years	329
7.9	Market for the Company's shares	331
7.10	Factors that might have an impact in the event of a public tender offer	331
7.11	Change of control	333
	APPENDIX	
	Cross reference tables	335
		336

DANONE
A FRENCH CORPORATION (SOCIÉTÉ ANONYME) WITH SHARE CAPITAL OF €168,959,483.00
REGISTERED OFFICE: 17, BOULEVARD HAUSSMANN, 75009 PARIS
PARIS TRADE AND CORPORATE REGISTER NUMBER: 552 032 534

2022

UNIVERSAL REGISTRATION
DOCUMENT
ANNUAL FINANCIAL REPORT

This Universal Registration Document includes
all the items of the Annual Financial Report.



This Universal Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers or AMF) on March 16, 2023, as the competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document.

The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a free translation into English for information purposes only.

Copies of this Universal Registration Document are available from Danone at: 17, boulevard Haussmann – 75009 Paris, on Danone’s website: www.danone.com and on the website of the Autorité des Marchés Financiers: www.amf-france.org.

A PDF version for visually impaired readers is available at www.danone.com.

This document is a reproduction of the official version of the Universal Registration Document including the 2022 Annual Financial Report which has been prepared in XHTML format and is available on the Company’s website.



“While 2022 was a year of unprecedented external challenges and volatility, for Danone it has also been a year of deep transformation and solid delivery. I am grateful to all Danoners for their resilience and their passion for customers, consumers, patients and for making our company a stronger one.

This year saw strong progress on many fronts, with Local First fully implemented, a materially strengthened Executive Committee, a renewed Board of Directors and a robust governance now in place. We also defined and immediately put into action our new strategy, Renew Danone.

Importantly, 2022 was not only a year of strategy and transformation, but also one of meaningful progress and delivery. We closed a year of solid growth, +7.8% on a like-for-like basis, with all regions and categories contributing.

While delivering on our financial commitments for 2022, we started reinvesting significantly in our capabilities, product superiority and brand support. Of note are the performance and resilience of our Noram and CNAO regions, where we continue to drive balanced and competitive growth, building on strong brands, consistent investments and solid execution. We also made rapid progress on our portfolio management agenda, notably with announcements on EDP Russia and US Organic Dairy platforms. Building on 2022 momentum, we are entering 2023 with renewed ambition and confidence in our strategy. In 2023, we will pursue our transformation, and further invest in our brands, products and capabilities while delivering in line with the mid-term guidance defined last year.”

Antoine de SAINT-AFFRIQUE, Chief Executive Officer

<p>€27.7 bn</p> <p>+7.8% ^(a)</p> <p>SALES</p>	<p>12.2%</p> <p>-154 bps ^(b)</p> <p>RECURRING OPERATING MARGIN</p>	<p>€3.42</p> <p>+3.6% ^(b)</p> <p>RECURRING EPS</p>	<p>€2.1 bn</p> <p>FREE CASH FLOW</p>
<p>2.5x</p> <p>NET DEBT / EBITDA</p>	<p>€2.00</p> <p>DIVIDEND PER SHARE</p>	<p>AAA ^(c)</p> <p>FOR THE 4th YEAR IN A ROW, ONE OF THE ONLY 13 COMPANIES WORLDWIDE OUT OF THE NEARLY 15,000 COMPANIES SCORED.</p>	<p>74%</p> <p>OF SALES COVERED BY B CORP™ CERTIFICATION</p>

	EUROPE	NORTH AMERICA ⁽¹⁾	CHINA, NORTH ASIA & OCEANIA ⁽²⁾	REST OF THE WORLD
Sales 2022	€8.8 bn +5.2% ^(a)	€5.6 bn +8.9% ^(a)	€3.0 bn +6.7% ^(a)	€7.4 bn +10.7% ^(a)
Recurring Operating Margin 2022	12.4% -307 bps ^(b)	10.1% -72 bps ^(b)	30.2% -99 bps ^(b)	6.6% -29 bps ^(b)

(1) United-States and Canada.

(2) China, Japan, Australia and New-Zealand.

(a) Like-for-like.

(b) On a reported basis.

(c) Scores obtained as part of the CDP Climate Change, CDP Water security and CDP Forests questionnaires.

KEY FINANCIAL FIGURES

In millions of euros except if stated otherwise

	2021	2022	Reported Change	Like-for-like
Sales	24,281	27,661	+13.9%	+7.8%
Recurring operating income ^(d)	3,337	3,377	+1.2%	(4.3)%
Recurring operating margin ^(d)	13.7 %	12.2 %	-154 bps	-161 bps
Non-recurring operating income and expenses	(1,080)	(1,234)	(154)	
Operating income	2,257	2,143	(5.0)%	
Operating margin	9.3%	7.7%	-155 bps	
Recurring net income – Group share ^(d)	2,165	2,205	+1.9%	
Non-recurring net income – Group share	(241)	(1,246)	(1,005)	
Net income – Group share	1,924	959	(50.2)%	
Recurring EPS ^(d) (in €)	3.31	3.43	+3.6%	
EPS (in €)	2.94	1.48	(49.7)%	
Free cash flow ^(d)	2,489	2,127	(14.6)%	
Cash flow from operating activities	3,474	2,964	(14.7)%	

(d) Financial indicator not defined in IFRS, see definition in section 3.6 Financial indicators not defined in IFRS.

1.1 INFORMATION ABOUT THE ISSUER

Information concerning the Issuer

Statutory auditors

1.2 INFORMATION ABOUT THE UNIVERSAL REGISTRATION DOCUMENT

Selected financial information

References and definitions

Incorporation by reference

6 1.3 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

6 Person responsible for the Universal Registration Document

Statement by the person responsible for the Universal
Registration Document

7

7

7

8

9

9

9

1

1

INFORMATION
ABOUT THE ISSUER
AND INFORMATION
ON THE UNIVERSAL
REGISTRATION
DOCUMENT

1.1 INFORMATION ABOUT THE ISSUER

INFORMATION CONCERNING THE ISSUER

Legal name and trade name	"Danone" (hereafter the "Company"), having been changed by the Shareholders' Meeting of April 23, 2009 from "Groupe Danone"
Company registration	552 032 534, Paris Trade and Companies Register
APE Industry code	7010Z (activity of registered offices)
Legal entity identifier	969500KMUQ2B6CBAF162 (LEI code)
Date of start of activity	January 1, 1908
Term of the Company	April 25, 2112, since its extension, in 2013, by the Extraordinary Shareholders' Meeting
Registered office	17, boulevard Haussmann, in Paris (75009), France. Tel.+33 (0)1 44 35 20 20
Website	www.danone.com Information that can be found on the Company's website is not an integral part of this document, except if incorporated by reference into said document.
Information about branches (Article L.232-1 of the French commercial code)	Branch (secondary office) located at 17, rue des Deux Gares, Rueil-Malmaison (92500), France
Legal form and applicable law	The Company, a French corporation (société anonyme) with a Board of Directors, is subject to the provisions of Book II of the French commercial code.
Corporate purpose	In accordance with Article 2 of its by-laws, Danone's purpose, whether directly or indirectly, in France and in any country, shall be: industry and trade relating to all food products; the performance of any and all property, real estate, industrial, commercial, and financial transactions relating to this purpose. The by-laws are available on Danone's website www.danone.com (Section Investors/Governance/By-laws, rules of procedure of the Board of Directors and business conduct policies).
Other information	Danone has the status of Entreprise à Mission since July 3, 2020, date on which this status was recorded at the Paris Trade and Companies Register, following the approval of the Shareholders' Meeting held on June 26, 2020.

STATUTORY AUDITORS

Principal Statutory auditors

	Ernst & Young Audit	Mazars & Associés
	Member of the <i>Compagnie Régionale des Commissaires aux comptes de Versailles et du Centre</i>	Member of the <i>Compagnie Régionale des Commissaires aux comptes de Versailles et du Centre</i>
Address	Tour First, 1, place des Saisons, TSA 14444 92037 Paris-La Défense Cedex	61, rue Henri Regnault 92400 Courbevoie Cedex
Represented by	Alexandre CHRÉTIEN and Gilles COHEN	Achour MESSAS and Gonzague SENLIS
Start date of first term of office	April 28, 2016 ^(a)	April 26, 2022
Expiration date of term of office	Shareholders' Meeting deliberating on the financial statements for the fiscal year ending December 31, 2027	

(a) The first term of office with an entity member of Ernst & Young network began on April 22, 2010 with Ernst & Young et Autres.

1.2 INFORMATION ABOUT THE UNIVERSAL REGISTRATION DOCUMENT

SELECTED FINANCIAL INFORMATION

Unless otherwise stated, all amounts in this Universal Registration Document are (i) expressed in Euro and (ii) presented in millions for convenience. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

The financial information presented in section *Key figures* is extracted from section 3 *Danone's business highlights in 2022 and outlook for*

2023 and from Danone's consolidated financial statements for fiscal year 2022 prepared in accordance with IFRS, which, together with the Notes to the consolidated financial statements for fiscal year 2022 are presented in section 4.1 *Consolidated financial statements and Notes to the consolidated financial statements*.

REFERENCES AND DEFINITIONS

Unless otherwise noted, all the references mentioned hereinafter refer to the following elements:

Category	All references to "Category" or "Categories" refer to one or more of Danone's Essential Dairy & Plant-Based, Specialized Nutrition or Waters activities.
CNAO	Zone that refers to China, North Asia & Oceania and includes China, Japan, Australia and New-Zealand.
Company	All references to the "Company" refer to Danone as issuer.
Consolidated financial statements, Notes to the consolidated financial statements	Consolidated financial statements and Notes to the consolidated financial statements for the 2022 fiscal year.
Danone	All references to "Danone" or the "Group" refer to the Company and its consolidated subsidiaries.
Danone's market shares and market positions	All references to Danone's market shares or market positions are derived from third-party market studies and databases provided in particular by Nielsen, IRI, Euromonitor and Canadean institutes.
EDP	All references to the "EDP" Category refer to the Essential Dairy & Plant-Based Category.
Emerging countries	All references to "emerging countries" refer to countries other than mature countries where Danone is present.
Entreprise à Mission	All references to "Entreprise à Mission" refer to the status provided for in French law which was adopted by the Company on June 26, 2020.
Essential Dairy & Plant-Based	All references to the "Essential Dairy & Plant-Based" Category or "EDP" refer to production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and beverages, and coffee creamers.
Europe	Zone that includes Europe except CIS (Commonwealth of Independent States) and Ukraine.
FS (Fidelity Shares)	DANONE shares subject to progressive continuous employment conditions described in section 6.4 <i>Detailed information on long-term compensation plans</i> .
GPS (Group performance shares)	DANONE shares subject to performance conditions described in section 6.4 <i>Detailed information on long-term compensation plans</i> .
GPU (Group performance units)	Multi-annual compensation described in section 6.4 <i>Detailed information on long-term compensation plans</i> .
Group	All references to the "Group" or "Danone" refer to the Company and its consolidated subsidiaries.
Markets	All references to "markets" for products in particular, or to market shares, refer to markets or packaged products and exclude products that may be otherwise marketed or sold.
Market shares and market positions	Data pertaining to market shares and market positions are based on the value of sales.
Mature countries	All references to "mature countries" refer to Western Europe (particularly France and Southern Europe, including Spain, Italy and Portugal), North America, Japan, Australia and New Zealand.
Noram	Zone that includes the United States and Canada.
Universal Registration Document	Danone's 2022 Universal Registration Document.
Rest of the World	Zone that includes the Asia Pacific, Latin America, Africa, Ukraine, Middle East and CIS regions.
Sales	Danone's consolidated net sales.

Specialized Nutrition	All references herein to the “Specialized Nutrition” Category refer to production and distribution of specialized food, for babies and young children to complement breast-feeding, and for people afflicted with certain illnesses or frail elderly people.
Waters	All references herein to the “Waters” Category refer to bottled water, water sold in large containers (jugs), and water sold in small containers.
Zone	All references to a “Zone” or “Zones” refer to one or more of Danone’s Europe, Noram, CNAO and Rest of the World geographical zones.

INCORPORATION BY REFERENCE

Pursuant to article 19 of the 2017/1129 Regulation (EU) and to section 36 of IAS 1, *Presentation of Financial Statements*, requiring that at least one-year comparative information be presented, this Universal Registration Document incorporates by reference the following information:

Incorporation by reference	Registration Document	2020		2021	
		Pages	Registration Document	Pages	Registration Document
Consolidated financial statements and the Statutory auditors’ report for the fiscal year ended December 31		60 to 118		60 to 121	
Annual financial statements and the Statutory auditors’ report for the fiscal year ended December 31	filed with the AMF on March 18, 2021 (filing number D.21-0151)	119 to 139	filed with the AMF on March 16, 2022 (filing number D.22-0109)	122 to 142	
Selected financial information, the Group’s management report and all non-financial information for the fiscal year ended December 31		3 and 40 to 55		3 and 42 to 56	

1.3 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Antoine de SAINT-AFFRIQUE

Chief Executive Officer of Danone

STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

This is a free translation into English of the Chief Executive Officer's statement issued in French, and is provided solely for the convenience of English-speaking readers.

Paris, March 16, 2023

"I hereby certify that to my knowledge all the information in this Universal Registration Document is accurate, and that no information liable to alter its scope has been omitted.

I certify that, to my knowledge, the financial statements in this document have been prepared in accordance with applicable accounting standards and provide a faithful representation of the assets, the financial situation, and the results of the Company and of all companies within its scope of consolidation, and that the management report referred to in the cross-reference table in the Appendix of the present Universal Registration Document provides a faithful representation of the business trends, results, and financial position of the Company and of all companies within its scope of consolidation, and a description of the principal risks and uncertainties that they face."

Chief Executive Officer,

Antoine de SAINT-AFFRIQUE

2.1 PRESENTATION OF DANONE	12	2.5 SIMPLIFIED ORGANIZATIONAL CHART AS OF DECEMBER 31, 2022	21
Activities	12	Parent company Danone SA	21
Main Markets	12	Subsidiaries	21
2.2 STRATEGIC PRIORITIES	13	Main listed companies	21
On-trend Categories and strong brands	13	2.6 RISK FACTORS	22
Strategic Plan "Renew Danone"	14	Identification and control policy of strategic risks	22
Win where we are	14	Main risk factors	23
Expand where we should be	14	Description of main risk factors	24
Seed for the future	15	2.7 CONTROL ENVIRONMENT	35
Manage our portfolio	15	Risk management	35
Critical enablers	15	Organization of the Finance function	35
2.3 DESCRIPTION AND STRATEGY OF THE ZONES	15	Internal control	35
Europe	15	Financial and accounting information	37
CNAO	16	2.8 INSURANCE AND RISK COVERAGE	39
North America	16		
Rest of the World	17		
2.4 OTHER ELEMENTS RELATED TO DANONE'S ACTIVITY AND ORGANIZATION	18		
Distribution	18		
Competition	19		
Research and Innovation	19		
Production sites and equipment	20		
Raw materials purchasing	20		
Regulatory environment	20		

2

2

OVERVIEW OF ACTIVITIES,
RISK FACTORS

2.1 PRESENTATION OF DANONE

ACTIVITIES

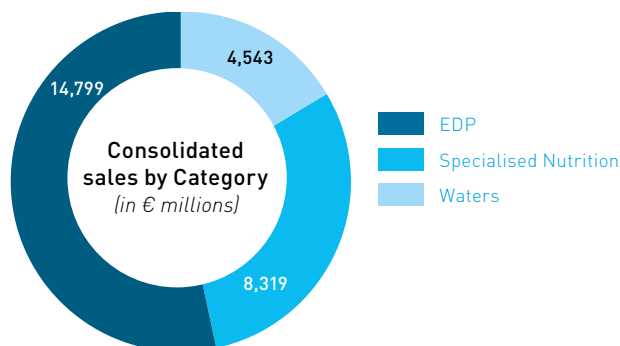
Danone operates in growing, healthy and on-trend Categories of the Food and Beverages sector:

- Essential Dairy and Plant-Based (EDP) products (54% of the Group's sales in 2022) – Dairy-based products mainly include yogurts (classic and drinkable), coffee-related products (coffee creamers and ready-to-drink coffee beverages) and desserts. Plant-based products include plant-based beverages, plant-based alternatives to yogurts, but also new Categories (ice creams, frozen desserts, coffee drinks and cheese);
- Waters (16% of the Group's sales in 2022) – which includes mineral waters from natural sources and water-based drinks (waters enriched or infused with natural fruit extracts, fruit juice or vitamins and
- Specialized Nutrition (30% of the Group's sales in 2022) – covering infant milk formulas and complementary food for babies as well as pediatric specialties and adult nutrition. Pediatric specialties are nutrition products designed to meet the specific needs of children diagnosed with certain medical conditions (in particular certain allergies). The adult nutrition portfolio includes oral nutritional supplements for patients suffering from malnutrition caused by illnesses as well as tube feeding for patients who can no longer feed themselves normally.

MAIN MARKETS

Danone operates in 4 geographical zones:

- Europe represented 32% of the Groupe's sales in 2022, with a balanced portfolio of sizeable businesses in all Categories, from EDP to Waters and Specialized Nutrition. Danone's largest markets in Europe are France, Spain, Germany and the United Kingdom.
- North America, which represented 24% of the Group's sales in 2022, includes the United States and Canada, across several Categories. The largest businesses of the zone are Dairy, including notably yogurt, milk, and coffee related products, and Plant-based. Besides, Danone is also present in Specialized Nutrition and Waters.
- China, North Asia and Oceania represented 12% of the Group's sales in 2022. The biggest country of the zone is China, where Danone enjoys strong leadership positions in Infant Milk Formula, Medical Nutrition, and Waters. The zone also includes Japan, where Danone sell fresh dairy and plant-based products, as well as Australia and New Zealand for Specialized Nutrition.

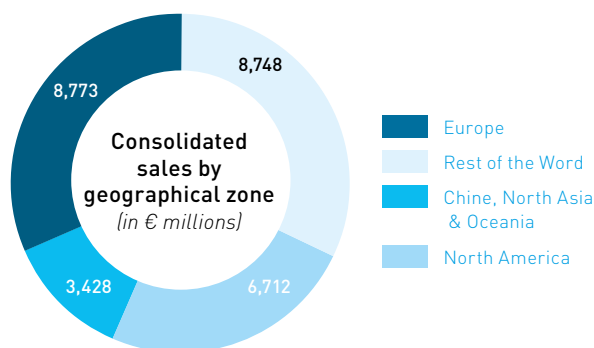


In terms of value, Danone holds the following leadership positions (in the relevant Categories and markets):

- no. 1 worldwide for fresh dairy products;
- no. 1 worldwide for plant-based foods and beverages;
- no. 2 worldwide for packaged waters;
- no. 2 worldwide for early life nutrition;
- no. 1 in Europe for adult nutrition.

- The Rest of the World, which represented 32% of the Group's sales in 2022, covers Danone's presence in:

- Latin America, with the largest contributors being Mexico, Brazil and Argentina;
- the Asia Pacific region, where the leading country is Indonesia;
- Africa and the Middle East, where the largest markets are Turkey and Morocco;
- CIS, where the largest market is Russia.



Top 10 countries in terms of sales

Year ended December 31

<i>(in percentage)</i>	2021	2022
USA	20%	22%
China	10%	10%
France	8%	8%
Russia	6%	6%
Indonesia	6%	6%
United Kingdom	6%	5%
Mexico	4%	5%
Spain	4%	4%
Germany	3%	3%
Brazil	2%	3%

Changes in these rankings from one year to the next also reflect currency fluctuations, especially high volatility in emerging markets.

Top 10 customers

In 2022, Danone's top 10 customers worldwide (four of which are French) accounted for approximately 20% of its consolidated sales; the top five customers represented approximately 14% of its consolidated sales.

2.2 STRATEGIC PRIORITIES

Danone's mission is to bring "health through food to as many people as possible". This mission is rooted in Danone's dual project, as it was defined in 1972 by the Group founder and then CEO Antoine

Riboud during a landmark speech in Marseille. Today the Group has kept this ambition to create both shareholder and societal value.

ON-TREND CATEGORIES AND STRONG BRANDS

Danone operates in growing, healthy and on-trend Categories: Essential Dairy and Plant-based products (EDP), Waters and Specialized Nutrition.

In each of those segments, the Group has a unique positioning in the industry, with:

- a leading position in all the Categories and geographies the Group operates – in 2022, Danone is worldwide number one in Dairy, number one in Plant-Based, number two in Infant Nutrition, number four in Adult Nutrition and number two in Waters;
- a focus on dynamic Categories:
 - in Essential Dairy Products, more than 60% of Danone's revenues come from high value-added functional segments such as immunity, gut health, indulgence or performance. For example, the high protein platform, launched only a few years ago, now has sales exceeding €500M in 2022;
 - in Plant-Based, Danone is a leader within a Category that continues to grow globally, driven by the rise of flexitarianism. The Group is notably present in Europe (with Alpro) and North America (with Silk), with a portfolio spanning across all key segments, from the established Beverages segment (ingredient-based with Almond or Oat, but also benefit-led with blended products) to more nascent ones such as Yogurts, Cheese or Ice Cream;
 - in Waters, the Group takes advantage of both a long-term trend (pure water will remain the healthiest hydration option) and, of the recovery of the Category with the re-start of mobility in the aftermath of Covid-19 lockdowns. Danone has a balanced portfolio between tap-water markets – where it

focuses on the premium segment only, and non-tap-water markets where it delivers safe-drinking water;

- in Specialized Nutrition Danone has a strong leadership providing baby formula tailored to the needs of babies. It also supports patients with various medical conditions, such as cow's milk allergy, metabolic diseases, cancer or stroke, through its paediatrics and adult medical nutrition.
- a portfolio of iconic global and local brands, with:
 - a strong platform of global brands such as *Aptamil*, *Actimel*, *Activia*, *YoPro*, *Neocate* and *evian*, complemented by strong leading local brands;
 - a strong focus on health: 91% of the Group volume sold is focused on healthy Categories;
 - a pioneer role in sustainability – Danone is on track to become the largest B-Corp in the world.
- a balanced geographical footprint, generating about half of its sales in Emerging Markets and half in Mature Markets;
- strong assets and capabilities around gut health, fermentation, infant nutrition, cow's milk allergy or medical nutrition support for oncology and patients.

STRATEGIC PLAN "RENEW DANONE"

In March 2022, CEO Antoine de Saint-Affrique presented Danone's new strategic plan "Renew Danone" at a capital market event. The plan will enable Danone to reconnect with a sustainable profitable growth model. The delivery of the plan will be facilitated by a greater alignment between purpose and performance.

The Renew Danone plan aims at restoring Danone's performance, competitiveness, and value creation for the long-term. It is articulated around 4 strategic pillars:

- restoration of Danone's competitiveness in core Categories and geographies ("Win where we are")
- selective expansion of Danone's presence, in terms of segments, channels and geographies ("Expand where we should be")
- active seeding of future growth avenues ("Seed for the future")
- active portfolio rotation ("Manage our portfolio")

WIN WHERE WE ARE

In order to "Win where we are", Danone is deploying a 3-fold approach that starts with (i) driving the Core. Core products and brands shall benefit from an increased support and focus, notably in terms of Category management, Advertising & Promotion and Research & Innovation investment.

The successful turnaround of the yogurt Category in North America, with the "Transform to Win" program implementation, is a good example of what the Group ambitions to do: a market centric organization; a strong investment in growth capabilities such as digital and ecommerce; an overall simplification of the way Danone operates, with fewer routines and projects - hence a higher focus on a trimmed pipeline of innovations, and an evolution of the leadership behaviors.

What has been done with the worldwide *Aptamil* platform is another example of what the Group is aiming at, combining both the renovation of its core and consumer-centric innovation.

EXPAND WHERE WE SHOULD BE

Danone also intends to expand where it should be:

- broadening segment coverage, entering new adjacent Categories or formats with strong growth potential, as it is doing with sparkling and flavored water. For example, in *Mexico*, *Bonafont Agua Fresca Limon*, reached the top three of flavored waters in the market only five months after launch;
- diversifying revenue base, notably by ensuring consistent presence across geographies, especially in the platforms where

The plan is based upon an end-to-end step up in the quality of execution, a strengthened innovation model geared for scale and impact, and increased investments in consumer value, as well as brands and commercial development. Renew was designed to create the conditions for a sustainable and competitive growth, with a 2-phase plan:

- over the 2022 – 2024 period, focus will be to ensure Danone restarts to perform at par with its key competitors, reigniting organic growth with a better balance of volume, mix and price while ensuring profitability grows faster than topline. During this time, the Group will reconnect with sustainable value creation, with financial targets described in the section 3.5 Outlook for 2023;
- building on this first phase, and from 2025 onwards, Danone should be in a position to accelerate and outperform its markets.

"Winning where we are" also means (ii) fixing the underperformers, with the right sense of urgency and considering all options to create value with the Group assets. The ongoing effort to restore growth and profitability of *Mizone*, in China, is a good illustration of the approach the Group wants to have.

Finally, Danone will (iii) boost its winners i.e., products and brands that are growing fast and where it has a competitive advantage, that shall be rolled out faster at a global level and supported with more consistence over time. The high protein Category, as well as specialized pediatrics are good examples of what Danone intends to do with its winners. 2022 has confirmed the high potential of these two platforms, led by the *YoPro* and *Neocate* brands.

the Group has demonstrated a competitive advantage, such as Plant-Based (beyond Europe and US);

- expanding its channel footprint, lessening its dependency on mass retail, and ensuring the Group has its fair share in out-of-home, pharmacies, or food services for example;
- further accelerating in digital, in a situation where online sales now account for more than 10% of Group sales, building on the strong partnerships it has already developed and leveraging the learnings of its platform in China.

SEED FOR THE FUTURE

To prepare for the period starting in 2025, and while the key focus of the teams will be on "Win where we are" and "Expand where we should be", Danone will also seed for the future, exploring opportunities (products, Categories, services) that:

- are a natural growth area for Danone, given its assets and capabilities;
- have the potential to structurally improve the Group's resilience.

MANAGE OUR PORTFOLIO

Fourth pillar of "Renew Danone" is a tighter management of Danone's portfolio. Danone estimates it will rotate a scope of its portfolio that is equivalent to 10% of its net sales by 2025. In that context, the Group will seek at disposing or divesting activities that are underperforming and / or not fitting with Danone's strategic agenda. It

will also consider bolt on acquisitions, with clear criteria in terms of added-value (e.g., market access, technology, channel, ...). That will be done with two main principles: having a strict control on value creation metrics (growth, profitability, etc.) and second, staying as objective as needed with no dogma sacred cows.

CRITICAL ENABLERS

Finally, the "Renew Danone" four strategic pillars are underpinned by four critical enablers. The Group has already started transforming initiatives on all of them:

- restore a performance-driven culture, evolving short-term and long-term incentives but also reigniting the longstanding HOPE (Humanism, Openness, Proximity, Enthusiasm) value and designing a new human resources strategy;
- rebuild strong capabilities, with a transformed IT and data, more integrated shared-service centers and a greater focus on operations and Research & Innovation;

- reunite performance and purpose to build a more sustainable Danone, leveraging the Group pioneering role in the area (attested by ATNI, CDP, MSCI ESG index), protecting its license to operate but also generating more impact for its sustainable initiatives by ensuring they are systematically supported by a strong business case;
- drive cost competitiveness through a culture of cost leverage and frugality, as it has been doing over the year 2022 while it was transforming its operations, containing the evolution of costs of good sold and therefore the pricing that had to pass to consumers.

2.3 DESCRIPTION AND STRATEGY OF THE ZONES

Starting 2022, as part of its "Renew Danone" strategy, Danone monitors and evaluates its operational performance by geographical zones to reflect the implementation of its new Local First organization.

EUROPE

Market and Zone description

Europe is Danone's largest operating Zone, covering more than 20 markets and serving more than 500 million consumers and patients across all channels. It generated €8.8 bn net sales in 2022 (32% of Danone total net sales), with a balanced portfolio in all Categories: Dairy, Plant-Based Beverages, Yogurt & Desserts, Waters, Specialized Nutrition which includes Infant formulas, Pediatric Specialties, Adult Medical Nutrition, and complementary food for babies. Most of the medical nutrition products – that are often reimbursed by healthcare systems – are recommended or prescribed by healthcare professionals (doctors, medical personnel in hospitals, nursing homes and pharmacies).

The region is home to over 26,000 Danone employees and to a powerful network of R&I, Manufacturing and Logistics assets.

Europe is the historical birthplace of Danone, where the first yogurt was made and sold in a pharmacy in Barcelona over 100 years ago. Today, the Zone is home to some of Danone's most iconic brands with strong resonance and heritage and leverages a balanced portfolio of global brands (*Aptamil*, *Actimel*, *Activia*, *Danone*, *Alpro*, *Nutricia*, *evian*, *Volvic*) and strong regional and local brands in all Categories (e.g., *Danette* in Dairy, *Zywiec Zdroj* in Waters in Poland, *Blédina* in Baby food in France), delivering health, nutrition and positive impact for consumers and patients across their lifespan. Danone's largest markets in Europe are France, Iberia (Spain, Portugal), DACH (Germany, Austria, Switzerland) and UKIRL (United Kingdom, Ireland).

Danone is market leader, in 2022, in all the Categories in Europe where it plays.

Today more than ever, European consumers are looking for great-tasting, natural and sustainably produced foods and nutritional solutions that supports their health and their immune systems and that can be consumed at different moments throughout the day via convenient formats. These new expectations are fueling new trends across all Categories, such as flexitarianism (a diet that emphasizes more balanced consumption of animal and plant-based proteins), a growing interest in immunity, fermented products, biotics and high-protein products, and rising demands over the health and planet impacts of the products they consume.

Strategy

Aligned with Danone's mission, Europe Zone aims at bringing health through food to as many people as possible, impacting positively people's Health and Planet and delivering sustainable profitable growth. Leveraging the "Renew Danone" strategic framework, Europe's strategy mainly focuses on:

- The restoration of Danone's competitiveness in core Categories such as Dairy in Immunity, Gut Health, and Indulgence; alternatives to dairy proteins leveraging *Alpro* brand equity; Milks and medicalized solutions from Infant to Adult, building on the strength of Danone trusted brands and unique market access model;
- The selective expansion in new, attractive, and growing segments such as High Protein for pleasure, health and performance or Sparkling waters and channels, continuing expansion in e-commerce and leveraging D2C capabilities.

CNAO

Market and Zone description

The CNAO (China, North Asia & Oceania) Zone operates across four markets (China, Japan, Australia, and New Zealand). It generated €3.4 bn net sales in 2022 (12% of Danone total net sales). In CNAO, Danone occupies leading or strong challenger positions in all Categories and territories where it plays and is gaining share with a compact portfolio of locally relevant value propositions.

In China, the barycenter of the Zone and Danone's second largest market, Danone has built three solid business platforms with distinctive assets:

- Infant Milk Formula is Danone's largest platform, a clear leader among multinational companies thanks to a tight portfolio of premium Chinese and International labels, supported by global and local science. The *Aptamil* brand is overall the second largest brand in the market, and the most successful global Infant formula brand in China today;
- next to Infant Milk Formula, Danone plays a leading role in two therapeutic areas of the Medical Nutrition Category: the adult tube feeding in hospital and Pediatric allergy. Present in 90% of the top tier hospitals, it serves more than half of total China's hospital patients, with a strong reputation amongst authorities and scientific experts;
- finally, Danone Beverages, built around the *Mizone* brand, runs a lean and efficient business model with a large local manufacturing footprint, delivering industry leading productivity and

a cost-efficient "route to market" serving convenience stores or traditional trade. The *Mizone* brand is about to celebrate its 20th anniversary in 2023 and is consumed by more than 350 million urban Chinese, helped by wide numerical distribution. It is the number 1 brand in Vitamins Water, occupying the fifth position within the very large Beverages Category.

- Danone Japan is focused on successfully unlocking growth from the Fresh Dairy and Plant-based Categories. Danone Japan is a strong challenger, number five in the Yogurt Category, growing fast thanks to the functional brands Bio (*Activia*) on gut health and *Oikos* on high protein. Danone also leads the plant-based oat milk Category with the recently launched *Alpro* brand.

In Australia and New Zealand, Danone is the clear leader in Infant Milk Formula and Healthcare nutrition.

Strategy

CNAO is a growth focus for Danone and will continue to leverage its proven local assets and resilience to push for further market share gains, as well as entering new Categories where appropriate, along the "Renew Danone" framework. To execute this strategy, Danone will leverage its digital and data expertise, at the service of media efficiency and content effectiveness, social and e-commerce mastery, as well as controlled expansion of route to markets. Danone's leading-edge global science will be further complemented by local real-world evidence from health tech initiatives, to demonstrate its impact on local health through nutrition.

NORTH AMERICA

Market and Zone description

North America is Danone's third largest zone contributing 24% of total sales in 2022 (€6.7 bn), composed of the United States and Canada. North America's scope spans across several Categories:

- Dairy: The Dairy business spans across yogurt, milk, and coffee related products.
 - Yogurt: The Yogurt Category, the largest in the zone, consists of trusted brands with strong heritage and local relevance, such as *Oikos*, *Light & Fit*, and *Activia*. Danone is the market leader in both the US and Canada;
 - Beverage Creations: The Beverage Creations business comprises coffee creamers and ready-to-drink coffee beverages, mainly sold under the *International Delight* and *Stok* brands, enabling consumers to replicate the coffeehouse experience at home or on the road;
 - Premium Dairy: Led by the *Horizon Organic* brand, the Premium Dairy business spans organic milk, butter, and cheese. On January 26th, 2023, Danone announced it will explore strategic options, including a potential sale, for its organic dairy activity in the U.S., comprised notably of the *Horizon Organic* businesses.
- Plant-Based: The plant-based business, spanning the *Silk*, *So Delicious*, and *Follow Your Heart* brands, offers beverage and food products that help consumers diversify their sources of protein and enjoy nutritional and great-tasting lactose-free offerings;

- Specialized Nutrition: The Specialized Nutrition business in North America is led by the *Happy Family* brand – a market leader in the organic baby food and organic infant formula Categories. In 2022, Danone North America introduced *Aptamil* (non-medical formula) to the US market under the Food and Drug Administration's enforcement discretion and as part of the Operation Fly Formula mission to increase infant formula supplies. Last, the *Nutricia* brand continues to expand in North America, anchored in pediatric specialties, tube feeding, faltering growth, and frailty. Pediatric specialties products are designed to meet the specific needs of children diagnosed with allergy, epilepsy, and inborn metabolic disorders;
- In Waters, Danone is present in North America through the *evian* brand.

Strategy

In North America, Danone's strategy focuses on growing its consumer-centric leading brands across its priority segments (Yogurt, Plant-based beverages and food, Specialized Nutrition), and serves the food revolution with customers. Efforts are underpinned by ongoing efforts to strengthen and improve the key enablers, from Mission and Sustainability to Cost competitiveness and Capabilities and Culture.

REST OF THE WORLD

Market and Zone description

The Rest of the World Zone is made up of mostly emerging markets and approximately covers half of the world population. The Zone is expected to generate a robust growth in the future due to favorable dynamics in population growth and demographics.

In 2022, the Zone generated net sales of €8.7 bn (32% of Danone's total net sales), across all Danone's Categories:

- in Dairy, with presence in Russia and CIS countries, in Latin America (Mexico, Brazil, Argentina, Uruguay), Turkey and in Africa (Morocco, South Africa, Egypt, Algeria, Nigeria, Ghana, etc.), where Danone is the leader in fresh dairy;
- in Specialized Nutrition with large presence in the zone and leading position in Infant formulas in several countries and regions – Indonesia, Thailand, Malaysia, UAE, Turkey, North Africa, and Brazil;
- in Waters, with leading positions notably in Indonesia, Mexico, Turkey, and Uruguay.

The Group benefits from a portfolio of strong local and global brands, that have a strong consumer connection:

- heritage brands that contributed to create and build Categories such as *Bonafont* (Waters), *Danone*, *Danonino*, *Activia* and *Danette* (EDP) in Latin America, *Aqua* (Waters), *SGM* (Specialized Nutrition) in Indonesia; *Bebelac* in Indonesia, Turkey, Middle East and North Africa; *Dumex* in South-East Asia; *Nursie* in Francophone Africa, *Ultramel* and *Nutriday* in South Africa; *Fan Milk* in West Africa; *Jamila* and *Salim* in Morocco; *Prostokvashino* in CIS, etc.;

- continued ability to grow new platforms such as:
 - *Aptamil* in South-East Asia and Brazil;
 - *HiQ* functional dairy beverages in Thailand;
 - indulgence with *Danette* in Africa;
 - *YoPro* high protein dairy products in Brazil;
 - *Alpro*, which is the plant-based market leader in Turkey;

Danone sells its products across channels, with presence in millions of traditional and proximity stores in Indonesia, India, Morocco, and Latin America, serving the fast-growing modern trade channel, hospitality as well as specialized channels like pharmacies. E-commerce is now developing across the zone and Danone is leading this trend, enjoying strong e-commerce positions in South-East Asia and Brazil for example.

Strategy

Rest of the World will continue to be a growth engine for Danone, with a focus on:

- driving its core portfolio of Dairy, Waters and Specialized Nutrition brands e.g., pursuing the development of Specialized Nutrition in Brazil, South-East Asia, India, Turkey, Africa, and UAE;
- fixing some of its underperforming cells, e.g., transforming traditional dairy portfolios in emerging markets;
- winning in e-commerce and closing gaps in route to market where needed.



2.4 OTHER ELEMENTS RELATED TO DANONE'S ACTIVITY AND ORGANIZATION

DISTRIBUTION

Although they vary to reflect local specificities, Danone's distribution models reflect four main approaches:

- distribution aimed at major retail chains (Hypermarkets, Supermarkets, Chained Convenience, Discounters);
- distribution to traditional independent proximity market outlets;
- distribution to e-commerce;
- distribution to Away-From-Home outlets (e.g., Hotels, Restaurants, Coffees).

Major retail chains (Hypermarkets, Supermarkets, Chained Convenience, Discounters)

Danone establishes global partnerships with its main customers in order to help develop the sales of its products. These partnerships are based on jointly developed business plans that cover all aspects of the global collaboration and highlight the key growth pillars such as logistics collaboration, channel specific sales development, Categories development, global sustainability projects such as food waste, recycling programs, health improvement programs or food safety management.

In particular, Danone has taken several initiatives to work closely with large retailers in order to optimize the flow of goods and the inventory levels of its customers with the Efficient Consumer Response (ECR) approach. In addition to inventory management, automatic inventory

Traditional independent market outlets

Globally, and in the emerging countries particularly, a large portion of Danone's sales is generated through traditional market outlets. An in-house sales force and/or exclusivity agreements with distributors or wholesalers represent a competitive advantage for the Group in countries in these markets.

E-commerce

Danone is stepping up its capabilities in E-commerce and satisfy growing consumer demand through this specific business model. There are mainly three different types of e-commerce:

- brick-and-mortar companies (major retailers that run an e-commerce activity on top of their core business in physical stores);

Away-From-Home outlets

Danone products are distributed in Away-from-Home outlets (e.g., Hotels, Restaurants, Coffees, Travel, Institutions- Schools/ Offices/ ...) which is the opportunity to expose Danone brands,

Specialized distribution channels (hospitals, clinics and pharmacies)

For the Specialized Nutrition Category, a significant portion of products are marketed in hospitals, clinics and pharmacies, through specialized distributors or following a tendering process. Danone also maintains an ongoing relationship with healthcare

Moreover, a significant portion of the products in the specialized nutrition markets are distributed through more specialized distribution channels such as hospitals, clinics and pharmacies.

Danone is constantly streamlining its logistics flows in order to improve service quality while reducing costs. This policy is based on an ongoing assessment of its organization, notably through outsourcing of distribution in collaboration with specialized companies.

replenishments and just-in-time delivery, ECR aims at working with distributors to better manage consumer demand and expectations at the sales points. To that end, the Group has implemented shared inventory management systems with its leading distributors that are used to coordinate inventory levels among stores, as well as at the distributors' and Danone's warehouses.

Danone also works with its customers to develop specific marketing activities such as joint promotions that answer consumers' needs in each market and channel.

With its unique positioning & portfolio, Danone is a privileged partner for its customers on joint Sustainability agenda – developing value creation initiatives around Health, Planet & Social responsibility.

Moreover, in Latin America and Asia, a significant portion of the Waters offer is directly distributed to consumers (Home & office delivery - HOD).

Finally, in emerging countries, Danone is developing new local retail models through large networks of independent sellers.

- pure players (companies selling exclusively through e-commerce);
- direct to consumer (a proprietary Danone website that enables sales directly to consumers without intermediaries) & other growing e-commerce sub-channels such as quick delivery & social commerce.

recruit new consumers and develop habits of consumptions. Danone partners both with major chained players and independent points of sale (usually leveraging local distributors as intermediaries).

professionals through its medical representatives, who meet with general practitioners and specialists (pediatricians, nutritionists, etc.) as well as pharmacists.

COMPETITION

The packaged food and beverage sector is highly competitive due to the large number of national and international competitors. Danone is confident that its strategy for profitable growth is strongly supported by its products' quality, taste, affordability and innovative aspect, and by the powerful brand image conveyed on health, nutrition or societal and environmental responsibility.

Considering that success in this food and beverage industry is achieved through strong local market positions, Danone strives to be the market leader of each segment in every country where it operates, always in compliance with laws and regulations relating to competition. This strategy allows for a long-lasting, balanced and constructive relationship with major distribution networks, by marketing key products yielding growth and profitability for both parties.

Category	Products	Competitive environment
EDP	Fresh dairy products (including Yogurts and Premium Dairy)	Large multinational food and beverage companies (Nestlé, General Mills, Lactalis, PLF Müller), many predominantly local companies specializing in certain product lines or markets (Chobani, Wimm-Bill-Dann, Friesland Campina, Lala, Meiji, Arla, Fage, Organic Valley), and private labels.
	Plant-based products and beverages	A few large international companies (Campbell, Hain Celestial, Nestlé, Unilever), predominantly local companies specializing in certain product lines or markets (Blue Diamond, Califia Farms, Triballat, Wessanen, Oatly, Valsoia, Chobani, Ne Moloko) and private labels.
	Coffee Creamers	A few large food and beverage multinationals (Nestlé), predominantly local companies specializing in certain product lines or markets (Hood, Chobani) and private labels.
Specialized Nutrition	Early life nutrition	Large early life nutrition companies (Abbott, Reckitt/Mead Johnson, Nestlé) and predominantly local companies and/or companies specializing in certain product lines or markets (Lactalis, Biostime, a2 Milk, Yili, Feihe).
	Adult nutrition	Large nutrition companies (Nestlé, Abbott) and predominantly local companies specializing in certain product lines or markets (Fresenius).
Waters	Waters	Historical beverage market leaders internationally (Coca-Cola, Pepsi, Nestlé) and predominantly local companies (for instance: Mayora in Indonesia, Kang Shi Fu and Nongfu in China, Cristaline in France, Epura in Mexico).

RESEARCH AND INNOVATION

Research and Innovation underpins Danone's strategy by enabling it to develop innovative products that contribute to its results. The new strategy "Renew Danone" repositions the Group in the mission of bringing health through food as many people as possible with the pillars of planet and communities. To prepare for the future, we focus our scientific and technological assets on key topics including the increasing insights on everyday Nutrition and Hydration, Gut Health, Children Growth, Immunity and Allergy, Physical Energy and Performance, Mental Wellbeing and Brain Health and Recovery.

To achieve this, Research and Innovation relies on:

- 1,700 people spread across:
 - one global R&I center on two locations (Paris-Saclay, France and Utrecht, Netherlands), leveraging their respective Science & Technological eco-systems;
 - six specialized centers (Packaging in France, Precision Nutrition D-Lab in Singapore, Fresh Dairy Technology in Spain, Plant-based in Belgium and the USA, Specialized Nutrition in Shanghai);
 - 55 local Danone subsidiaries.

- cooperation initiatives and partnerships with the academic and scientific world, especially with top Universities, Academic Research Centers worldwide, Suppliers and Start-ups;
- healthy portfolio. Its nutritional quality is regularly assessed according to schemes based on WHO guidelines with a special attention to sugar. For more information on how Danone is offering consumers healthy products, see section 5.5 *Health*;
- decarbonation. Ongoing sustainability program reviewing ingredients and packaging to continuously improve products and processes from quality and sustainability angle. Specially Research and Innovation focused on plant-based and alternative sources of protein, and making our packaging circular;
- consumer centricity. To offer more innovative solutions in terms of consumer experience, nutritional quality, and respect for the environment, and to better meet their needs as well as market expectations.

Further details about Research and Innovation's strategy and activities are available at danone.com.



PRODUCTION SITES AND EQUIPMENT

Danone has production facilities around the world in its principal markets. Danone's general policy is to own its production facilities. Danone has many, widely dispersed production facilities, except for the Specialized Nutrition Category, whose sites are more concentrated.

RAW MATERIALS PURCHASING

Danone's principal raw material needs consist primarily of:

- materials needed to produce food and beverage products, mainly milk, sugar and fruit. In terms of value, milk is the main raw material purchased, primarily in the form of liquid milk, for which the operating subsidiaries typically enter into agreements with local producers or cooperatives. Its price is set locally, over contractual periods that vary from one country to another. The other main food raw materials are fruit-based preparations;
- product packaging materials, in particular plastics and cardboard ("packaging"). Packaging purchases are managed through regional or global purchasing programs to optimize skills and volume effects. Prices are influenced by supply and demand at the global and regional levels, economic cycles, production capacities and oil prices;
- energy supplies, including electricity and gas for factories and diesel for transportation.

Danone's strategy increasingly focuses on the upstream portion of its activities and in particular its supply of raw materials, not only

REGULATORY ENVIRONMENT

Danone carries out its activities in a complex, fast-changing and increasingly stringent regulatory environment.

Danone's products are subject to various local, national and regional laws and regulations in such varied fields as product safety, health and nutrition claims, production, labelling, packaging, storage, transport, distribution, price-setting, marketing, product advertising and use. In the many countries where the Group operates, it is also subject to a wide range of environmental laws and regulations regarding the use of plastics, food waste, energy, waste management, water treatment, greenhouse gas emissions and, more generally, environmental protection.

As of December 31, 2022, Danone had 174 production sites. Lastly, Danone rents some facilities, notably offices and warehouses.

The production sites are inspected regularly to assess possibilities for improving quality, environmental protection, safety and productivity.

to manage its costs but also to make it a source of value creation and differentiation relative to the competition.

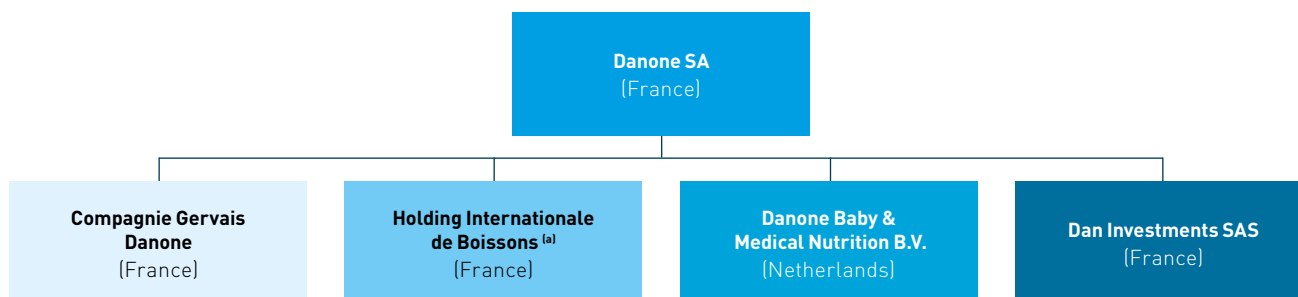
Since the price trends of major raw materials may affect the structure of its results, Danone takes the following measures to manage cost volatility:

- continuous productivity gains: Danone strives in particular to optimize its use of raw materials (reductions in production waste, lighter packaging, more effective use of milk sub-components in its products, reduction of energy consumption and evolution towards renewable energies) and take advantage of pooled purchasing, for example through centralized management of ingredients and packaging purchases;
- purchasing policy (Market Risk Management) that defines the rules for securing the physical supply and price setting with suppliers and/or on financial markets when they exist. The monitoring of exposures and the implementation of this policy are carried out for each raw materials category by the central purchasing team.

Moreover, some countries regulate Danone's activities by issuing permits and inspecting its plants and production sites, by requiring registration before it can sell or refund certain products, by applying standards for some food products and by classifying food products and/or regulating commercial practices related to the sale and price-setting of food products. Many of the food ingredients used by Danone in its activities are subject to the governmental agricultural policies and intervention. The focus on issues related to human rights in the sector's supply chains has led to the drafting of regulations in many countries. These regulations and policies are subject to regular governmental and administrative controls.

2.5 SIMPLIFIED ORGANIZATIONAL CHART AS OF DECEMBER 31, 2022

The following simplified organizational chart presents the structure of Danone's overall legal organization. Some subsidiaries may nevertheless have a different parent company.



(a) indirectly owns Évian Resort, which operates the Évian casino and is therefore subject to the supervision of the French Ministry of the Interior and to the regulations applicable to gaming activities in casinos

Geographical Zones	Categories
✓ Europe	✓ EDP
✓ North America ^(a)	✓ Specialized Nutrition
✓ China, North Asia & Oceania ^(b)	✓ Waters
✓ Rest of the world	

(a) United-States and Canada.

(b) China, Japan, Australia and New Zealand.

PARENT COMPANY DANONE SA

Danone SA is the parent company of the Danone group. It has mainly a role of (i) holding by directly or indirectly owning, in particular through its four main sub-holdings listed above, companies of the group, and (ii) coordination of the main functions and activities, with an average number of 1,004 employees in 2022.

SUBSIDIARIES

The list of Danone's subsidiaries can be consulted on Danone's website www.danone.com.

MAIN LISTED COMPANIES

As of December 31, 2022

	Category	Listing market
Fan Milk PLC ^(a)	EDP	Ghana (Africa)
Yashili ^(b)	Specialized Nutrition	Hong Kong (China)

(a) Fully consolidated company.

(b) Associate.

2.6 RISK FACTORS

IDENTIFICATION AND CONTROL POLICY OF STRATEGIC RISKS

Like any company, Danone faces external and internal risks as well as uncertainties in the implementation of its strategy and in the conduct of its business. The main specific risks Danone believes it is exposed to as of the date of this Universal Registration Document are described in the following section. Other risks that could adversely affect the Group in the future may exist; they may be general risks or risks that Danone is unaware of or considers non material as of the date of this Universal Registration Document.

Danone maintains an active risk identification and management policy aimed at protecting and developing its assets and reputation, the achievement of its targets and objectives, and protecting the interests of its consumers, shareholders, employees, customers, suppliers, the environment, the people impacted by its activity, and its other stakeholders without guaranteeing the total absence of risks.

Methodology

This risk mapping is prepared and updated bi-annually by the Group Finance Department. This process is part of annual strategic planning and results in the development of the new mapping with its related preventive actions. The following methodology is used:

- identification of the risks considered as material by Country Business Units, with support from the main corporate transversal functions and integration of systemic risks not perceptible at the subsidiary level;

Risk monitoring

The most significant risks are reviewed during special meetings of Country Management Committees attended by the General Manager and under the responsibility of the Chief Financial Officer. These meetings happen at least once a year in all Country Business Units (CBUs) of the group.

Part of the Group Finance Department, the Strategic Planning Department is responsible for identifying and monitoring Danone's strategic risks, and for coordinating the different processes for managing Danone's risks.

To that end, it is supported by the Risk Committee, a group of senior executives from key functions in the Group. This Committee notably ensures emerging risks are detected and reported, enables the integration of external input in the process and steers deep dives on select risks, as needed.

The strategic risk mapping it takes the form of a risk mapping hierarchy based on their likelihood of occurrence and their estimated impact on the Group, as described hereafter.

- consolidation of the major risks at Group level and integration of systemic risks not perceptible at the Country Business Unit level;
- ranking of risks based on their likelihood of occurrence and estimated financial impact, at the level of a Country Business Unit or of the Group;
- determination of preventive or corrective actions, which may be cross-functional or specific to the Country Business Units.

A review of the most significant risks is also presented twice a year by the Head of Strategic Planning to the Chief Executive Officer and Chief Financial Officer. A mapping of Danone's major risks and risk mitigation plans are reviewed and assessed. This work serves as the basis for the presentations made to the Executive Committee, to the Audit Committee and to the Board of Directors.

MAIN RISK FACTORS

The summary table of main risks specific to Danone hereafter presents the classification of the risks in three types: (1) Strategic risks, (2) External Environment risks and (3) Operational risks.

Danone's main risks have been assessed on the basis of the probability of their occurrence and the expected magnitude of their negative impact, after taking into account risk management measures effect, to give an assessment of the materiality of each risk. The most material risks are mentioned first in each types and the materiality of each risk is disclosed by using a three-level rating scale (**strong** , **medium** , **low**) as follows.

Strategic risks	strong	Over reliance on principal markets
	strong	Packaging
	strong	Fast changes in consumer preferences
	medium	Retail shift
External environment risks	strong	Raw materials and energy price volatility & availability
	medium	Legal & Regulatory
	medium	Impact of climate change on value chain
	medium	Currency volatility
	medium	Unpredictability of duration and effects of the Covid-19 pandemic
Operational risks	strong	Cybersecurity
	medium	Food safety & product quality issues
	medium	Shortage of talent
	medium	Business transformation

The description of main risks specific to Danone, with their negative impacts and measures implemented to manage them are set out hereafter.



DESCRIPTION OF MAIN RISK FACTORS

Strategic risks

DESCRIPTION	MANAGEMENT MEASURES
<p>strong Over reliance on principal markets</p> <p>In 2022, Danone's top-5 markets (USA, China, France, Russia and Indonesia) accounted for 50% of its consolidated sales. Any poor performance (by one or more of Danone's businesses within one or several of these five countries), due to economic slowdown, political instability, health crisis, increasing taxes, more stringent regulations, or for any other reasons, would be likely to have a negative impact on Danone's activities and results of the whole Group, thus jeopardizing the achievement of its strategic mandates and financial objectives.</p> <p>This is particularly relevant for China, Danone's second largest country in terms of contribution to the Group's sales (around 10%) and the largest in terms of contribution to its profits. Danone's business in China is concentrated around two Categories: Waters and Specialized Nutrition. Within the latter segment, infant formula products sold to Chinese consumers are mostly manufactured in factories located outside China, and partly sold through cross-border channels (such as <i>daigou</i> traders, and purchases done by individuals when travelling to Europe, Oceania). Changes in the regulations and/or in public policies, for example leading to border closures with mainland China, as well as international travel limitations, more stringent regulation of cross-border trade could limit Danone's ability to pursue or develop its business activities and/or expose Danone to incur additional constraints, costs or investments. This could lead to significant adverse effects on the sales, margin and financial position of Danone in China and globally.</p> <p>With respect to Russia, this is Danone's fifth-largest market in terms of contribution to sales (approximately 5%, stable compared to 2021), but represents a smaller percentage of profit. Danone's operations in Russia mainly concern dairy products and milk. A vast majority of the products sold by Danone in Russia are manufactured and sourced locally. The Russia-Ukraine conflict could further intensify and/or spread and therefore have broader consequences than those known today, notably in terms of sanctions against Russia, counter-sanctions by the Russian authorities (e.g., restrictions on capital flows, import bans on certain materials, limitations on the protection of intellectual property rights, restrictions on the sale of assets), regional instability, geopolitical changes and/or the macroeconomic situation. Several countries, including European countries and the United States, have been introducing progressive sanctions against Russia for several months, which has had a particular impact for Danone in terms of the supply of certain materials and logistics flows. The current situation exposes Danone to various types of risks, such as EUR-RUB forex volatility, the contraction of purchasing power, and changes in consumer behavior. For more information on Danone's exposure to Russia, see Note 3 of the Notes to the Consolidated financial statements.</p>	<p>Danone has developed a reporting system to monitor its activity and the potential impact of economic conditions in countries where it is present. Danone has elaborated a strategy building (i) strong positions in the markets in which it operates with special attention to the principal markets, and (ii) significant synergies across regions to mitigate local risks such as global innovation or global procurement of important raw materials. Danone regularly reviews its portfolio with an objective to balance its strategic opportunities and risks across Categories and geographies.</p> <p>Danone's actions to continuously build a sustainable platform of growth for Specialized Nutrition activities in China and lower exposure to cross-border risks include investments to strengthen the local anchoring of the business in China and notably accelerated investment locally (sales, marketing, distribution, and manufacturing).</p> <p>In line with this approach, Danone now operates a Research and Innovation facility in Shanghai, as well as local manufacturing facilities for infant milk formula. The Group has also been broadening its local medical offering. In addition, and over the past years, Danone has been increasing its share of business into Domestic labels, thus reinforcing the resilience of its model. In 2022, domestic channels (which include Mums and baby stores, domestic eCommerce platforms and modern trade channels) accounted for more than 50% of revenues in the Infant Nutrition Category. In parallel, Danone has also been increasing the share of business realized through Direct channels, thus decreasing its exposure to Indirect (uncontrolled) cross-border channels.</p> <p>Regarding Russia, Danone announced on October 14th, 2022, it has decided to initiate a process to transfer the effective control of its Essential Dairy and Plant-based (EDP) business in Russia. Danone considers that this is the best option to ensure long-term local business continuity, for its employees, consumers, and partners. Once closed, the transaction, which will be subject to regulatory approvals, will result in the deconsolidation of Danone's EDP Russia business. Throughout the process, Danone's priority remains to act responsibly and respectfully to its local employees, consumers, and partners.</p>



DESCRIPTION

MANAGEMENT MEASURES

strong Packaging

Packaging is fundamental to Danone’s ability to provide people around the world with safe, nutritious, high-quality food and drinks. Danone’s total packaging represented 1.6 million tons in 2022, of which plastic represented 0.77 million tons.

There is a global focus on plastics because large amounts of plastic are flowing into the natural environment, particularly the oceans. As a result, pressures from regulators, consumers and other stakeholders (e.g., NGOs, retailers) around plastics are moving at an unprecedented pace.

In this context, Danone is transitioning towards a circular economy for packaging, which could result in a cost increase related, for instance, to packaging redesign, alternative materials usage or recycled materials integration.

In the event where:

(i) Danone would not deliver its circularity ambition agenda and notably reduce sufficiently its use of virgin fossil-based plastics;

(ii) recycling systems and infrastructure do not realize the required scale up,

Danone could be exposed to reputation risk, increased costs as well as loss of volume sales in its main Categories (especially in beverages which is at the forefront of the anti-plastic pressure), driven by (i) regulatory measures and retailers restrictions, undermining Group’s license to operate or inducing additional costs (e.g. taxes) and (ii) consumer preferences impacting the demand for the Group’s products.

Danone works to offer nutritious, high-quality food and drinks in packaging that is 100% circular. This means eliminating the packaging it does not need, innovating so all the packaging it needs is designed to be safely reused, recycled or com-posted and ensuring the material it produces stays in the economy and does not become waste or pollution. Danone works with numerous value chain stakeholders to accelerate the transition to a circular economy.

Danone aims to (i) have 100% of its packaging to be reusable, recyclable or compostable by 2030, (ii) half the use of virgin fossil-based packaging by 2040, with 30% reduction by 2030, accelerating reuse and recycled materials and (iii) lead the development of effective collection systems to recover as much plastic as the Group uses by 2040.

Since 2018, Danone has demonstrated tangible progress in key areas such as in virgin plastic reduction, reuse, recyclability rate and recycled content. In 2022, 84% of its packaging are already reusable, recyclable and compostable. Research and Innovation teams are actively working at packaging of the future together with partners.

Danone is also engaged into co-developing efficient and inclusive collection and recycling systems through a collaborative approach with its ecosystem, in the countries where the Group operates, for example in Indonesia with circular packaging, use of jugs and work with waste pickers.

For more information on Danone’s packaging, its packaging policy and targets, see section 5.2 *Nature*.

DESCRIPTION	MANAGEMENT MEASURES
<p>strong Fast changes in consumer preferences</p> <p>The fast evolution of consumers' preferences and habits requires constant innovation and adaptation of Danone's product range and overall supply chain. Purchases are driven by the diversification of tastes, eating and drinking habits as well as the increasing health, social and environmental awareness, in a context where inflation is driving increased scrutiny of consumers on the value of the products they buy.</p> <p>Consumers seek products that:</p> <ul style="list-style-type: none"> • are of a high nutritional quality, including presence or absence of certain ingredients (for example sugar, protein, additives); • enable packaging circularity (see <i>packaging</i> risk above); • have a known social or environmental impact, with sustainable sourcing of ingredients. For example, according to Euromonitor's Health and Nutrition Survey, fielded in 2020, consumers who are restricting certain animal-based products, but not following a strict vegan or vegetarian diet, account for 42% of global consumers, with even higher numbers within Generation Z; • are transparent on origin of products and on companies behind the brand (strong trend on local). <p>Authorities and retailers are also paying increasing attention to health, social and environmental concerns of consumers, principally on (i) health benefits, (ii) local provenance, (iii) labeling of the nutritional quality and/or environmental footprint of products and packaging, as well as (iv) food waste.</p> <p>If Danone is unable (i) to anticipate rapidly enough changes in consumer expectations in terms of tastes, eating and drinking habits and environmental impacts, (ii) to identify such consumer trends, (iii) to translate such trends into appropriate product offerings, (iv) to manage pricing responsibly while maintaining high level of productivity in order to limit the inflation passed to consumers and/or (v) to keep pace with consumer preferences, the demand for the Group's products and its sales could fall, the Group could incur losses and its activities, results and reputation could be negatively impacted.</p>	<p>Danone's unique frame of action One Planet One Health and its new initiative for sustainable development, through the Danone Impact Journey have been defined to adequately respond to the challenges and opportunities of the ongoing food revolution.</p> <p>Moreover, Danone has developed a portfolio focused on healthy Categories -91% of the volumes sold in 2022. This distinctive healthier portfolio has been recognized by the latest Access to Nutrition global Index (ATNI), in which Danone was ranked first for the sub-category on Product Profile and the only Group of the list to achieve the healthy threshold of 3.5 stars according to the Health Star Rising (HSR) at portfolio level. On top, in line with its purpose and its governance as <i>Entreprise à Mission</i>, Danone is engaged in an effort to continuously improve the nutritional profile of its products (as defined in its published nutritional standards) and with a specific attention on sugars. The Group also aims to better inform consumers on product nutritional profiles by displaying transparent and informative labelling, hence encouraging consumers to make better choices. This is also part of its long-term <i>Entreprise à Mission</i> objectives.</p> <p>Its Research and Innovation capabilities allow the Group to offer a wide variety of products to respond to different diets, consumption needs and situations. As an illustration, in 2022, Danone has launched the first ever Essential Dairy and Plant-Based baby formula, in response to parents' desire for vegetarian and flexitarian options for their baby.</p> <p>In addition, Danone strives to foster ongoing dialogue with its consumers by adapting to new consumer expectations and behaviors, sharing more transparently in particular through digital communication channels on its societal and environmental commitments (such as circularity of packaging & regenerative agriculture).</p> <p>Through its ambition towards the B Corp™ certification, Danone aims also to develop purpose-driven brands, and commits to the highest social and environmental standards.</p> <p>For more information on product content and footprint, water stewardship, plastic packaging and sustainable sourcing, see section 5.2 <i>Nature</i> and section 5.6 <i>Responsible Business Conduct</i>.</p> <p>For more information on Danone's initiative for sustainable development, see section 5.7 <i>Strategy and Objectives</i>.</p>



DESCRIPTION

MANAGEMENT MEASURES

medium Retail shift

After the new dynamics and channel shifts of the retail environment fostered by Covid, inflation has further impacted shoppers' behaviors with increased price sensitivity leading notably to:

- increase of private labels;
- focus on essential Categories;
- search for deals;
- fewer impulse purchases.

As a result, retail continues to undergo significant changes, notably with:

- an acceleration of the growth of Discounters channel – especially in Europe & US, as well as growth of Convenience and Pharmacy channels;
- a deceleration but positive growth of e-com post Covid, and an accelerated development of fast grocery delivery services.

In the inflationary context, Danone's customers (retailers) are adapting their value proposition and operating model:

- fighting for shoppers and generating traffic to their stores (special attention on lower price points with private labels and value brands, driving brand perception via promotions, pricing, and/or loyalty programs);
- process optimization (including mutualizing purchases via alliances & buying groups);
- generating new revenue streams (Retail media, financial services, etc.);
- reducing stock levels to optimize cash.

As a consequence, Danone needs to adapt its value proposition to consumers and ensure close cooperation with its customers to best address the challenges raised by inflation. Otherwise, this could lead to loss of market shares, leading to slower growth, and deterioration of operating margin, therefore, negatively impacting the financial situation of Danone.

Danone's actions to adapt to the retail shifts include:

- specific action plans to be relevant in the inflationary context, such as:
 - ensuring the relevance of portfolio to address price sensitivity (e.g., addition of Entry packs, when and where relevant);
 - optimizing Pricing and Promotions (backed by upgraded tools and upskilling of teams) and;
 - working on competitiveness of products (e.g., design to superior value);
- keeping pushing structural initiatives – especially:
 - embedding sustainability / One Planet One Health agenda in brands' purpose as well as a guide for portfolio/activation strategies and a distinctive way to partner with retailers;
 - beyond affordable offer, optimizing more broadly the product portfolio strategy – with the right assortments by channel to meet shoppers' expectations. The aim being to maximize the full potential of Danone core portfolio while betting on fewer, bigger innovations;
 - developing capabilities in all channels with an acceleration on growing ones such as Discounters;
 - implementing in-store and online execution excellence programs (integrating the specificities of each channel & Category, focusing on levers with highest impact);
 - taking several supply chain initiatives, closely with large retailers, to optimize the flow of goods and inventory levels of its customers with the Efficient Consumer Response (ECR) approach. For example, Danone has implemented shared inventory management systems with its leading distributors that are used to coordinate inventory levels among stores, as well as at the distributors and Danone's warehouses.

External environment risks

DESCRIPTION	MANAGEMENT MEASURES
<p>strong Raw materials and energy price volatility & availability</p> <p>Overall, material costs (raw materials, packaging, energy, finished products) represent around 80% of Danone's cost of goods sold, i.e. around €10 billion on an annual basis, increasing by 15% over year 2022.</p> <p>Danone's raw materials can be broadly divided in two categories: milk & milk ingredients and other food and ingredients needed to produce food and beverage products including soybean & nuts, fruits & vegetables, sugar & sweeteners, oils & fats etc.</p> <p>Some of the key drivers of supply and demand imbalances are:</p> <ul style="list-style-type: none"> • weather conditions and natural disasters; • government control and regulatory changes; • geopolitical events; • shifts in consumer preferences: e.g., increase in milk protein demand in China can lead to price increase of milk powder supply. <p>Variations in supply and demand at global or regional levels expose Danone to potential:</p> <ul style="list-style-type: none"> • price increase for key raw materials that may not be passed on, either in full or in part, in the selling price of Danone's products; • reduced availability of key raw materials which could adversely affect Danone's ability to meet consumer demand for its products; • disruption in supplier ecosystem especially in packaging and logistics; <p>which could negatively impact the sales, margin and results of Danone.</p> <p>In the current geopolitical context, which has been impacting raw materials prices and availability in 2022, energy prices face as well similar risks of volatility globally, and some local availability risks, especially with gas and electricity supply disruption risk potentially affecting operations of certain factories of Danone in Europe, which could negatively impact the sales, margin and results of Danone.</p> <p>Danone's supply policy and exposure to principal raw materials risks, including milk, are described in Note 6.7 of the Notes to the consolidated financial statements.</p>	<p>To ensure availability of raw materials and energy in a context where supply chains remain under a high level of constraint, in the aftermath of Covid-19 related disruptions and recent geopolitical evolutions, Danone has engaged a program to further:</p> <ul style="list-style-type: none"> • reduce single sourcing; • diversify its geographical sourcing. <p>To limit price volatility, Danone defines for each commodity and entity a hedging strategy depending on the impact on its profit and loss, its position in the market and the need for financial visibility.</p> <p>In the context of high raw materials and energy prices volatility and in order to limit its impact on Danone's activity and results, the Group manages this cost inflation through various actions such as:</p> <ul style="list-style-type: none"> • reinforcement of real time visibility and business contingency plans; • simplification and review of specifications of raw materials (ingredients, packaging) in design-to-cost and design-to-value approaches; • adaptation of commercial negotiations processes (e.g. e-tendering); • hedging strategies and other measures to manage cost volatility, as described in section 2.4 <i>Other elements related to Danone's activity and organization</i>; • regarding gas and electricity supply risk: <ul style="list-style-type: none"> • permanent and temporary dual-energy sourcing measures for high-risk countries & sites; • improved energy efficiency (cutting energy consumption by 30% by 2025); and • increased use of renewable energy – half of energy will come from renewable sources by 2030.



DESCRIPTION

MANAGEMENT MEASURES

medium Legal and Regulatory

As a player in the food and beverage industry active in many countries, Danone operates its business in a complex, changing and increasingly stringent regulatory environment.

Laws and regulations applicable to Danone activities include laws and regulations governing notably dairy and plant based, water, infant formulas and medical nutrition products, the protection of the environment, intellectual property, taxation, integrity, data privacy, antitrust and labor.

For more information on the regulatory environment of the Group, see section 2.4 *Other elements related to Danone's activity and organization*.

For example:

- in many countries, local consumer law restricts marketing practices of products for babies and kids and/ or enforce strict registration regulations for these products. For example, in China, regulations require infant milk formula recipes to be registered by a public authority (SAMR) before they can be sold on the market. Since 2018, overseas factory audit has been required prior to the registration of infant formula, which extends the duration of the registration process for new products and innovations. In February 2021, China announced new National Food Safety Standards of Infant formula (stage 1, 2 and 3), which require that all the infant milk formula products sold in China should go through re-registration process and obtain new registration certificates before February 2023;
- in many countries, local laws regulate the conditions of water extraction/bottling rights, which may include the granting of administrative authorizations;
- Danone's production sites are subject to strict environmental regulations and standards on energy use, water use and waste management.

Changes in applicable laws and regulations, more stringent evolution, or toughening of their application could (i) limit Danone's ability to pursue or develop its business activities, thus requiring Danone to adapt or reduce its activities, assets, or strategy (including its geographical presence), (ii) expose Danone to incur additional constraints, costs or investments, and/or (iii) possibly result in litigations. This could lead to significant adverse effects on the sales, margin, and financial position of Danone.

Danone is involved and could be involved in litigations associated with its normal course of business, including (and not limited to) with respect to advertising and marketing practices, products, and labels, antitrust, sustainability and tax, which could adversely affect Danone's financial situation, profitability, and reputation. Danone's exposure to actual or potential material litigations is presented in Note 15.4 of the Notes to the consolidated financial statements.

Danone has developed a General Secretary organization including Legal, Regulatory Affairs and Compliance departments, at the local and central levels. The Group and its subsidiaries, assisted by their General Counsel departments and/or external legal advisors, take steps to ensure that they comply with applicable laws and regulations, request administrative authorizations, when necessary, identify any new applicable regulations and monitor claims, litigations, and legal proceedings.

In China, the recipes registration under new National Food Safety Standards is managed by General Counsel department, which closely works with Quality & Food Safety, Operations and Research & Innovation Departments. As of the date of this document, Danone has registered, or is on track to register, its recipes, including existing products and innovations, according to National Food Safety Standards of Infant formula.

In addition, Danone has developed and implemented internal policies and procedures relating to compliance. In order to ensure that such measures are commonly practiced at Danone, the Group has integrated compliance into its internal control system, including in its internal control framework (for more details, see section 2.7 *Control environment*).

DESCRIPTION	MANAGEMENT MEASURES
<p>medium Impact of climate change on value chain</p> <p>The climate risk is present in several of Danone's risks described in this section: 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.</p> <p>Climate change also affects water availability which can impact Danone's operations as well as subsidiaries' relationships with local stakeholders.</p> <p>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.</p> <p>Overall, Danone considers this risk as low in the short term but high in the long term.</p>	<p>Danone is monitoring its full scope carbon footprint as a foundation for its 3-pillars strategy based on: (i) reduction of carbon emissions, (ii) fostering soil carbon sequestration and (iii) compensation of the remaining emissions through carbon positive actions.</p> <p>Danone has been part of the working group led by the Science-Based Targets initiative (SBTi) to define 1.5°C pathways for the Forest, Land and Agriculture (FLAG) sectors which resulted in the launch of the first global standard for companies in land-intensive sectors on September 28, 2022. The Science-Based Targets Initiative validated in December 2022 Danone's new near-term 1.5°C science-based targets on scopes 1, 2 and 3 including FLAG. In 2022, Danone updated its climate roadmap to match its 1.5°C ambition.</p> <p>On a longer term and as part of its Climate Policy, Danone pledged in 2015 to achieve Net Zero emissions throughout its entire value chain by 2050 (scopes 1, 2 and 3, i.e. all direct and indirect emissions) by reducing its greenhouse gas emissions and offsetting remaining emissions.</p> <p>For more information on water stewardship and sustainable agriculture, particularly regenerative (including organic) agriculture, as well as on Danone's commitments towards carbon neutrality and elimination of deforestation as well as action plans, see sections 5.2 <i>Nature</i> and 5.3 <i>Regenerative Agriculture</i>.</p>
<p>medium Currency volatility</p> <p>Most of Danone's subsidiaries operate locally and therefore in the currency of their country. However, the location of certain production units or central, regional or transactional services may result in inter-company billings in foreign currencies. In addition, some of Danone's raw materials are billed or indexed in foreign currencies. Lastly, Danone also develops export activities.</p> <p>Fluctuations in foreign exchange rates against the functional currency of some subsidiaries may impact their sales and operating margin. A significant or prolonged drop in their currency, lower availability of hedges for the currency or an increase in their cost can also negatively impact the competitiveness, profitability and results of some subsidiaries.</p> <p>As of December 31, 2022, the main currencies exposed to transactional currency risk were the British pound, the Chinese yuan, the US dollar, the Indonesian rupiah and the Hong Kong dollar.</p> <p>Information regarding operational currency risk is presented in Note 13.3 of the Notes to the consolidated financial statements.</p>	<p>Danone's policy, enforced by Corporate Treasury Department, consists of (i) minimizing and managing the impact of exposure of transactional risk on its results, (ii) monitoring and managing it centrally, (iii) whenever allowed by the regulatory and monetary frameworks, executing financial transactions centrally and when not allowed, executing locally, and (iv) using derivative instruments only for the purpose of economic hedging.</p> <p>Danone hedges its highly probable commercial transactions so that, as of December 31, its residual exposure of the following fiscal year is significantly reduced.</p>



DESCRIPTION	MANAGEMENT MEASURES
<p>medium Unpredictability of duration and effects of the Covid-19 pandemic</p> <p>After having been strongly impacted by the Covid-19 pandemic in 2020 and 2021, across business and geographies, Danone has seen a more limited impact in 2022.</p> <p>On the one side, increased consumer mobility and the re-opening of out of home channels in most geographies strongly benefited to the Waters Category, and to a lesser extent to the EDP Category in out-of-home.</p> <p>On the other side, the pandemic has kept impacting Danone, with restrictions still in place in some geographies and notably in China. In addition, the pandemic has an impact on birth rates, impacting the Infant Milk Formula Category.</p> <p>While the spread of the virus has continued to slow down in 2022, the pandemic evolution remains uncertain, with progression of variants and heterogeneous vaccination campaigns across countries.</p> <p>The return to an accelerated spread of the virus and a significant rise in infection rates and their economic consequences could mean:</p> <ul style="list-style-type: none"> • return to low mobility levels, resulting in less revenue from sales done in impulse channels; • border closures and travel restrictions, impacting sales of Waters in large touristic sites; • impact on consumers' income and purchasing power leading to trading down buying behaviors; <p>and therefore, a decline in sales and profitability of Danone.</p>	<p>Danone's actions to adapt to this exceptional situation include:</p> <ul style="list-style-type: none"> • greater empowerment of local teams allowing them to take agile decisions to ensure business continuity and product availability: portfolio adaptation (refocused range) and supply chain management (supplier duplication, alternative transportation) to notably focus available production capacities on the most relevant formats and channels; • pro-active management of workforce and ways of working to ensure employees' health and security, but also to adapt to sharp swings in demand; • monitoring of employees' morale and energy level through a strengthening of the health programs and regular surveys leading to agile decision-making, for example on remote working conditions.

Operational risks

DESCRIPTION	MANAGEMENT MEASURES
<p>strong Cybersecurity</p> <p>Danone's success depends on continuous, uninterrupted availability of its information technology systems, notably to process transactions and to manage stocks, purchases and deliveries of its products. In a fast-evolving environment, Danone needs to evolve towards a data enabled organization in order to reach customers more rapidly with products and services adapted to their needs.</p> <p>In this context, Danone factories are also becoming more digitized, and therefore the cyber risk is increasing. The frequency and sophistication of cyberattacks & other data breaches are increasing and may result in an increase of Danone's exposure to risks such as:</p> <ul style="list-style-type: none"> • hacking of physical facilities (plants, security systems, electric doors etc.); • leakage of the Group's confidential data; • cyber fraud & ransomware attacks. <p>Remote and hybrid working still prevails and the risk associated with increased connectivity and digitalization very much remains.</p> <p>Any breach of IT security resulting in low/reduced data integrity, system failure, loss of data, proprietary or otherwise, may result in high costs and/or multiple impacts for Danone and its subsidiaries, including disruption of production and sales, inaccurate financial reporting, theft of strategic data, regulatory fines, and reputational damages with stakeholders, ultimately impacting Danone's financial results.</p>	<p>Danone is executing an integrated global cyber security strategy covering both IT and Operational Technology. Action plans focus on tackling possible identified weaknesses and improve security systems and processes regarding "identify, protect, detect, respond and recover" elements, safeguarding against cyberattacks. Danone is embedding the U.S. Commerce Department's National Institute of Standards and Technology's (NIST) industry framework to structure these efforts.</p> <p>Danone is accelerating its efforts in cyber risk mitigation and investing significantly through a multi-year transformation program:</p> <ul style="list-style-type: none"> • an appropriate cybersecurity organization has been established, including governance. Danone is building out capabilities through a multiyear Cybersecurity Transformation Program; • the Group Cyber Risk Policy Framework has been updated to ensure that cybersecurity policy is underwritten by the CEO and continues to be communicated to the whole organization • end-user awareness is underpinned by mandatory training of Danone employees to create a global cybersecurity culture; • Danone keeps increasing cyber security capabilities at its factories to protect the Group against industrial site attacks: <ul style="list-style-type: none"> • focusing on mitigating supply chain cybersecurity risks; • managing IT infrastructure and "shadow" IT through hosting of major infrastructures or Cloud services by global specialists; • streamlining & standardizing digital applications; • providing secure workplace solutions for employees; • setting up a 24/7 Security Operations Centre, a new endpoint detection and response capabilities for IT and Industrial and, an email filtering solution making email security 99.3% effective.



DESCRIPTION	MANAGEMENT MEASURES
<p>medium Food safety & product quality issues</p> <p>Because of its activities, Danone is exposed to the risk (genuine or merely perceived or alleged) of products contaminated and unsafe for consumers, potentially leading to a sanitary crisis.</p> <p>This food safety risk may arise through the actual or alleged existence of hazards in raw materials, packaging or final products (chemical and microbiological contaminants, foreign bodies or allergens), that could potentially occur all along the value chain, from suppliers to consumers.</p> <p>Because food science, regulations and analytical methods are evolving very quickly and because media cover can exacerbate some topics, the number of topics that may trigger food safety controversies and may be directly associated to Danone's brands is rising.</p> <p>The materialization of the risks described above may lead to a decrease in the Group's sales, significant recall costs, but also individual or collective claims, fines and/or judicial decisions, which may negatively impact its reputation, consumers' confidence, and demand for Danone products.</p> <p>Recent microbiological contaminations of food products and their impact showed the importance of food safety for all Food Business operators.</p>	<p>Danone has the duty to ensure all its stakeholders trust its products. To honor this commitment, the Group sustainably engage all its teams, as well its suppliers and partners.</p> <p>Danone's Quality and Food Safety fundamentals are globally defined, and then locally implemented. On a day-to-day basis, Danone designs, sources, manufactures and delivers products that meet regulatory requirements and high quality and food safety standards. The Group consistently anticipates trends and emerging risks, leveraging internal expertise as well as external connections and partnerships.</p> <p>To fulfil its mission and respect its commitments, Danone ensures the following:</p> <ul style="list-style-type: none"> ● maintain and deploy a Food Safety Management System following GFSI (Global Food Safety Initiative) recognized standards, with an obsession of continuous improvement thanks to robust internal / external audit programs; ● maintain Scientific capabilities at the leading edge, partnering with the best experts; ● apply efficient processes to anticipate and prevent emerging issues; ● apply robust analytical governance and develop capabilities for internal and external laboratories; ● develop Excellence programs with raw and pack materials' suppliers; ● deploy a Food safety culture across the organization. <p>For more information on Danone's food safety policy, see section <i>Ensuring quality and food safety</i> of section 5.5 <i>Health</i>.</p>

DESCRIPTION

medium Shortage of talent

In 2022, Danone employed nearly 100,000 employees in over 55 countries with an overall turnover of 17.5% (managers and above). The availability, quality, and engagement of Danone's people, as well as their adaptation to fast-moving environments, play an essential role in Danone's success.

Danone's ability to attract and retain employees with the necessary skills or talents is critical for success. This is especially true in certain of Danone's principal markets and in emerging countries or in specific capabilities (for example linked to data/digital), and in the context of Danone's engagement in a strong transformation journey.

If the Group is unable to retain or attract talents, it could affect its competitiveness, ability to transform and therefore its results.

MANAGEMENT MEASURES

Danone relies on its human resources strategy to attract and retain talents, which revolves around four main axes: (i) employees continuous learning and development, (ii) inclusive diversity, (iii) social dialogue and (iv) health, safety and well-being of employees.

Following the Local First re-organization, during this period of transition and transformation, Danone has continued to closely monitor the turnover and departure of employees.

Under its new HR Roadmap, Danone is launching several initiatives in 2023 to further strengthen its employee value proposition, for example a new learning strategy, a new set of Group behaviors, a holistic health and well-being pro-gram, a refreshed people conversation cycle and multiple digital tools to improve the employee experience.

All these initiatives support Danone's unique culture and are aligned with the HOPE values (Humanism, Openness, Proximity and Enthusiasm) which Danone recognizes as powerful retention levers as well as important assets to attract talent externally. In addition, the Group is strength-ening its Recruiting capabilities and the positioning of its Employer Brand among potential candidates.

For more information on Danone's values and Human Resources policies, see section 5.4.1 *Danone's employees*.

medium Business Transformations

Danone is now well advanced in the process of its ambitious transformation journey, including a new organization (Local First), transformation of its operations notably through end-to-end integrated approaches, and a digital & data agenda.

The objective of this transformation is to position Danone in line with new market and operating trends, prompted by consumer preferences and competitive dynamics.

As a consequence of the successful implementation of Local First Danone has seen improvement of its business execution excellence, greater resilience vs external & internal factors, and will remain more agile in the creation of new business opportunities.

While the Local First reorganization journey is coming to an end, Danone is still engaged in a number of transformations, that could come with some adverse effects, on Danone's results and financial situation, for example:

- if the transformation creates severe business disruptions, social tensions, or insufficient focus from Danone's management and staff on operational & delivery priorities;
- if the Group does not succeed in delivering these transformations efficiently and at the right pace, or in achieving the expected benefits.

Danone has a global and regional transformation governance, under the steer of COMEX members, ensuring the implementation with the right prioritization, the appropriate tracking of delivery on business cases and the relevant pace of change, as well as transformation processes and means.

In 2022, this governance has been further reinforced, notably with:

- The creation of a central control tower to validate and track all significant global and regional transformation projects;
- A tightened governance for CapEx authorization with a CapEx committee, allocating annual budgets according to business cases and monitoring returns at different stage gates.

Danone also has two specific transformation offices, respectively in charge of the execution of its End-to-end operations transformation and of its IT & Data transformation.

2.7 CONTROL ENVIRONMENT

RISK MANAGEMENT

Danone has organized its risk identification and risk management system around complementary processes:

- identification and management of strategic risks, as well as the coordination of the risk map and the monitoring of global risks, under the responsibility of the Strategic Planning Department (see section 2.6 *Risk factors*);
- identification and management of operational risks related to the Sales, Purchasing, Operations, Human Resources, Finance, Information Systems and General Secretary functions, under the responsibility and monitoring of the Internal Control Department (see section *Internal control hereafter*);
- identification and management of risks related to the preparation and processing of financial and accounting information (see section *Financial and accounting information hereafter*);
- identification and management of risks related to (i) corruption, (ii) anti-competitive practices, and (iii) non-compliance with personal data protection laws and international laws on trade sanctions,

under the responsibility of the Compliance Department through the preparation and coordination of a Compliance Program (see section 5.1 *Introduction*);

- other processes such as:
 - the development of procedures regarding competitive intelligence, training, prevention and protection, as well as the initiatives taken in this area by specialized departments such as the Nature & Water Cycle Department and the Quality and Safety Department for food;
 - the Security Department's contribution to the identification of threats against Danone's employees and assets;
 - identification of potential crisis by the Crisis Management Department and preparation by the affected entities based on the maps created at each Zone;
 - short decision-making channels and input from the operating units in strategic discussions, which facilitates risk reporting.

ORGANIZATION OF THE FINANCE FUNCTION

In 2022, the Finance function is organized around:

- central functional departments:
 - Corporate Finance, Control and Data & Tech to which the following departments report: (i) Treasury and Financing; (ii) Tax; (iii) Insurance; (iv) Consolidation, Reporting & Standards; (v) Internal Control; and (vi) Internal Audit;
 - Performance Planning and Management to which the (i) Controlling and (ii) Methods and Business Intelligence departments report;
 - Strategy;
 - Mergers & Acquisitions;
 - Financial Communication.

- transactional functions (accounting, treasury, etc.) and certain expertise functions organized by country or group of countries (Danone Business Services), which are themselves grouped by continent or subcontinent; Danone has besides decided to reorganize its Danone Business Services and their functions into transversal processes to create Danone Business Services, notably in order to best serve its new end-to-end organization announced end of 2020. This organization in Danone Business Services has been launched end of 2021, and is fully effective since 2022;
- operational finance departments for the Zones and key operating activities responsible for managing and steering the business; each Zone has an operational finance department, which is itself organized by region that include one unit per country or group of countries (Country Business Unit).

INTERNAL CONTROL

Internal control objectives

Internal control is put in place by Danone's General Management, managers and operational teams with the primary aim of ensuring:

- the proper functioning of Danone's internal processes, particularly those related to safeguarding assets and the anti-corruption system introduced by the Sapin II law;
- compliance with applicable laws and regulations;

- reliability of financial information.

In 2020 and 2021, Danone had adapted its internal control system and paid particular attention to the potential risks specific to the Covid-19 health crisis. As Danone has not seen any deterioration in its level of internal control over the last two years, Danone has reverted to a pre-Covid system, while continuing to roll out our data analytics tools to our operational subsidiaries.



Key internal control stakeholders

General Management

General Management is responsible for Danone's internal control system with support from the Finance Department, while the Audit Committee is responsible for monitoring the effectiveness of Danone's control and risk management systems (see section 6.1 *Governance bodies*).

Internal Control Department

In 2022, as part of the Local First project, Danone has merged the Internal Control Department and the Internal Audit Department. This new department reports to the Corporate Finance, Control and Data & Tech Department. The Internal Control and Internal Audit teams will continue to have distinct roles, in line with the former organization, in order to preserve the independence of the two functions.

The Internal Control Department's main functions include:

- updating the internal control approach, including the DANgo framework, as well as the use of data analytics;
- defining priorities related to internal control and presenting the results within Danone;
- supporting and overseeing the international network of internal controllers through coordination, communication and training initiatives.

Internal control system

Framework: DANgo

The internal control framework used by Danone is DANgo (Danone Governing and Operating Processes), built in 2006 and completely updated in 2019. It covers the following operating processes: Sales, Purchasing, Operations, Human Resources, Finance, Information Systems and General Secretary and includes a Control Environment section. All these processes are broken down into 58 risk areas covered by 105 internal control points (Danone Internal Control Evaluations). For each risk area, the framework specifies the potential impacts for Danone: reputational harm, errors in the financial statements, financial losses, disruptions in operating activities and frauds.

Scope

Danone's internal control framework applies to all the fully consolidated subsidiaries.

Assessment scope

Internal control at all the subsidiaries level, is assessed based on a differentiated approach and the depth of this assessment depends on each subsidiary's size and risk level.

Assessment methodology

The assessment of internal control is not the result of self-assessment questionnaires but relies on the testing of control points by the local internal controllers. Since the control framework is centered around risk control, it is the degree of exposure to these risks that is assessed by the local internal controllers for each of the control points within the assessment scope. The procedures for testing and assessing the degrees of exposure to risks are set out in guidelines and specific instructions issued by the Internal Control Department. In addition, this assessment by the subsidiaries is regularly subject to internal audits (see hereafter).

Reporting of assessments

Each subsidiary's internal control assessments are reported to the Internal Control Department in July and January of each year through a tool used by all the subsidiaries. In addition, they always include action plans for each control point (see section *Review of assessments* hereafter).

Network of local internal controllers

Internal control at Danone is carried out by a large network of local internal controllers who generally report to the finance directors of the Danone Business Services. Their main functions are as follows:

- performing and documenting work related to testing control points for the assessment of internal control based on instructions issued by the Internal Control Department;
- presenting the internal control results to the management committees of subsidiaries and monitoring action plans;
- making an active contribution to all transformation projects so that they include the aspect of internal control and risk management;
- and more generally, coordinating the system vis-à-vis all the stakeholders.

Assessment of internal control by the Internal Audit Department

The Internal Audit Department conducts audits according to a risk-based approach to ensure the quality of the DANgo assessment carried out by the subsidiaries. In light of heightened compliance requirements, these audits periodically check conformity of subsidiaries' assessment compared with the central assessments, for communication to line management of the Zones and key functions. In 2022, the Internal Audit Department conducted 30 internal audits at subsidiaries or cross-company functions, based on the plan previously approved by the Audit Committee. The Internal Audit teams carry out all their audits using a data extraction and analysis tool that facilitates a risk-based approach. Besides, the Internal Audit Department has seen its external certification issued by the independent IFACI (*Institut Français de l'Audit et du Contrôle internes*) renewed end of 2022.

Following each audit, an action plan is prepared by the management of the subsidiary to correct weaknesses identified in the audit report. The implementation of action plans is monitored by the operational and functional managers, under the supervision of the Internal Audit Department. In 2022, 29 follow-up audits on implementation of action plans were conducted within 12 months of the initial audit when possible.

Moreover, the Treasury and Financing, Tax and Insurance, Data & Tech, Nature & Water Cycle, Legal/Compliance, Food Safety, Quality, Industrial, Safety, Organization, Human Resources and Crisis Management departments arrange audits and periodic control reviews at the subsidiaries level, in addition to the general internal audits.

Monitoring of Internal Control

Monitoring of indicators

The main indicators monitored by the Internal Control Department are high-risk control points.

Annual objectives

Danone sets annual internal control priorities (the subsidiaries and operational risks that will take priority). These priorities are approved by General Management and the Audit Committee.

Review of assessments

This review is carried out at all levels of Danone's organization. The internal control results are first presented to each subsidiary's

Communication and Coordination

Dedicated platforms

An electronic version of the DANgo framework, with a link to Danone's policies and guidelines, is available to all employees. In addition to DANgo, all the methodology documents related to internal control (instructions, test scripts, methodology guides) are available on an intranet site for Danone's internal controllers. Besides, the community of internal controllers share internal control information and best practices on Danone's social network.

management committee for a review of areas of vulnerability, a discussion of their criticality and prioritization and monitoring of action plans.

The internal control results are also presented to each of the senior executives of the operating processes covered by DANgo and to the senior executives of the Finance function. Lastly, the Audit Committee and General Management are informed at least twice a year of the status of the subsidiaries' assessment processes, the results thereof and the actions being taken to improve the effectiveness of the system.

Coordination of the community of local internal controllers

The Internal Control Department oversees, trains and coordinates the network of internal controllers overall but also by region and by operational process to ensure better dissemination of key messages and broader sharing of best practices. It also organizes an annual workshop attended by the heads of internal control of each Danone Business Services (see section Financial and accounting information hereafter), *i.e.* more than 30 participants. In addition, it organizes special training sessions on topics of current interest such as use of data analytics.

FINANCIAL AND ACCOUNTING INFORMATION

Production of financial and accounting information

La The Finance function organizes Danone's financial and accounting information production process around the following pillars:

- maintenance and coordination of single sets of guidelines regarding finance and internal control, accessible to all Finance function employees through (i) the central tool that contains the Finance function's main organizational principles and processes and Danone's accounting principles and procedures, which are consistent with its internal control principles, and (ii) the DANgo framework (see section *Internal control* above);
- definition of the roles and skills required at the various levels of the financial organization;
- development and delivery of internal training programs, meetings to share information and best practices attended regularly by the main financial managers (particularly from Danone Business Services and central functions) and organization of regular training sessions on specific accounting topics;
- dissemination of information: each quarter, the entire finance function can log onto a website where the Chief Financial Officer comments on the activity for the quarter, the year-to-date financial results and the main challenges for the Group.

Financial planning process

Financial information is generated by a rigorous and comprehensive financial planning process that includes:

- financial indicators used to monitor performance, the selection and relevance of which are reviewed on a regular basis;
- a three-year strategic plan specifying annual key financial targets;
- 12-month rolling forecasts performed quarterly on all financial indicators as well as monthly updates for certain indicators;

- monthly reports;
- monthly performance review meetings attended by the finance teams and the general managers of the Zones;
- quarterly meetings to monitor execution of the strategy with the participation of the finance teams and general managers of the Zones.

The overall financial planning process is administered by the Controlling Department, and the Zones' finance departments are responsible for monitoring performance, capital expenditure and operating cash-flow. Members of the corporate departments visit the operating units on a regular basis (performance monitoring, procedure reviews, pre-closing meetings, ad hoc audits, progress on improving internal controls, follow-up on action plans and training in accounting standards).

Financial and accounting information production processes

Financial and accounting information is produced according to the control practices and procedures of the DANgo framework, which includes many points that address the quality of the financial and accounting information.

Each operating unit prepares a detailed monthly financial report and a semi-annual exhaustive consolidation package for the consolidated financial statements, and the Country Business Units and Danone Business Services are jointly responsible for the production and content of their financial statements and internal control. Written confirmation of compliance with Danone's procedures and with the standards applicable to financial information is sent twice a year to the central teams of the general manager and finance director of each subsidiary and those of the finance director of the Danone Business Service covering it: representation letter regarding the closing of



the interim and annual financial statements, including all subjects involving risk management, internal control and corporate law.

The Consolidation, Reporting & Standards Department is responsible for the actual consolidation of the reports and consolidation packages, the elimination and consolidation entries, and the following key control stages:

- validation, throughout the year, of the main accounting options adopted by the subsidiaries and corporate functions and simulation of complex transactions in the consolidation software;
- in-depth review of certain subsidiaries' monthly reports at the end of May and November (known as the hard-close procedures) based on the specific risks and transactions identified for preparing the interim and annual consolidated financial statements, respectively;
- (i) preparatory meetings with the financial staff of the main subsidiaries and the Danone Business Services covering them based on the specific transactions and risks identified; and (ii) presentations to the Audit Committee of the specific transactions during the period, the main accounting options concerning the closing and the potential significant changes introduced by developments of the IFRS framework (see section 6.1 *Governance bodies*);
- during closings: analysis and validation of the most significant line items of the consolidated financial statements (intangible assets, taxes, equity, provisions, liabilities, etc.).

The control activities are therefore conducted at all of the Group's hierarchical and functional levels and include a variety of actions such as approving and authorizing, verifying and reconciling, assessing operational performances, ensuring the protection of assets and monitoring the segregation of duties. The audits conducted independently by the Internal Audit Department provide appropriate validation. In particular, the internal audits conducted at the Country Business Units and Danone Business Services are aimed primarily

Financial and accounting information production systems

SAP/Themis integrated information system

The management and optimization of information flows for the financial functions as well as the purchasing, industrial, quality, supply chain and sales functions, both within the subsidiaries and between them, is performed primarily through the SAP/Themis integrated information system. This application is steadily being rolled out at the subsidiaries. As of December 31, 2022, the activities supported by Themis accounted for 90% of Danone consolidated sales. The roll-out of Themis will continue in 2023 in Turkey, in Alpro's factories in Europe and in China (in particular subsidiaries in charge of the Specialized Nutrition Category).

at verifying the quality of the accounting and financial information. Lastly, detailed audits are conducted on the key control procedures in the preparation of financial information (particularly published disclosures) at the subsidiaries and at Danone's headquarters and on their effective application.

These activities, which are intended to control the accounting and financial information provided by the consolidated subsidiaries, as well as the internal control procedures used to prepare the consolidated financial statements, are adequate to provide reliable accounting and financial information.

Management of risks related to the preparation and processing of financial and accounting information

When these risks are identified, Danone monitors and manages them as follows:

- the Zones' finance departments ensure that the action plans established subsequent to internal and/or external audits and work on key controls have been carried out correctly, and improvement of the process related to preparing and processing financial information is one of the responsibilities of each Zone's finance director and each function manager;
- the risks identified in the results obtained from the annual assessment of internal control (DANgo) and internal audits are subject to specific monitoring;
- in addition, the main identified risks are monitored during the strategic planning and performance monitoring processes, during the regular meetings mainly attended by the finance functions (and during the meetings of the Risks Executive Committee and the Executive Committee);
- the internal control system is adapted on the basis of the risks identified.

Consolidation and reporting software

Monthly financial reports and, more generally, the financial information used to manage and control the activities of the operating units are produced by a unified information system (SAP/Business Objects Financial Consolidation). This system is also used to produce the interim and annual consolidated financial statements. The procedures related to the security, use and development of new features of this consolidation system are documented.

2.8 INSURANCE AND RISK COVERAGE

Concerning risks other than financial market risks Danone has a global insurance coverage policy that is based on stringent underwriting assessments and uses insurance products from worldwide markets, depending on availability and local regulations. This risk coverage is therefore consistent for all companies over which Danone has operational control.

Insurance programs for property damage, business interruption and commercial general liability risk are negotiated at Group level for all subsidiaries, with leading international insurers. The “all risks except” policies are based on the broadest guarantees available on the market, coupled with deductibles of varying amounts, which are relatively low compared to those extended to groups of comparable size to reflect the autonomous management of the subsidiaries. The guarantee limits are set on the basis of worst-case scenarios and on insurance market availability. These programs were renewed on January 1, 2022 for a term of two years; the total cost of these programs amounted to €37 million in 2022.

Insurance programs for “traditional” risks, which require local management, such as coverage of vehicle fleets, guarantees for the transportation of merchandise, work-related accidents (in countries in which these accidents are covered by private insurance), and insurance specific to some countries, are negotiated and managed in accordance with local practices and regulations, within the framework of precise directives provided and controlled by the Group. Total premiums came to approximately €21 million in 2022.

Lastly, insurance programs for potentially significant special risks, which require centralized management, such as the liability of the Group’s corporate officers, fraudulent acts, and assorted risks (product recalls, credit risk, environmental risk, cybersecurity) are negotiated according to market availability, based on scenarios estimating the probable impact of any claims. The total cost of this of coverage amounted to approximately €4 million in 2022.

In addition, in order to optimize its insurance costs and properly control its risks, Danone has a self-insurance policy through its captive reinsurance subsidiary Danone Ré (a fully consolidated entity). The self-insurance policy applies to specific risks where the costs can be accurately estimated, as Danone is aware of their frequency and financial impact. This concerns essentially (i) coverage of property damage, business interruption and commercial general liability for a large majority of Danone’s companies (these self-insurance programs are limited to frequent claims with a maximum of €7.5 million per claim for property damage and business interruption risks and a maximum limit of €5 million per claim for commercial general liability risks) as well as transportation in some cases; and (ii) for the French subsidiaries, payments for death, long-term disability, and education. Moreover, stop-loss insurance protects Danone Ré against any increased frequency of claims. These self-insurance programs are managed by professional insurers under Danone’s supervision and the provisions are determined by independent actuaries.



3.1 BUSINESS HIGHLIGHTS IN 2022	42	3.4 BALANCE SHEET AND FINANCIAL SECURITY REVIEW	52
Highlights of 2022 (Highlights were detailed in the main press releases issued by Danone during 2022)	42	Condensed consolidated balance sheet	52
Other activities in 2022	43	Financing structure and financial security	52
		Liabilities related to put options granted to non-controlling interests	54
3.2 CONSOLIDATED NET INCOME REVIEW	45	Net debt and net financial debt	54
Key figures	45	Shareholder's equity	56
Sales	45	Off-balance sheet commitments	56
Recurring operating income and recurring operating margin	47		
Net financial income (expense)	48	3.5 OUTLOOK 2023	57
Effective tax rate	48		
Recurring net income – Group share and Recurring EPS	48	3.6 FINANCIAL INDICATORS NOT DEFINED IN IFRS	57
Additional information on consolidated income statement	49		
Dividend paid in respect of 2022 fiscal year	50	3.7 DOCUMENTS AVAILABLE TO THE PUBLIC	58
3.3 FREE CASH FLOW	50		
Free cash flow	50		
Consolidated statement of cash flows	51		

3

BUSINESS HIGHLIGHTS
IN 2022 AND OUTLOOK
FOR 2023

Danone's consolidated financial statements and the Notes to the consolidated financial statements are presented in section 4.1 Consolidated financial statements and Notes to the consolidated financial statements. Risk identification and control policy, as well as strategic, external environmental and operational risks are described in section 2.6 Risk factors.

Amounts are expressed in millions of euros and rounded to the nearest million. Generally speaking, the values presented are rounded to the nearest unit. Consequently, the sum of the rounded amounts may differ, albeit to an insignificant extent, from the reported total. In addition, ratios and variances are calculated based on the underlying amounts and not on the rounded amounts.

Danone reports on financial indicators not defined by IFRS, internally (among indicators used by the chief operating decision makers) and externally. These indicators are defined in section 3.6 Financial indicators not defined in IFRS:

- like-for-like changes on sales, recurring operating income, recurring operating margin;
- recurring operating income;
- recurring operating margin;
- recurring tax rate;
- recurring net income;
- recurring EPS;
- carbon-adjusted recurring EPS;
- free cash flow;
- net financial debt.

Danone also uses references that are defined in section 1.2 Information about the Registration Document related to References and definitions.

3.1 BUSINESS HIGHLIGHTS IN 2022

HIGHLIGHTS OF 2022 (HIGHLIGHTS WERE DETAILED IN THE MAIN PRESS RELEASES ISSUED BY DANONE DURING 2022)

- on March 8, 2022, New CEO Antoine de Saint-Affrique, together with a strengthened leadership team, presented Danone's new strategic plan "Renew Danone" at a Capital Market Event (CME). The plan enables Danone to reconnect with a sustainable profitable growth model. The delivery of the plan is facilitated by a greater alignment between purpose and performance;
 - on April 26, 2022, Danone announced that at its 2022 Annual General Meeting, Shareholders approved all resolutions submitted to a vote, including the proposed dividend of €1.94 per share in cash, in line with 2021;
 - on April 29, 2022, Danone and Compañía Cervecerías Unidas (CCU) announced a strategic alliance as a result of which CCU Argentina acquired a large minority stake in Aguas Danone de Argentina. This partnership allows both companies to enrich their beverage offerings and strengthen their operations in the country.
 - on May 6, 2022, Danone announced that it agreed to sell to Mengniu the 25% stake the company holds in Yashili and the 20% stake it holds in the Inner Mongolia Dairy Joint Venture. In parallel, Danone will acquire from Yashili 100% of Dumex Baby Food Co Ltd, a Chinese manufacturer of Infant Milk Formula products. China remains highly strategic for Danone, and the announcement notably allows the company to further expand its ability to manufacture Infant Milk Formula products locally. In line with Danone's capital allocation priorities, the expected proceeds will be dedicated to further deleveraging the company;
 - on August 31, 2022, Danone successfully issued a €600 million bond with a 10-year maturity and a 3.071% coupon. The settlement took place on September 7, 2022, and the bonds are listed on Euronext Paris;
 - on October 14, 2022, Danone has initiated a process to transfer the effective control of its EDP business in Russia, considering that this is the best option to ensure long-term local business continuity for its employees, consumers and partners. Once closed, the transaction, which will be subject to regulatory approvals, will result in the deconsolidation of Danone's EDP Russia business. It could result in a write-off of up to €1 billion (Based on the accounts and foreign exchange rates as of June 30th, 2022);
- In addition, changes in governance that occurred in 2022 are described in section 6.1 Governance bodies.

OTHER ACTIVITIES IN 2022

Acquisitions, disposal of shares in companies in fully consolidated companies

Ownership as of December 31

<i>(in percentage)</i>	Zone (country)	Category	Transaction date^(a)	2021	2022
Main companies consolidated for the first time during 2022					
Hunan Eurbest Nutritional Food	China, North Asia and Oceania (China)	Specialized Nutrition	March	–	96.5%
Main consolidated companies with change in ownership percentage					
Agua Danone de Argentina	Rest of the World (Argentina)	Waters	April	100.0%	51.0%
Main companies no longer fully consolidated as of December 31					
–	–	–	–	–	–

(a) Month in the 2022 fiscal year.

Main changes in investments in associates

Ownership as of December 31

<i>(in percentage)</i>	Notes	Zone (country)	Category	Transaction date^(a)	2021	2022
Main companies accounted for using the equity method for the first time during 2022						
Agua de Origen	–	Rest of the World (Argentina)	Waters	December	–	50%
Main associates with changes in ownership percentage						
–	–	–	–	–	–	–
Main companies no longer accounted for using the equity method as of December 31						
Yashili ^(b)	5.6	China, North Asia and Oceania (China)	EDP	August	25%	25%

(a) Month in the 2022 fiscal year.

(b) As of 31 december, Yashili equity method has been reclassified as Assets held for sale.

2022 sustainability footprint

Environmental footprint

See section 5.2 *Nature*.

Inclusive diversity and B Corp™ performance

See sections 5.1 *Introduction* and 5.4 *People and Communities*.

Governance and financial statements

See sections 6.1 *Governance Bodies*, 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors*, and 3.4 *Condensed consolidated balance sheet*.

Research and Innovation

Essential Dairy and Plant-Based Products 2022

The EDP Reporting Entity's Research and Innovation teams continued to innovate in 2022 by expanding the product ranges to include:

- Products high in protein, using ultrafiltration and nanofiltration technology, which contains 50% more protein and 50% less sugar than milk finished goods, under brands as *OikosPro*, *Two Good* and *YoPro-healthy* indulgent with 20 grams of protein.
- Plant-based products, such as *Silk NextMilk*, a unique balance of trio plant-based with oat, soy and coconut that replicate taste & texture of dairy milk, has been launched in Canada. In USA *So Delicious Simply yogurt*, sweetened with fruits with no added sugar, were also launched.
- Products with little or no added sugar, like *Dannon Zero Sugar* (Greek yogurt) in US, or in Europe *Alpro Not Milk* unsweetened oat base product.
- Products for better environmental footprint, e.g *Activia* in Mexico has launched the first biomimicry bottle 33% less plastic and 30% reduction CO2e than the reference bottle.
- Products for children, such as Danonino Probiotics in Mexico, full range reformulation with 65% reduction of added sugar less than 1 gram per container, vitamin C added to protect immune system, with Calcium & Vit D to support children's growth.
- Products with incremental health benefits, such as *Actimel* daily probiotic beverages enriched with zinc.

Danone also continued to conduct research on gut biology and gut microbiome, probiotics, fermentation and their interactions with nutrition and health.

Waters 2022

In 2022, the Waters Reporting Entity's Research and Innovation team focused their efforts on:

- Renovation for superiority: overhauling the beverage ranges under the *Bonafont*, *Levitè* and *Salus* brands to offer less sugary and more natural flavored versions and re-uniforming *Volvic* ranges with improved taste propositions (in France & Germany). In China, *Mizone* vitamin water, has launched a Zero sugar alternative to complement the existing superior range.
- Focused innovations with e.g the launch of the first *Evian* sparkling water proposition in UK/EVI and *Volvic Touch of Fruit* new flavour to animate the core.
- Development of better and beyond plastic pack solutions; expanding the use of large formats, increased levels of recycled PET bottles and/or launching plastic alternatives. For instance, *Evian* launched first sparkling natural mineral water in cans. In Uruguay the *Salus* Brand relaunch its iconic jug 6,25 Lt with 7.6% less plastic with same consumer experience.
- Development, testing and validation of Tethered-caps for the entire European Water portfolio to comply with EU mandatory requirements; making sure consumer experience is maintained and communication plan is in place.

In addition, Danone continued its Scientific evidence on adequate Water intake and Health. In recent publications, an AI model tool, evaluate individual optimal water intake preventing diseases. The

model is based on clinical data, providing personalized advice for daily intake considering intrinsic (age, sex, height, weight) and extrinsic (food and fluid intakes) characteristics.

In Indonesia *Aqua Dulú* launch the Campaign "*Aqua First*" as a reminder to always keep hydrated.

Another key area for research is to continue exploring new sustainable packaging materials through partnerships such as Lanzatech to develop PET from carbon sources or experimenting new business models as distributing *Evian* in bulk through a water fountain, reducing even further the carbon footprint.

Specialized Nutrition 2022

In 2022, the Specialized Nutrition Reporting Entity's Research and Innovation teams continued to develop products, science and technology to serve infants, children and their parents, and for people of all ages who have been diagnosed with various medical conditions. They launched new solutions:

- In the *Core Milk range*, *Aptamil Compress*, a pre-measured format in tabs, was awarded as "The Product of Year".
- In Europe, *Aptamil* launched a new portfolio designed based on a unique journey needs. *Nutribiotik*, *Duobiotik*, *Cesarbiotik* and *Dairy & Plants* a unique formula that combines the best of dairy and plant-based in which 60% of the protein comes from plants.
- In Brazil, *Aptamil Profutura Gold*, launched a unique formula composition with exclusive lipid structure and prebiotics patent.
- In Pediatric Specialities, in USA was launched *Neocate splash* and Allergy FSMP in China. *Neocate Splash* is a hypoallergenic amino acid formula for individuals over the age of one who have cow's milk allergies.
- For Adult Nutrition on healthy ageing, *GANMAI* was launched in China as the first nutrition drink with time tag for Immunity, Mobility and Sleep.
- *Fortimel* launched a 100% plant based version to meet patients' needs in terms of food variety and diversity. *Fortimel Compact* with Omega 3 has been designed for patients in oncology with taste alterations.
- In local brands, continue launching products palm oil free.

In terms of research, Danone's teams undertook several actions and initiatives:

- Continuous innovative work in life science, in 2022 has been published 57 articles, as examples of key areas are Healthy Gut; Gut Barrier protection and Immunity; Brain Health and Mental Well-being; Growth, Metabolism and Development; Energy and Physical Performance.
- Activation campaign on Gut Microbiome and the link with diet/lifestyle. The Human Diets & Microbiome Initiative (THDMI) is an unprecedented international research study engaging citizen scientists to revolutionize the exploration of the gut microbiome and unveil the secrets of the gut.

Major contracts

Over the last two fiscal years, Danone has not entered into any major contracts entailing a significant obligation or commitment for the Group and its subsidiaries, other than those entered into in the normal course of business.

3.2 CONSOLIDATED NET INCOME REVIEW

KEY FIGURES

	Year ended December 31			
<i>(in € millions except if stated otherwise)</i>	2021	2022	Reported changes	Like-for-like changes ^(a)
Sales	24,281	27,661	13.9%	7.8%
Recurring operating income^(a)	3,337	3,377	1.2%	(4.3)%
Recurring operating margin^(a)	13.7%	12.2%	-154 pb	-161 pb
Non-recurring operating income and expenses	(1,080)	(1,234)	(154)	
Operating income	2,257	2,143	(5.0)%	
Operating margin	9.3%	7.7%	-155 pb	
Recurring net income – Group share^(a)	2,165	2,205	1.9%	
Non-recurring net income – Group share	(241)	(1,246)	(1,005)	
Net income – Group share	1,924	959	(50.2)%	
Recurring EPS (in €)^(a)	3.31	3.43	3.6%	
EPS (in €)	2.94	1.48	(49.7)%	
Free cash flow^(a)	2,489	2,127	(14.6)%	
Cash flow from operating activities	3,474	2,964	(14.7)%	

(a) See definition in section 3.6 *Financial indicators not defined in IFRS*.

SALES

Consolidated sales

In 2022, consolidated sales stood at €27.7 bn, up +7.8% on a like-for-like basis, with a +8.7% contribution from price and a -0.8% contribution from volume/mix.

On a reported basis, sales increased by +13.9%, benefiting from a positive forex impact of +4.9%, reflecting in particular the appreciation of the US dollar and various Asian and Latin American currencies against the euro. Reported sales were also impacted by a positive organic contribution of +1.2% from hyperinflation geographies.

Sales by geographical zones

Year ended December 31

<i>(in € millions except percentage)</i>	2021	2022	Sales growth ^(a)	Volume Mix / Growth ^(a)
Europe	8,341	8,773	5.2%	(1.2)%
North America ^(b)	5,564	6,712	8.9%	0.5%
China, North Asia & Oceania ^(c)	3,008	3,428	6.7%	4.9%
Rest of the World	7,369	8,748	10.7%	(4.1)%
Total	24,281	27,661	7.8%	(0.8)%

(a) Like-for-like.

(b) United States and Canada.

(c) China, Japan, Australia and New Zealand.

Europe

Sales

Europe posted sales growth of +5.2% in 2022 on a like-for-like basis, driven by +6.4% growth in price and a -1.2% decrease in volume/mix.

Main Markets

In 2022, EDP registered +1.6% like-for-like sales growth in Europe, led by both Dairy and Plant-based. In Dairy, the growth was sustained by the good momentum in high-protein, indulgence and immunity products, led by *YoPro*, *Danette*, and *Actimel*, while *Alpro* delivered solid growth in Plant-based. Specialized Nutrition posted +8.6% like-for-like sales growth in 2022, led by *Aptamil* in Infant Nutrition, and *Neocate* and *Fortimel* in Adult Nutrition. Waters registered +8.5% like-for-like sales growth, sustained notably by the strong performance of *evian* and *Volvic*.

North America

Sales

North America posted +8.9% sales growth in 2022 on a like-for-like basis, driven by +8.3% growth in price and a +0.5% growth in volume/mix.

Main Markets

North America maintained strong and competitive growth momentum across Categories in 2022. In EDP, sales were up by +8.1% on a like-for-like basis, led in particular by the strong growth of *Oikos*, *Activia*, *International Delight* and *Silk*. Specialized Nutrition delivered +15.6% like-for-like sales growth, while Waters posted +19.0% like-for-like sales growth.

Sales by Categories

Year ended December 31

<i>(in € millions except percentage)</i>	2021	2022	LFL Sales growth ^(a)	Volume Mix / Growth ^(a)	Share of sales delivered by categories in 2021	Share of sales delivered by categories in 2022
EDP	13,090	14,799	5.8%	(4.3)%	54%	54%
Specialized Nutrition	7,230	8,319	10.0%	3.8%	30%	30%
Waters	3,961	4,543	10.5%	2.2%	16%	16%
Total	24,281	27,661	7.8%	(0.8)%	100%	100%

(a) Like-for-like.

EDP

EDP posted sales of €14,799 million in 2022, up +5.8% vs 2021 on a like-for-like basis, including a decrease in volume Mix / Growth of -4.3%.

Specialized Nutrition

Specialized Nutrition posted sales of €8,319 million in 2022, up +10.0% vs 2021 on a like-for-like basis, including an increase in volume Mix / Growth of +3.8%.

Waters

Waters posted sales of €4,543 million in 2022, up +10.5% vs 2021 on a like-for-like basis, including an increase in volume Mix / Growth of +2.2%.

RECURRING OPERATING INCOME AND RECURRING OPERATING MARGIN

Consolidated recurring operating income and recurring operating margin

Danone's recurring operating income reached €3.4 bn in 2022.

Recurring operating margin stood at 12.2%, down -154 basis points (bps) compared to last year. This decrease was mainly driven by the strong negative impact of input-cost inflation net of productivity, estimated at c. -730 bps. This negative effect was partially offset by the positive effect of topline drivers – including volume, mix and price – for a combined estimated impact of c. +570 bps. Danone accelerated its reinvestment journey in the second half of 2022: reinvestments in A&P, product superiority and capabilities had a negative effect of -105 bps in H2 2022, resulting in full-year impact of -58 bps in 2022. Finally, Overheads before reinvestments had a positive effect of +83 bps in 2022, including +56 bps in H2, reflecting the savings achieved as part of Local First.

In addition to like-for-like effects, reported margin also includes the negative impact of Forex and others, changes in scope, organic

contribution from hyperinflation countries, and effects from other income and expenses, for a total combined effect of -20 bps.

Cost of goods sold totaled €14,922 million in 2022 (€12,760 million in 2021), or 53.9% of consolidated sales (52.6% in 2021). Year 2022 has in particular been marked by a high level of input cost inflation, partially offset by productivity measures.

Selling expense totaled €6,294 million in 2022 (€5,516 million in 2021), or 22.8% of consolidated sales, broadly in line with 2021.

General and administrative expense totaled €2,637 million in 2022, or 9.5% of consolidated sales (9.6% in 2021). Research and Development costs totaled €339 million in 2022, in line with 2021 (€338 million) (see section 3.1 *Business highlights in 2022*). Other income and expense stood at -€92 million in 2022 (-€3 million in 2021).

Recurring operating income and recurring operating margin by geographical zone

Year ended December 31

<i>(in € millions except percentage and bps)</i>	Recurring operating income		Recurring operating margin		Reported changes	Like-for-like change
	2021	2022	2021	2022		
Europe	1,291	1,088	15.5%	12.4%	-307 pb	-297 pb
North America ^(a)	603	679	10.8%	10.1%	-72 pb	-73 pb
China, North Asia & Oceania ^(b)	939	1,037	31.2%	30.2%	-99 pb	-121 pb
Rest of the World	504	573	6.8%	6.6%	-29 pb	-61 pb
Total	3,337	3,377	13.7%	12.2%	-154 pb	-161 pb

(a) United States and Canada.

(b) China, Japan, Australia and New Zealand.

Europe recurring operating margin decreased by -307 bps to 12.4%, compared to last year.

North America recurring operating margin decreased by -72 bps to 10.1%.

China, North Asia & Oceania recurring operating margin decreased by -99 bps to 30.2%.

Rest of the World recurring operating margin stood at 6.6% (-29 bps compared to last year).

Recurring operating income and recurring operating margin by Categories

Year ended December 31

<i>(in € millions except percentage and bps)</i>	Trading operating income		Trading operating margin		Reported changes	Like-for-like change
	2021	2022	2021	2022		
EDP	1,355	1,207	10.4%	8.2%	-219 pb	-229 pb
Specialized Nutrition	1,634	1,799	22.6%	21.6%	-97 pb	-84 pb
Waters	348	370	8.8%	8.2%	-63 pb	-128 pb
Total	3,337	3,377	13.7%	12.2%	-154 pb	-161 pb

The recurring operating margin of EDP was 8.2% in 2022, down -219 bps vs 2021.

The recurring operating margin of waters was 8.2% in 2022, down -63 bps vs 2021.

The recurring operating margin of Specialized Nutrition was 21.6% in 2022, down -97 bps vs 2021.

NET FINANCIAL INCOME (EXPENSE)

Market risks exposure and management policy

See Note 13 of the Notes to the consolidated financial statements.

Net financial income (expense)

Year ended December 31

<i>(in € millions)</i>	2021	2022
Interest income on cash, cash equivalents and short term investments	156	155
Interest expense on financial debt	(323)	(308)
Cost of net financial debt	(167)	(153)
Other financial income	31	51
Other financial expense	(126)	(208)
Other financial income or expense	(95)	(158)
Net financial income (expense)	(262)	(311)

Net financial costs increased by €49 million to -€311 million, resulting from appreciation of the US dollar against the euro.

EFFECTIVE TAX RATE

Recurring income tax rate remained at 27.3%, in line with the prior year.

RECURRING NET INCOME - GROUP SHARE AND RECURRING EPS

Recurring net income reached €2,275 million in 2022 (€2,235 million in 2021).

Net income from associates

Net income from associates decreased significantly from €585 million to -€32 million, reflecting the combined impacts of the Mengniu disposal in H1 2021 and impairment related to the disposal of the remaining minority investments in Mengniu partnerships announced in H1 2022.

Net income from non-controlling interests

Recurring minority interests stood at €70 million, broadly in line with the prior year.

Recurring net income - Group share

Recurring net income - Group share was €2,205 million in 2022, up +1.9% vs last year.

Recurring EPS was €3.43 per share, up +3.6% vs last year. Reported EPS decreased by -49.7% to €1.48 per share.

Bridge from Net income – Group share to Recurring net income – Group share

Year ended December 31

<i>(in € millions except percentage)</i>	2021			2022		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Trading operating income	3,337		3,337	3,377		3,337
Other operating income and expense		(1,080)	(1,080)		(1,234)	(1,234)
Operating income	3,337	(1,080)	2,257	3,377	(1,234)	2,143
Cost of net debt	(167)		(167)	(153)		(153)
Other financial income and expense	(100)	5	(95)	(138)	(20)	(158)
Income before taxes	3,070	(1,075)	1,995	3,086	(1,253)	1,832
Income tax	(841)	252	(589)	(841)	64	(778)
Effective tax rate	27.4%		29.5%	27.3%		42.4%
Net income from fully consolidated companies	2,229	(822)	1,406	2,244	(1,190)	1,054
Net income from associates	7	578	585	31	(63)	(32)
Net income	2,235	(244)	1,992	2,275	(1,252)	1,023
• Group share	2,165	(241)	1,924	2,205	(1,246)	959
• Non-controlling interests	70	(3)	67	70	(6)	64
EPS <i>(in €)</i>	3.31		2.94	3.43		1.48

Bridge from EPS to Recurring EPS

Year ended December 31

	2021		2022	
	Recurring	Total	Recurring	Total
Net Income - Group share <i>(in € millions)</i>	2,165	1,924	2,205	959
Coupon relating to hybrid financing net of tax <i>(in € millions)</i>	(26)	(26)	(13)	(13)
Number of shares				
• Before dilution	646,155,699	646,155,699	639,050,821	639,050,821
• After dilution	646,445,829	646,445,829	639,484,607	639,484,607
EPS <i>(in €)</i>				
• Before dilution	3.31	2.94	3.43	1.48
• After dilution	3.31	2.94	3.43	1.48

ADDITIONAL INFORMATION ON CONSOLIDATED INCOME STATEMENT

Bridge from reported to like-for-like figures

<i>(in € millions except percentage)</i>	2021	Like-for-like change	Impact of changes in scope of consolidation	Impact of changes in exchange rates and others, including IAS 29	Organic contribution from hyperinflation countries	Reported change	2022
Sales	24,281	7.8%	(0.2)%	5.1%	1.2%	13.9%	27,661
Recurring operating margin	13.7%	-161 bps	- 1 bps	+ 3 bps	+4 bps	-154 bps	12.2%

IAS 29 applied to Argentina: impact on reported data

All necessary conditions have been reached (including 3-year cumulative rate of inflation for consumer prices exceeding the 100% threshold reached during the first half 2022) to now consider Turkey as “hyperinflationary” as defined by IFRS rules and therefore that IAS 29 rule related to Financial Reporting in Hyperinflationary Economies becomes applicable to the country. Consequently, Danone applies IAS 29 in Turkey with an effective date of January 1st, 2022.

Danone has been applying IAS 29 in hyperinflation countries as defined in IFRS. Adoption of IAS 29 in these hyperinflationary countries requires its non-monetary assets and liabilities and its income statement to be restated to reflect the changes in the general pricing power of its functional currency, leading to a gain or loss on the net monetary position included in the net income. Moreover, its financial statements are converted into euros using the closing exchange rate of the relevant period.

<i>(in € millions except percentage)</i>	2022
Sales	+3.7
Sales growth	+0.01%
Recurring Operating Income	(56)
Recurring Net Income – Group share	(108)

Breakdown by quarter of full-year 2022 sales after application of IAS 29

Full-year 2022 sales correspond to the addition of:

- Q4 2022 reported sales;

- Q1, Q2 and Q3 2022 sales resulting from the application of IAS 29 until December 31 to sales of entities of hyperinflation countries (application of the inflation rate until December 31, 2022 and translation into euros using December 31, 2022 closing rate) and provided in the table below for information (unaudited data).

<i>(in € millions)</i>	Q1 2022^(a)	Q2 2022^(b)	Q3 2022^(c)	Q4 2022	2022
Europe	2,114	2,267	2,246	2,145	8,773
North America	1,477	1,662	1,813	1,759	6,712
China, North Asia & Oceania	735	936	940	817	3,428
Rest of the World	1,876	2,272	2,315	2,285	8,748
Total	6,203	7,137	7,314	7,007	27,661

(a) Results from the application of IAS 29 until December 31, 2022, to Q1 sales of entities of hyperinflation countries.

(b) Results from the application of IAS 29 until December 31, 2022, to Q2 sales of entities of hyperinflation countries.

(c) Results from the application of IAS 29 until December 31, 2022, to Q3 sales of entities of hyperinflation countries.

DIVIDEND PAID IN RESPECT OF 2022 FISCAL YEAR

At the Annual Shareholders’ Meeting on April 27, 2023, Danone’s Board of Directors will propose a dividend of €2.00 per share in respect of the 2022 fiscal year, up +3.1% compared to last year.

Assuming this proposal is approved, the ex-dividend date will be May 9, 2023, and dividends will be payable on May 11, 2023.

3.3 FREE CASH FLOW

At the date of this Universal Registration Document, Danone estimates that the cash flows generated by its operating activities, its cash flow and the funds available through confirmed credit lines managed at the level of the Company will be sufficient to cover the necessary expenses and investments, the debt service (including

the financing of the exercise of any put options granted to holders of non-controlling interests) and the payment of dividends.

Free cash flow reached €2,127 million in 2022, down from €2,489 million in 2021, reflecting the decrease in cash-flow from operating activities. Capex stood at €873 million.

FREE CASH FLOW

Transition from operating cash flow to free cash flow

	Year ended December 31	
<i>(in € millions)</i>	2021	2022
Cash-flow from operating activities	3,474	2,964
Capital expenditure	(1,043)	(873)
Disposal of tangible assets & transaction fees related to business combinations ^(a)	58	37
Free cash flow	2,489	2,127

(a) Represents acquisition costs related to business combinations paid during the period.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31	
<i>(in € millions)</i>	2021	2022
Net income	1,992	1,023
Share of profit of associates net of dividends received	(564)	53
Depreciation, amortization and impairment of tangible and intangible assets	1,265	1,863
Net change in provisions and non-current liabilities	493	(241)
Change in deferred taxes	(73)	40
(Gains) losses on disposal of property, plant and equipment and financial investments	(31)	78
Expense related to Group performance shares and fidelity shares	12	25
Cost of net financial debt	166	154
Net interest paid	(166)	(152)
Net change in interest income (expense)	(1)	2
Other components with no cash impact	31	44
Cash flows provided by operating activities, before changes in net working capital	3,123	2,886
(Increase) decrease in inventories	(81)	(667)
(Increase) decrease in trade receivables	(231)	(424)
Increase (decrease) in trade payables	425	879
Change in other receivables and payables	239	289
Change in working capital requirements	351	77
Cash flows provided by (used in) operating activities	3,474	2,964
Capital expenditure ^(a)	(1,043)	(873)
Proceeds from the disposal of property, plant and equipment ^(a)	46	30
Net cash outflows on purchases of subsidiaries and financial investments ^(b)	(300)	(100)
Net cash inflows on disposal of subsidiaries and financial investments ^(b)	1,834	206
(Increase) decrease in long-term loans and other long-term financial assets	24	(12)
Cash flows provided by (used in) investment activities	561	(749)
Increase in share capital and additional paid-in capital	46	51
Purchase of treasury shares (net of disposals)	(801)	-
Undated subordinated notes issued during the period	498	-
Undated subordinated notes repurchased during the period	(500)	-
Interest expense and repurchase premium on undated subordinated notes	(41)	(18)
Dividends paid to Danone shareholders ^(c)	(1,261)	(1,238)
Buyout of non-controlling interests	(22)	(91)
Dividends paid to non-controlling interests	(115)	(80)
Contribution from non-controlling interests to capital increases	1	17
Transactions with non-controlling interests	(136)	(153)
Net cash flows on hedging derivatives ^(d)	2	4
Bonds issued during the period	1,700	600
Bonds repaid during the period	(1,919)	(1,682)
Net cash flows from other current and non-current financial debt	(124)	(1,032)
Net cash flows from short-term investments	(1,492)	1,535
Cash flows provided by (used in) financing activities	(4,027)	(1,934)
Effect of exchange rate and other changes ^(e)	58	112
Increase (decrease) in cash	66	392
Cash as of January 1	593	659
Cash as of December 31	659	1,051
Additional information		
Income tax payments during the year	(569)	(716)

(a) Relates to property, plant and equipment and intangible assets used in operating activities.

(b) Acquisition/disposal of companies' shares. In the case of fully consolidated companies, this comprises cash and cash equivalents as of the acquisition/disposal date.

(c) Portion paid in cash.

(d) Derivative instruments used to manage net debt.

(e) Effect of reclassification with no impact on net debt.

3.4 BALANCE SHEET AND FINANCIAL SECURITY REVIEW

CONDENSED CONSOLIDATED BALANCE SHEET

As of December 31

<i>(in € millions)</i>	2021	2022
Non-current assets	33,364	33,128
Current assets	12,056	12,153
Total assets	45,420	45,281
Equity – Group share	17,273	17,923
Non-controlling interests	102	69
Non-current liabilities	16,967	15,160
Current liabilities	11,078	12,130
Total equity and liabilities	45,420	45,281
Net debt	10,519	10,107
Net financial debt	10,163	9,785

FINANCING STRUCTURE AND FINANCIAL SECURITY

Liquidity risk exposure and management policy

See Note 11 of the Notes to the consolidated financial statements. In particular, Danone manages its liquidity risk and its financing at Company level.

Financing situation and liquidity risk

Main financing transactions in 2022

Year ended December 31

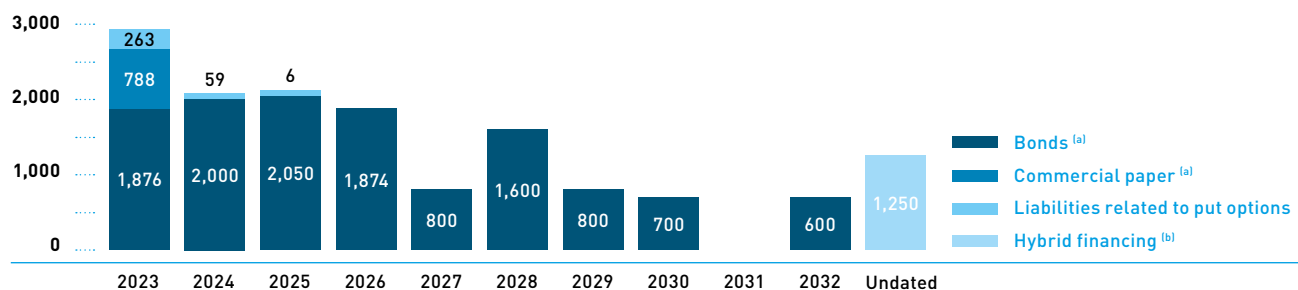
<i>(in millions of currency)</i>	Currency	Nominal	Maturity
New financing			
Eurobonds	EUR	600	2032
Repayments			
Eurobonds	EUR	1,000	2022
USD bond	USD	702	2022
USD bond	USD	148	2022

Main financial debt repayment schedule

This relates to financing managed at the Company level.

Projected cash outflows related to the contractual repayment of the principal amount based on the assumption of non-renewal

Year ended December 31 (in € millions)



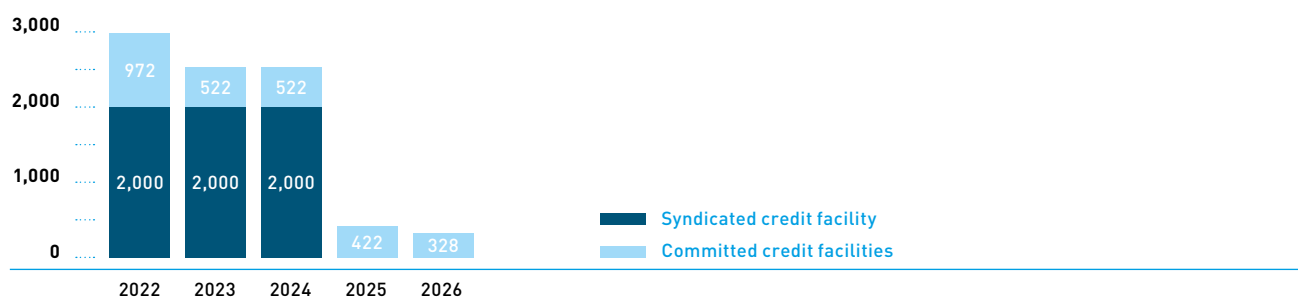
(a) Includes the value of derivatives hedging bonds and commercial paper.

(b) Including €750 million with a call date in 2023 and €500 million with a call date in 2026.

Sources of financing available at any time

The sources of financing available at any time established by the Group are composed mainly of available committed credit facilities and a syndicated credit facility carried by the Company, none of them being used.

As of December 31 (in € millions)



Company rating

As of December 31

	2021		2022	
	Moody's	Standard and Poor's	Moody's	Standard and Poor's
Short-term rating (a)				
Rating	–	A-2	–	A-2
Long-term rating (b)				
Rating	Baa1	BBB+	Baa1	BBB+
Outlook	Stable	Stable	Stable	Stable

(a) Rating given to the Company's commercial paper program.

(b) Rating given to the Company's senior debt issues with a maturity of more than one year.

LIABILITIES RELATED TO PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

General principles

Danone granted put options to third parties with non-controlling interests in certain consolidated subsidiaries, these options give the holders the right to sell part or all of their investment in these subsidiaries. These financial liabilities do not bear interest.

Changes during the period

<i>(in € millions)</i>	2021	2022
As of January 1	363	354
New options and options recognized previously in accordance with IFRS 9	46	0
Options exercised ^(a)	(24)	(81)
Changes in the present value of outstanding options	(31)	50
As of December 31 ^(b)	354	323

(a) Carrying amount at the closing date of the previous period for options exercised.

(b) In most cases, the strike price is an earnings multiple.

NET DEBT AND NET FINANCIAL DEBT

Net debt

	As of December 31	
<i>(in € millions)</i>	2021	2022
Non-current financial debt ^(a)	12,537	11,238
Current financial debt ^(a)	4,048	3,628
Short-term investments	(5,197)	(3,631)
Cash	(659)	(1,051)
Derivatives – assets – Non-current ^(b)	(120)	(18)
Derivatives – assets – Current ^(b)	(91)	(60)
Net debt	10,519	10,107

(a) Consists of €933 million of lease debt following the application of IFRS 16 Leases.

(b) Used solely to manage net debt.

Bridge from net debt to net financial debt

	Year ended December 31	
<i>(in € millions)</i>	2021	2022
Net debt	10,519	10,107
Liabilities related to put options granted to non-controlling interests – Non-current	(76)	(59)
Liabilities related to put options granted to non-controlling interests – Current	(280)	(263)
Financial debt excluded from net debt	(357)	(322)
Net financial debt	10,163	9,785

Net debt / EBITDA and Return on invested capital (ROIC)

Danone tracks these ratios on a yearly basis.

Net debt / EBITDA

The net debt / EBITDA ratio corresponds to the ratio of net debt to operating income restated for depreciation, amortization and impairment of tangible and intangible assets. The ratio for 2022 fiscal year was 2.5x:

<i>(in € millions except ratio)</i>	2021	2022
Net debt as of December 31	10,519	10,107
Operating income	2,257	2,143
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,265	1,863
EBITDA of the year	3,522	4,006
Net debt / EBITDA of the year	3,0x	2,5x

ROIC

ROIC is the ratio of net operating income in the current year to average capital invested in the current and prior years.

Invested capital = goodwill and other tangible and intangible assets + investments in non-consolidated companies and other financial investments + assets held for sale net of liabilities + working capital requirements – provisions and other net liabilities.

The ROIC stood at 8.9% in 2022:

<i>(in € millions except percentage)</i>	2020	2021	2022
Recurring operating income		3,337	3,377
Recurring income tax rate		27.4%	27.3%
Tax on recurring operating income		(914)	(922)
Recurring income from associates		7	31
Operating income		2,429	2,486
Intangible assets	23,037	24,053	24,239
Property, plant and equipment	6,572	6,843	6,752
Goodwill and other tangible and intangible assets	29,609	30,896	30,991
Investments in associates	915	771	576
Other financial investments	569	688	808
Short-term loans	40	8	3
Investments in non-consolidated companies and other financial investments	1,524	1,466	1,387
Assets held for sale net of liabilities	851	238	191
Deferred taxes net of deferred tax assets	(689)	(612)	(848)
Provisions for retirement and other long-term benefits	(1,220)	(1,105)	(772)
Other non-current provisions and liabilities	(1,104)	(1,823)	(1,565)
Provisions and other net liabilities	(3,013)	(3,540)	(3,185)
Working capital	(733)	(1,166)	(1,284)
Invested capital of the year	28,239	27,894	28,100
Average invested capital		28,066	27,997
ROIC		8.7%	8.9%

SHAREHOLDER'S EQUITY

Change in shareholder's equity – Group share

Year ended December 31

<i>(in € millions)</i>	2021	2022
As of January 1	16,183	17,273
Net income	1,924	959
Other comprehensive income	111	274
Dividends paid ^(a)	(1,261)	(1,238)
Cumulative translation adjustments	1,032	436
Other	(716)	219
As of December 31	17,273	17,923

(a) Impact on the Group share of the equity, the impact of the dividends paid on the consolidated equity amounting to € (1 318) million in 2022 (€ (1 375) million in 2021) and corresponding to the portion paid in cash, the portion paid in shares having no impact on equity.

OFF-BALANCE SHEET COMMITMENTS

Commitments given as of December 31, 2022 relating to operating activities

<i>(in € millions)</i>	Amount of financial flows for the period					
	Total	2023	2024	2025	2026	2027 and after
Commitments to purchase goods and services ^(a)	(6,274)	(2,959)	(928)	(339)	(269)	(1,778)
Capital expenditure commitments	(195)	(166)	(21)	(2)	(1)	(7)
Guarantees and pledges given	(4)	(4)	–	–	–	–
Other	(80)	(51)	(17)	(8)	(2)	(2)
Total	(6,553)	(3,180)	(965)	(348)	(272)	(1,787)

(a) Commitments relating mainly to purchases of milk, dairy ingredients and other food raw materials.

3.5 OUTLOOK 2023

Material change in financial or trading position

There has been no significant change in the financial or trading position of the Company and its subsidiaries as a whole since 31 December 2022.

2023 – 2024 guidance

All references to like-for-like sales growth, recurring operating income, recurring operating margin, ROIC and net debt/EBITDA ratio correspond to financial indicators not defined in IFRS. Their definitions are listed in section 3.6 *Financial indicators not defined in IFRS*.

In March 2022, Danone presented a new strategic roadmap called Renew Danone. As part of this, the company shared new financial targets for the period 2023-2024:

- 2023-2024 ambition, profitable growth: like-for-like sales growth between +3 and +5% with recurring operating income growing faster than like-for-like net sales;

- Sustainable value creation and shareholder returns: sequential ROIC improvement over the period supported by capital allocation discipline, portfolio rotation reaching around 10% of net sales, an annual capital expenditure envelope equivalent to a maximum of 4.5% of net sales;
- Disciplined financial policy: healthy balance sheet with targeted net debt to EBITDA ratio below 3x, and stable or growing yearly dividend.

Outlook for 2023

2023 guidance is in line with mid-term targets: Like-for-like sales growth between +3 and +5% with moderate recurring operating margin improvement.

3.6 FINANCIAL INDICATORS NOT DEFINED IN IFRS

Financial indicators not defined in IFRS used by Danone are calculated as follows:

Like-for-like changes in sales, recurring operating income and recurring operating margin reflect Danone's organic performance and essentially exclude the impact of:

- changes in consolidation scope, with indicators related to a given fiscal year calculated on the basis of previous-year scope, both previous-year and current-year scopes excluding entities in countries under hyperinflation according to IAS 29 during the previous year (as for Argentinian entities since January 1st, 2019);
- changes in applicable accounting principles;
- changes in exchange rates with both previous-year and current-year indicators calculated using the same exchange rates (the exchange rate used is a projected annual rate determined by Danone for the current year and applied to both previous and current years).

New 2023 Like-For-Like Definition

Until Q4 2022, the definition of the like-for-like changes has been excluding, for both previous and current years, entities in countries that fall under hyperinflation according to IAS 29 during the previous year. As since January 1st, 2022, Turkey has been an hyperinflationary economy, as for Argentinian entities since January 1, 2019, Danone believes the total of Net sales and Operating margin in hyperinflationary economies has become material and as a result, Danone is announcing that the Groupe is adopting a new definition of the like-for-like changes regarding countries in hyperinflation according to IAS 29.

From Q1 2023 onwards, all countries with hyperinflationary economies will be included in the like-for-like changes. In order to limit the distorting effect of hyperinflation, net sales growth in excess of around 26% per year (a three-year average at 26% would generally trigger hyperinflation as defined by IFRS rules) will be excluded from the like-for-like net sales growth calculation in hyperinflationary economies.

Danone believes this new definition better reflects the performance while excluding from the like-for-like performance distortion of hyperinflationary economies beyond the abovementioned cap. This also allows the definition of like-for-like changes to be more in line with peer group companies.

Recurring operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses comprise items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring operating performance and its evolution. These mainly include:

- capital gains and losses on disposals of fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;
- costs related to strategic restructurings or transformation plans;
- costs related to major external growth transactions;
- costs related to major crisis and major litigations;
- in connection with of IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Recurring operating margin is defined as Recurring operating income over Sales ratio.

Other non-recurring financial income and expense corresponds to financial income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring financial management. These mainly include changes in value of non-consolidated interests.

Non-recurring income tax corresponds to income tax on non-recurring items as well as tax income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring performance.

Recurring effective tax rate measures the effective tax rate of Danone's recurring performance and is computed as the ratio income tax related to recurring items over recurring net income before tax.

Non-recurring results from associates include items that, because of their significant or unusual nature, cannot be viewed as inherent to the recurring activity of those companies and thus distort the assessment of their recurring performance and its evolution. These mainly include:

- capital gains and losses on disposal of Investments in associates;
- impairment of Investments in associates;
- non-recurring items, as defined by Danone, included in the net income from associates.

Recurring net income (or Recurring net income – Group Share) corresponds to the Group share of the consolidated Recurring net income. The Recurring net income excludes items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring performance and its evolution. Such non-recurring income and expenses correspond to Other operating income and expenses, Other non-recurring financial income and expenses, Non-recurring income tax, and Non-recurring

income from associates. Such income and expenses, excluded from Net income, represent Non-recurring net income.

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as the ratio of Recurring net income adjusted for hybrid financing over Diluted number of shares. In compliance with IFRS, income used to calculate EPS is adjusted for the coupon related to the hybrid financing accrued for the period and presented net of tax.

Free cash flow represents cash flows provided or used by operating activities less capital expenditure net of disposals and, in connection with IFRS 3 (Revised) relating to business combinations, excluding (i) acquisition costs related to business combinations, and (ii) earn-outs related to business combinations and paid subsequently to acquisition date.

Net financial debt represents the net debt portion bearing interest. It corresponds to current and non-current financial debt (i) excluding Liabilities related to put options granted to non-controlling interests and (ii) net of Cash and cash equivalents, Short term investments and Derivatives – assets managing net debt.

Net debt / EBITDA ratio and ROIC are defined in section 3.4 *Balance sheet and financial security review*.

3.7 DOCUMENTS AVAILABLE TO THE PUBLIC

The by-laws, the minutes of Shareholders' Meetings, reports of the Statutory auditors, and other corporate documents may be consulted at the Company's registered office. Moreover, historical financial

information and certain information regarding the organization and businesses of the Company and its subsidiaries are available on Danone's website www.danone.com (section Regulated information).



4.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	62	4.3 INFORMATION ON PAYMENT TERMS GRANTED TO SUPPLIERS AND CUSTOMERS OF THE PARENT COMPANY, DANONE SA	141
Consolidated financial statements	62		
Notes to the consolidated financial statements	69	4.4 INFORMATION ORIGINATING FROM THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST	141
Statutory auditors' report on the consolidated financial statements	117		
4.2 FINANCIAL STATEMENTS OF DANONE SA, THE PARENT COMPANY	122		
Financial statements of Danone SA	122		
Notes to the financial statements of the parent company Danone SA	124		
Statutory auditors' report on the financial statements of the parent company	88		

4

FINANCIAL STATEMENTS

4.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement and earnings per share

		Year ended December 31	
<i>(in € millions, except earnings per share in €)</i>	Notes	2021	2022
Sales	6.1, 6.2	24,281	27,661
Cost of goods sold		(12,760)	(14,922)
Selling expense		(5,516)	(6,294)
General and administrative expense		(2,327)	(2,637)
Research and Development expense		(338)	(339)
Other income (expense)	6.3	(3)	(92)
Recurring Operating Income		3,337	3,377
Other operating income (expense)	7.1	(1,080)	(1,234)
Operating income		2,257	2,143
Interest income on cash equivalents and short-term investments		156	155
Interest expense		(323)	(308)
Cost of net debt	11.7	(167)	(153)
Other financial income	12.3	31	51
Other financial expense	12.3	(126)	(208)
Income before tax		1,995	1,832
Income tax	9.1	(589)	(778)
Net income from fully consolidated companies		1,406	1,054
Share of profit of associates	5.5, 5.6	585	(32)
Net income		1,992	1,023
Net income – Group share		1,924	959
Net income – Non-controlling interests		67	64
Net income – Group share, per share	14.4	2.94	1.48
Net income – Group share, per share after dilution	14.4	2.94	1.48

Consolidated statement of comprehensive income

	Year ended December 31	
<i>(in € millions)</i>	2021	2022
Net income – Group share	1,924	959
Translation adjustments	1,031	368
Cash flow hedge derivatives		
Gross unrealized gains and losses	(14)	31
Tax effects	4	(8)
Other comprehensive income, net of tax	-	-
Items that may be subsequently recycled to profit or loss	1,021	391
Investments in other non-consolidated companies		
Gross unrealized gains and losses	8	(20)
Tax effects	(2)	5
Actuarial gains and losses on retirement commitments		
Gross gains and losses	139	347
Tax effects	(24)	(81)
Items not subsequently recyclable to profit or loss	121	251
Total comprehensive income – Group share	3,067	1,601
Total comprehensive income – Non-controlling interests	77	35
Total comprehensive income	3,144	1,636

Consolidated balance sheet

As of December 31

<i>(in € millions)</i>	Notes	2021	2022
Assets			
Goodwill		17,871	17,938
Brands		5,805	5,843
Other intangible assets		377	458
Intangible assets	10.1 to 10.3	24,053	24,239
Property, plant and equipment	6.5	6,843	6,752
Investments in associates	5.1 to 5.7	771	576
Investments in other non-consolidated companies		290	341
Long-term loans and financial assets		398	468
Other financial assets	12.1, 12.2	688	808
Derivatives – assets ^(a)	13.2, 13.3	120	18
Deferred taxes	9.2	890	735
Non-current assets		33,364	33,128
Inventories	6.4	1,982	2,619
Trade receivables	6.4	2,862	3,272
Other current assets	6.4	1,006	1,315
Short-term loans		8	3
Derivatives – assets ^(a)	13.2, 13.3	91	60
Short-term investments	11.1, 11.5	5,197	3,631
Cash		659	1,051
Assets held for sale ^(b)	4.2, 5.6	251	202
Current assets		12,056	12,153
Total assets		45,420	45,281

(a) Derivative instruments used to manage net debt.

(b) As of December 31, 2022, concerns the Yashili (China, Fresh dairy products) and Aqua d'Or (Waters, Denmark) securities.

As of December 31

<i>(in € millions)</i>	Notes	2021	2022
Equity and liabilities			
Share capital		172	169
Additional paid-in capital		5,934	5,188
Retained earnings and others ^(a)	11.3	18,038	17,916
Translation adjustments		(3,835)	(3,398)
Accumulated other comprehensive income		(656)	(382)
Treasury shares	14.2	(2,380)	(1,569)
Equity – Group share		17,273	17,923
Non-controlling interests	4.6	102	69
Consolidated equity		17,375	17,992
Financing	11.1 to 11.4	12,442	10,806
Derivatives – liabilities ^(b)	13.2, 13.3	19	373
Liabilities related to put options granted to non-controlling interests	4.6	76	59
Non-current financial debt		12,537	11,238
Provisions for retirement obligations and other long-term benefits	1.6, 8.3	1,105	772
Deferred taxes	9.2	1,502	1,583
Other non-current provisions and liabilities	15.2, 15.3	1,823	1,565
Non-current liabilities		16,967	15,160
Financing	11.1 to 11.4	3,767	3,357
Derivatives – liabilities ^(b)	13.2, 13.3	2	8
Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control	4.6	280	263
Current financial debt		4,048	3,628
Trade payables	6.4	3,998	4,899
Other current liabilities	6.4	3,018	3,591
Liabilities directly associated with assets held for sale ^(c)	4.2	13	11
Current liabilities		11,078	12,130
Total equity and liabilities		45,420	45,281

(a) "Others" corresponds to undated subordinated notes totaling €1.25 billion.

(b) Derivative instruments used to manage net debt.

(c) As of December 31, 2022, this related to Aqua d'Or (Waters, Denmark).



Consolidated statement of cash flows

<i>(in € millions)</i>	Notes	Year ended December 31	
		2021	2022
Net income		1,992	1,023
Share of profit of associates net of dividends received	5.5, 5.6	(564)	53
Depreciation, amortization and impairment of tangible and intangible assets	6.5, 10.4	1,265	1,863
Net change in provisions and non-current liabilities	15.2, 15.3	493	(241)
Change in deferred taxes	9.2	(73)	40
(Gains) losses on disposal of property, plant and equipment and financial investments		(31)	78
Expense related to Group performance shares and fidelity shares	8.4	12	25
Cost of net financial debt	11.7	166	154
Net interest paid		(166)	(152)
Net change in interest income (expense)		(1)	2
Other components with no cash impact		31	44
Cash flows provided by operating activities, before changes in net working capital		3,123	2,886
(Increase) decrease in inventories		(81)	(667)
(Increase) decrease in trade receivables		(231)	(424)
Increase (decrease) in trade payables		425	879
Change in other receivables and payables		239	289
Change in working capital requirements	6.4	351	77
Cash flows provided by (used in) operating activities		3,474	2,964
Capital expenditure ^(a)	6.5	(1,043)	(873)
Proceeds from the disposal of property, plant and equipment ^(a)	6.5	46	30
Net cash outflows on purchases of subsidiaries and financial investments ^(b)	4.2, 4.4	(300)	(100)
Net cash inflows on disposal of subsidiaries and financial investments ^(b)	4.2, 5.6	1,834	206
(Increase) decrease in long-term loans and other long-term financial assets		24	(12)
Cash flows provided by (used in) investment activities		561	(749)
Increase in share capital and additional paid-in capital		46	51
Purchase of treasury shares (net of disposals)	14.2	(801)	-
Undated subordinated notes issued during the period	11.4	498	-
Undated subordinated notes repurchased during the period	11.4	(500)	-
Interest expense and repurchase premium on undated subordinated notes	11.4	(41)	(18)
Dividends paid to Danone shareholders ^(c)	14.5	(1,261)	(1,238)
<i>Buyout of non-controlling interests</i>	4.6	(22)	(91)
<i>Dividends paid to non-controlling interests</i>		(115)	(80)
<i>Contribution from non-controlling interests to capital increases</i>		1	17
Transactions with non-controlling interests		(136)	(153)
Net cash flows on hedging derivatives ^(d)		2	4
Bonds issued during the period	11.3, 11.4	1,700	600
Bonds repaid during the period	11.3, 11.4	(1,919)	(1,682)
Net cash flows from other current and non-current financial debt	11.3	(124)	(1,032)
Net cash flows from short-term investments	11.5	(1,492)	1,535
Cash flows provided by (used in) financing activities		(4,027)	(1,934)
Effect of exchange rate and other changes ^(e)		58	112
Increase (decrease) in cash		66	392
Cash as of January 1		593	659
Cash as of December 31		659	1,051
Additional information			
Income tax payments during the year		(569)	(716)

(a) Relates to property, plant and equipment and intangible assets used in operating activities.

(b) Acquisition/disposal of companies' shares. In the case of fully consolidated companies, this comprises cash and cash equivalents as of the acquisition/disposal date.

(c) Portion paid in cash.

(d) Derivative instruments used to manage net debt.

(e) Effect of reclassification with no impact on net debt.

The cash flows correspond to items presented in the consolidated balance sheet. However, these flows may differ from changes in assets and liabilities, mainly as a result of the rules for (i) translating transactions in currencies other than the functional currency, (ii) translating the financial statements of companies with a functional currency other than the euro, (iii) changes in the consolidated scope, and (iv) other non-monetary items.

Consolidated statement of changes in equity

<i>(in € millions)</i>	Notes	As of January 1, 2022	Changes during the period							As of December 31, 2022	
			Other comprehensive income	Capital increase	Other transactions involving treasury shares	Counterpart entry to expense relating to performance shares and fidelity shares ^(a)	Dividends paid to Danone shareholders	Interest on undated subordinated notes net of tax	Other transactions with non-controlling interests		Other changes
Share capital		172		0	(3)						169
Additional paid-in capital		5,934		51	(797)						5,188
Retained earnings and others ^(a)	14	18,038	959			25	(1,238)	(13)	(127)	272	17,916
Translation adjustments		(3,834)	368						68		(3,398)
Gains and losses related to hedging derivatives, net of tax		(188)	23								(165)
Gains and losses on assets recognized at fair value through other comprehensive income, net of tax		41	(15)								26
Actuarial gains and losses on retirement commitments not recyclable to profit or loss, net of tax	8	(509)	266								(243)
Other comprehensive income		(656)	274	-	-	-	-	-	-	-	(382)
DANONE treasury shares	14.2	(2,380)			811						(1,569)
Equity – Group share		17,273	1,601	51	10	25	(1,238)	(13)	(59)	272	17,923
Non-controlling interests		102	35	17			(80)		(29)	24	69
Consolidated equity		17,375	1,636	68	10	25	(1,318)	(13)	(88)	296	17,992

(a) "Others" corresponds to undated subordinated notes totaling €1.25 billion.

(b) See Note 8.4 of the Notes to the consolidated financial statements.

4

<i>(in € millions)</i>	Notes	Changes during the period								As of December 31, 2021
		As of January 1, 2021	Other comprehensive income	Capital increase	Other transactions involving treasury shares	Counterpart entry to expense relating to performance shares	Dividends paid to Danone shareholders	Interest on undated subordinated notes net of tax	Other transactions with non-controlling interests	
Share capital		172	-	-	-	-	-	-	-	172
Additional paid-in capital		5,889	46	-	-	-	-	-	-	5,934
Retained earnings and others ^(a)	14	17,352	1,924	-	12	(1,261)	(29)	(37)	77	18,038
Translation adjustments		(4,867)	1,031	-	-	-	-	1	-	(3,834)
Gains and losses related to hedging derivatives, net of tax		(178)	(10)	-	-	-	-	-	-	(188)
Gains and losses on assets recognized at fair value through other comprehensive income, net of tax		35	6	-	-	-	-	-	-	41
Actuarial gains and losses on retirement commitments not recyclable to profit or loss, net of tax	8	(624)	115	-	-	-	-	-	-	(509)
Other comprehensive income		(768)	112	-	-	-	-	-	-	(656)
DANONE treasury shares	14.2	(1,595)	-	(786)	-	-	-	-	-	(2,380)
Equity – Group share		16,183	3,067	46	(786)	12	(1,261)	(29)	(36)	17,273
Non-controlling interests		93	77	1	-	(115)	-	41	6	102
Consolidated equity		16,275	3,144	47	(786)	12	(1,375)	(29)	5	17,375

(a) "Others" corresponds to undated subordinated notes totaling €1.25 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents

NOTE 1. ACCOUNTING PRINCIPLES	70	NOTE 9. INCOME TAX	93
Note 1.1. Bases for preparation	70	Note 9.1. Income tax expense	93
Note 1.2. Accounting framework applied	70	Note 9.2. Deferred taxes	94
Note 1.3. Application of IAS 29	70	Note 9.3. Tax loss carryforwards	95
Note 1.4. Assessment of the effects of climate change	71	NOTE 10. INTANGIBLE ASSETS	96
Note 1.5. Application of the IFRS 9 amendment relating to interest rate benchmark reform	71	Note 10.1. Accounting principles	96
Note 1.6. Application of the IFRS Interpretations Committee's decisions	71	Note 10.2. Carrying amount and changes during the period	97
NOTE 2. HIGHLIGHTS OF THE YEAR	72	Note 10.3. Redefinition of CGUs following the Group's reorganization and reallocation of goodwill	97
Note 2.1. Danone's new geography-led organization	72	Note 10.4. Impairment review of goodwill and brands with indefinite useful lives	97
Note 2.2. Other highlights	72	NOTE 11. FINANCING AND FINANCIAL SECURITY, NET DEBT AND COST OF NET DEBT	100
NOTE 3. IMPACT OF THE UKRAINE/RUSSIA CONFLICT ON DANONE	72	Note 11.1. Accounting principles	100
Note 3.1. Background	72	Note 11.2. Liquidity risk and management policy	100
Note 3.2. Impacts on the 2022 consolidated financial statements	72	Note 11.3. Financing structure and changes during the period	101
NOTE 4. FULLY CONSOLIDATED COMPANIES AND NON-CONTROLLING INTERESTS	73	Note 11.4. Group's financing and financial security managed at the Company level	102
Note 4.1. Accounting principles	73	Note 11.5. Cash and short-term investments	104
Note 4.2. Main changes during the period	74	Note 11.6. Net debt	105
Note 4.3. Fully consolidated companies	74	Note 11.7. Cost of net debt	105
Note 4.4. Accounting for acquisitions resulting in control being obtained in 2022	74	Note 11.8. Financial risks associated with the net debt and the financing activity	105
Note 4.5. Finalization of the accounting for acquisitions resulting in control being obtained in 2021	74	NOTE 12. OTHER FINANCIAL ASSETS, OTHER FINANCIAL INCOME (EXPENSE)	106
Note 4.6. Non-controlling interests	74	Note 12.1. Accounting principles	106
NOTE 5. ASSOCIATES	75	Note 12.2. Other financial assets	106
Note 5.1. Accounting principles	75	Note 12.3. Other financial income and Other financial expense	106
Note 5.2. Main associates in terms of net income and consolidated net assets	75	NOTE 13. ORGANIZATION OF FINANCIAL RISKS AND DERIVATIVES MANAGEMENT	107
Note 5.3. Main changes during the period	76	Note 13.1. Organization of financial risks management	107
Note 5.4. Carrying amount and changes during the period	77	Note 13.2. Accounting principles	107
Note 5.5. Share of profit of associates	77	Note 13.3. Derivatives	107
Note 5.6. Agreement with Mengniu to sell Danone's non-controlling interest in the Inner Mongolia Dairy (EDP, China) and Yashili (Specialized Nutrition, China) joint ventures, and to acquire Dumex (Specialized Nutrition) in China	77	Note 13.4. Counterparty risk	110
Note 5.7. Impairment review of other Investments in associates	78	Note 13.5. Equity securities risk	110
NOTE 6. INFORMATION CONCERNING THE GROUP'S OPERATING ACTIVITIES	78	Note 13.6. Reconciliation of the consolidated balance sheet by class and accounting category	111
Note 6.1. Accounting principles	78	NOTE 14. DANONE SHARES, DIVIDEND AND EARNINGS PER SHARE	112
Note 6.2. Operating segments	78	Note 14.1. Accounting principles	112
Note 6.3. Other components of recurring operating income	80	Note 14.2. DANONE treasury shares	112
Note 6.4. Working capital	80	Note 14.3. Outstanding DANONE shares	112
Note 6.5. Property, plant and equipment, capital expenditure and leases (right-of-use assets)	82	Note 14.4. Earnings per share – Group share	112
Note 6.6. Off-balance sheet commitments relating to operating activities	85	Note 14.5. Dividend	113
Note 6.7. Financial risks associated with operating activities	85	NOTE 15. OTHER NON-CURRENT PROVISIONS AND LIABILITIES AND LEGAL AND ARBITRATION PROCEEDINGS	113
NOTE 7. EVENTS AND TRANSACTIONS OUTSIDE THE GROUP'S ORDINARY ACTIVITIES	86	Note 15.1. Accounting principles	113
Note 7.1. Other operating income (expense)	86	Note 15.2. Other non-current provisions and liabilities	114
Note 7.2. Transformation of Danone's operations	87	Note 15.3. Changes in Other provisions	114
Note 7.3. Local First plan for Danone's organization	87	Note 15.4. Legal and arbitration proceedings	114
NOTE 8. NUMBER OF EMPLOYEES, PERSONNEL COSTS AND EMPLOYEE BENEFITS	88	NOTE 16. RELATED PARTY TRANSACTIONS	115
Note 8.1. Number of employees at fully consolidated companies	88	Note 16.1. Accounting principles	115
Note 8.2. Personnel costs of fully consolidated companies	88	Note 16.2. Transactions with associates	115
Note 8.3. Retirement commitments, retirement indemnities and personal protection	88	Note 16.3. Compensation and benefits granted to members of the Executive Committee and Board of Directors	115
Note 8.4. Group performance shares and fidelity shares	92	NOTE 17. SUBSEQUENT EVENTS	115
Note 8.5. Company Savings Plan	93	NOTE 18. FEES TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS	116
		NOTE 19. EXEMPTION OPTION FROM STATUTORY REQUIREMENTS RELATED TO SOME AFFILIATES	116

NOTE 1. ACCOUNTING PRINCIPLES

Note 1.1. Bases for preparation

The consolidated financial statements of Danone (the "Company"), its subsidiaries and associates (together, the "Group") as of and for the year ended December 31, 2022 were approved by its Board of Directors on February 21, 2023 and will be submitted for approval to the Shareholders' Meeting on April 27, 2023.

The consolidated financial statements and the Notes to the consolidated financial statements are presented in euros. Unless indicated otherwise, amounts are expressed in millions of euros and rounded to the nearest million. Generally speaking, the values presented are rounded to the nearest unit. Consequently, the sum of the

rounded amounts may differ, albeit to an insignificant extent, from the reported total. In addition, ratios and variances are calculated on the basis of the underlying amounts and not on the basis of the rounded amounts.

The preparation of consolidated financial statements requires management to make estimates, assumptions and appraisals that affect the reported amounts in the consolidated balance sheet, consolidated income statement and Notes to the consolidated financial statements. The main such estimates and assumptions relate to:

	Notes
Assessment of the effects of climate change	1.4
Measurement and classification of investments in the process of being sold	4.2
Measurement of the recoverable amount of investments in associates	5.1, 5.4 to 5.6
Determination of the amount of rebates, trade supports and other deductions relating to agreements with customers	6.1
Measurement of deferred tax assets	9.3
Measurement of the recoverable amount of intangible assets	10.3
Determination of the amount of Other non-current provisions and liabilities	15.2, 15.3

These assumptions, estimates or appraisals are made on the basis of information and conditions available at the end of the financial period presented, which may differ from the reality, particularly in the context of the Covid-19 pandemic.

In addition to the use of estimates, Danone's management uses its judgment to define the accounting treatment for certain activities and transactions, when they are not explicitly addressed in IFRS and related interpretations, particularly in the case of the recognition of put options granted to non-controlling interests.

Note 1.2. Accounting framework applied

The Group's consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, which are available on the website of the European Commission.

Main standards, amendments and interpretations whose application is mandatory as of January 1, 2022

The following amendments apply to fiscal years beginning on or after January 1, 2022:

- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*,
- Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*,

- Amendments to IFRS 3, *Reference to the Conceptual Framework*.

In the Group's opinion, these amendments do not have a material impact on the consolidated financial statements for the year ended December 31, 2022.

Main standards, amendments and interpretations published by the IASB whose application is not mandatory within the European Union as of January 1, 2022

The Group did not choose the early adoption of those standards, amendments and interpretations in the consolidated financial statements for the year ended December 31, 2022 and considers that they should not have a material impact on its results and financial situation.

Note 1.3. Application of IAS 29

Accounting principles

IAS 29 *Financial Reporting in Hyperinflationary Economies* requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within Other financial income or Other financial expense. In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21.

Application and main accounting implications

Danone has applied IAS 29 to Argentina in its financial statements as from the year ended December 31, 2018, to Iran in its financial statements as from the year ended December 31, 2020 and to Turkey in its financial statements as from the year ended December 31, 2022.

As regards the standard's application to Argentina, in 2022 Danone used the Consumer Price Index (CPI) to remeasure its income statement items, cash flows and non-monetary assets and liabilities. This index was up 95% compared with 2021. The EUR/ARS exchange rate used to translate the income statement was 188.8 (116.2 in 2021). The application of IAS 29 had a €(18) million impact on consolidated

equity and on non-monetary assets net of non-monetary liabilities as of December 31, 2022 (€51 million as of December 31, 2021) and had the following main impacts on the consolidated income statement for the period:

- a €16 million decrease in consolidated Sales and a €61 million decrease in Recurring operating income (increase of €62 million and decrease of €33 million respectively in 2021);
- a loss of €5 million on the net monetary position recognized in Other financial income (expense), compared with a gain of €1 million in 2021;
- a €113 million expense in Net income – Group share (a €53 million expense in 2021).

In accordance with the criteria of IAS 29, Turkey has been considered a hyperinflationary economy since March 2022. Danone has therefore applied IAS 29 to Turkey with effect from January 1, 2022. Information in respect of previous periods has not been restated.

Danone has used the Consumer Price Index (CPI) to remeasure its income statement items, cash flows and non-monetary assets and

Note 1.4. Assessment of the effects of climate change

In view of:

- the nature of Danone's business and its geographical location;
- the nature and extent of the current and potential impacts of the climate change risks and opportunities as identified and assessed in its Risk Factors and its non-financial information statement.

Danone has not identified any significant effects for 2022 other than those described in Note 10.4 of the Notes to the consolidated financial statements relating to the impairment review of its intangible assets.

In particular:

- its carbon credit commitments and positions were not material as of December 31, 2022, and no material liability was recognized in the consolidated balance sheet in this respect;
- no material provision for environmental liabilities and risks was recognized on the consolidated balance sheet as of December 31, 2022;

Note 1.5. Application of the IFRS 9 amendment relating to interest rate benchmark reform

In the Group's opinion, interest rate benchmark reform does not have a material impact on the financial statements for the year ended December 31, 2022. Those financial documentations that refer to the LIBOR rate, and that will no longer be published as of January 1, 2022, have been amended.

Note 1.6. Application of the IFRS Interpretations Committee's decisions

IFRS Interpretations Committee's decision Configuration or customization costs in Software as a Service (SaaS) cloud computing arrangements

Following the completion of the analysis carried out in 2022, the Group has concluded that the IFRS Interpretations Committee's decision on the treatment of the costs of implementing a SaaS arrangement does not have a material impact on Danone's balance sheet or income statement.

liabilities. This index was up 64% compared with 2021. The EUR/TRY exchange rate used to translate the income statement in accordance with IAS 29 was 20.0. The cumulative remeasurement of non-monetary assets and liabilities as of January 1, 2022 resulted in a €69 million increase in consolidated equity and in non-monetary assets and liabilities.

As regards the 2022 fiscal year, the application of IAS 29 resulted in a €121 million increase in consolidated equity and in non-monetary assets net of non-monetary liabilities as of December 31, 2022 and had the following impacts on the income statement for the 2022 fiscal year:

- a €19 million increase in consolidated Sales and a €4 million increase in Recurring operating income;
- a loss of €32 million on the net monetary position recognized in Other financial income (expense);
- a €31 million expense in Net income – Group share.

Lastly, as regards Iran, the application of IAS 29 did not have a material impact on the 2022 financial statements.

- 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.

On February 22, 2023, Danone also 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.

NOTE 2. HIGHLIGHTS OF THE YEAR

Note 2.1. Danone's new geography-led organization

On March 8, 2022, the new management team in place since January 6, 2022 unveiled the new "Renew Danone" strategy. This new strategy aims to restore Danone's competitiveness in its core categories and geographies. The Group's operating performance is now monitored by geographical zone following the implementation of the "Local First" plan as announced in November 2020.

Therefore, in 2022, the primary operating decision-makers (Chief Executive Officer Antoine de SAINT-AFFRIQUE and Chief Financial Officer, Technology & Data, Jürgen ESSER) monitored and assessed Danone's performance by geographical zone, as explained below.

On January 18, 2023, Danone announced the strengthening of its leadership team to sharpen the delivery of its "Renew Danone" strategy. These changes are effective as of February 1, 2023. The Group has not therefore reflected the new organization in its consolidated financial statements for the year ended December 31, 2022.

Impacts on the consolidated financial statements

Operating segments

In order to reflect the new geography-led organization, the Group has changed its operating segments as defined by IFRS 8. Its new operating segments after aggregation are therefore the following four zones:

- Europe (excluding CIS);
- North America (comprising the United States and Canada);
- China, North Asia and Oceania (comprising China, Japan, Australia and New Zealand);
- Rest of the World (comprising South-East Asia, Latin America, CIS, Africa, Turkey and the Middle East).

The Company will maintain its category-based reporting for sales, recurring net income and recurring operating margin for EDP, Specialized Nutrition and Waters.

The Group has been monitoring its business on the basis of these new operating segments since January 1, 2022. For comparability purposes, all segment information for the preceding period has been restated (see Note 6.2 of the Notes to the consolidated financial statements).

Cash-generating units (CGUs)

In accordance with IAS 36 *Impairment of Assets*, the Group's re-organization and the redefinition of its operating segments have led Danone to reassess the definition of its cash-generating units (CGUs) and groups of cash-generating units to which goodwill must be allocated (see Note 10.3 of the Notes to the consolidated financial statements).

Note 2.2. Other highlights

	Notes
Danone's new geography-led organization	2.1
Impact of the Ukraine/Russia conflict on Danone	3
Agreement to sell Danone's non-controlling interests in partnerships with Mengniu and to acquire Dumex	5.6

NOTE 3. IMPACT OF THE UKRAINE/RUSSIA CONFLICT ON DANONE

Note 3.1. Background

In 2022, Russia was Danone's fourth-largest market in terms of its contribution to sales (around 6%, stable as compared with 2021), with almost 90% of earnings derived from sales of Essential Dairy and Plant-Based Products (EDP).

Danone's position in Russia

On April 20, 2022, Danone announced its decision to significantly adapt its operations in Russia by:

- refocusing its portfolio on Essential Dairy products and Early life and Medical Nutrition, and ceasing all imports of evian and Alpro products;
- suspending all new investments in Russia.

On October 14, Danone announced its decision to initiate a process to transfer the effective control of its Essential Dairy and Plant-Based (EDP) business in Russia. Danone considers that this is the best option to ensure long-term local business continuity for its employees, consumers and partners.

Note 3.2. Impacts on the 2022 consolidated financial statements

The process of the divestiture of the EDP assets in Russia, which was announced in October, is now underway. As of December 31, 2022, the Group believes that the conditions for classification as assets held for sale as defined by IFRS 5 have not been met since transfer of control within a 12-month timeframe is unlikely due to, in particular, administrative constraints. Consequently, their classification in the financial statements has remained unchanged.

Impairment test of the assets in the Danone CIS CGU

The Group carried out an impairment test of its assets based on cash flow projections taking into consideration its intention to divest its EDP activities in Russia and the political and macro-economic environment caused by this conflict. This impairment test was based on a fair disposal value (including the disposal costs identified to date) determined using medium-term projections to 2026 taking into account:

- Business continuity and operational assumptions in line with the performance achieved in 2022;
- a discount rate of 23.5% that reflects the increased level of country risk in this volatile and uncertain environment.

As a result, Danone recognized, in Other operating expense for the year, a €487 million impairment provision representing the total net assets excluding net debt of the Group's EDP business in Russia.

Danone's residual exposure in Russia

The Group's residual exposure corresponds mainly to the portion relating to Danone's subsidiaries in Russia of the currency translation adjustments accumulated within consolidated equity and totaling €(1,033) million as of December 31, 2022, including €(400)

million for the EDP business and €(633) million for the Specialized Nutrition business. As of December 31, 2021, the currency translation adjustments accumulated within consolidated equity amounted at €(1,103) million, including €(463) million for the EDP business and €(640) million for the Specialized Nutrition business. These translations adjustments have been accumulated since Danone acquired its businesses in Russia.

Danone also had €204 million (RUB 15.7 billion) of cash and cash equivalents in Russia as of December 31, 2022. These amounts can be immediately mobilized and are required to finance the Group's current operations in Russia. Some cross-border transactions are subject to administrative authorizations.

NOTE 4. FULLY CONSOLIDATED COMPANIES AND NON-CONTROLLING INTERESTS

Note 4.1. Accounting principles

Fully consolidated companies

The Group fully consolidates all subsidiaries over which it has the ability to exercise exclusive control, whether directly or indirectly. Exclusive control over an investee is assessed (i) by the power the Group has over said investee, (ii) whether it is exposed, or has rights, to variable returns from its relationship with the investee, and (iii) whether it uses its power over the investee to affect the amount of the Group's returns.

Full consolidation enables the recognition of all assets, liabilities and income statement items relating to the companies concerned in the Group's consolidated financial statements, after the elimination of intercompany transactions, the portion of the net income and equity attributable to owners of the Company (Group share) being distinguished from the portion relating to other shareholders' interests (Non-controlling interests). Intercompany balances and all material intercompany transactions between consolidated entities (including dividends) are eliminated in the consolidated financial statements.

Business combinations: acquisitions resulting in control being obtained, partial disposals resulting in control being lost

The accounting treatment of acquisitions resulting in control being obtained and partial disposals resulting in control being lost is as follows:

- when control is obtained, the incidental transaction costs are recognized in the income statement under the heading Other operating income (expense), and presented in the cash flow statement within cash flows from operating activities, in the year in which they are incurred. In addition, price adjustments are initially recognized at their fair value in the acquisition price and their subsequent changes in value are recognized in the income statement under the heading Other operating income (expense), and all payments relating to these adjustments are presented in the cash flow statement within cash flows from operating activities;

- when control is obtained (or lost), the revaluation at its fair value of the interest previously held (or the residual interest) is recognized in the income statement under the heading (i) Other operating income (expense) when control is lost, (ii) Share of profit of associates when control is obtained of an entity previously accounted for as an associate, and (iii) Other financial income (expense) when control is obtained of an entity previously accounted for as an investment in a non-consolidated company;
- when control is obtained, non-controlling interests are recognized, either at their share of the fair value of the assets and liabilities of the acquired entity, or at their fair value. In the latter case, the goodwill is then increased by the portion relating to these non-controlling interests. The treatment adopted is selected on an individual basis for each acquisition.

Business combinations may be recognized on a provisional basis, as the amounts allocated to the identifiable assets acquired, liabilities assumed and goodwill may be amended during a maximum period of one year from their acquisition date.

Acquisitions or disposals of interests in controlled companies with no impact on control

Purchases or disposals of interests in controlled companies that do not result in control being obtained or lost are recognized directly in equity under the heading Retained earnings, as transfers between the Group share and the non-controlling interests' share in the consolidated equity, with no impact on profit or loss, and the corresponding cash flows are presented within cash flows relating to financing activities. The same accounting treatment is applied to the costs associated with these transactions.



Note 4.2. Main changes during the period

2022 fiscal year

Ownership as of December 31

<i>(in percentage)</i>	Zone (country)	Category	Transaction date ^(a)	2021	2022
Main companies consolidated for the first time during 2022					
Hunan Eurbest Nutritional Food	China, North Asia and Oceania (China)	Specialized Nutrition	March	–	96.5%
Main consolidated companies with change in ownership percentage					
Agua Danone de Argentina	Rest of the World (Argentina)	Waters	April	100.0%	51.0%
Main companies no longer fully consolidated as of December 31					
–	–	–	–	–	–

(a) Month in the 2022 fiscal year.

2021 fiscal year

Ownership as of December 31

<i>(in percentage)</i>	Zone (country)	Category	Transaction date ^(a)	2020	2021
Main companies consolidated for the first time during 2021					
Harmless Harvest	Noram (United States)	Waters	January	39.2%	51.0%
Follow Your Heart	Noram (United States)	EDP	April	–	100.0%
Main consolidated companies with change in ownership percentage					
Vega	Noram (United States)	EDP	July	100.0%	0.0%
Main companies no longer fully consolidated as of December 31					
–	–	–	–	–	–

(a) Month in the 2021 fiscal year.

Note 4.3. Fully consolidated companies

The list of companies included in the consolidation scope, whether they are fully consolidated directly or indirectly or recognized as investments in associates as of December 31, 2022, is available on Danone's website (www.danone.com).

Note 4.4. Accounting for acquisitions resulting in control being obtained in 2022

The business combinations carried out in 2022 were not material.

Note 4.5. Finalization of the accounting for acquisitions resulting in control being obtained in 2021

The finalization of the accounting for the business combinations carried out in 2021 did not give rise to material adjustments.

Note 4.6. Non-controlling interests

Main companies in terms of net income and consolidated net assets, fully consolidated but not wholly owned

The minority shareholders in companies that are consolidated but not wholly owned by the Group were not material as of December 31, 2022.

Liabilities related to put options granted to non-controlling interests

Accounting principles

Danone granted put options to third parties with non-controlling interests in certain consolidated subsidiaries, with these options giving the holders the right to sell part or all of their investment in these subsidiaries. These financial liabilities do not bear interest.

In accordance with IAS 32 *Financial Instruments: Presentation*, when non-controlling interests hold put options enabling them to sell their investment to the Group, a financial liability is recognized in an amount corresponding to the present value of the option strike price, and the counterpart of the liability arising from these obligations is:

- on the one hand, a reduction in the carrying amount of the non-controlling interests;
- on the other, a reduction in the equity – Group share for the amount of the liability that exceeds the carrying amount of the corresponding non-controlling interests. This item is adjusted at the end of each reporting period to reflect changes in the strike price of the options and the carrying amount of non-controlling interests. In the absence of specific provisions stipulated in IFRS, the Group has applied the recommendations issued by the AMF (*Autorité des Marchés Financiers*) in November 2009.

Changes during the period

<i>(in € millions)</i>	2021	2022
As of January 1	363	354
New options and options recognized previously in accordance with IFRS 9	46	0
Options exercised ^(a)	(24)	(81)
Changes in the present value of outstanding options	(31)	50
As of December 31 ^(b)	354	323

(a) Carrying amount at the closing date of the previous period for options exercised.

(b) In most cases, the strike price is an earnings multiple.

NOTE 5. ASSOCIATES

Note 5.1. Accounting principles

Accounting treatment

All companies in which the Group exercises a significant influence, directly or indirectly, are accounted for using the equity method. Under this method, the Group recognizes in the carrying amount of the shares held in the associated or jointly-controlled entity the acquisition-related cost of the shares adjusted by its proportionate share of changes in the entity's net assets since its acquisition.

Upon the acquisition of investments accounted for using the equity method, the acquisition price of the shares is allocated on a fair value basis to the identifiable assets acquired and liabilities assumed. The difference between the acquisition price and the Group's share in the fair value of the assets acquired and liabilities assumed represents goodwill, which is added to the carrying amount of the shares.

The main components of Share of profit of associates are:

- the Group's share of the profits or losses of its associates, calculated on the basis of estimates;

- gains or losses on disposals of shareholdings in associates;
- the revaluation reserve resulting from a loss of influence where there is no disposal of shares;
- impairment of investments in associates.

Impairment review

The Group reviews the measurement of its investments in associates when events or circumstances indicate that impairment is likely to have occurred. Regarding listed shares, a significant or prolonged fall in their stock price below their historical stock price constitutes an indication of impairment.

An impairment provision is recognized within Share of profit of associates when the recoverable amount of the investment falls below its carrying amount.

Note 5.2. Main associates in terms of net income and consolidated net assets

Danone acquired its stake in Mengniu and Yashili under the terms of broader agreements, the main aim of which was operational collaboration and the development of regional categories and markets. As a result of the agreement with Mengniu to sell Danone's

non-controlling interests in the Inner Mongolia Dairy and Yashili joint ventures (see Note 5.6 of the Notes to the consolidated financial statements), the Group is no longer a member of any strategic partnerships.

Note 5.3. Main changes during the period

2022 fiscal year

Ownership as of December 31

<i>(in percentage)</i>	Notes	Zone (country)	Category	Transaction date ^(a)	2021	2022
Main companies accounted for using the equity method for the first time during 2022						
Aguas de Origen	-	Rest of the World (Argentina)	Waters	December	-	50%
Main associates with changes in ownership percentage						
-	-	-	-	-	-	-
Main companies no longer accounted for using the equity method as of December 31						
Yashili ^(b)	5.6	China, North Asia and Oceania (China)	EDP	August	25%	25%

(a) Month in the 2022 fiscal year.

(b) As of 31 december, Yashili equity method has been reclassified as Assets held for sale.

2021 fiscal year

Ownership as of December 31

<i>(in percentage)</i>	Notes	Zone (country)	Category	Transaction date ^(a)	2020	2021
Main companies accounted for using the equity method for the first time during 2021						
-	-	-	-	-	-	-
Main associates with changes in ownership percentage						
-	-	-	-	-	-	-
Main companies no longer accounted for using the equity method as of December 31						
Harmless Harvest	-	Noram (United States)	Waters	January	39.2%	51.0%
Mengniu	-	(CNAO) Japan	EDP	May	9.8%	0.0%

(a) Month in the 2021 fiscal year.

Note 5.4. Carrying amount and changes during the period

<i>(in € millions)</i>	Notes	2021			2022		
		Net goodwill	Group's share in net assets and net income	Total	Net goodwill	Group's share in net assets and net income	Total
As of January 1		350	566	915	210	561	771
Acquisitions, influence acquired during the year and capital increase		0	32	33	8	23	32
Disposals, losses of influence during the year and decreases in ownership percentage		(31)	(14)	(44)	(6)	8	2
Reclassification within assets held for sale	5.6	(154)	(64)	(217)	–	(170)	(170)
Share of profit of associates before impact of disposals, revaluation and other	5.5	–	(2)	(2)	–	31	31
Dividends paid		–	(24)	(24)	–	(22)	(22)
Translation adjustments		44	50	94	(4)	7	4
Impairment		–	–	–	(47)	(22)	(69)
Adjustment of the Group's share in net assets		–	16	16	–	(2)	(2)
As of December 31		210	561	771	162	414	576

Note 5.5. Share of profit of associates

<i>(in € millions)</i>	Notes	Year ended December 31	
		2021	2022
Share of profit of associates before impact of disposals, revaluation and other		(2)	31
Impairment	5.6	–	(69)
Gains (losses) on disposal, revaluation and other	5.6	587	6
Total		585	(32)

Note 5.6. Agreement with Mengniu to sell Danone's non-controlling interest in the Inner Mongolia Dairy (EDP, China) and Yashili (Specialized Nutrition, China) joint ventures, and to acquire Dumex (Specialized Nutrition) in China

Background to the acquisition of these equity interests

In 2013, Danone, COFCO and Mengniu announced the signing of agreements to accelerate the development of fresh dairy products in China. Under the terms of these agreements, Danone became a strategic shareholder in Mengniu and a joint venture for the production and sale of fresh dairy products in China was established by the pooling of the respective assets of the two companies. Danone owned 20% and Mengniu 80% of the new joint venture. In 2014, Danone, Mengniu and Yashili decided to extend their strategic alliance into infant milk formula in China. This enabled Danone to hold a 25% stake in Yashili and become its second-largest shareholder behind Mengniu, which owns a 51% stake. Lastly, in 2016, the Dumex activity in China was merged with Yashili, thereby building a local infant milk formula brand platform.

Gradual exit from the partnership with Mengniu

As part of the strategic review of its assets initiated in 2021 and its capital allocation priorities, Danone decided to end its partnership with Mengniu.

This decision is in line with the sale of its 9.8% non-controlling interest in Mengniu finalized on May 13, 2021. This sale had generated a disposal gain of €586 million, recognized under Share of profit of associates in the 2021 interim consolidated financial statements.

On May 6, 2022, Danone announced that it had reached an agreement with Mengniu to sell its 20% stake in the Inner Mongolia Dairy joint venture and its 25% stake in Yashili. At the same time, Danone announced the acquisition of 100% of Dumex Baby Food Co. Ltd, a Chinese manufacturer of infant milk formula products owned by Yashili.

On August 16, 2022, at their Extraordinary General Meeting, Yashili's independent shareholders approved the transaction including, in particular, the sale of Danone's stake in Yashili and Yashili's sale of Dumex in China to Danone.

Impacts on the consolidated financial statements

Disposal of Danone's stake in the fresh dairy joint venture in China set up jointly with Mengniu

The disposal of the equity-accounted shares relating to Danone's 20% stake in the Inner Mongolia Dairy joint venture was finalized on August 26, 2022. As of December 31, 2021, these shares were classified as assets held for sale in accordance with IFRS 5 in view of the provisions of the shareholders' agreement. This disposal generated sales proceeds of €175 million and a non-material disposal result, after selling expenses and the recycling of the cumulative translation adjustments, presented within Share of profit of associates in 2022.

Planned disposal of the stake in Yashili

Since Yashili's independent shareholders approved the disposal at the Extraordinary General Meeting of August 16, 2022, Danone believes that the transaction is highly probable and that the conditions for classification as assets held for sale set out in IFRS 5

had been achieved as of the date the consolidated financial statements for the year ended December 31, 2022 were prepared. The equity-accounted shares in Yashili were therefore reclassified as Assets held for sale after having been previously remeasured on the basis of the expected sale price net of transaction expenses. This remeasurement resulted in a €68 million impairment loss of the investment in Yashili, recognized in Share of profit of associates in the 2022 consolidated financial statements.

Planned acquisition of 100% of Dumex Baby Food Co. Ltd owned by Yashili

Danone anticipates that the conditions precedent relating to this transaction will be lifted during the 2023 fiscal year, on the date when the Group will effectively acquire control of Dumex Baby Food Co. Ltd. An off-balance sheet commitment was measured at around €117 million as of December 31, 2022.

Note 5.7. Impairment review of other Investments in associates

Impairment review as of December 31, 2022

Following the impairment review of other investments in associates, the Group did not recognize any impairment.

Impairment review as of December 31, 2021

Following the impairment review of other investments in associates, the Group did not recognize any impairment.

NOTE 6. INFORMATION CONCERNING THE GROUP'S OPERATING ACTIVITIES

Note 6.1. Accounting principles

Sales

Danone's sales mainly comprise sales of finished products. They are recognized in the income statement when the control of goods is transferred. They are stated net of trade discounts and customer rebates, as well as net of costs relating to trade support and listing or linked to occasional promotional actions invoiced by customers. These amounts are estimated when net sales are recognized, on the basis of agreements and commitments with the customers concerned.

Cost of goods sold

The cost of goods sold mainly comprises industrial costs (including raw material costs, depreciation of industrial assets and personnel costs relating to production activity) and certain logistics and transportation costs.

Selling expense

Selling expenses mainly comprise marketing expenses and consumer promotions as well as sales force overheads.

General and administrative expense

General and administrative expenses mainly comprise other personnel and administrative costs.

Research and Development expense

Development costs are generally expensed as incurred due to the very short time between the date on which technical feasibility is demonstrated and the date on which the products are launched. Certain development costs are recognized under assets in the consolidated balance sheet (see Note 10 of the Notes to the consolidated financial statements).

Note 6.2. Operating segments

General principles

Following the implementation of the new geography-led organization (see Note 2 of the Notes to the consolidated financial statements) and starting in 2022, the primary operating decision-makers (Chief Executive Officer Antoine de SAINT-AFFRIQUE and Chief Financial Officer, Technology & Data, Jürgen ESSER) monitor and evaluate Danone's performance according to the following four geographical zones (corresponding to the new operating segments under IFRS 8):

- Europe;
- North America (including United States and Canada);
- China, North Asia and Oceania;
- Rest of the World.

The key indicators reviewed and used internally by the primary operating decision-makers to assess the performance of these new operating segments are:

- Sales;
- Recurring operating income;
- Recurring operating margin, which corresponds to the ratio of Recurring operating income to Sales.

These indicators are also monitored by category (EDP, Specialized Nutrition and Waters); the other key indicators reviewed and used internally by the primary operating decision-makers are monitored at Group level.

Reporting by geographical zone

	Year ended December 31					
	Sales ^(a)		Recurring operating income		Recurring operating margin	
<i>(in € millions, except percentage)</i>	2021 ^(d)	2022	2021 ^(d)	2022	2021 ^(d)	2022
Europe ^(b)	8,341	8,773	1,291	1,088	15.5%	12.4%
North America	5,564	6,712	603	679	10.8%	10.1%
China, North Asia and Oceania	3,008	3,428	939	1,037	31.2%	30.2%
Rest of the World	7,369	8,748	504	573	6.8%	6.6%
Group total	24,281	27,661	3,337	3,377	13.7%	12.2%

(a) Net sales to third parties.

(b) Including net sales of €2,134 million generated in France in 2022 (€2,033 million in 2021).

(c) As part of the new organization, 2021 revenue has been reallocated due to the redefinition of operating segments.

(d) Taking into account the reallocation of certain central costs between the categories following the redefinition of the operating segments.

Information by category

Sales, Recurring operating income and Recurring operating margin

	Year ended December 31					
	Sales ^(a)		Recurring operating income		Recurring operating margin	
<i>(in € millions, except percentage)</i>	2021	2022	2021 ^(b)	2022	2021 ^(b)	2022
EDP	13,090	14,799	1,355	1,207	10.4%	8.2%
Specialized Nutrition	7,230	8,319	1,634	1,799	22.6%	21.6%
Waters	3,961	4,543	348	370	8.8%	8.2%
Group total	24,281	27,661	3,337	3,377	13.7%	12.2%

(a) Net sales to third parties.

(b) Taking into account the reallocation of certain central costs between the categories following the redefinition of the operating segments.

Other information

Top ten countries contributing to sales

	Year ended December 31	
<i>(in percentage)</i>	2021	2022
United States	20%	22%
China	10%	10%
France	8%	8%
Russia	6%	6%
Indonesia	6%	6%
United Kingdom	6%	5%
Mexico	4%	5%
Spain	4%	4%
Germany	3%	3%
Brazil	2%	3%

Non-current assets: property, plant and equipment and intangible assets

As of December 31

<i>(in € millions)</i>	2021^(b)	2022
Europe ^(a)	11,521	11,426
North America	10,313	10,864
China, North Asia and Oceania	5,453	5,614
Rest of the World	3,609	3,087
Group total	30,895	30,991

(a) Including €2,341 million in France as of December 31, 2022 (€2,254 million as of December 31, 2021).

(b) Taking into account the reallocation of goodwill as a result of the Group's reorganization and the redefinition of its operating segments carried out in 2022 (see Note 10.3 of the Notes to the consolidated financial statements).

Note 6.3. Other components of recurring operating income**Other income (expense)**

Year ended December 31

<i>(in € millions)</i>	2021	2022
Various taxes ^(a)	(39)	(53)
Restructuring costs ^(b)	(6)	(8)
Capital gains on disposals of property, plant and equipment and intangible assets	8	2
Other ^(c)	34	(33)
Total	(3)	(92)

(a) Comprises notably sales taxes.

(b) Excluding strategic restructuring or transformation operations.

(c) Comprises currency translation differences, asset impairment, provisions for doubtful receivables and several other components.

Note 6.4. Working capital**Accounting principles****Inventories**

Inventories and work-in-progress are recognized at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Trade receivables

Trade receivables are recognized at amortized cost in the consolidated balance sheet.

Impairment provisions

Impairment provisions mainly concern disputes on which Danone is in discussion with customers. Impairment provisions for expected losses are recognized at the level of expected losses over the life of the receivable.

Transactions in foreign currencies

When they are not hedged, transactions denominated in foreign currencies are translated using the exchange rate prevailing on the date of the transaction. At period-end, trade receivables and trade payables denominated in foreign currencies are translated using the exchange rates applicable on that date. Foreign exchange gains and losses arising from transactions in foreign currencies are recognized under the heading Other income (expense) in the consolidated income statement. When they are hedged, the hedging impact is recognized in the same item as the hedged element. As a result, all such transactions are recognized at the hedged spot rate, swap points being recognized under the heading Other financial income (expense).

Carrying amount

As of December 31

<i>(in € millions, except percentage)</i>	2021	2022
Goods purchased for resale	92	63
Raw materials and supplies	819	1,044
Semi-finished goods and work-in-progress	209	244
Finished goods	915	1,303
Non-refundable containers	125	197
Impairment provisions	(180)	(233)
Inventories, net	1,982	2,619
Trade and other receivables from operations	2,956	3,370
Impairment provisions	(94)	(98)
Trade receivables, net	2,862	3,272
State and local authorities	746	867
Derivatives – assets ^(a)	53	84
Other	207	364
Total other current assets	1,006	1,315
Total current assets	5,850	7,206
Trade payables	(3,998)	(4,899)
Year-end rebates payable to customers	(1,304)	(1,594)
State and local authorities	(295)	(329)
Personnel costs, including social security charges	(1,019)	(1,113)
Derivatives – liabilities ^(a)	(89)	(49)
Other	(310)	(506)
Total other current liabilities	(3,018)	(3,591)
Total current liabilities	(7,016)	(8,490)
Working capital	(1,166)	(1,284)
As a percentage of consolidated sales	4.8%	4.6%

(a) Fair value of derivatives used to hedge operational currency and raw materials risks, most of which are implemented over a horizon of less than one year.

Credit risk on trade receivables

Credit risk exposure

Credit risk represents the risk of financial loss for the Group if a customer or counterparty should fail to meet its contractual payment obligations. The customer payment term is generally 30 days and the Group's main customers are essentially in the mass retail sector where credit risk is considered low.

Due to the large number of customers located in diverse geographical areas and the fact that its main customers are in the mass retail sector, and despite the current economic situation, the Group believes that it is neither exposed to significant credit risk, nor dependent to a material extent on any single customer.

Sales to the Group's largest customers and overdue receivables not yet fully impaired

Year ended December 31

<i>(in percentage)</i>	2021	2022
Portion of consolidated sales made to the Group's largest customers		
Group's largest customer	6.8%	5.9%
Group's five largest customers	13.9%	12.9%
Group's ten largest customers	20.2%	18.9%
Portion of overdue trade receivables not yet fully impaired ^(a)	5.8%	10.0%

(a) More than 30 days overdue. The main change relates to a specific environment in Europe and does not therefore reflect an increase in credit risk.

Trade receivables derecognized in connection with the non-recourse factoring programs

As of both December 31, 2022 and December 31, 2021, the amounts are not material.

Reverse factoring programs

The Group uses reverse factoring programs in the normal course of its business. These programs are implemented within a strict framework, notably with respect to:

- use and function as a payment tool;
- exclusively for approved invoices;

- payment by Danone respecting the invoice terms, notably due dates, in accordance with applicable regulations and practices;
- at no cost to Danone.

The amounts to be paid using these payment tools are not reclassified. They remain commitments to suppliers and are carried as operating liabilities under Trade payables until paid by Danone, which has the effect of clearing the commitment.

Several of the Group's subsidiaries in various parts of the world are involved in these programs, none of which is individually material.

Carrying amount of trade receivables and payables

As of December 31

<i>(in € millions)</i>	2021	2022
Trade receivables	2,956	3,370
Impairment provisions	(94)	(98)
Carrying amount of trade receivables	2,862	3,272
Discounts granted to customers ^(a)	(1,304)	(1,594)
Carrying amount of trade receivables net of discounts granted	1,558	1,678

(a) Amount recognized as a current liability in the Group's consolidated balance sheet.

Note 6.5. Property, plant and equipment, capital expenditure and leases (right-of-use assets)

Accounting principles

Property, plant and equipment acquired

Property, plant and equipment acquired by the Group are recognized at cost of acquisition or at construction cost.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives as follows:

- buildings: 15 to 40 years;
- equipment, furniture and fixtures: 5 to 20 years;
- other: 3 to 10 years.

The depreciation charges in respect of property, plant and equipment are allocated to various headings in the income statement on the basis of the nature and utilization of the assets concerned.

Refundable containers

Refundable containers (in particular, jugs in the Waters Reporting Category) are recognized at cost. They are depreciated on a straight-line basis, based on available statistics for each Group entity, over the shorter of the following lengths of time:

- physical useful life, taking into account the internal and external breakage rates and wear and tear;
- commercial useful life, taking into account planned or likely modifications of containers.

When the amount of the refund changes, the liability for deposits received is measured based on the new amount.

Leased assets

IFRS 16 *Leases* requires lessees to use a unique accounting model for leases, which involves the recognition in the balance sheet of a right-of-use asset with a corresponding lease liability in respect of the present value of the lease payments due over the reasonably

certain term of the lease. Deferred tax is also recognized on the basis of the difference between the carrying amount of the right-of-use asset and the lease liability.

The depreciation charge in respect of the right-of-use asset is presented in the various headings within consolidated net income and the interest expense relating to the lease liability is presented within Interest expense.

The cash flows relating to the lease payments are presented in cash flows provided by (used in):

- financing activities, in the case of the portion corresponding to the repayment of the lease liability;
- operating activities, in the case of the portion corresponding to the interest on the lease liability.

Danone uses the incremental borrowing rate to determine the lease liability unless the interest rate implicit in the lease can be easily determined. It is calculated separately for each currency and maturity, on the basis of the internal financing rate, to which is added

a credit spread for the Danone SA bond issues, taking into account a linear repayment profile.

The lease term used is the non-cancellable period during which Danone has the right to use the underlying asset, together with both periods covered by options to extend or to terminate the lease if their exercise is assessed as reasonably certain. The right-of-use asset is depreciated over the lease term or over the useful life of the underlying asset if the exercise of a purchase option is deemed reasonably certain.

Danone uses the simplification measures specified by IFRS 16 and consequently:

- does not restate leases of low value assets whose reasonably certain term is less than 12 months. The lease expense is recognized in the income statement as incurred;
- it distinguishes between the lease and non-lease components and accounts for them accordingly.

Carrying amount and changes during the period

<i>(in € millions)</i>	2021				2022			
	Land and buildings	Machinery and equipment	Other and assets in progress	Total	Land and buildings	Machinery and equipment	Other and assets in progress	Total
Carrying amount								
As of January 1	2,600	2,608	1,365	6,572	2,772	2,727	1,344	6,844
Capital expenditure ^(a)	72	146	752	970	47	104	655	806
Disposals	(13)	-	(15)	(28)	(3)	(5)	(4)	(12)
Reclassification of assets held for sale	(9)	(8)	(1)	(17)	(0)	(1)	(0)	(1)
Changes in consolidation scope	39	10	1	50	17	(1)	(2)	14
Translation adjustments	75	80	44	199	23	26	7	56
Impairment ^{(a) (b)}	(7)	(82)	(79)	(168)	(25)	(155)	(20)	(200)
Depreciation charges ^(a)	(147)	(449)	(115)	(711)	(161)	(470)	(134)	(766)
Impacts of the above on the right-of-use assets (gross) ^(c)	129	41	75	245	83	23	77	183
Impacts of the above on the right-of-use assets (depreciation and impairment) ^(c)	(126)	(26)	(77)	(229)	(123)	(23)	(71)	(216)
Others ^(d)	160	406	(605)	(39)	229	358	(542)	45
As of December 31	2,772	2,727	1,344	6,844	2,859	2,583	1,310	6,752
<i>Of which right-of-use assets ^(c)</i>	<i>691</i>	<i>182</i>	<i>209</i>	<i>1,082</i>	<i>643</i>	<i>155</i>	<i>194</i>	<i>992</i>
<i>Of which gross amount</i>	<i>4,813</i>	<i>8,765</i>	<i>2,443</i>	<i>16,021</i>	<i>5,238</i>	<i>8,965</i>	<i>2,438</i>	<i>16,641</i>
<i>Of which depreciation and impairment</i>	<i>(2,040)</i>	<i>(6,038)</i>	<i>(1,099)</i>	<i>(9,177)</i>	<i>(2,379)</i>	<i>(6,382)</i>	<i>(1,127)</i>	<i>(9,889)</i>

(a) Excluding right-of-use assets.

(b) And accelerated depreciation/amortization. These items result from the plan for the transformation of Danone's operations (see Note 7.2 of the Notes to the consolidated financial statements).

(c) Right-of-use assets pursuant to IFRS16 Leases.

(d) Corresponds mainly to the effects of the application of IAS 29 (see Note 1.3 of the Notes to the consolidated financial statements).

Impairment review of property, plant and equipment

Property, plant and equipment are reviewed for impairment when events or circumstances indicate that the recoverable amount of the asset (or group of assets to which it belongs) may be impaired:

- the recoverable amount corresponds to the higher of the market value and value in use;

- value in use is estimated on the basis of the discounted cash flows that the asset (or group of assets to which it belongs) is expected to generate over its estimated useful life in the conditions of use determined by the Group;
- market value corresponds to the estimated net selling price that could be obtained by the Group in an arm's length transaction.

An impairment provision is recognized when the recoverable amount of the asset proves to be lower than its carrying amount.

Capital expenditure during the period

Year ended December 31

<i>(in € millions, except percentage)</i>	2021	2022
Related cash flows	(1,043)	(873)
<i>As a percentage of sales</i>	4.3%	3.2%

Note 6.6. Off-balance sheet commitments relating to operating activities

Commitments given in 2022

<i>(in € millions)</i>	Amount of financial flows for the period					
	Total	2023	2024	2025	2026	2027 and after
Commitments to purchase goods and services ^(a)	(6,274)	(2,959)	(928)	(339)	(269)	(1,778)
Capital expenditure commitments	(195)	(166)	(21)	(2)	(1)	(7)
Guarantees and pledges given	(4)	(4)	-	-	-	-
Other	(80)	(51)	(17)	(8)	(2)	(2)
Total	(6,553)	(3,180)	(965)	(348)	(272)	(1,787)

(a) Commitments relating mainly to purchases of milk, dairy ingredients and other food raw materials.

Commitments given in 2021

<i>(in € millions)</i>	Amount of financial flows for the period					
	Total	2022	2023	2024	2025	2026 and after
Commitments to purchase goods and services ^(a)	(5,300)	(2,494)	(759)	(446)	(201)	(1,400)
Capital expenditure commitments	(187)	(184)	(2)	-	-	-
Guarantees and pledges given	(21)	(21)	-	-	-	-
Other	(96)	(51)	(16)	(9)	(5)	(16)
Total	(5,604)	(2,750)	(778)	(455)	(206)	(1,416)

(a) Commitments relating mainly to purchases of milk, dairy ingredients and other food raw materials.

Other commitments

The Company and its subsidiaries are parties to a variety of legal proceedings arising in the normal course of business, notably as a result of guarantees given on disposals since 1997. In some cases,

damages and interest are sought. Provisions are recognized when an outflow of resources is probable and the amount can be reliably estimated.

Note 6.7. Financial risks associated with operating activities

The Group's financial risk policy and its organization are detailed respectively in Note 13.3 and Note 13.1 of the Notes to the consolidated financial statements.

margin of some subsidiaries are therefore exposed to fluctuations of foreign exchange rates against their functional currency.

Foreign exchange risk

Risk identification

The Group mainly operates on a local basis and consequently in the currency of the country in which it is operating, thereby incurring no currency risk. However, the location of some of the Group's production units may result in intercompany billings in foreign currencies. This applies particularly to the Specialized Nutrition category and, to a lesser extent, to the EDP category. Similarly, some raw materials are billed or indexed in foreign currencies, in particular for the Waters and EDP categories. Lastly, the Group is also developing some export activities. The sales and operating

Risk monitoring and management

The hedging policy related to operational foreign exchange risk is detailed in Note 13.3 of the Notes to the consolidated financial statements, section *Operational currency risk management*.

Exposure

Pursuant to its financial currency risk hedging policy, the Group's residual exposure (after hedging) is not significant over the hedging period. As of December 31, 2022, the main hedged currencies in terms of value included the British pound, Chinese yuan, American dollar, Indonesian rupiah and Hong Kong dollar.

Commodities risk

Risk identification

Danone's principal raw material needs consist primarily of:

- materials needed to produce food and beverage products, mainly milk, sugar and fruit. In terms of value, milk is the main raw material purchased, primarily in the form of liquid milk, for which the operating subsidiaries typically enter into agreements with local producers or cooperatives. Its price is set locally, over contractual periods that vary from one country to another. The other main food raw materials are fruit-based preparations;
- product packaging materials, in particular plastics and cardboard ("packaging"). Packaging purchases are managed through regional or global purchasing programs to optimize skills and volume effects. Prices are influenced by supply and demand at the global and regional levels, economic cycles, production capacities and oil prices;

- energy supplies, which account for only a limited portion of its purchases.

Danone's strategy increasingly focuses on the upstream portion of its activities and in particular its supply of raw materials, not only to manage its costs but also to make it a source of value creation and differentiation relative to the competition. However, the price trends of major raw materials may affect the structure of Danone's results.

Risk monitoring and management

Danone manages cost volatility through operational initiatives such as continuous productivity gains: Danone strives in particular to optimize its use of raw materials (reductions in production waste, lighter packaging and more effective use of milk sub-components in its products) and take advantage of pooled purchasing, for example through centralized management of purchases other than milk for the EDP and Specialized Nutrition categories. Furthermore Danone has implemented a purchasing policy (Market Risk Management) which is detailed in the section *Management of commodities price volatility risk* of Note 13.3 of the *Notes to the consolidated financial statements*.

Sensitivity of net income to changes in prices of the two main categories of raw materials purchased by the Group

Impact on the cost of raw materials for the fiscal year concerned of an increase/decrease in their price applied uniformly across all countries, throughout that fiscal year, using constant exchange rates (projected annual rate determined by Danone for the 2022 fiscal year)

	Year ended December 31	
	2021	2022
(in € millions)	Income (expense)	Income (expense)
Increase of 5%		
Liquid milk, milk powder and other milk-based ingredients	(134)	(188)
Plastics, including PET/rPET	(57)	(75)
Decrease of 5%		
Liquid milk, milk powder and other milk-based ingredients	134	188
Plastics, including PET/rPET	57	75

NOTE 7. EVENTS AND TRANSACTIONS OUTSIDE THE GROUP'S ORDINARY ACTIVITIES

Note 7.1. Other operating income (expense)

Accounting principles

Other operating income and expenses comprise items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring operating performance and its evolution. These mainly include:

- capital gains and losses on disposals of businesses and fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;

- costs related to strategic restructuring or transformation plans;
- costs related to major external growth transactions;
- costs related to major crises or major litigations;
- in connection with IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, (i) acquisition costs relating to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs relating to business combinations and subsequent to the acquisition date.

Other operating income (expense) in 2022

In 2022, the net Other operating expense of €(1,234) million consisted mainly of the following items:

<i>(in € millions)</i>	Notes	Related income (expenses)
Local First plan	7.3	(227)
Transformation of Danone's operations	7.2	(184)
Impairment of intangible assets	10.4	(658)

Other operating income (expense) in 2021

In 2021, the net Other operating expense of €(1,080) million consisted mainly of the following items:

<i>(in € millions)</i>	Notes	Related income (expenses)
Local First plan	3	(727)
Transformation of Danone's operations	7.2	(297)
Impairment of intangible assets	10.3	(52)

Note 7.2. Transformation of Danone's operations

In 2022, Danone continued to transform its operations across its entire value chain and to adaptation of its production equipments. The related Other operating expenses totaled €184 million.

These expenses concerned mainly the EDP and Waters categories and related mainly to the accelerated depreciation of property, plant and equipment, the cost of employee-related measures as well as the costs of consulting and other external supports.

Note 7.3. Local First plan for Danone's organization

In 2022, Danone continued to implement the Local First plan launched in 2021. Other operating expenses in respect of the plan amounted to €227 million and mainly concerned costs for adapting processes and harmonizing information systems. The Group also recognized

a reversal of provisions for a total amount of €311 million, of which €177 million corresponds to payments made during the period and €134 million to a reassessment of the assumptions underlying the provision for employee-related measures.



NOTE 8. NUMBER OF EMPLOYEES, PERSONNEL COSTS AND EMPLOYEE BENEFITS

Note 8.1. Number of employees at fully consolidated companies

Number of employees as of December 31 and breakdown by geographical area

	As of December 31	
	2021	2022
Total number of employees	98,105	96,166
By geographical zone		
Europe	26%	27%
North America	6%	6%
China, North Asia & Oceania	9%	9%
Rest of the World	59%	58%
<i>Of which Africa, Middle East and South-East Asia</i>	24%	24%
<i>Of which Latin America</i>	24%	24%
Total	100%	100%

Note 8.2. Personnel costs of fully consolidated companies

	Year ended December 31	
<i>(in € millions)</i>	2021	2022
Salaries and social security charges ^(a)	(4,107)	(4,348)
Retirement obligations – defined benefit plans ^(b)	(44)	(40)
Expenses relating to Group performance shares (GPS) and to fidelity shares ^(c)	(13)	(18)

(a) Salaries after social security charges. Also comprises the contributions in respect of defined contribution retirement plans.

(b) Service cost.

(c) As from the 2022 fiscal year (see Note 8.4 of the Notes to the consolidated financial statements).

Note 8.3. Retirement commitments, retirement indemnities and personal protection

General principles

The Group contributes to employee retirement benefit plans in accordance with the laws and usual practices of countries in which its subsidiaries operate. The Group has no actuarial liability in respect of contributions paid under such plans to private or state sponsored pension funds. The Group also has contractual obligations for supplementary retirement plans, severance pay, retirement indemnities and personal protection plans. The related actuarial commitments are taken into account either through the payment of contributions to independently-managed funds responsible for their service and the fund administration, or through provisions.

Accounting principles

Defined contribution retirement plans

Contributions due under defined contribution plans are expensed as incurred. These expenses are allocated to different headings in the consolidated income statement.

Defined benefit retirement plans

The Group's obligations relating to defined benefit retirement plans are calculated using the projected unit credit method and by taking into account actuarial assumptions, including employee turnover, salary increases and employees' expected active lives.

The carrying amounts of these plans on the consolidated balance sheet correspond to the actuarial value of the obligations, as defined above, less the fair value of the plan assets (retirement funds to which the Group contributes, for example). They are presented under the heading Provisions for retirement obligations and other long-term benefits. In addition, the expected return on plan assets is measured on the basis of the discount rate used to estimate the actuarial value of retirement commitments. Actuarial gains and losses resulting from experience adjustments and changes in the actuarial assumptions that are used to calculate the obligations net of the assets (including the difference between the expected return and the actual return on plan assets) are fully recognized within Other comprehensive income.

The recognized costs and income of defined benefit plans correspond mainly to:

- the cost of services provided during the year and of prior services (where relevant) allocated according to their function to the various headings in the consolidated income statement;
- the accretion of the present value of the obligations, net of the expected return on plan assets, recognized within Other financial income (expense).

Other long-term benefits

Other long-term benefits may be granted by certain Group companies to their employees, such as personal protection coverage and long-service awards. The Group's obligations in respect of these benefits are determined by applying a similar method to that used to determine the obligations relating to defined benefit retirement plans.

The amounts recognized in the balance sheet in respect of these plans correspond to the present value of the obligations, as detailed above. They are presented under the heading Provisions for retirement obligations and other long-term benefits. The actuarial gains and losses resulting from experience adjustments and changes in the actuarial assumptions used to calculate obligations are recognized in full within Recurring operating income of the fiscal year in which they are incurred.

Defined benefit retirement plans

Provisions for retirement obligations and other long-term benefits

As of December 31

<i>(in € millions)</i>	2021	2022
Defined benefit retirement plans	1,074	745
Other long-term benefits	31	27
Total	1,105	772

Defined benefit retirement plans and other post-employment benefits

Carrying amount of gross obligations

As of December 31

<i>(in percentage)</i>	2021	2022
Retirement plan for senior managers	34%	32%
Other	15%	13%
France	48%	45%
Germany	10%	10%
Indonesia	10%	13%
Belgium	8%	7%
United States	8%	8%
Ireland	6%	5%
Other ^(a)	11%	12%
Total	100%	100%

(a) Several countries, none of which represents more than 5% of the Group's gross obligations.

Group's principal obligation

The Group's principal defined benefit retirement plan obligations involve the Retirement plan for senior managers in France. This retirement plan, which was set up in 1976 to retain key managers, may also include certain senior executives who were "Group Directors" on December 31, 2003, at which date the plan was closed to new beneficiaries. On December 31, 2022, 69 Group Directors were members of this plan (excluding plan beneficiaries who had already claimed their pension benefits), compared to 170 potential beneficiaries in 2003.

General principles

This plan provides for a pension based on years of service and the amount of final salary, under the condition that the beneficiary is still in Danone's employment at the time of retirement. The pension is paid after deducting certain pensions corresponding: (i) with respect to a first category of senior executives, to the full amount of retirement

benefits they acquired over the course of their professional career; and (ii) with respect to a second category of senior executives, to the full amount of retirement benefits that they acquired due to the implementation of a Company non-contributory supplementary retirement plan. It may reach a maximum of 65% of final salaries.

In the event of leaving Danone before the age of 55 or in the event of death before retirement, the employee loses all benefits under this plan, it being specified that if the employee is laid off after the age of 55, the plan benefits are preserved, subject to the beneficiary not taking any salaried position in the future.

Other obligations

Most of the other retirement plans put in place by the Group concern only a given subsidiary in a given country. Consequently, the Group is required to manage several different plans in a given country. None is material.



Carrying amount of provisions (gross obligations net of plan assets)

As of December 31

<i>(in € millions)</i>	2021			2022		
	Retirement plan for senior managers	Other plans	Total	Retirement plan for senior managers	Other plans	Total
Vested rights with projected salaries	580	1,053	1,633	400	828	1,228
Fair value of plan assets	(124)	(435)	(559)	(112)	(371)	(483)
Vested rights net of fair value of plan assets	456	617	1,074	288	457	745
Impact of ceiling on assets			-			-
Obligations for which provisions have been recorded on the balance sheet	456	617	1,074	288	457	745

In addition, the total amount of contributions/benefits to be paid out in 2023 in connection with these plans is estimated at €49 million.

Actuarial assumptions

Methodology

The Group defines the actuarial assumptions by country and/or subsidiary. The discount rates used in 2022 were obtained on the basis of investment grade (AA rating) bond yields of private issuers for

durations equivalent to that of the commitment in the corresponding monetary areas. The level of quality used is assessed on the basis of the rating obtained from the leading financial rating agencies. In the case of illiquid markets, the discount rate is determined using government bonds of equivalent maturity to the term of the assessed plans.

Retirement plan for senior managers

Main actuarial assumptions

Year ended December 31

<i>(in percentage, except for ages in number of years)</i>	Retirement plan for senior managers	
	2021	2022
Discount rate	1.4%	4.0%
Expected return on plan assets	1.4%	4.0%
Salary growth rate	3.0%	3.0%
Retirement age	60-66	60-66

Sensitivity analysis of the discount rate

Year ended December 31

<i>(in € millions)</i>	Retirement plan for senior managers	
	2021	2022
	Increase (decrease)	Increase (decrease)
50 bps increase	(65)	(30)
50 bps decrease	74	34

Changes in carrying amount of provisions

<i>(in € millions)</i>	2021				2022			
	Vested rights	Plan assets	Impact of ceiling on assets	Obligations provisioned	Vested rights	Plan assets	Impact of ceiling on assets	Obligations provisioned
As of January 1	1,752	(533)	-	1,219	1,633	(559)	-	1,074
Service cost	44	-		44	40	-		40
Effect of discounting	26	-		26	34	-		34
Expected return on plan assets	-	(6)		(6)	-	(9)		(9)
Other	(42)	1		(41)	(1)	2		1
Expense for the year	27	(5)	-	23	73	(7)	-	66
Payments made to retirees	(54)	28		(27)	(58)	31		(27)
Contributions to plan assets	-	(17)		(17)	-	(15)		(15)
Changes in demographic assumptions	1	-		1	1	-		1
Changes in economic assumptions	(136)	-		(136)	(476)	-		(476)
Experience effects	19	(20)		(2)	57	69		126
Actuarial gains and losses	(116)	(20)	-	(137)	(419)	69	-	(349)
Translation adjustments	26	(11)		15	0	(4)		(4)
Other	(2)	-		(2)	(1)	1		(0)
As of December 31	1,633	(559)	-	1,074	1,228	(483)	-	745

The decrease in the provision between December 31, 2021 and December 31, 2022 was due mainly to the increase in the discount rates used for the Senior Managers' Plan and the other plans in most countries.

Defined benefit retirement plan assets

The investment policy for plan assets depends, for each company, on the employees' age structure and the expected return on the various asset classes.

Plan assets of retirement plan for senior managers

As of December 31

<i>(in € millions, except percentage)</i>	Retirement plan for senior managers	
	2021	2022
Fair value of plan assets	(124)	(112)
Main class of plan assets		
Debt securities ^{(a) (b)}	90%	90%
Stock equity ^(b)	4%	4%
Real estate and other asset classes ^(b)	5%	5%

(a) These assets are diversified and, in particular, exposure to individual sovereign risk is limited.

(b) Do not include any financial instruments issued by the Group.

Defined contribution retirement plans

Contributions paid as part of defined contribution plans are recognized according to their function under various headings in the consolidated income statement.

Note 8.4. Group performance shares and fidelity shares

Group policy

The Group has awarded long-term compensation in the form of Group performance shares (GPS) to around 1,750 directors and senior executives, as well as to the corporate officers. In addition, since 2022, the Group has also granted fidelity shares to around 1,750 directors and senior executives.

General principles applicable to Group performance shares

The GPS are shares in the Company that are subject to performance conditions, set by the Shareholders' Meeting for each plan. In the

case of all outstanding plans, the performance conditions are based on aspects of Danone's performance. The GPS are also subject to the employee continuing to be employed by Danone for four years.

General principles applicable to fidelity shares

The fidelity shares are shares in the Company that are subject to progressive continuous employment conditions of one to three years, set by the Shareholders' Meeting for each plan.

Group performance shares and fidelity shares outstanding

	Year ended December 31	
<i>(in number of shares)</i>	2021	2022
As of January 1	1,944,149	1,810,772
<i>Maximum number</i> ^(a)	2,006,027	1,880,387
Shares granted during the year	796,638	1,514,921
<i>Maximum number</i> ^(a)	836,468	1,708,681
Shares that lapsed or were canceled during the year ^(b)	(538,884)	(533,216)
Shares delivered during the year	(391,131)	(196,575)
As of December 31	1,810,772	2,595,903
<i>Maximum number</i> ^(a)	<i>1,880,387</i>	<i>2,822,688</i>

(a) If the continuous employment and performance conditions are fully met, where applicable.

(b) For the GPS granted in 2020, the Board of Directors must examine the level of achievement of the performance condition relating to sales growth in the second quarter of 2023. For the purposes of the 2022 consolidated financial statements, Danone has included, in the number of GPS that have lapsed during the year, those GPS likely to lapse due to the non-achievement of this performance condition, on the basis of information known as of the approval date by the Board of Directors (even if such shares' cancellation has not yet been acknowledged by the Board).

Accounting treatment

Accounting principles

The fair value of the GPS and of the fidelity shares is calculated on the basis of assumptions made by the Group's management. The corresponding charge is spread over the vesting period. It is allocated according to its function to the various headings in the consolidated income statement.

In the case of the GPS, when the performance conditions are:

- based on non-market performance (such as, for example, conditions relating to sales growth, the achievement of a level of free cash flow and environmental performance), charges recognized

in respect of shares that lapse due to the failure to achieve said performance conditions are written back in the income statement for the period in which it is probable said shares will lapse;

- market performance-related (such as, for example, conditions linked to the achievement of a level of Total Shareholder Return), the measurement of the related charges takes into account the probability of achieving these conditions, assessed at the grant date. These charges cannot be subsequently written back.

In addition, the GPS and fidelity shares are taken into account in the calculation of the diluted number of shares as described in Note 14.4 of the Notes to the consolidated financial statements.

Valuation as of the grant date

	Year ended December 31	
<i>(in € per share, except for number of shares)</i>	2021	2022
Number of shares granted	796,638	1,514,921
<i>Of which based on non-market performance conditions</i>	740,863	655,021
<i>Of which based on market performance conditions</i>	55,775	352,704
<i>Of which fidelity shares</i>		507,196
Fair value of shares granted based on non-market performance conditions ^(a)	51.0	47.5
Fair value of shares granted based on market performance conditions ^(a)	29.9	32.7
Fair value of fidelity shares granted ^(a)		51.0
Average DANONE share price	57.8	52.5

(a) Fair value as of the grant date.

Expenses related to GPS including taxes

	Year ended December 31	
<i>(in € millions)</i>	2021	2022
Group performance shares (GPS) and fidelity shares	(13)	(18)
Total expense	(13)	(18)

Note 8.5. Company Savings Plan**General and accounting principles**

Danone regularly carries out capital increases reserved for Danone employees in France participating in a company savings plan. In addition, since 2019, Danone has also carried out capital increases reserved for employees of the foreign companies, on the basis of the authorization given by the Shareholders' Meeting ("One Person, One Voice, One Share" program). The purchase price of the shares corresponds to 70% of the average DANONE share price over the 20 listing days preceding the meeting of the Board of Directors that approves the plan.

The benefit granted to the employees is calculated based on the fair value of the shares on the grant date. The corresponding expense is allocated according to its function to the various headings in the consolidated income statement.

Capital increases reserved for employees

In 2022, these various capital increases reserved for employees accounted for a total amount of €51,050,622.60.

NOTE 9. INCOME TAX**Note 9.1. Income tax expense****Income before tax and tax expense**

	Year ended December 31	
<i>(in € millions, except tax rate in percentage)</i>	2021	2022
Income before tax	1,995	1,832
Current tax (expense) income	(663)	(738)
Deferred tax (expense) income	73	(40)
Current and deferred tax (expense) income	(589)	(778)
Effective tax rate	29.5%	42.4%
Amount (paid) received during the year	(569)	(716)

Tax rate and tax systems**French tax system**

Danone forms a tax group with most of its French subsidiaries in which it owns, directly or indirectly, more than 95% of the share capital, enabling taxable profits and losses to be offset subject to certain limits and conditions.

Other tax systems

Similar tax grouping arrangements exist in other countries, in particular in the United States, the Netherlands, the United Kingdom, Germany and Spain.

As is the case with Danone's business activity (see breakdown of sales by country in Note 6.2 of the Notes to the consolidated financial statements), Danone's current and deferred tax expense is also relatively well distributed across several countries, with no single dominant country.

Effective tax rate

In 2022, the Group effective tax rate was 42.4%, higher than in 2021.

Difference between effective tax rate and 25.83% country tax rate in France

<i>(in percentage)</i>	Notes	Year ended December 31	
		2021	2022
Country tax rate in France		28.4%	25.8%
Differences between French and foreign tax rates ^(a)		(6.6)%	(3.6)%
Tax on dividends and royalties		3.9%	3.6%
Permanent differences		1.4%	3.3%
Tax loss carryforwards ^(b)	9.3	3.0%	9.0%
Tax rate adjustments and unallocated taxes		(0.3)%	(1.3)%
Impact of capital gains and losses on disposal and asset impairment ^(c)		(0.1)%	6.1%
Other differences		(0.2)%	(0.4)%
Effective tax rate		29.5%	42.4%

(a) Various countries, none of which generates a significant difference with the country tax rate in France.

(b) This comprised the impacts of the non-recognition and impairment of the deferred tax assets in certain Latin American countries in 2022 and 2021, as well as in France in 2022.

(c) In 2022, mainly the non-deductibility of goodwill impairment (see Note 10.4 of the Notes to the consolidated financial statements).

Note 9.2. Deferred taxes**Accounting principles**

Deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for the cases specified in IAS 12 *Income taxes*. Deferred taxes are calculated using the liability method, applying the enacted income tax rates expected to be applicable when the temporary differences will be reversed.

In addition, temporary differences are reflected in the consolidated financial statements as deferred tax assets or liabilities

systematically in the case of associates and on the basis of the most likely scenario as regards the reversal of the differences, *i.e.* distribution of reserves or disposal of the entity concerned, in the case of fully consolidated subsidiaries.

Deferred tax assets and liabilities are offset when the tax entity has a legal right to offset.

Lastly, the Company and its subsidiaries may be subject to tax audits. A provision is recognized in the consolidated financial statements whenever it is probable that a tax reassessment will be made.

Carrying amount

		As of December 31	
(in € millions)	Notes	2021	2022
Breakdown by type of deferred tax			
Property, plant and equipment and intangible assets		(1,683)	(1,722)
Tax loss carryforwards	9.3	281	120
Provisions for retirement obligations and other long-term benefits		260	184
Employee profit-sharing provisions		13	20
Restructuring provisions	15.3	131	72
Other		385	477
Net deferred taxes		(612)	(849)
Deferred tax assets		890	734
Deferred tax liabilities		(1,502)	(1,583)
Net deferred taxes		(612)	(849)

Changes during the period

(in € millions)	Notes	2021	2022
As of January 1		(681)	(612)
Changes recognized in Other comprehensive income		16	(97)
Changes recognized in profit or loss		73	(40)
Changes in consolidation scope	4.2	25	(20)
Other ^(a)		(45)	(80)
As of December 31		(612)	(849)

(a) Consists notably of currency effects.

Note 9.3. Tax loss carryforwards

Accounting principles

Deferred tax assets relating to tax loss carryforwards and temporary differences are recognized when it is more likely than not that these taxes will be recovered. At each closing, the Group reviews the unused

tax losses and the amount of deferred tax assets recognized on the balance sheet. In some countries in which losses can be carried forward indefinitely, the Group takes into consideration long-term recovery horizons when justified in light of forecast taxable profits.

Carrying amount

		As of December 31	
(in € millions)		2021	2022
Tax losses – recognized portion			
Recognized tax loss carryforwards ^{(a)(b)}		1,083	448
Tax savings ^(c)		281	120
Tax losses – unrecognized portion			
Tax loss carryforwards and tax credits not yet used ^(a)		715	1,469
Potential tax savings		197	396

(a) Basis amount.

(b) In 2022, as in 2021, they mainly come from the French consolidated tax group.

(c) Corresponds to deferred tax assets based on tax loss carryforwards.

Consumption horizon

Most of the tax losses as of December 31, 2022 can be carried forward indefinitely. The probable consumption horizon for most of these losses is less than ten years. In view of the macro-economic

environment and, in particular, the increase in interest rates, Danone has reconsidered its ability to use some of its tax losses, particularly in France.

NOTE 10. INTANGIBLE ASSETS

Note 10.1. Accounting principles

Goodwill

When control of a company is acquired, the fair value of the consideration given to the seller is allocated to the acquired identified assets and the liabilities and contingent liabilities assumed, which are measured at fair value. The difference between the consideration given to the seller and the Group's share of the fair value of the acquired identified assets and the liabilities and contingent liabilities assumed represents goodwill. When the option of recognizing non-controlling interests at fair value is applied, a corresponding premium is allocated to goodwill. Goodwill is recognized in the consolidated balance sheet as an asset under the heading Goodwill.

Goodwill arising from the acquisition of a foreign entity is recognized in the functional currency of the entity acquired and translated at the exchange rates prevailing on the closing date.

Goodwill is not amortized but is tested for impairment at least annually.

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) or groups of CGUs most likely to benefit from the synergies of the business combination and to the lowest level at which goodwill is monitored by the Group. The CGUs correspond to subsidiaries or groups of subsidiaries that are included in the same Geographical Zone and that generate cash flows largely independent from those generated by other CGUs.

Brands with indefinite useful lives

Acquired brands that are distinguishable, have a significant value, are supported by advertising expense and have indefinite useful lives are recorded under the heading Brands in the consolidated balance sheet. The valuation of these brands is generally determined with the assistance of valuation specialists, taking into account various factors, including brand awareness and their contribution to earnings. These brands, which are legally protected, are not amortized but are tested for impairment annually or more frequently if signs of impairment exist (see hereinafter).

Other brands

Other acquired brands that are deemed to have finite useful lives are presented under the heading Brands in the consolidated balance sheet. They are amortized on a straight-line basis over their estimated useful lives, which do not exceed 60 years. The amortization charges in respect of brands with finite useful lives are allocated to various headings in the income statement on the basis of the nature and utilization of the brands concerned.

Development costs

Development costs are only recognized under assets in the consolidated balance sheet if all the recognition criteria set by IAS 38 *Intangible Assets* are met before the products are launched on the market. They are amortized over the term of their legal protection granted to the Group as from the date the corresponding products are launched on the market. Development costs are generally expensed as incurred (see Note 6.1 of the Notes to the consolidated financial statements).

Technologies, development costs and other intangible assets

The following elements are recognized in the balance sheet under the heading Other intangible assets:

- acquired technologies, which are generally valued with the assistance of specialized consultants and amortized over the average duration of the patents;
- acquired development costs meeting the criteria for the recognition of an intangible asset in accordance with IAS 38 *Intangible Assets* (see above);
- other acquired intangible assets are recognized at their acquisition cost. They are amortized on a straight-line basis over their estimated economic lives, which do not exceed 40 years.

The amortization charges in respect of these assets are allocated to various headings in the income statement on the basis of their nature and utilization.

Note 10.2. Carrying amount and changes during the period

(in € millions)	Notes	2021				2022			
		Goodwill	Brands ^(a)	Other intangible assets	Total	Goodwill	Brands ^(a)	Other intangible assets	Total
Carrying amount									
As of January 1		17,016	5,669	351	23,037	17,871	5,805	377	24,053
Changes in consolidation scope	4.2	23	(35)	–	(13)	40	83	68	190
Capital expenditure		–	–	71	71	–	–	100	100
Disposals		–	–	(2)	(2)	–	–	(1)	(1)
Translation adjustments	1.3	838	204	9	1,050	426	83	(5)	504
Impairment	7.1, 10.3	(7)	(45)	(5)	(57)	(400)	(151)	(25)	(575)
Amortization charges		–	(2)	(101)	(103)	–	(2)	(104)	(106)
Other		2	14	53	69	0	25	49	74
As of December 31		17,871	5,805	377	24,053	17,938	5,843	459	24,239
<i>Of which amortization</i>		–	(26)	(1,084)		–	(24)	(1,129)	

(a) Includes brands with indefinite useful lives and the other brands (none of which is estimated to be individually material).

Note 10.3. Redefinition of CGUs following the Group's reorganization and reallocation of goodwill

In accordance with IAS 36 *Impairment of Assets*, its reorganization and the redefinition of its operating segments (see Note 2.1 of the Notes to the consolidated financial statements) led the Group to reassess the definition of its cash-generating units (CGUs) and groups of CGUs to which goodwill should be allocated as of January 1, 2022, the date of implementation of the new organization.

To reflect this new organization, Danone now allocates goodwill to CGUs at the level of the geographical zones and no longer at the level of the Reporting Entities.

In addition, in accordance with IAS 36, Danone has carried out analyses to ensure that each CGU or group of CGUs to which goodwill is so allocated shall:

- represent the lowest level within the Group at which goodwill is monitored for internal management purposes; and

- not be larger than an operating segment as defined by IFRS 8 *Operating Segments* before aggregation.

The Group has identified mainly the Global Specialized Nutrition CGU, which, as it covers its worldwide Specialized Nutrition business, has been reallocated at the level of the geographical zones. Its goodwill has been reallocated to the various CGUs pro rata to their relative value and the Group ensured in advance that there was no indication of impairment as regards the CGUs that had been the subject of reallocation.

Lastly, Danone has also considered possible aggregations of CGUs within each geographical zone based on cross-category synergies achieved following the reorganization of the Group's businesses. The main consequence of which was the creation of the Europe CGU.

Note 10.4. Impairment review of goodwill and brands with indefinite useful lives

Methodology

The carrying amounts of goodwill and brands with indefinite useful lives are reviewed for impairment at least annually and whenever events or circumstances indicate that they may be impaired. These events or circumstances are linked to significant, unfavorable and lasting changes that have an impact on the economic environment and the assumptions or targets set at the time of acquisition.

Impairment tests are carried out on all property, plant and equipment and intangible assets of the CGUs and groups of CGUs. When the carrying amount of all the property, plant and equipment and intangible assets of the CGUs and groups of CGUs becomes greater than their recoverable amount, an impairment provision is recognized and first charged against goodwill.

The recoverable amount of the CGUs or groups of CGUs to which the tested assets belong is the higher of the fair value net of disposal

costs, which is generally estimated on the basis of earnings multiples, and the value in use, which is assessed with reference to expected future discounted cash flows of the CGU or group of CGUs concerned.

Annual impairment testing of brands with indefinite useful lives is based on an individual recoverable amount established using the royalties method, with the exception of certain brands for which the Group has a third-party valuation. In the case of the major brands, the Group re-estimates the royalty rate of the brands concerned in accordance with a method applied each year and based on the brand's parameters including awareness of the brand, its profitability, market shares, etc.

The cash flows used to determine value in use of the CGUs or groups of CGUs and the recoverable amount of the brands with indefinite useful lives are derived from the annual budgets and strategic plans of the CGUs or groups of CGUs, which are drawn up by Management

on the basis of the information available on that date. The periods covered for the CGUs and groups of CGUs are three to five years.

Future cash flows beyond that period are extrapolated using a long-term growth rate that is specific to each CGU or group of CGUs:

- the operational assumptions used to calculate the terminal value are in line with the last year of projections described above in terms of sales and recurring operating margin;
- the long-term growth rate is determined for each CGU or group of CGUs taking into account its average growth rate in recent years and its geographical area (macro-economic fundamentals, demographics, etc.).

Finally, future cash flows are discounted using the weighted average cost of capital method, according to which the cost of debt and the after-tax cost of equity are weighted based on their respective proportions in the business sector concerned. It is calculated for the Group and increased, for certain CGUs or groups of CGUs, by a premium to take into account the risk factors affecting certain countries.

Impairment tests carried out as of December 31, 2022

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 China, North Asia and Oceania zone or the Waters category as described below, 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 dairy ingredients), packaging and logistics costs during 2022 and 2023. For 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.

On February 22, 2023, Danone also 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 significant changes in the assumptions underlying the business plans as drawn up as of December 31, 2022.

Lastly, the Group has also taken into account 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.

Carrying amount of goodwill and brands with indefinite useful lives

	As of December 31	
(in € millions)	2021	2022
Europe CGU	5,254	5,179
Noram CGU	6,516	6,914
China, North Asia and Oceania CGU	4,887	4,985
Other CGUs ^(a)	1,214	860
Goodwill	17,871	17,938
Brands with indefinite useful lives ^(b)	5,726	5,842
Carrying amount of goodwill and brands with indefinite useful lives^(c)	23,597	23,780

(a) Composed of ten CGUs.

(b) Consists of several brands, the most material being Nutricia, International Delight, Silk and Alpro.

(c) After taking into account impairment for the year.

Goodwill of the Europe CGU, the Noram CGU and the China, North Asia and Oceania CGU

As of December 31, 2022, the recoverable amount exceeded the carrying amount by the following amounts:

<i>(in € billions)</i>	
Europe CGU	9
Noram CGU	4
China, North Asia and Oceania CGU	>10

Sensitivity analysis for the key value in use assumptions

Year ended December 31

<i>(in € billions, except percentage)</i>	Impact on recoverable amount	Annual decrease to make recoverable amount equal carrying amount
Sales – 50bps decrease ^(a)		
Europe CGU	(1)	10%
Noram CGU	< (0.5)	6%
China, North Asia and Oceania CGU	(1)	>10%
Recurring operating margin – 100bps decrease ^(b)		
Europe CGU	(2)	6%
Noram CGU	(1)	3%
China, North Asia and Oceania CGU	(1)	>10%
Long-term growth rate – 50bps decrease		
Europe CGU	(1)	
Noram CGU	(2)	
China, North Asia and Oceania CGU	(3)	
Discount rate – 50bps increase		
Europe CGU	(2)	
Noram CGU	(2)	
China, North Asia and Oceania CGU	(3)	

(a) Decrease applied, each year, to the assumed growth in sales, including the final year, on the basis of the 2023 projections.

(b) Decrease applied, each year, to the assumed recurring operating margin, including the final year, on the basis of the 2023 projections.

Goodwill of the CIS CGU

Regarding Danone CIS CGU, an impairment test of the Russian assets was carried out, details of which are provided in Note 3.2 of the Notes to the consolidated financial statements.

Goodwill of the other CGUs

As of December 31, 2022, the CGUs other than the Europe CGU, the Noram CGU and the China, North Asia and Oceania CGU represented in total 5% of the carrying amount of the goodwill allocated to these CGUs. Following the impairment test, the Group recognized an impairment in respect of two CGUs allocated to the Europe Zone and the Rest of the World Zone totaling €37 million.

Following the goodwill impairment test of these CGUs, the Group recognized an impairment provision in respect of some of these CGUs in Africa totaling €101 million.

Brands with indefinite useful lives

The Group's main brands are *Nutricia*, *International Delight*, *Silk* and *Alpro*. As of December 31, 2022, they represented more than 50% of the carrying amount of the Group's brands with indefinite useful lives. The other brands are located in diverse geographical areas and different countries and spread over all categories and none

represented individually more than 9% of the carrying amount of the Group's brands with indefinite useful lives as of December 31, 2022.

Impairment review of the main brands with indefinite useful lives

As of December 31, 2022, the Group tested the value of the *Nutricia*, *International Delight*, *Silk* and *Alpro* brands in accordance with the methodology and the valuation model described above and on the basis of assumptions based on those of the groups of CGUs concerned. These tests did not result in the recognition of any impairment provisions.

In addition, analysis of the sensitivity for the key value in use assumptions was carried out on each of these main brands. The key assumptions involved in the valuation model used by the Group are (i) the growth in sales, (ii) the royalty rate, (iii) the long-term growth rate used to calculate the terminal value, and (iv) the discount rate. The following changes, deemed reasonably possible, in the key assumptions do not alter the findings of the impairment test, *i.e.* the absence of any impairment:

- 50bps decrease in sales (decrease applied, each year, to the assumed growth in sales, including the final year, on the basis of the 2022 projections);



- 50bps decrease in the royalty rate;
- 50bps decrease in the long-term growth rate;
- 50bps increase in the discount rate.

Impairment review of the other brands with indefinite useful lives

As of December 31, 2022, the tests carried out on brands with indefinite useful lives other than *Nutricia*, *International Delight*, *Silk* and *Alpro* required the partial or total impairment (totaling €62 million) of three brands, in light of the new assumptions made in their strategic plan. In addition, Danone assessed the sensitivity of the impairment amount to changes in the key assumptions in respect of the main brands concerned. Taken individually, none of the following assumptions would require additional impairment:

- 50bps decrease in sales (decrease applied, each year, to the assumed growth in sales, including the final year, on the basis of the 2022 projections);
- 50bps decrease in the royalty rate;
- 50bps decrease in the long-term growth rate;
- 50bps increase in the discount rate.

As of December 31, 2021, following the impairment tests of the other brands with indefinite useful lives, the Group recognized an impairment provision in respect of three brands in the EDP Reporting Entity in the aggregate amount of €45 million.

NOTE 11. FINANCING AND FINANCIAL SECURITY. NET DEBT AND COST OF NET DEBT

Note 11.1. Accounting principles

Financing

Debt instruments are recognized in the consolidated balance sheet (i) under the amortized cost method, using their effective interest rate, or (ii) at their fair value.

They may be hedged by a derivative instrument as follows:

- **fair value hedging:** the change in the fair value of the hedged component of said debt is recognized in the consolidated balance sheet, with the counterpart to the entry being to the heading Other financial income (expense), which thereby offsets the changes in fair value of the derivative instrument;
- **cash flow hedging:** the change in the fair value of the effective portion of the derivative hedging said debt is recognized in the consolidated balance sheet, with the counterpart to the entry being to consolidated equity, and is recycled to profit or loss when the hedged item (the interest flows relating to the hedged debt) impacts the consolidated net income.

Hybrid financing

Since the contractual terms of the perpetual subordinated debt securities issued by Danone do not stipulate any redemption or coupon payment obligation (payment of a coupon is mandatory mainly in the event of the payment of a dividend to Danone's shareholders):

- they are classified as equity instruments;
- the related coupons are recognized as a deduction from consolidated equity, net of the related tax income. In the consolidated

statement of cash flows, they are included in Cash flows provided by (used in) financing activities, with the related tax being included in Cash flows provided by (used in) operating activities.

Short-term investments

Short-term investments comprise:

- **Marketable securities:** highly liquid instruments with short maturities that are easily convertible into a known amount of cash;
- **Other short-term investments.**

Short-term investments are measured at their fair value, changes being recognized under the heading Interest income on cash equivalents and short-term investments in the consolidated income statement. Other short-term investments are measured at amortized cost.

Translation of transactions denominated in foreign currencies

At period-end, trade receivables and trade payables denominated in foreign currencies are translated using the exchange rates on that date, with changes recognized in the income statement. Foreign exchange gains and losses arising from the translation of intra-Group loans classified as net investments in foreign operations and that are used to hedge long-term investments (borrowings or other instruments) denominated in the same currencies are recognized in consolidated equity under the heading Translation adjustments and recycled on the disposal of the hedged asset.

Note 11.2. Liquidity risk and management policy

Risk identification

Danone does not use debt in either a recurring or a significant way in connection with its operating activities. Operating cash flows are generally sufficient to finance Danone's business operations and organic growth. Danone may, however, take on additional debt to finance acquisitions or, occasionally, to manage its cash cycle, particularly when dividends are paid to the Company's shareholders. The Group's objective is always to keep this debt at a level enabling it to maintain the flexibility of its financing sources.

Liquidity risk arises mainly from the maturities of its (i) interest-bearing liabilities (bonds, bank debt, etc.), and (ii) non-interest-bearing liabilities (liabilities related to put options granted to non-controlling interests), and from payments on derivative instruments. As part

of its debt management strategy, Danone regularly seeks new financing to refinance its existing debt.

In those countries where centralized financing is not available, when medium-term financing is unavailable and/or in the case of some existing financing in a company prior to the acquisition by Danone of a controlling interest in it, Danone is exposed to liquidity risk involving limited amounts in those countries. More generally, it is possible that in the context of a systemic financial crisis, Danone may not be able to access the financing or refinancing it needs on the credit or capital markets, or to access such finance on satisfactory terms, which could have an adverse impact on its financial situation.

In addition, Danone's ability to access financing and the amount of its interest expense could depend in part on its credit rating by

financial rating agencies. The Company's short- and long-term debt ratings and any potential deterioration therein could result in higher financing costs and affect its access to financing.

Lastly, most of the financing agreements entered into by the Company (bank lines of credit and bonds) include a change of control provision, which offers creditors a right of early repayment in the event that a change in control of the Company causes its rating by the financial rating agencies to fall below investment grade.

Risk monitoring and management

Under its refinancing policy, Danone reduces its exposure by (i) centralizing its financing sources; (ii) borrowing from diversified financing sources; (iii) arranging a significant portion of its financing as medium-term financing; (iv) maintaining financing sources available at all times; (v) spreading maturities on the basis of projected need and cash flow generation; and (vi) ensuring that it is not subject to any covenant relating to maintaining financial ratios.

In those countries where centralized financing is not available, when medium-term financing is unavailable and/or in the case of

some existing financing in a company prior to the acquisition by Danone of a controlling interest in it, some Group companies may, for operational reasons, be required to borrow from local sources. From a Group perspective, the amounts borrowed are relatively small, whether considered individually or in total, given that the level of operating cash flow is generally sufficient to finance their operations and organic growth.

Use of its financing sources

The Group's policy consists of keeping its financing sources available and managing them at the Company level. The Group may need to use (i) its commercial paper program and syndicated credit facility to manage its cash cycle, notably when paying out the dividend to Danone shareholders, and (ii) alternatively, its commercial paper and EMTN programs or its syndicated credit facility to optimize its financing cost while still ensuring its financial security, such that the maturity and currency of its financing raised may vary without changing the net debt level or the Group's financial security.

Note II.3. Financing structure and changes during the period

Financing classified as debt

	As of December 31, 2021	Bonds issued	Bonds repaid	Net flows from other financing arrangements	Impact of accrued interest	Impact of changes in exchange rates and other non-cash impacts ^(c)	Non-current portion becoming current	Changes in consolidation scope	As of December 31, 2022
<i>(in € millions)</i>									
Financing managed at Company level									
Bonds – non-current portion	11,640	600	–			(380)	(1,825)	–	10,036
Bonds – current portion	1,751	–	(1,682)			13	1,825	–	1,906
Commercial paper ^(a)	757			30		(2)	1	–	786
Total	14,148	600	(1,682)	30		(370)	1	–	12,727
Lease debt									
Non-current portion	767			–		149	(186)	(1)	730
Current portion	215			(241)		44	186	(1)	203
Total	982	–	–	(241)	–	193	(1)	(1)	933
Other financing arrangements^(b)									
Non-current portion	35			(4)		0	(5)	14	40
Current portion ^(d)	1,044			(815)	2	200	4	28	463
Total	1,079	–	–	(819)	2	200	(2)	43	503
Total	16,209	600	(1,682)	(1,029)	2	24	(2)	41	14,162

(a) As of December 31, 2021 and 2022, these were included in Current financial debt.

(b) Subsidiaries' bank financings.

(c) Concerning the lease debt, corresponds mainly to new financing in the period.

(d) Including bank overdrafts totaling €330 million as of December 31, 2022.

Financing classified as equity

In 2017, Danone launched a hybrid perpetual bond issue totaling €1.25 billion. The issue consists of a euro-denominated undated bond, offering a first 1.75% coupon, with a first call date of June 23, 2023. The bonds, fully accounted for as equity in accordance with IFRS, are treated as equity in the amount of 50% by Moody's and Standard & Poor's.

In September 2021, Danone carried out the early redemption of the hybrid financing for an amount of €0.5 billion, and at the same

time carried out the reissuance of a hybrid financing with an issue of perpetual securities for the same amount, denominated in euros, bearing an annual coupon of 1% and with a first call on December 16, 2026.

Through this combination of transactions, Danone was able to take advantage of favorable market conditions and actively manage its hybrid debt portfolio, while keeping the total amount of hybrid debt unchanged.

Note 11.4. Group's financing and financial security managed at the Company level**Structure of the Group's financial security**

As of December 31

<i>(in € millions)</i>	2021		2022	
	Committed amount	Amount used	Committed amount	Amount used
Bank financing ^(a)				
Syndicated credit facility ^(b)	2,000	–	2,000	–
Committed credit facilities ^(c)	953	–	972	–
Bank loans	749	–	–	–
Capital markets financing ^(a)				
EMTN financing ^(d)	NA	9,620	NA	11,941
Hybrid financing	NA	1,250	NA	1,250
Bonds on the US market ^(d)	NA	3,770	NA	3,280
Short-term debt instruments	NA	755	NA	786

(a) The Group's financial structure and financial security are managed at the Company level.

(b) Revolving syndicated credit facility maturing in February 2025.

(c) A portfolio of back-up facilities entered into with major credit institutions, with maturities ranging from 2023 to 2027.

(d) Bonds issued by the Company are disclosed on the Danone website.

Main financing transactions in 2022

Year ended December 31

<i>(in millions of currency)</i>	2022		
	Currency	Nominal	Maturity
New financing			
Eurobonds	EUR	600	2032
Repayments			
Eurobonds	EUR	1,000	2022
USD bond	USD	702	2022
USD bond	USD	148	2022

Main financing transactions in 2021

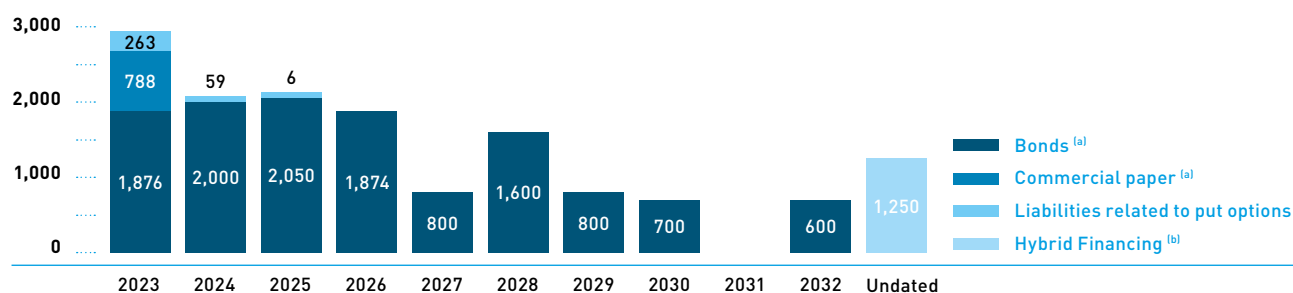
Year ended December 31

<i>(in millions of currency)</i>	Currency	Nominal	2021
			Maturity
New financing			
Hybrid financing	EUR	500	2026
Eurobonds	EUR	1,000	2025
Eurobonds	EUR	700	2030
Repayments			
Eurobonds	EUR	1,000	2021
JPY private placement	JPY	6,000	2021
JPY private placement	JPY	8,000	2021
JPY private placement	JPY	10,500	2021
USD bond	USD	800	2021

Repayment schedule for financial debt managed at Company level and put options granted to non-controlling interests

Projected cash outflows related to the contractual repayment of the principal amount based on the assumption of non-renewal

Year ended December 31 *(in € millions)*



(a) Includes the value of derivatives hedging bonds and commercial paper.

(b) Including €750 million with a call date in 2023 and €500 million with a call date in 2026.

Projected cash outflows related to the contractual payment of interest on the financial assets and liabilities managed at the Company level, including premiums to be paid on derivative financial instruments based on the assumption of non-renewal

<i>(in € millions)</i>	Cash flows 2023	Cash flows 2024	Cash flows 2025	Cash flows 2026	Cash flows 2027 and after
Interest on debt ^(a)	(183)	(134)	(116)	(104)	(141)
Cash flows on derivatives ^{(a) (b) (c)}	(17)	(45)	(32)	(35)	(99)

(a) The floating interest rates are calculated on the basis of the rates applicable as of December 31, 2022.

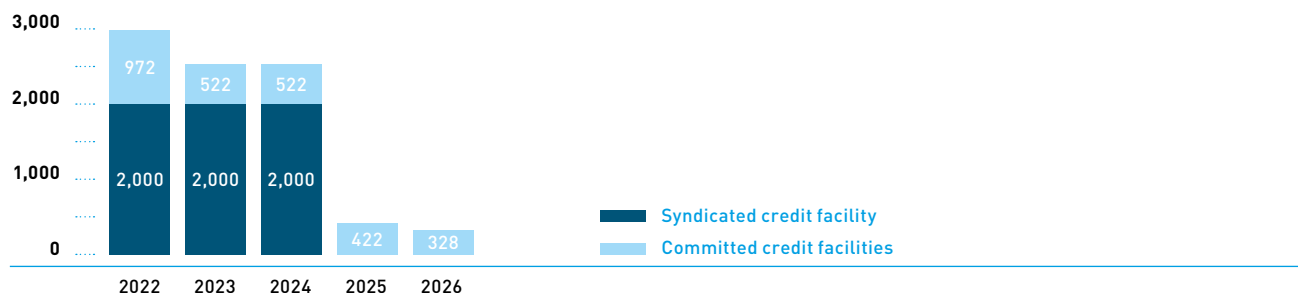
(b) Net contractual flows, including premiums payable, and net flows payable or receivable relating to the exercise of options in the money at year-end.

(c) Concerns derivative instruments used to manage net debt, assets and liabilities.

Sources of financing available at any time

The financings available at any time are carried by the Company and are composed of available committed credit facilities and a syndicated credit facility.

As of December 31 (in € millions)



Company rating

As of December 31

	2021		2022	
	Moody's	Standard and Poor's	Moody's	Standard and Poor's
Short-term rating ^(a)				
Rating	-	A-2	-	A-2
Long-term rating ^(b)				
Rating	Baa1	BBB+	Baa1	BBB+
Outlook	Stable	Stable	Stable	Stable

(a) Rating given to the Company's commercial paper program.

(b) Rating given to the Company's senior debt issues with a maturity of more than one year.

Note 11.5. Cash and short-term investments

Carrying amount

As of December 31

(in € millions)	2021	2022
Money market funds	4,237	2,082
Bank deposits, negotiable debt instruments and other short-term investments	960	1,550
Total Short-term investments	5,197	3,631
Cash	659	1,051
Total Cash and cash equivalents	5,856	4,682

Counterparty risk in respect of short-term investments

The Group invests primarily in money market funds (French OPC *monétaires*) or short-term money market funds (French OPC *monétaires court terme*), which are highly liquid, diversified and not rated. Bank deposits, negotiable debt instruments and other short-term instruments are subscribed from first-tier financial institutions.

Note 11.6. Net debt

As of December 31

(in € millions)	2021	2022
Non-current financial debt ^(a)	12,537	11,238
Current financial debt ^(a)	4,048	3,628
Short-term investments	(5,197)	(3,631)
Cash	(659)	(1,051)
Derivatives – assets – Non-current ^(b)	(120)	(18)
Derivatives – assets – Current ^(b)	(91)	(60)
Net debt	10,519	10,107

(a) Consists of €933 million of lease debt following the application of IFRS 16 *Leases*.

(b) Used solely to manage net debt.

Changes in net debt in 2022

Danone's net debt totaled €10,107 million as of December 31, 2022, €412 million lower than as of December 31, 2021. It included €323 million of put options granted to non-controlling interests, €31 million lower than as of December 31, 2021.

Changes in net debt in 2021

Danone's net debt totaled €10,519 million as of December 31, 2021, €1,422 million lower than as of December 31, 2020. It included €354 million of put options granted to non-controlling interests, €9 million lower than as of December 31, 2020.

Note 11.7. Cost of net debt

Accounting principles

Cost of debt comprises mainly interest charges (calculated at the effective interest rate) on current and non-current financing and the effects of the derivatives relating to said financing.

Interest income comprises mainly interest received and, if applicable, the effects of the measurement at fair value through profit or loss of the short-term investments and cash and cash equivalents.

The related cash flows are presented within Cash flows provided by (used in) operating activities.

Cost of net debt in 2022

During 2022, despite the increase in interest rates, cost of net debt decreased from €(167) million in 2021 to €(153) million, reflecting the Group's gradual debt reduction strategy.

Note 11.8. Financial risks associated with the net debt and the financing activity

Interest rate risk

Risk identification

The Group is exposed to interest rate risk on its financial liabilities as well as its cash and cash equivalents. Through its interest-bearing debt, the Group is exposed to the risk of interest rate fluctuations that affect the amount of its financial expense. In addition, pursuant to IFRS 9, interest rate fluctuations may have an impact on the Group's consolidated results and consolidated equity.

Risk monitoring and management

The Group has implemented a policy to monitor and manage this interest rate risk in connection with its net debt management, as detailed in Note 13.3 of the Notes to the consolidated financial statements, in the section related to *Cost of net debt management*.

Exposure

Net debt breakdown between fixed and floating rates

As of December 31, 2022 and December 31, 2021, all of the consolidated net debt was fixed rate debt.

Sensitivity of the cost of net debt to changes in the short-term interest rate

In 2022 as in 2021, the impact of changes in short-term interest rates would not have had a significant impact on the cost of the

Group's net debt. This sensitivity analysis to interest rate changes reflects the following factors:

- financial debt net of short-term investments, cash and cash equivalents. It excludes the financial liabilities related to put options granted to non-controlling interests as these are not interest-bearing;
- active interest rate hedges as of December 31.

Financial currency risk

Risk identification

Due to its international presence, the Group could be exposed to foreign exchange rate fluctuations in relation to its financing activities: in application of its risk centralization policy, the Group manages multi-currency financings and liquidities.

Risk monitoring and management

The management policy regarding financial currency risk is detailed in Note 13.3 of the Notes to the consolidated financial statements, section *Management of currency risk related to financing activities and translation risk on net assets*.

Exposure

In applying its management policy related to financial currency risk, the Group's residual exposure is not significant.



NOTE 12. OTHER FINANCIAL ASSETS, OTHER FINANCIAL INCOME (EXPENSE)

Note 12.1. Accounting principles

Investments in other non-consolidated companies

Investments in other non-consolidated companies are recognized at fair value in the consolidated balance sheet. Changes in fair value and gains or losses on disposals are recognized according to the intention of the management (i) in profit or loss in Other financial income [expense] or (ii) in consolidated equity in Accumulated other comprehensive income and are not recycled to profit or loss.

Fair value

For listed companies, fair value is assessed according to the stock price as of the end of the period.

For unlisted companies, fair value is assessed based on recent transactions entered into with third parties, put or call options negotiated with third parties or external appraisals.

Other financial assets

Other financial assets mainly comprise bonds and money-market funds and security deposits with uncertain maturity dates pursuant to the applicable regulations of certain countries in which the Group operates.

Bonds and money-market funds are recognized at fair value in the consolidated balance sheet. Changes in fair value are recognized under consolidated equity in Accumulated other comprehensive income and recycled to profit or loss under Other financial income (expense) upon their disposal.

Their fair value is calculated on the basis of listed prices on active markets.

Loans

Loans are measured at amortized cost using the effective interest rate method.

Note 12.2. Other financial assets

Main changes during the period

In 2022 as in 2021, the Group did not carry out any material transactions.

Carrying amount

	As of December 31	
<i>(in € millions)</i>	2021	2022
Investments in other non-consolidated companies	290	341
Bonds and money-market funds ^(a)	114	4
FPS Danone Communities	13	13
Other ^(b)	255	440
Other financial assets	382	457
Long-term loans	16	11
Other financial assets	688	808

(a) Bonds and money-market funds held as the counterpart to certain "damage and personal protection" risk provisions.

(b) Comprises mainly deposits with uncertain maturity dates pursuant to the applicable regulations of certain countries in which the Group operates.

Note 12.3. Other financial income and Other financial expense

Accounting principles

Other financial income and Other financial expense correspond to financial income and expense other than income and expense related to net financial debt. They include in particular:

- swap points and option premiums, in particular those related to operational foreign exchange risk and the acquisition/disposal of companies and equity investments, and the ineffective portions of derivatives that meet the conditions for classification as hedging instruments, in accordance with IFRS 9 *Financial Instruments*;
- the impact of the accretion of the present value of commitments net of the expected return on plan assets of retirement commitments and other long-term benefits;
- bank commissions, including commissions for the non-use of committed credit facilities;
- changes in the fair value of Investments in other non-consolidated companies classified as at fair value through profit or loss;
- gains or losses on the net monetary position resulting from the application of IAS 29.

NOTE 13. ORGANIZATION OF FINANCIAL RISKS AND DERIVATIVES MANAGEMENT

Note 13.1. Organization of financial risks management

As part of its normal business, the Group is exposed to financial risks, especially foreign currency, financing and liquidity (see Note 11.2 of the Notes to the consolidated financial statements), interest rate and counterparty risks, securities-related risks and commodity risks.

Financial risks

The Group's policy consists of (i) minimizing and managing the impact that its exposure to financial market risks could have on its results and, to a lesser extent, on its balance sheet, (ii) monitoring and managing such exposure centrally, (iii) whenever the regulatory and monetary frameworks so allow, executing financial transactions locally or centrally, and (iv) using derivative instruments only for the purpose of economic hedging.

Through its Treasury and Financing Department, which is part of the Group Finance Department, the Group possesses the expertise

and tools (trading room, front and back office software) to act on different financial markets following the standards generally implemented by first-tier companies. In addition, the Internal Control and Internal Audit Departments review the organization and procedures applied. Lastly, a quarterly treasury and financing report is sent to the Group Finance Department, enabling it to monitor the decisions taken to implement the previously approved management strategies.

Commodity risks

The Group has implemented a commodity purchasing policy (Market Risk Management). The monitoring of exposures and the implementation of this policy are carried out for each raw materials category by the central purchasing team. This team negotiates forward purchase agreements mainly with suppliers. Forward purchase agreements are reviewed by the Market Risk Management Committee for each year-end closing.

Note 13.2. Accounting principles

Derivatives are recognized in the consolidated balance sheet at their fair value:

- derivatives used to manage net debt and hedges of net investments in foreign operations are recognized in Derivatives assets or liabilities;
- foreign exchange and raw materials derivatives related to operations are recognized in the heading (i) Other accounts receivable in Derivatives–assets or within (ii) Other current liabilities in Derivatives–liabilities.

When derivatives are designated as:

- fair value hedges of assets or liabilities in the consolidated balance sheet, changes in the value (other than the time value, see below) of both the derivatives and the hedged items are recognized in profit or loss in the same period;
- hedges of net investments in foreign operations, changes in the value (other than the time value) of the derivatives are recognized in equity under translation adjustments and are recycled as income (expense) when the hedged asset is derecognized;
- future cash flows hedges, changes in the value of the effective portion are recognized in equity under Accumulated other

comprehensive income and are recycled to profit or loss, in the same heading, when the hedged item itself is recognized in profit or loss.

- The time value changes related to instruments qualified as fair value hedges or net investment hedges (swap points, currency option premium and basis spread of cross-currency swaps) or of foreign exchange derivatives are recognized in equity under Accumulated other comprehensive income and amortized over the term of the hedge. In the case of cash flow hedges, changes in the time value of foreign exchange derivatives are recognized in equity under Accumulated other comprehensive income and taken to profit or loss on expiry of the underlying instrument, in accordance with the principles adopted by the Group. As a reminder, derivatives designated as future cash flow hedges are recognized in accordance with the transaction-related principle (hedging of transactions included in the forecasts).

Changes in the fair value of the ineffective portions of derivatives that meet the conditions for classification as hedging instruments and changes in the fair value of derivative financial instruments that do not meet the conditions for classification as hedging instruments are recognized directly in profit or loss for the period, in a heading within operating income or financial income depending on their nature.

Note 13.3. Derivatives

Group policy

Operational currency risk management

The Group's policy is to hedge its highly probable commercial transactions so that, as of December 31, its residual exposure in respect of the whole of the following fiscal year is significantly reduced. However, when the hedging conditions of certain currencies have deteriorated (less availability, high cost, etc.), the Group may be required to limit the hedging of its highly probable commercial transactions in its currencies, by not hedging or only partially hedging the exposure. The Group uses forward currency contracts and currency options to reduce its exposure.

The execution of the hedging policy for currency risk related to operations consists of providing the necessary hedges to subsidiaries through a centralized management system, or, in the case of subsidiaries where such hedges are legally prohibited, through a monitoring and control process.

The Group mainly applies cash flow hedge accounting.

Based on pending transactions as of December 31, 2022, the Group's residual exposure after hedging of exchange risks on its highly probable commercial operating transactions is significantly reduced for 2022, the main unhedged currency being the Turkish lira.

Management of currency risk related to financing activities and translation risk on net assets

The Group's policy consists of maintaining the debt and/or surplus cash positions of Danone and its subsidiaries in their respective functional currencies. Furthermore, in compliance with its policy of managing risks centrally, the Group may manage multi-currency borrowings and surplus cash. The Group has established a policy for monitoring and hedging the net assets of certain subsidiaries, with regular assessments of risks and opportunities to use hedging instruments.

As part of these policies, the Group therefore uses currency swap contracts (foreign exchange swaps or cross-currency swaps).

Cost of net debt management

In connection with its net debt management, the Group has implemented a policy to monitor and manage interest rate risk in order to limit the volatility of its financial income (expense) through the use of hedging instruments. These derivatives are mainly interest rate swaps and sometimes collars. All these instruments are plain vanilla. The interest rate derivatives are contracted to manage interest rate risk and are either eligible for hedge accounting or not in accordance with IFRS 9.

Hedging acquisitions and disposals of companies or other equity investments

The Group's policy is, generally, not to hedge amounts payable or receivable in connection with acquisitions or disposals of companies

or other equity investments. However, in certain circumstances, the Group may decide to hedge certain transactions.

Management of commodities price volatility risk

The Group has implemented a commodity purchasing policy ("Market Risk Management"), defining rules for securing the physical supply and for setting the prices of raw materials on the financial markets. The Group's central purchasing team mainly negotiates forward purchase contracts with suppliers which are based on a financial markets index or on a proxy, since instruments that would fully hedge the price volatility of Danone's main raw materials do not always exist in the financial markets.

The impact of a price change in the two main commodity categories on the cost of the Group's annual purchases is presented in Note 6.7 of the Notes to the consolidated financial statements.

Portfolio of derivatives

Notional and fair value amounts

As of December 31

<i>(in € millions)</i>	2021			2022		
	Notional	Fair value	Of which recognized in equity	Notional	Fair value	Of which recognized in equity
Used to hedge operational currency risk	(1,992)	(65)	(65)	(2,181)	38	39
Cash flow hedge – currency options ^(a)	(318)	(6)	(6)	(109)	1	1
Cash flow hedge – forward currency contracts ^(a)	(1,677)	(60)	(60)	(2,072)	37	37
No hedge accounting applied	3	–	–	0	(1)	–
Used to manage raw materials	262	16	16	112	(6)	(6)
Used to manage net debt	5,962	189	83	6,244	(312)	32
<i>Fair value hedge</i>	3,147	102	–	3,050	(371)	–
<i>Cash flow hedge</i>	2,721	85	83	2,389	62	33
<i>Net investment hedge</i>	70	–	–	100	(1)	(1)
No hedge accounting applied	24	2	–	705	1	–
Total	4,233	140	34	4,175	(280)	64

(a) Pursuant to IFRS 9, the intrinsic value and time value of the operational foreign exchange instruments designated as cash flow hedges are recognized in equity.

Additional information

Operational currency risk management

Net notional amount of derivative instruments hedging main currencies

As of December 31

<i>(in € millions)</i>	2021			2022		
	Forward currency contracts, net ^(a)	Currency options, net ^(b)	Total	Forward currency contracts, net ^(a)	Currency options, net ^(b)	Total
(Sales)/Purchases of currencies						
CNY ^(c)	(349)	–	(349)	(852)	–	(852)
GBP ^(c)	(418)	(164)	(582)	(609)	(39)	(647)
MXN ^(c)	(125)	–	(125)	(171)	–	(171)
CAD ^(c)	(104)	(19)	(122)	(126)	(36)	(162)
BRL ^(c)	(85)	–	(85)	(94)	–	(94)
AUD ^(c)	(138)	(25)	(164)	(93)	(22)	(115)
HKD ^(c)	(303)	(94)	(397)	(73)	(10)	(83)
RUB ^(c)	(85)	–	(85)	(0)	–	(0)
USD ^(c)	136	(15)	121	363	(2)	361
Other ^(c)	(204)	–	(204)	(418)	–	(418)
Total	(1,674)	(318)	(1,992)	(2,072)	(109)	(2,181)

(a) Spot portion of notional amount, based on closing rates.

(b) Spot portion of notional amount, includes in- and out-of-the-money options.

(c) Transactions denominated with the EUR or other currencies as counterpart.

Sensitivity of equity and net income to changes in fair value

A change in the fair value of the derivative instruments hedging the operational foreign exchange risk, caused by a change in exchange rates, could have the following impacts on the Group's financial statements:

- an impact on equity in the case of derivatives documented as cash flow hedges;
- an impact on profit or loss in the case of transactions to which hedge accounting is not applied.

These instruments and the hedged items typically have maturities of less than one year. Consequently the cash flows related to these instruments will, for the most part, be recognized in the consolidated income statement in 2022.

Gains and losses related to fair value changes recognized in profit or loss

Gains and losses recognized in profit or loss involve the following items:

- the ineffective portion, during the year, of the changes in fair value of instruments qualified as cash flow hedges: in 2022, as in 2021, the amounts are not material;
- the effective portion deferred in equity the previous year of instruments qualified as cash flow hedges and recycled to income during the year: in 2022, as in 2021, the amount recycled corresponded to the portion of hedges recorded in equity as of December 31 of the previous year, with these hedges having for the most part a maturity of less than one year.

Management of currency risk related to financing activities and translation risk on net assets

Sensitivity of equity and net income to changes in fair value

A change in the fair value of these derivative financial instruments induced by a change in foreign exchange rates at the reporting date would not have a significant impact on the Group's equity or net income. Changes in the foreign exchange rates of the financial instruments are offset by changes in the foreign exchange rates on loans and borrowings in hedged currencies or on net foreign investments.

Net debt management

Sensitivity of equity and net income to changes in fair value

A change in the fair value of interest rate derivatives induced by a change in the yield curve recognized at the reporting date would have the following impact on the Group's equity and net income:

- in equity for the effective portion of the instruments eligible to be used as hedges of future cash flows;
- in profit or loss for the ineffective portion of the instruments eligible to be used as hedges of future cash flows or fair value hedges, and for the change in fair value of the instruments not qualifying as hedges.

In 2022 as in 2021, a rate change applied to the entire yield curve would not have a material impact on consolidated equity or net income.



Gains and losses related to fair value changes recognized in profit or loss

Gains and losses recognized through profit or loss are related to:

- the ineffective portion, during the year, of the changes in fair value of instruments qualified as cash flow hedges;
- the effective portion deferred in equity the previous year of instruments qualified as future cash flow hedges and recycled to income during the year.

Note 13.4. Counterparty risk**Counterparty risk inherent to financial risk management****Risk identification**

The Group is exposed to counterparty risk, especially on banking counterparties, as part of its financial risk management activities. As part of its normal activities, the Group has financial institutions as counterparties, mainly to manage its cash and foreign exchange rate and interest rate risks. The failure of these counterparties to comply with one or more of their commitments could adversely affect the Group's financial situation.

Risk monitoring and management

The Group's overall exposure to counterparty risk has been significantly reduced through the centralization of financial risks and implementation of centralized applications as well as its cash management policy of minimizing and managing surpluses.

Exposure related to derivative instruments

	As of December 31	
<i>(as a percentage of the total fair value as of December 31) ^(a)</i>	2021	2022
Counterparty rating (Standard & Poor's)		
AAA, AA and A	99%	91%
BBB, BB and B	1%	9%
Unrated	–	–

(a) Total, when positive, of fair values of outstanding derivatives by counterparty as of December 31.

The Group has entered into over-the-counter derivatives with leading banks under the terms of framework agreements that provide for the offsetting of amounts payable and receivable in the event one of the contracting parties defaults. These conditional offsetting agreements do not fulfill the IAS 32 criteria for offsetting derivative assets and liabilities in the balance sheet.

In 2022, as in 2021, the corresponding amounts are not material.

Management of raw material price volatility risk

As of December 31, 2022, the commodity portfolio consisted of diesel, plastic, dairy, sugar and soya derivatives, in accordance with the Group's management policy, and all of the hedging instruments were qualified as future cash flow hedges.

The Group's banking policy aims to apply deposit limits per counterparty and emphasizes the importance of their credit rating quality by concentrating its transactions among first-tier counterparties that (i) have credit ratings at least in the BBB+ category; (ii) possess international branch networks and (iii) provide it with financing. Moreover, in order to manage its short-term surpluses, the Group mainly invests in either money-market funds (French OPC *monétaires*) or short-term money-market funds (French OPC *monétaires court terme*), which are not rated. These funds are liquid and diversified. The other short-term investments are made in accordance with the Group's banking policy as described above.

Finally, in certain countries, the Group may be obliged to conduct transactions with local banks that have lower credit ratings.

Exposure related to short-term investments

See Note 11.4 of the Notes to the consolidated financial statements.

Fair value associated with derivatives counterparty risk

The fair value associated with derivatives counterparty risk is calculated on the basis of historical default probabilities derived from the calculations of a leading rating agency, to which a recovery rate is applied. As of December 31, 2022 and December 31, 2021, the impact associated with the adjustment required by IFRS 13 was not material.

Note 13.5. Equity securities risk

		As of December 31	
<i>(in € millions)</i>	Notes	2021	2022
Risk on Company shares			
Treasury shares	14.2	2,380	1,559
Risk on other shares			
Investments in associates	5	771	576
Assets held for sale	4.2, 5.6	251	202
Investments in other non-consolidated companies	12.2	290	341

Note 13.6. Reconciliation of the consolidated balance sheet by class and accounting category

<i>(in € millions)</i>	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Carrying amount	Fair value	Fair value level ^(c)
As of December 31, 2022						
Financial assets						
Investments in other non-consolidated companies	50	291	–	341	341	1-3
Long-term loans and long-term financial assets	17	–	451	468	468	1-3
Derivatives – assets ^(a)	43	36	–	78	78	2
Trade receivables ^(b)	3,272	–	–	3,272	3,272	–
Other current assets ^(b)	1,233	82	–	1,315	1,315	–
Short-term loans	–	–	3	3	3	–
Money market funds	2,082	–	–	2,082	2,082	1
Other short-term investments	–	–	1,550	1,550	1,550	2
Cash	1,051	–	–	1,051	1,051	1
Total	7,748	409	2,004	10,160	10,160	
Financial liabilities						
Financing	3,179	–	10,983	14,162	13,701	2
Derivatives – liabilities ^(a)	380	2	–	382	382	2
Trade payables ^(b)	–	–	4,899	4,899	4,899	–
Other current liabilities ^(b)	–	49	3,542	3,591	3,591	–
Total	3,559	51	19,424	23,034	22,573	

(a) Derivative instruments used to manage net debt.

(b) The carrying amount approximates to the fair value given the short-term nature of these items.

(c) Valuation hierarchy used to assess fair value.

Valuation levels in accordance with IFRS 7 Financial instruments – Disclosures

Level	Fair value is based on:
1	(Unadjusted) prices listed on active markets for identical assets and liabilities.
2	Data other than listed prices as per level 1, which are observable for the asset or liability concerned, directly or indirectly. For asset and liability derivative instruments recognized at fair value, the Group uses measurement techniques that include data observable on the market, notably for interest rate swaps, forward currency purchases and sales, or currency options. The model integrates diverse data such as spot and forward exchange rates and the yield curve.
3	Data relating to the asset or liability that is not based on observable data on active markets.



NOTE 14. DANONE SHARES, DIVIDEND AND EARNINGS PER SHARE

Note 14.1. Accounting principles

DANONE shares held by the Company and its fully consolidated subsidiaries are recognized as a reduction in consolidated equity, under the heading Treasury shares and are measured at effective cost.

Note 14.2. DANONE treasury shares

Changes in terms of transactions and use according to the Company's objective

<i>(in number of shares)</i>	Situation as of December 31, 2021	Changes during the period			As of December 31, 2022
		Buybacks	Delivery of shares	Cancellation	
Shares allocated to external growth transaction	30,059,360				30,059,360
Shares allocated to employee shareholding plans	593,919		(203,283)		390,636
Shares allocated to cancellation	13,158,315			(13,158,315)	-
Shares held by the Company	43,811,594		(203,283)	(13,158,315)	30,449,996
Shares held by Danone Spain	5,780,005				5,780,005
Total shares held by the Group	49,591,599		(203,283)	(13,158,315)	36,230,001

Note 14.3. Outstanding DANONE shares

<i>(in number of shares)</i>	Notes	Year ended December 31					
		2021			2022		
		Share capital	Treasury	Outstanding	Share capital	Treasury	Outstanding
As of January 1		686,629,600	(36,833,690)	649,795,910	687,682,489	(49,591,599)	638,090,890
Capital increase	8.5	1,052,889		1,052,889	1,313,758		1,313,758
Changes in treasury shares	14.2		(12,757,909)	(12,757,909)	(13,158,315)	13,361,598	203,283
As of December 31		687,682,489	(49,591,599)	638,090,890	675,837,932	(36,230,001)	639,607,931

Note 14.4. Earnings per share – Group share

Accounting principles

Earnings per share correspond to the ratio of Net income – Group share adjusted for hybrid financing (adjustment of the income used to calculate Earnings per share for the coupon accrued for the period presented net of tax) divided by the Number of shares. The Number of shares corresponds to the average number of outstanding shares during the year, after deducting the treasury shares held by the Company and its fully consolidated subsidiaries.

Earnings per share after dilution (or diluted earnings per share) correspond to the ratio of Net income – Group share adjusted for hybrid financing divided by the Diluted number of shares. The Diluted number of shares corresponds to the Number of shares increased by the net impact, when it is positive, of the following three elements:

- the increase in the weighted average number of shares that would result from the acquisition of Group performance shares, taking into account only those shares whose performance conditions are met as of the closing date;
- the increase in the average number of fidelity shares allocated to approximately 1,750 directors and senior executives;
- the reduction in the number of shares that could theoretically be acquired, in accordance with the treasury stock method specified by IAS 33 *Earnings per share*.

Earnings per share

		Year ended December 31	
<i>(in € per share, except for number of shares)</i>	Notes	2021	2022
Net income – Group share		1,924	959
Coupon relating to hybrid financing, net of tax		(26)	(13)
Adjusted net income – Group share		1,898	945
Number of outstanding shares			
As of January 1		649,795,910	638,090,890
Effects of changes during the year	14.3	(11,705,020)	1,517,041
As of December 31		638,090,890	639,607,931
Average number of outstanding shares			
• Before dilution		646,155,699	639,050,821
Dilutive impact			
Group performance shares and fidelity shares		290,129	433,786
• After dilution		646,445,829	639,484,607
Net income – Group share, per share			
• Before dilution		2.94	1.48
• After dilution		2.94	1.48

Note 14.5. Dividend

Distributable reserves of the parent company Danone

For each subsidiary or associated company, their legally distributable reserves may differ from their reported retained earnings as a consequence of (i) consolidation adjustments applied to their separate financial statements, and (ii) the laws applicable in the countries in which the Group operates. In the case of the Group, under

French law, dividends can only be paid out of the net income for the year and the distributable reserves of the parent company Danone.

Payment of the 2022 dividend

The Shareholders' Meeting on April 26, 2022 in Paris approved the dividend proposed relating to the 2021 fiscal year of €1.94 per share in cash.

NOTE 15. OTHER NON-CURRENT PROVISIONS AND LIABILITIES AND LEGAL AND ARBITRATION PROCEEDINGS

Note 15.1. Accounting principles

Other provisions

Other provisions consist of provisions and investment subsidies.

Provisions are recognized when the Group has a present obligation resulting from a past event, it is probable that this obligation will result in a net outflow of resources to settle the obligation and the amount of the obligation can be reliably estimated. Danone also presents in Other provisions the "current" portion since it is not material and does not disclose information on provisions recognized if it deems such disclosure would seriously prejudice its position as regards the resolution of the matter that is the subject of the provision.

For each obligation, the amount of the provision recognized as of the reporting date reflects management's best estimate, as of that date, of the probable outflow of resources required to settle said obligation. If payment is made to settle the obligation or an outflow of resources is no longer probable, the provision is reversed (to reflect, respectively, the use or non-use of the provision).

Other non-current liabilities

Other non-current liabilities correspond to liabilities for uncertain income tax positions pursuant to IFRIC 23. They are recognized depending on whether it is probable that they will crystallize, without taking into account the probability that they will not be detected by the tax authorities. Their measurement must reflect management's best estimate as to their actual amount when they ultimately crystallize. They must be recognized on the basis of their most probable value or a weighted average of the values under various scenarios.

Note 15.2. Other non-current provisions and liabilities

As of December 31

(in € millions)	2021	2022
Other non-current provisions	1,243	1,074
Other non-current liabilities ^(a)	580	491
Total^(b)	1,823	1,565

(a) These relate to uncertain income tax positions.

(b) The current portion totaled €298 million as of December 31, 2022 (€496 million as of December 31, 2021).

Note 15.3. Changes in Other provisions

(in € millions)	As of January 1, 2022	Changes during the period					Other	As of December 31, 2022
		Changes in consolidation scope	Increase	Reversal of provisions used	Reversal of provisions not used	Translation adjustments		
Tax and territorial risks ^(a)	95	11	14	(4)	(11)	(1)	0	105
Employee-related and commercial disputes and other provisions	540	(0)	100	(23)	(40)	0	(19)	557
Restructuring provisions ^(b)	608	–	158	(214)	(151)	(1)	11	412
Total	1,243	11	272	(241)	(202)	(1)	(8)	1,074

(a) These concern those risks not relating to income tax, which are presented in Other non-current liabilities.

(b) Including a €98 million increase in respect of the Local First plan.

Changes in Other provisions in 2022 were as follows:

- increases resulted primarily from lawsuits against the Company and its subsidiaries in the normal course of business;
- reversals of provisions used occurred when the corresponding payments were made. Reversals of provisions not used related mainly to reassessments and situations where some risks ceased to exist. They related to several provisions, none of which is material individually.

As of December 31, 2022, provisions for tax risks, territorial (not related to income taxes) and commercial, employee-related, and

other disputes included several provisions for legal, financial, tax and territorial risks as well as provisions for multi-year compensation granted to some employees, with these provisions established in the context of the normal course of business, as well as provisions relating to employee-related measures under the terms of the Local First plan.

Also, as of this date, Danone believes that it is not subject to known risks that could, individually, have a material impact on its financial situation or its profitability.

Note 15.4. Legal and arbitration proceedings

In 2022, a number of actions were brought by cattle farmers against various players in the dairy industry in Spain, including the Spanish subsidiary Danone S.A.. Cattle farmers have filed claims alleging that they have suffered damages for the under-priced milk sold. Danone S.A. firmly refutes these allegations and intends to defend its interests in each of these proceedings.

In 2021, a number of class action lawsuits were filed in the United States against the U.S. subsidiary Nurture Inc. on the basis of alleged misleading advertising regarding the presence of certain heavy metals in food products. In several parallel lawsuits, plaintiffs (who are individuals) have alleged that they have suffered personal injury resulting from having consumed these food products. Nurture Inc. formally denies all these allegations and reaffirms the safety of its products. Nurture Inc. is vigorously defending its interests in each of these proceedings.

In addition, on October 7, 2021, Danone received a Statement of Objections (*notification de griefs*) from the French Competition Authority. This Statement of Objections, which was sent to more than 100 companies and 14 professional organizations, concerns in particular issues related to the application of competition rules,

and communication initiatives concerning the absence of bisphenol A from food contact materials before 2015.

Danone vigorously contests the French Competition Authority's allegations and intends to answer all of its questions in the context of the adversarial procedure, within the required time frame.

No provision has been recognized in the consolidated financial statements for the year ended December 31, 2022 as the Group is not currently in a position to make a reliable assessment of the potential impact of the outcome of these ongoing proceedings on its results and financial position.

In general, the Company and its subsidiaries are parties to legal proceedings arising in the normal course of business, in particular by customs and competition authorities in certain countries. Provisions are recognized when an outflow of resources is probable and the amount can be reliably estimated.

NOTE 16. RELATED PARTY TRANSACTIONS

Note 16.1. Accounting principles

The main related parties are the associated companies, the members of the Executive Committee and the members of the Board of Directors.

Note 16.2. Transactions with associates

Transactions with these companies are generally carried out at arm's length. They mainly involve management fees and royalties paid to Danone, services (mainly logistics) and financing. As in 2021, the amounts pertaining to 2022 are not material.

Note 16.3. Compensation and benefits granted to members of the Executive Committee and Board of Directors

Compensation paid

<i>(in € millions)</i>	Year ended December 31	
	2021	2022
Compensation paid to corporate officers and members of the Executive Committee ^(a)	17.3	28.6
Attendance fees paid to Directors	0.8	0.8
Total	18.2	29.4
Carrying amount of shares subject to performance conditions granted during the year ^(b)	8.2	18.4

(a) Annual and multi-year fixed and variable compensation (gross amount excluding employer contributions), of which the variable portion totaled €12.5 million in 2022 (€5.6 million in 2021).

(b) The carrying amount represents the full estimated value as of the grant date in accordance with IFRS 2 on the assumption that the performance conditions have been satisfied.

Danone's commitment to the corporate officers and Executive Committee members with respect to their retirement plans

The amount of provisions for the defined benefit retirement plan represented Danone's commitment as of December 31, 2022, in accordance with IFRS, *i.e.* a total of €31.7 million for Executive Committee members. Indeed, as regards the Chief Executive Officer

Antoine de SAINT-AFFRIQUE, he does not benefit from this plan as it has been closed to new beneficiaries since 2003.

Loans and guarantees

In 2022, as in 2021, no loan or guarantee was granted or established by the Company or its subsidiaries on behalf of Executive Committee members.

NOTE 17. SUBSEQUENT EVENTS

To the Company's knowledge, no material events occurred after February 21, 2023, the date on which the 2022 consolidated financial statements were approved by the Board of Directors.



NOTE 18. FEES TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

<i>(in € millions, except percentage)</i>	Pricewaterhouse- Coopers Audit		Mazars & Associés ^(b)		Ernst & Young Audit			
	2021	2022	2021	2022	2021	2022	2021	2022
Statutory audit: certification of the individual and consolidated financial statements	4.0	74%	4.0	86%	5.5	85%	6.0	82%
Services other than the certification of the financial statements	1.4	26%	0.6	14%	1.0	15%	1.3	18%
Total ^(a)	5.4	100%	4.6	100%	6.4	100%	7.3	100%

(a) Fees invoiced in foreign currencies have been translated into euros on the basis of the annual average exchange rates used by Danone.

(b) Mazars & Associés was appointed Statutory auditors of Danone by the Shareholders' Meeting of April 26, 2022.

In 2022, the fees of the Statutory auditors of the parent company and its French subsidiaries in respect of the certification or limited review of the individual and consolidated financial statements totaled €2.5 million (€2.6 million in 2021), of which €0.9 million for Mazars & Associés (€1.2 million for PricewaterhouseCoopers Audit in 2021) and €1.6 million for Ernst & Young Audit (€1.4 million in 2021). The fees for services other than the certification of the financial statements for the year ended December 31, 2022 totaled €1.6 million (€1.5 million in 2021), of which €0.6 million for Mazars & Associés (€0.7 million for PricewaterhouseCoopers Audit in 2021) and €1.0 million for Ernst & Young Audit (€0.7 million in 2021) and included in particular fees for due diligences, tax services and

agreed-upon procedures related to disposals of companies' shares, and fees for tax services related to reorganization projects.

The fees of the Statutory auditors' networks for services other than the certification of the financial statements to certain foreign subsidiaries of Danone totaled €0.4 million (€0.9 million in 2021), of which €0.0 million for Mazars & Associés (€0.7 million for PricewaterhouseCoopers Audit in 2021) and €0.4 million for Ernst & Young Audit (€0.2 million in 2021), and included in particular fees for tax services related notably to the review of technical documentation or technical analysis of tax positions adopted by certain foreign subsidiaries.

NOTE 19. EXEMPTION OPTION FROM STATUTORY REQUIREMENTS RELATED TO SOME AFFILIATES

Companies included in the consolidated financial statements of Danone SA exemption options in respect of the year ended December 31, 2022, which shall be mentioned in the consolidated financial statements pursuant to local regulations

Country and exemption	Company (company number)
Germany Exemption option from audit of individual accounts under § 264 (3) HGB	Milupa GmbH
Ireland Exemption option from publication of individual accounts under section 357 (1) of the Companies Act 2014	Nutricia Infant Nutrition Limited (384474), Danone Europe Limited (407825), Danone Limited (217235), Nutricia Ireland Limited (106997)

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Danone,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Danone for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Revenue recognition

RISK IDENTIFIED	OUR RESPONSE
<p>As of December 31, 2022, total net sales were recorded for an amount of €27,661 million in the consolidated financial statements.</p> <p>As indicated in Note 6.1 to the consolidated financial statements, the Group's sales are stated net of trade discounts and rebates granted to customers (including costs relating to trade support and listing agreements or occasional promotional actions invoiced by retailers). Revenue recognition therefore involves estimates related to such agreements or actions.</p> <p>We deemed the valuation of trade discounts and rebates to be a key audit matter given (i) the Group's broad customer base across different countries and with varying contractual relationships (based on sales volumes, promotional agreements or trade practices), (ii) the significance of trade discounts and rebates, and (iii) the complexity of valuating these amounts at year-end.</p>	<p>We assessed the compliance of the revenue recognition rules applied by the group with international financial reporting standards (IFRS). Given the large number of sales transactions carried out by the Group's various entities, we gained an understanding of the internal control procedures relating to the estimation of trade discounts and rebates as part of the revenue recognition process and tested the controls that we considered to be key, in the main operating entities.</p> <p>We also performed substantive procedures to assess:</p> <ul style="list-style-type: none"> the amounts to be refunded to customers being measured and recognized on the reporting date, on a sample on customers, by (i) reconciling the estimates with the contractual data in the information systems used to manage trade terms and conditions or in the contracts with the relevant customers, and (ii) analyzing for selected amounts, the assumptions used, where applicable, with regard to actions taken or specific situations and customary trade practices; whether revenue was being recognized in the appropriate period by (i) testing, using sampling techniques, the transactions booked after the reporting date to identify any non-accrued discounts and rebates as of closing date and (ii) analyzing the change in accruals and their ageing.



Goodwill, brands and invested capital in Russia

RISK IDENTIFIED	OUR RESPONSE
<p>As of December 31, 2022, goodwill amounted to €17,938 million euros and brands amounted to €5,843 million.</p> <p>In the course of the financial year, the Group recognized a €171 million impairment charge on goodwill and brands excluding Russia. In addition, a €487 million impairment charge has been recognized relating to invested capital in Russia.</p> <p>These assets are subject to impairment tests, at least once a year in the case of goodwill and brands with indefinite useful lives. The recoverable amounts of these assets or groups of assets are generally estimated on the basis of the discounted cash flows method or market value in the case of goodwill and according to the royalty relief methodology for brands, with the exception of certain brands for which the group possesses third-party valuations, as explained in Notes 3 and 10.3 to the consolidated financial statements.</p> <p>In 2022, as indicated in Note 10.3 to the consolidated financial statements, management has also revised the definition of the cash generating units (CGUs) and groups of CGUs to which goodwill are allocated to reflect the Group's reorganization leading to the allocation of goodwill to geography-led CGUs and no longer to category-led CGUs.</p> <p>The impairment tests are based on estimates and on management's judgment concerning (i) the definition of the cash generating units (CGUs) and the allocation of assets to these CGUs (ii) the estimation of the future performance of the assets or CGUs and (iii) the determination of the discount rates, long-term growth rates, and royalties' rates as regards brands.</p> <p>Taking into account the sensitivity of these estimates, we therefore deemed the measurement of goodwill and brands to be a key audit matter.</p>	<p><i>Goodwill and brands</i></p> <p>We gained an understanding of the processes set up by management to allocate the goodwill to CGUs or groups of CGUs, in order to identify any indications of loss in value and to determine the cash flow projections underlying the impairment tests.</p> <p>For a sample of CGUs and brands, identified on the basis of quantitative and qualitative factors, as well as for the invested capital in Russia, we examined the methods and main assumptions used to determine the recoverable amount, including:</p> <ul style="list-style-type: none">• forecasted cash flows: the assumptions relating to the growth of the business and market shares were compared with the available market analyses. We also compared the main assumptions with past performance and assessed the trends between past forecasts and actual figures;• the long-term growth rates, the discount rates and the royalties' rates, with the support of financial valuation experts included in the audit team. <p><i>Invested capital in Russia</i></p> <p>Regarding the invested capital in Russia, we have moreover examined the implications of the ongoing disengagement project.</p> <p>We also analyzed the sensitivity of the test results to the main assumptions used by management and examined the disclosures provided in the notes to the consolidated financial statements.</p>

Tax assets and liabilities

RISK IDENTIFIED	OUR RESPONSE
<p>The Group operates in many different tax jurisdictions throughout the world. Consequently, the Company and its subsidiaries may be subject to audits or questioning by local tax authorities. The situations where outflows of resources are considered probable give rise to liabilities measured on the basis of facts known in the jurisdiction involved.</p> <p>As indicated in Note 15 to the consolidated financial statements, liabilities for tax risks, including territorial risks, amounted to €596 million as of December 31, 2022.</p> <p>As of December 31, 2022, the amount of €120 million is recognized in the consolidated balance sheet in respect of the deferred tax assets relating to tax loss carryforwards as set out in Note 9.3 to the consolidated financial statements. The recoverability of these deferred tax assets resulting from tax loss carryforwards is based primarily on the ability of the entities concerned to meet their targets defined in the business plans drawn up by management.</p> <p>The recognition of tax assets and liabilities and liabilities for tax risks constitutes a key audit matter, given (i) the judgment required to assess the recoverability of deferred taxes and (ii) the probable outflows of resources related to tax disputes.</p>	<p>We gained an understanding the procedures implemented within the Group to identify the main tax risks, as well as management's assessments of these risks.</p> <p>We also gained an understanding of the opinions of third parties and analyzed past and current experience with the tax authorities in the jurisdictions concerned. Furthermore, we included tax specialists in the audit team in order to assess the assumptions used by management to determine the liabilities for tax risks.</p> <p>We examined the deferred tax positions for the most significant entities. Our work consisted primarily in examining the consistency of the assumptions concerning the use of the tax loss carryforwards against future taxable profits with the business projections prepared by the management, used in particular within the scope of the impairment tests on goodwill and on brands.</p>

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and the information has to be subject to a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of chief executive officer, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in the macro-tagging of consolidated accounts according to the single European electronic information format, the content of certain tags in the notes may not be returned in the same way as the consolidated accounts attached to this report.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of Danone by the annual general meetings held on 28 April 2016 for ERNST & YOUNG Audit and on 22 April 2022 for MAZARS & Associés.

As at December 31, 2022, ERNST & YOUNG Audit and MAZARS & Associés were in the seventh year of total uninterrupted engagement and the first year of engagement respectively.

Previously, ERNST & YOUNG et Autres held office as statutory auditor of Danone since 2010.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 7, 2023

The Statutory Auditors

French original signed by

MAZARS & ASSOCIES

Achour MESSAS

Gonzague SENLIS

ERNST & YOUNG Audit

Gilles COHEN

Alexandre CHRÉTIEN

4.2 FINANCIAL STATEMENTS OF DANONE SA, THE PARENT COMPANY

FINANCIAL STATEMENTS OF DANONE SA

Income statement

<i>(in € millions)</i>	Notes	Year ended December 31	
		2021	2022
Sales		635	699
Other income		65	73
Total operating income	3	700	772
Personnel costs	4	(254)	(282)
Other operating expense	5	(583)	(677)
Total operating expense		(837)	(959)
Net operating expense		(137)	(187)
Income from equity interests		4,038	1,707
Interest on loans and receivables and similar income		207	198
Interest on borrowings and similar expense		(233)	(239)
Other financial income (expense)		(4)	(96)
Net financial income	6	4,008	1,570
Net income before non-recurring items and tax		3,871	1,383
Net non-recurring income (expense)	7	(244)	(74)
Income tax	8	47	45
Net income for the year		3,674	1,353

Balance sheet

Assets

As of December 31

<i>(in € millions)</i>	Notes	2021		2022	
		Net amount	Gross amount	Depreciation, amortization and provisions	Net amount
Intangible assets		98	297	(157)	140
Property, plant and equipment		19	47	(29)	18
Equity interests		27,838	27,946	(168)	27,778
Other financial assets		5,477	4,805	(43)	4,762
Financial assets	9	33,315	32,751	(211)	32,540
Non-current assets		33,432	33,095	(396)	32,698
Short-term loans and receivables	10	252	308	(2)	306
Marketable securities	11	44	33	-	33
Cash and cash equivalents		-	-	-	-
Current assets		297	341	(2)	339
Deferrals and prepaid expense		161	178	-	178
Total assets		33,889	33,614	(398)	33,215

Equity and liabilities

As of December 31

<i>(in € millions)</i>	Notes	2021	2022
Share capital		172	169
Share premium		5,735	4,989
Revaluation adjustment		4	4
Other reserves		3,790	3,790
Retained earnings		2,604	5,029
Net income for the year		3,674	1,353
Regulated provisions		21	21
Equity	12	16,000	15,355
Other equity	14	1,250	1,250
Provisions for risks and charges	13	155	83
Bonds	14	13,277	12,390
Other financial debt	14	1,503	788
Other liabilities	15	1,587	3,217
Deferrals and accrued expense		117	132
Total equity and liabilities		33,889	33,215

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY DANONE SA

The financial statements of the parent company Danone ("the Company") for the year ended December 31, 2022 were approved by Danone's Board of Directors on February 21, 2023 and will be submitted for approval to the Shareholders' Meeting on April 27, 2023. Danone and its consolidated subsidiaries constitute "the Group".

Unless indicated otherwise, amounts are expressed in millions of euros and rounded to the nearest million. Generally speaking, the

values presented in the financial statements of the parent company Danone and in the Notes to the financial statements of the parent company Danone are rounded to the nearest unit. Consequently, the sum of the rounded amounts may differ, albeit to an insignificant extent, from the reported total. In addition, ratios and variances are calculated on the basis of the underlying amounts and not on the basis of the rounded amounts.

Contents

GENERAL INFORMATION: ACCOUNTING PRINCIPLES AND HIGHLIGHTS OF THE YEAR

Note 1.	Accounting principles	124
Note 2.	Highlights of the year	126

INCOME STATEMENT ITEMS

Note 3.	Operating income	126
Note 4.	Personnel costs and compensation of the members of the management bodies and the Board of Directors	126
Note 5.	Other operating expense	126
Note 6.	Net financial income (expense)	127
Note 7.	Net non-recurring income (expense)	127
Note 8.	Income tax expense	127

BALANCE SHEET ITEMS - ASSETS

Note 9.	Financial assets	128
Note 10.	Short-term loans and receivables	129
Note 11.	Marketable securities	130

BALANCE SHEET ITEMS - EQUITY AND LIABILITIES

Note 12.	Equity	130
Note 13.	Provisions for risks and charges	131
Note 14.	Bonds, Other equity and Other financial debt	131
Note 15.	Other liabilities	133

OTHER INFORMATION

Note 16.	Post-employment benefit commitments and commitments to management bodies and to the Board of Directors	134
Note 17.	Off-balance sheet commitments	135
Note 18.	Workforce	136
Note 19.	Related party transactions	136
Note 20.	Summary of shares held in portfolio	136
Note 21.	Results and other significant information relating to the last five years	137
Note 22.	Subsequent events	137

NOTE 1. ACCOUNTING PRINCIPLES

The Company's financial statements are prepared in accordance with French statutory and regulatory provisions and generally accepted accounting principles. The general rules for drawing up and presenting annual financial statements comply with ANC regulation 2018-01. The main accounting methods used are detailed hereafter.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at cost of acquisition (including acquisition-related costs) and are amortized or depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	15 to 20 years
Fixtures and fittings	8 to 12 years
Other property, plant and equipment	4 to 10 years
Software	1 to 10 years

Financial assets

Financial assets comprise Equity interests and Other financial assets.

Equity interests are shares in companies, the long-term holding of which is deemed to be useful for the Company's activity, notably because it enables the Company to exercise influence on or control over the issuing company. Investments that do not meet this definition are classified as Other financial assets. Equity interests are recognized at acquisition cost, including acquisition-related costs, which are amortized over five years as of the date of acquisition. For tax purposes, these assets are subject to accelerated tax amortization rates. An impairment provision is recognized when the recoverable amount of Equity interests is below their carrying amount.

Recoverable amount is determined using various criteria including:

- market value;
- value in use based on forecast discounted cash flows;
- revalued equity.

Assumptions, estimates or appraisals used to determine the recoverable amount are made on the basis of available information and conditions at the end of the financial period presented, which may differ from the reality, particularly in an economically and financially volatile context. Impairment provisions are recognized as Other financial income (expense), with the exception of reversals of impairment in connection with disposals of equity interests, which are recognized as Net non-recurring income (expense). Gains or losses on disposals of equity interests are recognized as Net non-recurring income (expense).

Other financial assets consist mainly of a portion of the DANONE treasury shares held in connection with the authorizations given by the Shareholders' Meeting (see hereinafter) and long-term loans and receivables granted by the Company.

DANONE treasury shares

DANONE shares repurchased by the Company are recognized under the heading:

- Other financial assets, when they are repurchased in connection with corporate acquisitions or to be canceled;
- Marketable securities, when they are repurchased to hedge Group performance share plans under which shares are allocated to certain Danone employees and corporate officers.

They are recognized at acquisition cost, excluding acquisition-related costs. In the event of a disposal, the cost of the DANONE shares sold is calculated by allocation category in accordance with the weighted average cost method, which is calculated individually for each plan for the shares allocated to hedge Group performance share plans.

DANONE shares recognized as Other financial assets

In the case of DANONE shares recognized as Other financial assets that are not to be canceled, an impairment provision is recognized when their recoverable amount (assessed at the average price for the last month of the fiscal year) falls below their carrying amount.

Loans and receivables

Loans and receivables are stated at their nominal value. An impairment provision is recognized when the recoverable amount is less than the carrying amount.

Recognition of transactions in foreign currencies

Expense and income in foreign currencies are recorded at their exchange value in euros at the date of the transaction.

Liabilities, receivables and cash denominated in foreign currencies are recorded in the balance sheet at their exchange value in

Marketable securities

Marketable securities comprise a portion of the treasury shares and other investments made by the Company.

Their gross value corresponds to their acquisition cost excluding acquisition-related costs. When the market value of each category

Bonds

Bonds consist in borrowings raised by Danone, on capital markets, notably under its EMTN (Euro Medium Term Note) program, through public issues or private placements, denominated in euros or foreign currencies. Bonds denominated in foreign currencies may be maintained in those currencies or swapped into euros. Bonds are recognized at their redemption value. Issuance premiums and

Derivatives

Danone hedges part of its bonds denominated in foreign currencies by cross-currency swaps. The Company also carries out interest rate hedging transactions in respect of certain borrowings and uses currency swaps to hedge its short-term debt instruments issued in foreign currencies. The Company enters into derivatives directly with banking counterparties or through its wholly-owned

DANONE shares recognized as Marketable securities

Hedging of Group performance shares for which it is probable that performance conditions will not be met

In the case of treasury shares allocated to hedge plans that cannot be exercised (it is probable that the performance conditions will not be met), a provision for impairment is recognized when the market value of the shares (assessed at the average price for the last month of the fiscal year) is less than their carrying amount.

Hedging of Group performance shares for which it is probable that performance conditions will be met

In the case of treasury shares allocated to hedge plans that can be exercised (it is probable that the performance conditions will be met), a provision for impairment is not recognized. However, a provision for risks and charges is, where necessary, recognized in respect of these plans, equal to the carrying amount of the shares allocated to said plans. The provision is booked pro rata to the rights vesting period and recognized in Personnel costs in the income statement.

euros calculated at the closing rate. The differences resulting from translation at this rate are recorded in the balance sheet in the line items Deferrals and prepaid expense and Deferrals and accrued expense in the case of receivables and liabilities. A provision for risks is recognized for non-hedged unrealized exchange losses.

of securities of the same nature is lower than the acquisition cost, a provision for impairment is recognized equal to the difference. For further information about treasury shares reclassified as Marketable securities, see the above section DANONE shares recognized as Marketable securities.

issuance expenses are recognized as assets in the balance sheet and amortized in the income statement over the life of the bonds. The Company also issues bonds in the form of undated deeply subordinated fixed rate resettable notes. These hybrid financing arrangements are recognized in the balance sheet under Other Equity.

subsidiary Danone Corporate Finance Services. Since January 1, 2017, the Company has applied ANC Regulation no. 2015-05 on forward financial instruments and hedging transactions. As the derivatives implemented by the Company meet the conditions for classification as hedging instruments, the corresponding profits and losses are recognized in the same period as the hedged item.

Provisions for risks and charges

Provisions are recognized for identified risks and charges of uncertain timing or amount when the Company has an obligation to a third party and it is certain or probable that this obligation will result in a net outflow of resources for the Company.

For further information about provisions against Group performance share plans, see the above section *DANONE shares recognized as Marketable securities*.

Retirement commitments

Supplementary retirement commitments and lump sum retirement payments borne by the Company are presented within Off-balance sheet commitments.

NOTE 2. HIGHLIGHTS OF THE YEAR

Reduction of share capital by cancellation of treasury shares

The Board of Directors, on the authorization of the Combined Shareholders' Meeting of April 26, 2022, decided to reduce the share capital by canceling 13.2 million treasury shares with a par value of €0.25, acquired in the context of a share buyback program during

the second half of 2021 at market value, i.e. for a total cost of €800 million. The difference totaling €797 million has been recognized under "Share premium".

NOTE 3. OPERATING INCOME

Sales comprise mainly the billing of direct and indirect subsidiaries for services rendered by the Company to those subsidiaries. They totaled €699 million in 2022 (€635 million in 2021).

Other income totaled €73 million in 2022 (€65 million in 2021) and comprised mainly reversals of provisions for risks and charges relating to hedging of the Group performance share plans granted by the Company.

NOTE 4. PERSONNEL COSTS AND COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BODIES AND THE BOARD OF DIRECTORS

Personnel costs

Personnel costs comprise the gross compensation of the Company's employees and senior executives and the related social charges as well as the charges relating to the Group performance share plans under which shares are allocated to certain Danone employees and corporate officers subject to performance conditions.

Company's share of the compensation paid to the members of the Board of Directors and the Executive Committee

Year ended December 31

<i>(in € millions)</i>	2021	2022
Compensation paid to corporate officers and members of the Executive Committee ^(a)	11	17
Attendance fees paid to non-executive members of the Board of Directors ^(b)	1	1
Total	12	18

(a) Recognized in Personnel costs.

(b) Recognized in Other operating expense.

NOTE 5. OTHER OPERATING EXPENSE

Other operating expense comprised mainly fees paid to external service providers and charges for rent and services provided and totaled €677 million in 2022 (€583 million in 2021).

NOTE 6. NET FINANCIAL INCOME (EXPENSE)

Net financial income totaled €1,570 million in 2022 (€4,008 million in 2021).

Income from equity interests

Income from equity interests consisted of dividends received from the Company's equity interests. In 2022, these dividends totaled €1,707 million (€4,038 million in 2021), mostly from its subsidiaries in the Specialized Nutrition business.

Interest on loans and receivables and similar income

In 2022, interest on loans and receivables and similar income comprised mainly (i) interest received on loans and receivables granted to certain direct or indirect subsidiaries for €149 million (mainly in the United States), (ii) interest received from cross-currency swaps for €21 million, and (iii) interest on interest rate swaps for €27 million.

Interest on borrowings and similar expense

	As of December 31	
<i>(in € millions)</i>	2021	2022
Bonds ^(a)	231	199
Derivatives used to hedge bonds ^(b)	4	12
Current account with Danone Finance International ^(a)	5	28
Short-term borrowings from indirect subsidiaries ^(a)	–	–
Commercial paper ^(a)	(7)	1
Total	233	239

(a) Interest paid and accrued in respect of the year.

(b) Interest linked to IRS (Interest rate swap) and CCS (Cross currency swap).

NOTE 7. NET NON-RECURRING INCOME (EXPENSE)

In 2022, Danone generated a Net non-recurring expense of €74 million. Its main components were the expenses relating to the Local First plan. In 2021, Danone generated a Net non-recurring expense of €244 million, which consisted mainly of expenses relating to the Local First plan.

NOTE 8. INCOME TAX EXPENSE

Tax group

The Company forms a tax group with the French subsidiaries in which it holds, directly or indirectly, a stake of more than 95%.

Companies that were members of the tax group in 2022

As of December 31, 2022	
BLEDINA	HELDINVEST 9
COMPAGNIE GERVAIS DANONE	HELDINVEST 11
DAN INVESTMENTS	HELDINVEST 12
DANONE ^(a)	HOLDING INTERNATIONALE DE BOISSONS
DANONE CORPORATE FINANCE SERVICES	LES PRES RIENT BIO
DANONE DAIRY ASIA	NUTRICIA NUTRITION CLINIQUE SAS
DANONE FINANCE INTERNATIONAL	PRODUITS LAITIERS FRAIS ESPAGNE
DANONE MANIFESTO VENTURE EUROPE	PRODUITS LAITIERS FRAIS EST EUROPE
DANONE NUTRICIA AFRICA & OVERSEAS	PRODUITS LAITIERS FRAIS SUD EUROPE
DANONE PRODUITS FRAIS FRANCE	SOCIÉTÉ ANONYME DES EAUX MINÉRALES D'ÉVIAN
DANONE RESEARCH	SOCIÉTÉ DES EAUX DE VOLVIC
MICHEL ET AUGUSTIN	

(a) The Company

The subsidiaries that are members of the tax group recognize and pay their tax to the Company as if they were taxed separately, in compliance with the rules set by the French tax authorities. The tax savings (or additional charges) – based on the difference between the tax charges recorded by the different subsidiaries of the tax group and the tax charge resulting from the computation of the

results of the tax group – are recognized in the income statement under Income tax.

In 2022, the tax group recorded a tax loss. As of December 31, 2022, tax loss carry-forwards accumulated within the tax group in France amounted to €1,076 million, compared with €950 million as of December 31, 2021.

Other information

In accordance with Article 39.4 of the French Tax Code, in 2022 the Company recognized €0.4 million as taxable income in respect of passenger vehicle depreciation and rental. The application of Article 39.5 of the French Tax Code did not result in any add-backs to taxable income in 2022.

As of December 31, 2022, items likely to result in a reduction of future tax liabilities consisted mainly of accrued charges and provisions. They totaled €86 million and would reduce future tax charges by €22 million.

NOTE 9. FINANCIAL ASSETS

Carrying amount and changes during the period

<i>(in € millions)</i>	As of December 31, 2021	Changes during the period			As of December 31, 2022
		Increase ^(b)	Decrease	Reclassification, translation ^(a)	
Gross amount					
Equity interests	27,946	–	–	–	27,946
Long-term loans and receivables	3,131		(45)	173	3,258
DANONE treasury shares	2,342		–	(800)	1,542
Other	4	–	–	–	4
Other financial assets	5,477	–	(45)	(627)	4,805
Total	33,423	–	(45)	(627)	32,751
Provisions ^(b)	(108)	(102)	–	–	(211)
Net total	33,315	(102)	(45)	(627)	32,540

(a) Cancellation of treasury shares (see Note 2).

(b) Consists mainly of provisions for impairment of Equity interests and Treasury shares.

Equity interests

Equity interests held in portfolio as of December 31, 2022

(in € millions, except percentage)

	Share capital ^(a)	Other equity ^{(a)(c)}	Share of equity held	Number of shares held	Carrying amount of shares held – Gross	Carrying amount of shares held – Net	Maximum authorized amount of guarantees, security interests and endorsements given by the Company	Net sales ^(b)	Net income (loss) ^(b)	Dividends received by the Company during the year
Subsidiaries (at least 50% of the share capital held by the Company)										
French investments										
BLEDINA	24	79	100%	1,602,357	43	43	-	684	33	94
COMPAGNIE GERVAIS DANONE	9,338	697	100%	370,575,203	9,755	9,755	-	-	(841)	
DAN INVESTMENTS	37	0	100%	1,829,763	82	50	-	-	(4)	
DANONE CORPORATE FINANCE SERVICES	142	130	100%	8,875,000	179	179	-	-	(1)	
DANONE NUTRICIA AFRICA & OVERSEAS	27	1	100%	266,421,480	2	2	-	172	3	6
HOLDING INTERNATIONALE DE BOISSONS	324	805	100%	161,768,722	1,116	1,116	-	-	73	
Foreign investments										
DANONE ASIA PTE LTD	605	(242)	88%	979,032,009	469	469	-	-	222	176
DANONE BABY AND MEDICAL NUTRITION BV	1,305	13,671	100%	5,221,575,800	13,575	13,575	-	-	1,004	1,400
DANONE FINANCE NETHERLANDS	8	-	100%	800,000	94	26	-	-	-	
DANONE SINGAPORE HOLDINGS PTE LTD	76	(8)	61%	82,769,847	49	49	-	-	23	10
FPS DANONE COMMUNITIES	24	(4)	72%	20,859	16	15	-	-	-	
NUTRICIA RUSSIA BABY	-	14	70%	4,445,000	153	94	-	196	29	-
Investments in associates (at least 10% to 50% of the share capital held by the Company)										
NV DANONE SA	186	1,211	23%	21,988	400	400	-	351	166	6
DANONE FINANCE INTERNATIONAL	965	4,971	33%	4,034,154	2,012	2,004	2,000	-	99	15
Total					27,946	27,778				

(a) Amounts related to foreign companies are translated at the year-end exchange rate.

(b) Amounts related to foreign companies are translated using the average exchange rate for the year.

(c) Excluding net income (loss) for the year.

NOTE 10. SHORT-TERM LOANS AND RECEIVABLES

As of December 31, 2022, this balance sheet item comprised €306 million of loans and receivables due to the Company within less than one year, including tax receivables totaling €112 million, accounts receivable totaling €84 million, derivative instruments totaling €38 million and other receivables totaling €72 million.

NOTE 11. MARKETABLE SECURITIES

Carrying amount and changes during the period

<i>(in € millions)</i>	As of December 31, 2021	Changes during the period				As of December 31, 2022
		Increase	Decrease (delivery)	Reallocation	Reclassification	
DANONE shares						
DANONE shares hedging Group performance shares ^(a)	31		(11)			20
Total	31	-	(11)	-	-	20
SICAV Danone Communities ^(b)	13					13
Total	44	-	(11)	-	-	33

(a) Portion of DANONE treasury shares recognized as Marketable securities (see Note 1 of the Notes to the financial statements of the parent company Danone).

(b) Danone Communities is a mutual fund (French SICAV) aimed at financing social projects through an investment vehicle that generates a return comparable to the money market rate.

NOTE 12. EQUITY

Carrying amount and changes during the period

<i>(in € millions)</i>	As of December 31, 2021		Changes during the period				As of December 31, 2022
	Before allocation	After allocation ^(b)	Net income	Capital decrease	Capital increase ^(c)	Other changes	Before allocation
Share Capital	172	172	-	(3)	-		169
<i>In number of shares ^(a)</i>	<i>687,682,489</i>	<i>687,682,489</i>	<i>-</i>	<i>(13,158,315)</i>	<i>1,313,758</i>		<i>675,837,932</i>
Share premium	5,735	5,735	-	(797)	51		4,989
Legal reserve	25	25	-				25
Other reserves	3,769	3,769	-				3,769
Retained earnings	2,604	5,029					5,029
Net income for the year	3,674	-	1,353				1,353
Regulated provisions	21	21					21
Total	16,000	14,751	1,353	(800)	51		15,355

(a) Ordinary shares with a par value of €0.25.

(b) Following shareholder approval at the Shareholders' Meeting of April 26, 2022, €1,249 million of the amount available for allocation of net income from the year ended December 31, 2021 was allocated to the dividend, and the remainder to retained earnings.

(c) Issues totaling €0.3 million carried out on May 17, 2022 and September 22, 2022 under the terms of the Company Savings Plans. These issues generated a share premium of €51 million.

NOTE 13. PROVISIONS FOR RISKS AND CHARGES

Carrying amount and changes during the period

<i>(in € millions)</i>	As of December 31, 2021	Changes during the period				As of December 31, 2022
		Reclassification ^(a)	Allocation	Reversal, used provision	Reversal, unused provision	
Provisions in respect of stock options and Group performance share plans	41	(5)	29	(10)	(7)	48
Restructuring provisions ^(b)	103	(30)	2	(21)	(27)	28
Other provisions	11	–	1	–	(4)	8
Total	155	(35)	32	(31)	(37)	83

(a) Reclassification as accrued expenses.

(b) Relating to the Local First plan.

NOTE 14. BONDS, OTHER EQUITY AND OTHER FINANCIAL DEBT

Bonds and Other equity

Carrying amount of bonds

<i>(in € millions)</i>	As of December 31	
	2021	2022
Hybrid financing	1,250	1,250
Nominal	13,223	12,330
Accrued interest	54	60
Total	14,527	13,640

Bonds issued by the Company are disclosed on the Group's website.

Most of the financing agreements entered into by the Company (bank lines of credit and bonds) include a change of control provision, which

offers creditors a right of early repayment in the event a change in control of the Company causes its rating by the financial rating agencies to fall below investment grade.

2022 transactions

<i>(in millions of currency)</i>	Year ended December 31		
	Currency	Nominal value	Maturity
New financing			
Euro bond	EUR	600	2032
Repayments			
Euro bond	EUR	1,000	2022
Dollar bond	USD	682	2022

Bonds: fixed rate/floating rate breakdown (after hedging where applicable) and changes during the period

<i>(in € millions)</i>	As of December 31, 2021	Changes during the period				As of December 31, 2022
		New borrowings	Repayment	Change in accrued interest	Revaluation	
Fixed rate portion						
Bonds	13,223	600	(1,682)		189	12,330
Accrued interest	54			6		60
Floating rate portion						
Bonds	–					
Accrued interest	–					
Total	13,277	600	(1,682)	6	189	12,390

Breakdown by currency

As of December 31, 2022

<i>(in € millions except Nominal value in foreign currency, in currency millions)</i>	Nominal value in foreign currency	Historical value	Carrying amount
Bonds in euros or in currencies hedged in euros			
Euro	9,050	9,050	9,050
U.S. dollar	3,500	3,205	3,280
Bonds in currencies not hedged in euros			
None			
Total		12,255	12,330

Portfolio of cross-currency swaps hedging certain foreign-currency denominated bonds

As of December 31, 2022

<i>(in € millions except Nominal value in foreign currency, in currency millions)</i>	Nominal value in foreign currency	Historical value in euros
Euro – U.S. dollar	500	439
Total		439

Other financial debt

Fixed rate/floating rate breakdown and changes during the period

<i>(in € millions)</i>	As of December 31, 2021	Changes during the period				As of December 31, 2022
		New borrowings	Repayment	Change in accrued interest	Revaluation	
Fixed rate portion						
Loan from Danone Finance International	–					–
Floating rate portion						
Commercial paper ^(a)	754	36			(2)	788
Short-term loan from ING	749		(749)			–
Other						
Total	1,503	36	(749)	–	(2)	788

(a) Net changes.

Maturity of Bonds and Other financial debt

	As of December 31	
<i>(in € millions)</i>	2021	2022
Due date less than 1 year	3,239	2,754
Due date between 1 and 5 years	8,441	6,724
Due date more than 5 years	3,100	3,700
Total	14,780	13,178

Composition of net debt

	As of December 31	
<i>(in € millions)</i>	2021	2022
Bonds	13,277	12,390
Other financial debt	1,503	788
Amounts owed by the Company to certain subsidiaries and affiliates ^(a)	1,223	2,757
Total debt	16,003	15,935
Marketable securities	44	33
Cash and cash equivalents	-	-
Total cash and cash equivalents	44	33
Total net debt	15,959	15,902

(a) Portion of the amounts owed by the Company to subsidiaries and affiliates presented in Other liabilities.

NOTE 15. OTHER LIABILITIES

Composition of Other liabilities

	As of December 31	
<i>(in € millions)</i>	2021	2022
Amounts owed by the Company to certain subsidiaries and affiliates	1,223	2,757
Trade payables	64	97
Unrealized foreign exchange gains	-	-
Accrued expenses	300	363
Total	1,587	3,217



Composition of Accrued charges

	As of December 31	
<i>(in € millions)</i>	2021	2022
Services provided	133	154
Personnel costs	99	145
Social charges	47	52
Tax liabilities	0	-
Financial debt	20	11
Total	300	363

NOTE 16. POST-EMPLOYMENT BENEFIT COMMITMENTS AND COMMITMENTS TO MANAGEMENT BODIES AND TO THE BOARD OF DIRECTORS

Post-employment benefit commitments

	As of December 31	
<i>(in € millions)</i>	2021	2022
Supplementary benefits in addition to defined benefit retirement plans ^(a)		
Gross commitments	673	471
Commitments net of retirement plan assets	513	326

(a) Commitments measured using the actuarial method.

These net commitments are presented off-balance sheet (see Note 17 of the Notes to the financial statements of the parent company Danone). The main commitment involves the retirement plan granted to some senior managers of Danone.

Retirement plan granted to some senior managers of Danone

Commitments measured using the actuarial method

	As of December 31	
<i>(in € millions)</i>	Retirement plan for senior managers	
	2021	2022
Gross commitments	580	400
Commitments net of retirement plan assets	456	288

Main actuarial assumptions

	Year ended December 31	
<i>(in percentage, except for ages in number of years)</i>	Retirement plan for senior managers	
	2021	2022
Discount rate	1.4%	4.0%
Expected return on plan assets	1.3%	4.0%
Salary growth rate	3.0%	3.0%
Retirement age	60-66	60-66

Commitments to management bodies and to the Board of Directors

Post-employment benefit commitments for corporate officers and Executive Committee members

As of December 31

<i>(in € millions)</i>	2021	2022
Supplementary benefits in addition to defined benefit retirement plans ^(a)		
Gross commitments	34	32

(a) Commitments measured using the actuarial method.

Severance pay for Executive Committee members

Severance pay for members of the Executive Committee in certain cases where they cease to continue their terms of office or exercise their functions were set at twice the annual gross compensation (fixed, variable, and in-kind) they received over the 12 months preceding the date on which they cease to continue their functions.

NOTE 17. OFF-BALANCE SHEET COMMITMENTS

Main commitments given directly and indirectly by the Company

As of December 31

<i>(in € millions)</i>	2021	2022
Put options held by non-controlling interests over some of the Company's direct and indirect equity interests ^(a)	354	323
Post-employment benefits ^(b)	513	326
Rents	109	104
Services provided	21	21
Derivative instruments ^(c)	4,171	5,463
Security interests ^(d)	2,000	2,000
Guarantees	1	1
Total	7,169	6,238

(a) Commitments given directly or indirectly by the Company (see details hereinafter in section *Put options over the Company's direct and indirect equity interests*).

(b) Net commitments in respect of defined benefit retirement plans (see Note 16 of the Notes to the financial statements of the parent company Danone).

(c) Corresponds to the nominal amount of cross-currency swaps and interest rate swaps for €5,463 million.

(d) The Company acted as joint and several guarantor for Danone Finance International.

Put options over the Company's direct and indirect equity interests

The Company or certain of its direct or indirect subsidiaries granted put options to third parties with non-controlling interests in certain consolidated subsidiaries, with these options giving the holders the

right to sell part or all of their investment in these subsidiaries. Their exercise price is generally based on the profitability and financial position of the company concerned at the exercise date of the put option.

Commitments received

Commitments received by the Company concerned €3 billion in available committed credit facilities as of December 31, 2022.

Other obligations

The Company and certain of its subsidiaries are parties to a variety of legal and arbitration proceedings arising in the ordinary course of business. Some of these proceedings involve claims for damages, and liabilities are booked when a loss is probable and can be reliably estimated.

In the context of exemptions from the preparation, certification and/or publication of the corporate financial statements of certain of its subsidiaries, the Company has granted comfort letters and guarantees in respect of the commitments made by the latter.

NOTE 18. WORKFORCE

Average number of Company employees during the year

		Year ended December 31			
<i>(in number, except percentage)</i>		2021		2022	
Executives and managers	830	82%	843	84%	
Supervisors and technicians	103	10%	99	10%	
Clerical staff	76	8%	63	6%	
Total	1,008	100%	1,004	100%	

NOTE 19. RELATED PARTY TRANSACTIONS

The main related parties are the associated companies and the members of the Executive Committee and of the Board of Directors.

Transactions with associated companies are generally carried out at arm's length. They mainly involve management fees paid to Danone, services and financing.

Details of the compensation paid to the members of the Executive Committee and of the Board of Directors are provided in Note 4

of the Notes to the financial statements of the parent company Danone. Details of Danone's commitments to the corporate officers and Executive Committee members with respect to the retirement plan are provided in Note 16 of the Notes to the financial statements of the parent company Danone. The related party agreements are described in section 6.6 *Related party agreements and commitments*.

NOTE 20. SUMMARY OF SHARES HELD IN PORTFOLIO

Securities of subsidiaries and associates

		As of December 31	
<i>(in € millions)</i>		2021	2022
Gross amounts		27,946	27,946
Provisions for impairment		(108)	(167)
Carrying amount		27,838	27,778

DANONE treasury shares

		As of December 31			
<i>(in € millions, except number of shares)</i>		2021		2022	
		Number of shares	Carrying amount	Number of shares	Carrying amount
Treasury shares classified as Financial assets ^(a)	43,217,675	2,342	30,059,360	1,499	
Treasury shares classified as Marketable securities ^(a)	593,919	31	390,636	20	
Total	43,811,594	2,373	30,449,996	1,519	

(a) See classification in Note 1 of the Notes to the financial statements of the parent company Danone.

NOTE 21. RESULTS AND OTHER SIGNIFICANT INFORMATION RELATING TO THE LAST FIVE YEARS

	2018	2019	2020	2021	2022
Capital at year-end					
Share capital (in €)	171,263,800	171,530,202	171,657,400	171,920,622	168,959,483
Number of shares issued	685,055,200	686,120,806	686,629,600	687,682,489	675,837,932
Operations and results for the year					
<i>(in € millions)</i>					
Sales	666	593	622	635	699
Net income before tax, depreciation, amortization and provisions	820	431	1,877	3,807	1,412
Income tax ^(a)	104	79	73	47	45
Net income after tax, depreciation, amortization and provisions	899	471	1,931	3,674	1,353
Dividends paid ^(b)	1,329	1,441	1,272	1,249	1,352
Earnings per share					
<i>(in € per share)</i>					
Income after tax but before depreciation, amortization and provisions	1.35	0.74	2.84	5.60	2.15
Net income after tax, depreciation, amortization and provisions	1.31	0.69	2.81	5.34	2.00
Dividend per share	1.94	2.10	1.94	1.94	2,00
Personnel					
Average number of employees for the year	888	919	990	1,008	1,004
Payroll expense (in € millions)	193	200	169	160	178
Amounts paid in respect of employee benefits (social security, social benefit schemes, etc.) <i>(in € millions)</i>	94	95	91	94	104

(a) Income (expense).

(b) Amount relating to the 2022 fiscal year estimated as of December 31, 2022 based on the number of treasury shares held on that date by the Company. The 2021 dividend corresponds to the amount actually paid during the 2022 fiscal year.

NOTE 22. SUBSEQUENT EVENTS

To the best of the Company's knowledge, no significant events occurred between the end of the reporting period and February 21, 2023] the date on which the Board of Directors approved the financial statements of the parent company Danone for the year ended December 31, 2022.



STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

This is a translation into English of the statutory auditor's report on the financial statements on the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Danone,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Danone for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from January 1, 2022, to the date of our report, and specifically we did not provide any prohibited non audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity interests

RISK IDENTIFIED	OUR RESPONSE
<p>As at December 31, 2022, equity interests amounted to 27,778 million euros out of a total balance sheet of 33,215 million euros.</p> <p>As stated in Note 1, section "Financial assets", to the notes to the financial statements, an impairment loss is recorded when the realisable value of the equity interests is lower than their carrying amount. The realisable value is determined by management based on various criteria, including market value, value in use based on discounted cash flows and revalued shareholders' equity.</p> <p>The estimation of the realisable value of these equity interests requires management to exercise its judgment in choosing the items to be taken into consideration depending on the interests concerned, as well as in determining the value in use, estimating the future performance of the entities concerned and the discount and long-term growth rates.</p> <p>In view of the materiality of equity interests in the company's balance sheet and the judgment required to estimate their realisable value, we considered the valuation of these interests to be a key audit matter.</p>	<p>Our work mainly consisted in the following, for a sample of equity interests determined based on qualitative and quantitative criteria:</p> <ul style="list-style-type: none">• For valuations based on historical data:<ul style="list-style-type: none">• examining the consistency between the shareholders' equity used and the accounts of the corresponding entities, as well as any adjustments performed on this shareholders' equity;• For valuations based on forecast data:<ul style="list-style-type: none">• obtaining the forecasted operating cash flows for the activities of the entities concerned and reconciling them with the forecast data provided in the latest strategic plans;• examining the assumptions used in the light of the economic environment at the closing date and the date on which the accounts were drawn up;• comparing the forecasts used for prior periods with the corresponding actual figures in order to assess the achievement of past targets. <p>We also examined the information provided in Note 1 and Note 9 to the Notes to the financial statements.</p>

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to the remuneration and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of chief executive officer, complies with the single electronic format defined in the Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

Based on the work we performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of Danone by the annual general meetings held on 28 April 2016 for ERNST & YOUNG Audit and on 22 April 2022 for MAZARS & Associés.

As at December 31, 2022, ERNST & YOUNG Audit and MAZARS & Associés were in the seventh year of total uninterrupted engagement and the first year of engagement respectively.

Previously, ERNST & YOUNG et Autres held office as statutory auditor of Danone since 2010.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.



Statutory auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 7, 2023

The Statutory Auditors

French original signed by

MAZARS & ASSOCIES

Achour MESSAS

Gonzague SENLIS

ERNST & YOUNG Audit

Gilles COHEN

Alexandre CHRÉTIEN

4.3 INFORMATION ON PAYMENT TERMS GRANTED TO SUPPLIERS AND CUSTOMERS OF THE PARENT COMPANY. DANONE SA

As of December 31, 2022

<i>(in € millions unless stated otherwise)</i>	Invoices received, unpaid and overdue as of the reporting date					
	Due in 0 day	Due between 1 and 30 days	Due between 31 and 60 days	Due between 61 and 90 days	Due 91 or more days	Total (1 or more days)
A. Overdue payment categories						
Number of invoices concerned	18					490
Total amount of invoices concerned (including taxes)	0,5	0,8	0,7	0,2	4,2	5,9
Percentage of total purchases for the year (excluding taxes)	0,1%	0,1%	0,1%	0,0%	0,7%	1,0%
Percentage of sales for the year (excluding taxes)						
B. Invoices excluded from (A) relating to payables and receivables in dispute or not recognized						
Number of excluded invoices						503
Total amount of excluded invoices						6,6
C. Benchmark contractual payment terms used						
Payment terms used to calculate overdue payments	Contractual terms: 60 days of invoice date, in the absence of statutory terms					

As of December 31, 2022

<i>(in € millions unless stated otherwise)</i>	Invoices issued, unpaid and overdue as of the reporting date					
	Due in 0 day	Due between 1 and 30 days	Due between 31 and 60 days	Due between 61 and 90 days	Due 91 or more days	Total (1 or more days)
A. Overdue payment categories						
Number of invoices concerned	115					871
Total amount of invoices concerned (including taxes)	5,0	-0,4	2,4	1,6	38,5	42,1
Percentage of total purchases for the year (excluding taxes)						
Percentage of sales for the year (excluding taxes)	0,7%	-0,1%	0,3%	0,2%	5,5%	6,0%
B. Invoices excluded from (A) relating to payables and receivables in dispute or not recognized						
Number of excluded invoices						0
Total amount of excluded invoices						0
C. Benchmark contractual payment terms used						
Payment terms used to calculate overdue payments	Contractual terms: 30 days from end of month of invoice					

4.4 INFORMATION ORIGINATING FROM THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST

None.

5.1 INTRODUCTION	144	5.6 RESPONSIBLE BUSINESS CONDUCT	193
Governance established to support Danone's Health, Nature and People & Communities frame of action	145	Responsible practices: ethics and integrity	193
A consistent set of principles to drive business sustainability	146	Responsible sourcing	196
Danone as an <i>Entreprise à Mission</i> and role of the Mission Committee	146	5.7 STRATEGY AND OBJECTIVES	198
B Corp ambition	147	Progress and lead Health through food for consumers and patients	198
Materiality analysis to highlight main externalities	147	Preserve and regenerate nature	198
Risks identified in connection with Danone's Non Financial Information Statement	148	Thriving People & Communities	199
5.2 NATURE	149	5.8 APPLICATION OF THE EUROPEAN TAXONOMY TO DANONE'S ACTIVITIES	200
Nature strategy	149	5.9 VIGILANCE PLAN	208
Fight against climate change	150	5.10 METHODOLOGY NOTE	214
Preservation of the water resource	157	Consolidation scopes and coverage	214
Biodiversity	161	Definition of the categories	217
Circular economy	163	Data collection	217
Waste management	165	Information regarding methodologies	218
5.3 REGENERATIVE AGRICULTURE	167	5.11 REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE MANAGEMENT REPORT	223
5.4 PEOPLE AND COMMUNITIES	170		
Danone's employment approach	170		
Responsible Sourcing and Human Rights for workers in the value chain	180		
Affected communities	184		
5.5 HEALTH	186		
Ensuring quality and food safety	186		
Offering consumers healthy products	188		
Acting beyond products towards healthier diets	190		

5

SOCIAL, SOCIETAL
AND ENVIRONMENTAL
RESPONSIBILITY

5.1 INTRODUCTION

A consistent, deeply rooted and renewed sustainability journey

The sustainability journey of Danone started long ago. As soon as 1972, Antoine Riboud, Chairman of the Group, publicly stated that the responsibility of a business goes beyond its factory's doors, positioning Danone as pioneer and visionary in the field of corporate responsibility. This philosophy set the base for the dual economic and social project of Danone. This dual project that has been, since then, at the heart of Danone's ways of working and taking decisions lies on a simple but powerful idea: there cannot be economic performance on the long term without positive impact on the society as a whole.

Building on this heritage, Danone defined more than 15 years ago its mission as a Group: bringing health through food to as many people as possible. Going further, Danone started a process to become a B Corp globally while deciding to embed this mission into the Group's by-laws, putting it at the center of its governance and decision process and becoming the first listed *Entreprise à Mission*.

In March 2022, Danone unveiled a new strategic plan, Renew Danone, that ambitions to reconnect Danone with a sustainably profitable

growth model, underpinned by greater alignment between purpose and performance. In that context, in February 2023, the Group reframed its sustainability roadmap called the Danone Impact Journey. It builds on 3 key principles:

- Recognizing the importance and co-dependence of the 3 pillars, Health, Nature and People & Communities;
- Hardwiring sustainability into the business, from a strategic, executional 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.

Danone's Impact Journey is articulated around 3 pillars, Health, Nature and People & Communities. For each pillar, the Group defines a set of priorities which are translated into mid to long-term objectives.



Key highlights from Danone's 2022 sustainability journey

- For the fourth year in a row, Danone has been recognized by CDP for its environmental leadership on the three assessed fields of climate, forests and water security, by reaching the AAA status again;
- Danone is one of the first two groups to have its 1.5°C FLAG Target approved by Science Based Target Initiative for Forest, Land and Agriculture;
- Danone launched a Global Energy Excellence Program, Re-Fuel Danone, to transform the energy footprint of its production sites worldwide and has signed the WASH Pledge;
- Danone is proud to participate as Official Partner of the Olympic and Paralympic Games Paris 2024, with a focus on healthy and sustainable nutrition;
- Danone issued two important new policies that anchor its ambition to go further on its social and sustainable commitments: Danone's renewed Forest Policy and Danone's Human Rights Policy.

For more information, see the sections of this chapter 5.

GOVERNANCE ESTABLISHED TO SUPPORT DANONE'S HEALTH, NATURE AND PEOPLE & COMMUNITIES FRAME OF ACTION

Sustainability permeates Danone's entire organization; thus all departments support the sustainability ambition and journey through their specific fields of expertise. Danone has put in place a sustainability governance structure to ensure global consistency and efficient decision-making in all aspects of sustainability, Health, Nature and People & Communities, as described below.

Corporate Governance bodies	Key missions as regards sustainability topics
Board of Directors	<ul style="list-style-type: none"> • Sustainability ambition, roadmap, actions plan and progress, as well as focus on specific topics and policies are regularly at the agenda of the Board of Directors. A reporting is done systematically on all outputs of CSR Committee discussions at the Board of Directors sessions.
CSR Committee (formerly Engagement Committee) of the Board of Directors	<ul style="list-style-type: none"> • Sustainability ambition, roadmap, actions plan and progress as well as focus on specific topics and policies are at every agenda of CSR Committee sessions; • An offshoot of the Board of Directors and of the CSR Committee, their respective missions and work in 2022 are detailed in section 6.1 <i>Governance Bodies</i>.
Internal Governance bodies	Key missions as regards sustainability topics
Executive Committee	<ul style="list-style-type: none"> • Sustainability ambition, roadmap, actions plan and progress as well as focus on specific topics and policies are at least quarterly at the agenda of the Executive Committee sessions.
Global Sustainability Board	<ul style="list-style-type: none"> • The Global Sustainability Board led by Chief Sustainability Officer and composed with functional and business leaders, is responsible for steering the execution of the sustainability strategy, including allocating resources, monitoring sustainability programs and making strategic decisions on sustainability topics at group level.
Global Sustainability Compliance Board	<ul style="list-style-type: none"> • The Global Sustainability Compliance Board is responsible for all compliance matters regarding sustainability, including anticipating and monitoring legal constraints and defining and validating Danone policies on Health, Nature and People & Communities.
Risk Committee	<ul style="list-style-type: none"> • The Risk Committee supports the Strategic Planning Department to build an integrated strategic risk mapping process, at Group level, that encompasses (i) strategic, operational and structural risks assessment and (ii) mitigation plans. Its members are senior executives from key functions in the Group. The Risk Committee notably ensures emerging risks are detected and reported, enables the integration of external input in the process and steers deep dives on select 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 5 *Social, Societal and Environmental Responsibility*.

Global and local sustainability teams

Leadership Sustainability team + Expert teams (including corporate and category sustainability experts)	<ul style="list-style-type: none"> • A global Sustainability team has been set up early 2022 with a role of Chief Sustainability and Strategic Business Development Officer at the Executive Committee level, supported in his mission by a Chief Sustainability Officer and a Global team of experts on all fields (Health, Nature and People & Communities); • A dedicated team of experts has been set up to frame and deliver Danone sustainability ambition, inform strategic decisions, build and nurture a high level network of experts, support Danone positions and lead specific topics supporting and bringing expertise to the different zones; • Dedicated expert teams are working within Global Sustainability team and as well within all Global functions and categories in Danone on: <ul style="list-style-type: none"> • health and nutrition; • nature (Climate, Regenerative Agriculture, Packaging, Water, Waste & Energy topics); • social (People & Communities). • A global sustainability network is also active on sharing all best practices, co-building together and scaling local initiatives to maximize the impact of Danone on Health, Nature and People & Communities.
Sustainable Finance team	<ul style="list-style-type: none"> • As part of the Finance Department, it works closely with the sustainability teams; • It work with its internal and external stakeholders to advance, monitor and report on Danone's sustainability performance; • The scope of the topics it addresses covers external reporting on Health, Nature and People & Communities.
Local sustainability teams	<ul style="list-style-type: none"> • In addition, Sustainability teams, operating in the different geographies, are responsible for coordinating Danone's sustainability strategy development at the regional and local levels. • Driving the local rollout of all Global Sustainability programs (e.g. B Corp certification and support the global sustainability audits process, Re-Fuel program on energy...).

A CONSISTENT SET OF PRINCIPLES TO DRIVE BUSINESS SUSTAINABILITY

Danone developed a set of standards outlining commitments to form fair, sustainable and ethical relationships: the Danone Sustainability Principles (DSP).

The DSP bring together Danone's fundamental values and principles related to human rights, environmental protection, and business ethics. They apply to Danone's value chain, *i.e.* Danone itself and its partners, including suppliers, distributors and all other third parties.

Operationally, the DSP are deployed through two implementation notes: Implementation note for Danone and employees (see in section 5.4 *People & Communities*, section *Respecting and promoting human rights in Danone's operations*) and Implementation note for Business Partners (see in section 5.4 *People & Communities*, section *Responsible sourcing and human rights from workers in the value chain*).

DANONE AS AN ENTREPRISE À MISSION AND ROLE OF THE MISSION COMMITTEE

In 2020, Danone became an *Entreprise à Mission*. In line with its sustainability priorities, and well in line with its newly unveiled Impact Journey, four mission objectives have been integrated in the group's by-laws:

- impact people's health locally, with 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.

As an *Entreprise à Mission*, Danone appointed a Mission Committee to monitor the Group's progress toward its mission objectives and has defined short and mid-term key performance indicators and targets. In addition, an independent third party has been appointed to verify the Group's progress towards statutory objectives from the start of the journey.

The objectives of Danone as an *Entreprise à Mission* are perfectly connected with the mid to long-term objectives defined in Danone Impact Journey, thus allowing a consistent monitoring of Danone's progress on its Impact Journey.

The Mission Committee is mainly composed of independent global experts. It establishes every year a report for the shareholders on its work, which is made public at the beginning of April in Danone's website (section investors/shareholders/shareholders' meeting). This report is orally presented to shareholders during the annual shareholders' meeting.

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 accelerate growth of the B Corp movement into the mainstream. It is also an expression of its long-time commitment to sustainable business and to Danone's dual project of economic success and social progress.

In the course of 2022, Danone crossed the symbolic milestone of 70% of its global sales being covered by B Corp certification and at the end of the year it reached 74.2% of certification coverage, in line with its annual target (net sales covered by certification), a 12% increase vs. 2021. Danone's ambition is to be certified at global level in 2025.

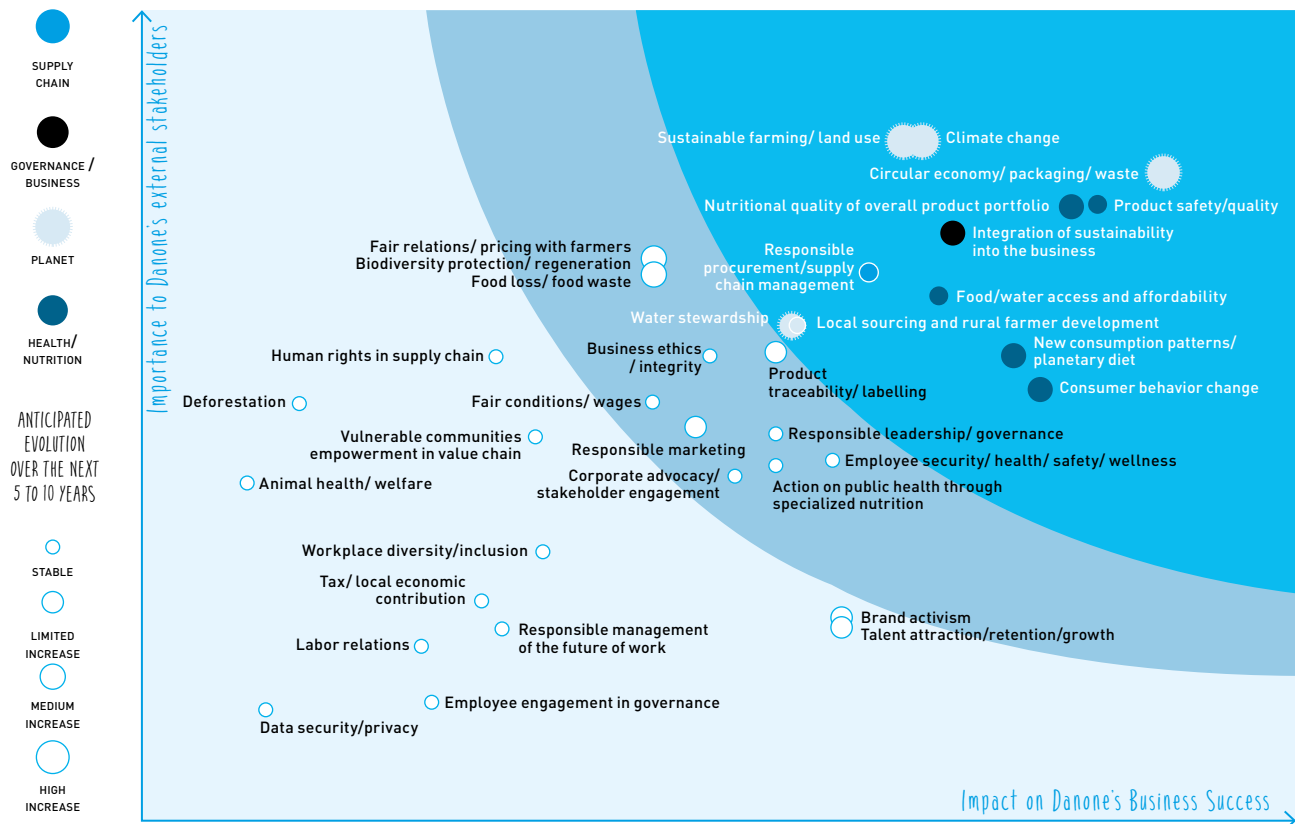
MATERIALITY ANALYSIS TO HIGHLIGHT MAIN EXTERNALITIES

To define its approach to sustainability, Danone relies on 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.

For external stakeholders, as listed in the table below. In 2021, the Group renewed this materiality assessment.

Danone relies on this materiality analysis as it highlights the 12 most material issues for both Danone's business success and

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 perspective on issues that Danone needs to prioritize as a business, today, and over the next five to ten years.



5

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

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 its value chain over the short, medium and long term;

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

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

- **have the risks approved by three governance bodies:** the Sustainability Integration Committee (now replaced by the Global Sustainability Board), the Social Responsibility Committee (now called CSR Committee) and the Audit Committee (see section 6.1 *Governance bodies*).

The table below shows the 13 priority themes derived from Danone's risk analysis and the 12 material priorities, all linked to 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	<ul style="list-style-type: none"> • Product safety/quality • Nutritional quality of overall product portfolio • Food/water access and affordability • New consumption patterns/planetary diet • Consumer behavior change 	5.5 Health
	Responsible communication	<ul style="list-style-type: none"> • Product safety/quality 	
	Marketing of breast milk substitutes	<ul style="list-style-type: none"> • Nutritional quality of overall product portfolio 	
PRESERVE AND REGENERATE NATURE	Regenerative agriculture	<ul style="list-style-type: none"> • Climate change • Sustainable dairy farming/land use • Local sourcing and rural/farmer development 	5.3 Regenerative agriculture
	Circular economy	<ul style="list-style-type: none"> • Circular economy/packaging/waste • Climate change 	5.2 Nature
	Preservation of water resource	<ul style="list-style-type: none"> • Climate change • Water stewardship • Food/water access and affordability 	5.2 Nature
THRIVING PEOPLE & COMMUNITIES	Inclusive talent development		
	Social dialogue	<ul style="list-style-type: none"> • Integration of sustainability into the business 	
	Employee security		
	Business practices and price setting	<ul style="list-style-type: none"> • Responsible procurement/supply chain management 	5.4 People & Communities 5.6 Responsible business conduct
	Responsible sourcing	<ul style="list-style-type: none"> • Local sourcing and rural/farmer development 	
	Human rights	<ul style="list-style-type: none"> • Responsible procurement/supply chain management 	
COMPLIANCE	Responsible practices: ethics and integrity	<ul style="list-style-type: none"> • Integration of sustainability into the business 	5.6 Responsible business conduct

5.2 NATURE

Contents

Nature strategy	149	Circular economy	163
Fight against climate change	150	Circularity of packaging	163
Preservation of the water resource	157	Waste management	165
Biodiversity	161	Reducing food waste	165

NATURE STRATEGY

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

- Fight against climate change
- Preservation of the water resource
- Biodiversity
- Circular economy: packaging, waste and food waste
- Regenerative agriculture (see section 5.3 *Regenerative Agriculture*).

Governance

In 2022, Danone's environmental strategy is sponsored by the Chief Executive Officer and the Chief Sustainability and Strategic Business Development Officer, members of the Executive Committee. In coordination with the Chief Sustainability Officer and the Chief Cycles & Procurement Officer, they review its implementation, priorities and key issues within the Group governance dedicated to sustainability topics.

The review and implementation of this strategy are, as for the other sustainability topics, among the responsibilities of the governance bodies involved on all sustainability topics:

- Corporate Governance bodies (Board of Directors and CSR committee),
- Internal Governance bodies (Executive Committee, Global Sustainability Board, Global Sustainability Compliance Board, 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 Climate strategy, roadmaps and actions plans,
- the Sustainable Finance Department, reporting to the CFO, which manages the performance.

These teams work closely together and with:

- the Sustainability Teams in each Category as well as the teams of each Global Function involved (Cycles & Procurement, Operations, Research & Innovation, 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 hereinafter).

Year ended December 31

	2021	2022
ISO 14001 certification^(a)		
Number of certified sites	83	84
Percentage of certified sites	46%	48%
Percentage of volumes covered	65%	68%

(a) Production Site Environment scope, see *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.

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

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

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

Year ended December 31

	2021	2022
Sites having undergone a GREEN audit		
Number of sites	129	123
Percentage of sites	72%	71%
Percentage of production covered by a GREEN audit	81%	82%
Compliance with GREEN standards		
Number of compliant sites	108	105
Percentage of compliant sites	84%	85%
Percentage of compliant production	91%	93%

FIGHT AGAINST CLIMATE CHANGE

Governance

The CEO and the Chief Sustainability and Strategic Business Development Officer sponsor the Group climate strategy. The review and implementation of the climate strategy are, as for the other sustainability topics, among the responsibilities of the governance bodies involved on all sustainability topics:

- Corporate Governance bodies (Board of Directors and CSR committee);
- Internal Governance bodies (Executive Committee, Global Sustainability Board, Global Sustainability Compliance Board, Risk Committee).

The CFO is responsible for climate-related measuring, controlling and reporting, including assessment and management of climate risks and opportunities, as his main role is to ensure that Danone is creating economic value while meeting long-range sustainability goals, including the journey to curb GHG emissions in line with 1.5°C.

A new Chief Sustainability Officer position reporting to the Chief Sustainability and Strategic Business Development Officer was created in 2022. Her role consists in driving the sustainability agenda, including climate related agenda, in relation with Cycles & Procurement, Operations and Finance.

The Chief Procurement and Cycles Officer (CPO) reports to the Chief Operating Officer (COO). His role consists in both assessing and managing climate-related risks and opportunities in Danone's sourcing strategy. The CPO endorses this responsibility due to the high materiality of procurement categories, representing nearly 80% of Danone's total emissions.

The Board of Directors oversees climate-related issues, and is informed notably thanks to the CSR Committee, composed of 5 board members. In 2022, Danone climate policy was presented to the CSR Committee and the Board of Directors.

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 and relations between the subsidiaries and local stakeholders;
- price volatility for its product packaging materials and impacts on its activities;
- financing the transition toward more sustainable agricultural practices.

Furthermore, as part of the recommendations made by the Taskforce on Climate-related Financial Disclosures (TCFD), Danone has mapped the potential and existing impacts of climate change, as well as the climate-related risks and opportunities (see table hereafter). This information has enabled 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. 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 period 2020-2030, 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 period 2030-2050.

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

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

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

Policies and action plans

Climate Policy

As part of its Climate Policy, Danone pledged in 2015 to achieve net zero emissions throughout its entire value chain by 2050 (scopes 1, 2 and 3, *i.e.* all direct and indirect emissions) by reducing its greenhouse gas emissions and offsetting remaining emissions. In 2019, Danone underlined its pledge by signing the "Business Ambition for 1.5°C pledge" at the UN Climate Summit. 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.

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 also approved by the Science Based Targets initiative (SBTi) and were in line with 2°C pathways. 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 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

and end of life treatment of sold products 42% by FY2030 from a FY2020 base year;

- reduce absolute scope 1 and 3 Forest Land and Agriculture (FLAG) GHG emissions 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 2022, Danone updated its climate roadmap to match its 1.5°C ambition.

Scope 1&2 Energy and industrial

In 2022, Danone announced Re-Fuel Danone, a Global Energy Excellence Program to drive energy efficiency, resilience and its operations' decarbonization journey, that aims to improve energy efficiency by 30% by 2025 compared to 2022 baseline, thanks to harnessing digital innovation and leveraging on Danone's existing engineering expertise. This program also added a new commitment to 50% renewable energy in 2030 to the existing pledge of 100% renewable electricity in 2030, defined as part of the RE100 initiative, a global corporate group of businesses committed to 100% renewable electricity. The first interim milestone of 50% renewable electricity was achieved in 2020 (see section *Outcomes*).

Scope 1 and 3 FLAG

In 2022, Danone updated its Milk roadmap to align it with its 1.5°C FLAG target, and identified the first three priority countries for the acceleration of its regenerative agriculture program between 2023 and 2025, with actions focused on developing cover crops, manure and herd management, reduction of the feed footprint, for example through local sourcing of feed. Farmer's engagement and training will be a key success factor in the transition towards regenerative agriculture, and rely on the Farming for Generations program (see section 5.3 *Regenerative Agriculture*).

Danone has a long history of working with key dairy ingredient suppliers in order to promote continuous improvement in the sustainability of dairy ingredients including the reduction of greenhouse gas emissions. The reduction of their GHG emissions is based on 3 pillars:

- **Supplier engagement and collaboration:** in 2021 Danone launched with the SAI (Sustainable Agriculture Initiative) Platform an integrated sustainability engagement framework with dairy ingredients suppliers, the Sustainable Dairy Partnership (SDP);
- **Monitoring of performance:** in 2022, Danone contributed within the SAI Platform to launch the SDP carbon module aiming to harmonize carbon reporting for the dairy sector and enable better monitoring of the emissions of dairy ingredients suppliers, and of the results of their action plans;
- **New ways of partnership:** in 2021 Danone and its supplier Royal FrieslandCampina closed a first 3 years partnership to implement sustainable farming practices and to roll out concrete carbon reductions projects together with farmers in the Netherlands. It has supported around 600 farmers in their day-to-day transition to more sustainable dairy farming models. The partnership was extended for 3 more years, with the objective to reach around 25% greenhouse gas emissions reduction over the course of the multi-year collaboration.

Danone has been updating in 2022 its dairy ingredients roadmap to align it with its 1.5°C FLAG target.

Deforestation is a key pillar of Danone's Climate strategy, and a lever to reduce the emissions of non-dairy raw materials. In 2022, Danone

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 carbon neutrality. This course, available on the Group's training platform, is built around a general-purpose module directed at all employees and includes more technical modules particularly intended for employees responsible for leading the environmental performance of the Group. In 2021, an additional e-learning module on net zero emission was made available to all its employees to support Danone's 2050 commitment.

issued its renewed Forest Policy, with the ambition to continue and amplify efforts in protecting and restoring forests. The policy is further detailed under section *Biodiversity*.

Scope 3 Energy and industrial

In 2022, Danone updated its Packaging roadmap to align it with its 1.5°C target, and built new roadmaps on Logistics and Comanufacturing.

Action plans – Offsetting remaining emissions

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

Carbon neutrality of production sites

Danone also builds its net zero commitment around the carbon neutrality of its production sites. The production plant Poços de Caldas in Brazil has been certified by the Carbon Trust in 2021 on the 3 environmental goals: carbon neutrality, water reduction and zero-waste to landfill. The site is fully powered by renewable electricity, part of which is generated by the 1,500 solar panels covering the parking lots and walkways of the production site. In 2022, the production plants in Wuhan and Qionglai in China were certified carbon neutral by SGS.

In 2021, Danone launched a new training course to support the launch of Danprint 2.0, the upgraded version of its carbon footprinting tool. The software facilitates the measurement of a product's carbon footprint over its entire life cycle and allows the comparison of 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 allowing to track climate action plans all over the Group.

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

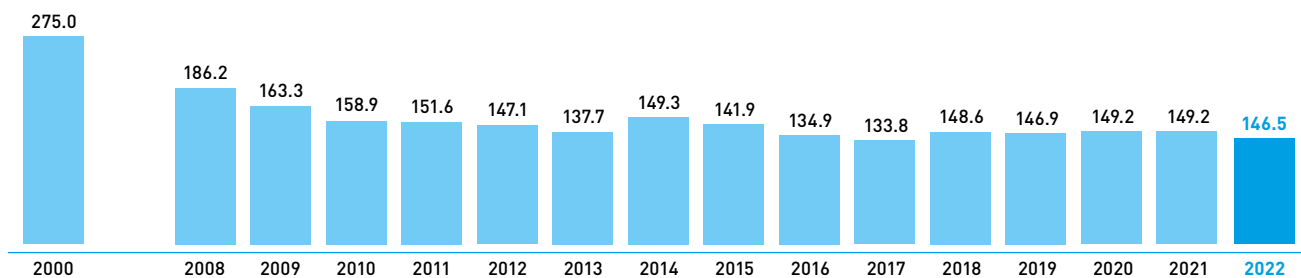
Year ended December 31

(in MWh)	2021	2022
Thermal energy ^(a)	3,203,185	3,160,015
Electricity ^(a)	1,995,902	1,972,672
Total	5,199,087	5,132,687
Energy consumption intensity (in kWh per metric ton of product)	149.2	146.5
Total reduction in energy intensity since 2000 (in kWh per metric ton of product)	46%	47%

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

Energy consumption intensity decreased by 1.8% in 2022 compared to 2021.

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



By the end of 2022, total energy consumption intensity at production sites declined by 47% compared to 2000 (+1 point compared to 2021).

Renewable energy use

Year ended December 31

	2021	2022
Production sites purchasing 100% renewable electricity ^(a)	87	109
Percentage of renewable electricity ^(a)	68.5%	70.5%
Percentage of renewable energy ^(a)	29.8%	31.4%

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

Thanks to the switch to renewable electricity sources in Indonesia, Mexico, and in the Steenvoorde Supply Point in France, 109 production sites purchased electricity from 100% renewable sources (wind, hydro, etc.) in 2022, compared to 87 in 2021, contributing to a total of 70.5% of Danone's electricity purchases in 2022 (compared to 68.5% in 2021). Furthermore, its total energy use from renewable sources (electricity and thermal) represented 31.4% of its total energy use in 2022 (compared to 29.8% in 2021).

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 5.10 *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 5.10 *Methodology Note*).

Its total emissions in metric tons of CO₂ equivalent for scopes 1 and 2 energy and industrial decreased by 3.7% between 2021 and 2022, mainly due to the switch to renewable electricity sources in Indonesia, Mexico, and in the Steenvoorde Supply Point in France. Since 2020, these emissions decreased by 18.0%.



Year ended December 31

<i>Scope 1 and 2 energy and industrial emissions, market-based (in ktCO₂)^(a)</i>	2021	2022	2030 science-based target
Scope 1	684	666	
Scope 2	295	276	
Total Scopes 1 & 2 energy and industrial emissions	979	942	
Absolute energy and industrial emissions reduction, scopes 1 and 2, market-based since 2020	14.8%	18.0%	47.2%

(a) Greenhouse Gas scope & SBT scope, see section 5.10 *Methodology Note*.

Emissions linked to the production of fresh milk in farms owned by Danone have remained stable in 2022 and not material compared to scope 3 emissions of fresh milk purchases.

<i>(in ktCO₂eq)^(a)</i>	2021	2022
Scope 1 FLAG	164	165

(a) Greenhouse Gas scope & SBT scope, see section 5.10 *Methodology Note*.

Greenhouse gas emissions on scope 3

Danone measures indirect emissions from the following scope 3 categories (Greenhouse Gas Environment scope, see section 5.10 *Methodology Note*).

Year ended December 31

<i>(in ktCO₂eq)</i>	2021	2022
Purchased goods and services	19,206	18,708
Upstream transportation and distribution of goods	300	336
Downstream transportation and distribution of goods	2,079	2,132
Use of sold products	830	733
End-of-life treatment of sold products	769	840
Fuel and energy related activities	262	252
Waste generated by operations	125	99
Total Scope 3	23,571	23,100

Greenhouse gas emissions on scopes 1, 2 and 3

Year ended December 31

<i>Greenhouse gas emissions inventory (in ktCO₂eq)^(a)</i>	2021	2022
Scope 1 including FLAG	848	831
Scope 2 ^(b)	295	276
Scope 3	23,571	23,100
Total Scopes 1, 2 and 3	24,714	24,207

(a) Greenhouse Gas scope, see section 5.10 *Methodology Note*.

(b) Market-based.

Danone's total emissions from its value chain in 2022 for scopes 1, 2 and 3 decreased by 0.5 million tons CO₂ equivalent compared to 2021, mainly due to the results of the regenerative agriculture action plans.

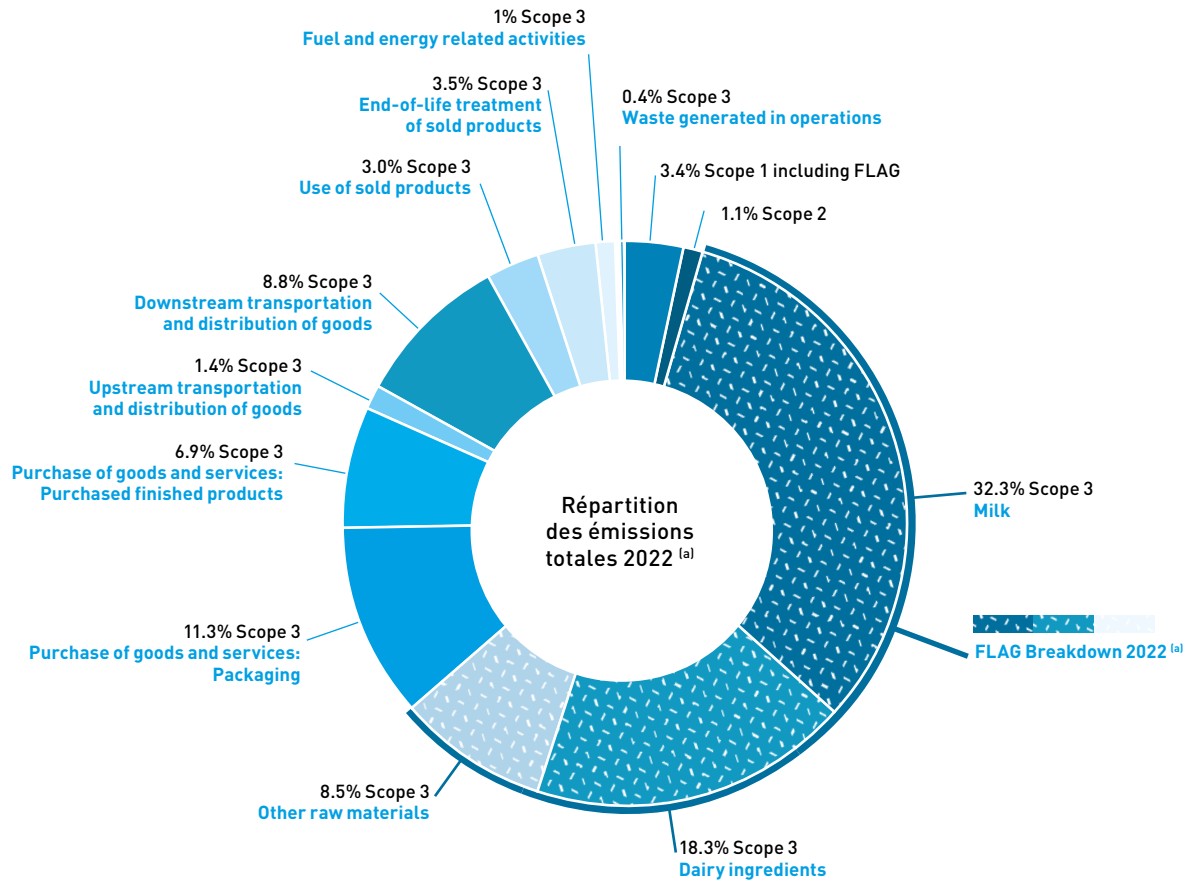
In 2022, Danone continued to measure the effects of its ambitious plan to shift to regenerative agriculture, particularly in the following countries (see section 5.3 *Regenerative Agriculture*):

- in Russia, due to soy certification and traceability and moving to local alternatives;
- in the United States, due to improvements on feed, manure management and enteric fermentation;
- in Brazil, due to action plans to improve herd diets, genetics and management (e.g. Educampo program), and improved pasture management;

- in South Africa, due to the implementation of soil health program since 2018 with improvements on soil, yields & sequestration, as well as manure management improvements.

With 95.4% of Danone's total emissions across its value chain, scope 3 represents the largest contributor, more than those from scope 1 (3.4%) and scope 2 (1.1%).

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



(a) Greenhouse Gas scope, see section 5.10 Methodology Note.

Danone's FLAG emissions have decreased by 3.3% between 2021 and 2022, due to the milk action plans described above, making its total emission reduction on its FLAG science-based target -8.3% compared to its 2020 baseline. Danone scope 3 energy and industrial

emissions ("non FLAG" scope 3) have increased by 1.8% between 2021 and 2022, making its scope 3 energy and industrial emissions increase 0.7% vs its 2020 baseline.

(in ktCO ₂ e _q) ^(a)	2021	2022	2030 science-based target
Scope 1 FLAG	164	165	
Scope 3 FLAG	14,809	14,314	
Total FLAG	14,973	14,479	
Absolute Total FLAG emissions reduction since 2020	-5.2%	-8.3%	-30.3%
Scope 3 energy and industrial	7,219	7,347	
Absolute Scope 3 energy and industrial emissions reduction since 2020	-1.1%	0.7%	-42.0%

(a) SBT scope, see section 5.10 Methodology Note.



External recognition

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.

Since 2018, Danone has used an environmental performance criterion in its Group Performance Shares plans for approximately 1,750 of its senior executives, based on its CDP Climate Change score. In 2021, Danone strengthened this environmental performance condition by taking into account, in addition to its performance in the CDP Climate Change, its performance in the CDP Forests and CDP Water. In 2022, Danone increased the percentage of its long-term incentive grant linked to its performance in the CDP Climate

Change, CDP Forests and CDP Water (see section 6.4 *Details of long-term incentive plans*).

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 2021 actions, it was included for the fourth consecutive year in the CDP Supplier Engagement Leaderboard.

In October 2022, The Carbon Trust certified Danprint 2.0, Danone's product carbon footprint tool that allows the comparison of 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.

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

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

	Sections
Governance	
a. Oversight by the Board of Directors of climate-related risks and opportunities	6.1
b. Management role in assessing and managing climate-related risks and opportunities	5.1, 5.2, 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 planningoupe	5.1, 5.2, 5.3
c. Resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	5.2, 5.3
Risk management	
a. Processes for identifying and assessing climate-related risks	5.1, 5.2, 5.3
b. Processes for managing climate-related risks	5.1, 5.2, 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, 5.2, 5.3
b. Greenhouse gas emissions for scope 1, scope 2 and scope 3 and the related risks	5.2, 5.9, 5.10
c. Targets used to manage climate-related risks and/or opportunities and the Company's performance against these targets	5.2, 5.3, 6.4

PRESERVATION OF THE WATER RESOURCE

Definition

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

- understanding exposure to water-related risks through a water risk assessment done for Danone's production sites and sourced ingredients using the Water Risk Filter and the World Resources Institute Aqueduct for Food tools;
- developing mitigation and adaptation plans leveraging different set of interventions: regenerative agriculture for its supply chain, water efficiency within its production sites and Nature-Based solutions in the ecosystem around its production sites;
- developing a cost and benefit analysis to prioritize interventions based on the economical, societal and environmental values they can generate.

Policies

In the frame of its 2020 Water Policy, Danone promotes an innovative approach and integrated management of the resource. These are based on a thorough risk assessment and on local water cycle scientific diagnosis, and performed with the support of Danone hydrogeological experts deployed in identified priority geographical areas in collaboration with local scientists. The actions involve the mobilization of all local water users, the joint design of action plans and the development of governance models ensuring long lasting of actions implemented that can lead to positive impact: *i.e.* water, carbon and biodiversity ones. The actions are deployed within the following scopes:

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

Risk identification

In 2020, the Water Cycle team reviewed 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 follows various steps:

1. Watershed risks assessment. That uses the Water Risk Filter tool developed by the WWF to identify watersheds located in areas with water physical risk, including floods, water stress, scarcity;

2. Operational water risks assessment. That is based on the Water Risk Filter tool developed by the WWF to identify the water-related risks faced by the operating sites on physical, regulatory and reputational water risks;

3. Local implementation of action plans through local roadmaps. Danone has set up a specific tool that guides the teams in (i) defining and implementing a water stewardship projects (using SWAN methodology, set up by Danone) particularly in water-stressed areas, (ii) adopting the most suitable practices for the context to mitigate local water risks.

To understand the proportion of water withdrawn from stressed areas, Danone uses the Water Risk Filter, a public database and interactive mapping tool, that provides information on water-related risks based on the exact localization of the production sites.

Danone prioritizes the development of water stewardship plans suited to sites located in water-stressed areas. In 2020, Danone found that 17% of its production sites were located in high or extreme water risk areas. This assessment still remains relevant for 2022.

In addition, Danone assessed the water risk of its main 69 ingredients from its supply chain, through the Aqueduct water risk tool, from the World Resources Institute. This analysis, focused on water stress, highlights priority ingredients to deep dive on and helps to prioritize actions.

Danone brings together all internal stakeholders needed for the effective implementation of the Water Policy by means of (i) committees for information-sharing and joint design of action plans in production sites and watersheds, (ii) the creation of a special working group on water stewardship in the Danone supply chain (representing 89% of its water footprint), and (iii) work to implement regenerative agriculture.

Danone also works with its stakeholders on trainings. For example, during the COP26, Danone launched new open-source water stewardship training, developed in partnership with WWF and Ramsar (the Convention on Wetlands), to help build local water stewardship capacities in and beyond Danone's value chain.

Preserving and restoring water resources in agriculture and watersheds

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
<p>Relating to agriculture</p> <p>From 2020 onwards:</p> <ul style="list-style-type: none"> • <i>develop, for the direct milk supply chain, plans to support farmers in five high-priority areas;</i> • <i>ask all its suppliers to set up water stewardship plans.</i> <p>By 2025:</p> <ul style="list-style-type: none"> • <i>implement pilot projects using an integrated landscape approach on a regional scale for five other key ingredients: milk, soy, almonds, strawberries and sugar cane.</i> <p>By 2030:</p> <ul style="list-style-type: none"> • <i>For ingredients produced in highly water-stressed areas:</i> • <i>reduce the water use of farmers with which Danone works in high-risk areas by 25%;</i> • <i>increase the size of buffer zones by at least 15%;</i> • <i>optimize fertilizer use on farms for 75% of milk, fruit, almond and soy volumes</i> 	<p>In 2020, Danone worked to (i) identify the main ingredients on the basis of criteria such as the volume, expenditure or environmental footprint, and (ii) assess the water-related risks for all 69 ingredients in its supply chain. Danone uses the results obtained to define its priorities and its water stewardship plans for the ingredients produced in areas with a high or extreme water risk.</p> <p>In 2021, 20 ingredients, particularly milk, were identified at risk. For all these ingredients, Danone defined phased roadmaps as well as mitigation and adaptation plans. These remain relevant for 2022.</p> <p>For example, together with the WWF, Danone South Africa developed a project in the Southern Drakensberg region, suffering from water scarcity. The Group aims to preserve water resources by actively working to improve water access to local communities as well as working with local dairy farmers to transition towards regenerative agriculture practices.</p> <p>Danone is also working on other key ingredients such as strawberries, beetroot, sugar cane, almonds (see Danone’s website for more information). For example, Danone is developing projects on almonds grown in California and Spain. In this regard, a study to baseline ecosystem performance of Danone’s main supplier in the USA has been launched. This study aims to study 5,265 acres from 56 fields at 4 orchards. The study has looked at water quantity, water quality and also soil health and biodiversity allowing to set targets for their regenerative agriculture practices adoption and road map targeting better water management in the orchards studied.</p>
<p>Relating to watersheds</p> <p>By 2030:</p> <ul style="list-style-type: none"> • <i>build plans for protecting and/or restoring 100% of the watersheds in which Danone operates, located in highly water-stressed areas (55 watersheds);</i> • <i>work locally to create an effective governance system with the stakeholders or integrate actions into the existing governance bodies;</i> • <i>develop a new, “open source” Danone platform on water stewardship, to share data and scientific studies and train the internal and external players concerned on integrated water stewardship</i> 	<p>In 2022, 52 of the watersheds in which Danone has production sites are at-risk for which preservation and restoration plans should be started and implemented.</p> <p>To improve water resource stewardship and encourage biodiversity, soil health and carbon sequestration, Danone develops solutions such as agroforestry, wetland protection or agriculture optimization.</p> <p>Danone created and is currently leading the worldwide Nature Based Solutions (NBS) alliance in order to (i) define green solutions shared between companies and civil society organizations, and (ii) draw up suitable decision-making processes for the water resource stewardship programs. NBS provide actions to protect, sustainably manage and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.</p> <p>Between 2020 and 2022 Danone deployed 12 watershed protection plans.</p> <p>In 2022, <i>Evian</i> celebrated the many initiatives it has developed over the past 30 years with local communities to ensure the preservation of water resources, in particular through the Association pour la Protection de l’Impluvium de l’Eau Minérale Evian (APIEME) co-founded in 1992.</p>

Rethinking circularity in and around Danone's production sites

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
<p>By 2030:</p> <ul style="list-style-type: none"> • <i>implement a collaborative 4R Strategy (3R – Reduce, Reuse, Recycle/Reclaim) on all production sites;</i> • <i>ensure that 100% of the clean water discharged directly by the sites located in highly water-stressed areas is reused to reduce the pressure on watersheds;</i> • <i>reduce the water consumption intensity of all physical high risk production sites by 50% or reach Best in Class category</i> 	<p>Ensuring that water discharges are of high quality and increasing water circularity</p> <p>In 2021, the Group has reviewed its internal standards, the Clean Water Standards (CWS) to align with the wastewater treatment plants capacities and with various country regulations. In 2022, 76% of its facilities comply with the CWS. The production sites implement improvement plans to achieve these standards.</p> <p>In addition, Danone has been working for more than 20 years to make more effective use of water in its operations by prioritizing a collaborative approach. For example, the EcoWash program in Indonesia has resulted in 30% water savings for AQUA (Waters Category, Indonesia) brand factories compared to the previous generation of 20L returnable bottle washers. This program also enabled to reduce detergent and disinfectant consumption by 3% and 22% respectively. The EcoWash program has thus contributed to the 142 million litres of water saved by AQUA brand in 2021.</p> <p>In 2020, the Group boosted its approach by adding the fourth pillar, Reclaim, to its 3R Strategy (Reduce, Reuse, Recycle). In order to encompass these efforts in all production sites, and related to the water policy commitments, the 4R roadmaps and action plans are being deployed to optimize the water usage and reinforce second life for water. In 2022, 86% of its facilities had a 4R action plans, compared to 55% in 2021.</p> <p>For example, in 2021, Danone initiated new industrial "ReUT" facilities at two <i>Mizone</i> (Waters Category, China) production sites. Thanks to this program, 25% of the treated wastewater at the Wuhan site and 51% at the Xian site were reclaimed in 2021, Danone is committed to implementing second life projects for its industrial wastewater through (i) internal uses, with reuse as industrial water or (ii) external uses with for example road washing by the municipality to support air quality.</p> <p>In parallel, at a bottled water production site in France from the <i>Volvic</i> brand, the Group has initiated a project to reuse its wastewater internally, which will save 500 million litres of water by 2024. In 2021, this production site started a 14-month pilot phase. Co-financed by the Agence de l'Eau Loire Bretagne, the objective is to demonstrate the potential of reuse of treated wastewater as process water.</p> <p>In 2022, Danone's largest reclaim unit in Wevelgem, Belgium has 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 favorable and progressive environmental Belgian legislation, the optimal system design and a way to operate with a skilled partner, made this project a success that Danone plans to replicate from 2023 in other locations such as North America, Mexico and Europe.</p>

Providing access to safe drinking water for vulnerable people and communities

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
<p>By 2030:</p> <ul style="list-style-type: none"> • <i>sign the WBCSD WASH Pledge for access to safe water, sanitation and hygiene at the workplace;</i> • <i>create the Water Access Acceleration Fund (W2AF) to support social businesses providing water access;</i> • <i>provide daily access to safe drinking water for 50 million people</i> 	<p>Danone pledges to give all its employees access to safe drinking water, sanitation and hygiene, which is consistent with the UN Sustainable Development Goal 6, "Clean Water and Sanitation", and the standard of the World Business Council for Sustainable Development. Danone signed the Pledge in 2022 and aim to a full compliance to the standard by 2025.</p> <p>Globally, across its operations, nearly 89% of Danone's production sites were compliant with the WASH Pledge self-assessment in 2022 (89% in 2021).</p> <p>Danone's Water brands also play a key role in providing access to safe drinking water such as for example, <i>AQUA</i> in Indonesia who 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). In addition, the <i>AQUA</i> brand also deployed a program to support the Indonesian Government objective to achieve 100% universal access to clean water by 2030, aligning with the UN Sustainable Goal targets. In 2022, thanks to this program, <i>AQUA</i> has provided water access to about 71,000 beneficiaries (56,037 in 2021).</p>



Outcomes

Water use in operations

	Year ended december 31	
<i>(in thousands of m³)</i>	2021	2022
Water drawn from the surrounding area ^(a)		
River water	2,822	2,810
Municipal water	22,475	20,985
Well water	42,452	43,088
Total water drawn volume	67,749	66,883

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

In 2022, the total volume of water withdrawn decreased by 1.3% compared to 2021. The uses associated with this total volume of water withdrawn in 2022 are as follows:

- 44% went into finished products, mainly at bottling plants, or was used for by-products;
- 56% was used in industrial processes, with details given in the table below.

	Year ended December 31	
<i>(in thousands of m³)</i>	2021	2022
Water related to the production process ^(a)		
Consumption (in thousands of m ³)	38,559	37,376
Intensity of consumption (in m ³ per metric ton of product)	1.11	1.07
Reduction in water consumption intensity since 2000	50%	52%

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

At the end of 2022, the reduction in water consumption intensity since 2000 has increased by 2 points compared to 2021.

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, characterizes the quality of wastewater discharges from production sites after any on- or off-site treatment. Danone's assessment of off-site treatment effectiveness is based on certain assumptions (see section 5.10 *Methodology Note*).

	Year ended December 31	
	2021	2022
Final discharge of chemical oxygen demand (COD) ^(a) <i>(in thousands of metric tons)</i>	5.06	4.27
Net COD ratio ^(a) <i>(in kg/ton of product)</i>	0.15	0.12

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

In 2022, the construction of new on site wastewater treatment plants in Ghana and Mexico enabled a reduction of the Net COD ratio per ton of product by 18% compared to 2021.

BIODIVERSITY

Definition

Biodiversity impacts, risks and opportunities are covered through four focus areas at Danone: water (see section *Preservation of the water resource*), forests and deforestation (see section *Fight against Climate Change*), sustainable sourcing (ingredients), and soil (see section 5.3 *Regenerative Agriculture*).

Policy: eliminating deforestation from the supply chain

Policies related to water stewardship around watersheds and regenerative agriculture are developed respectively under section *Preservation of the water resource* and under section 5.3 *Regenerative Agriculture*.

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.

The deforestation-related action plans of Danone are based on two general policies—its Forest Footprint Policy and its Packaging Policy—and three special policies assessed by the Global Canopy Program (Palm Oil, Soy, and Paper and Cardboard Packaging). Danone publishes a dedicated report annually on its website on the progress made regarding key ingredients.

Forest Footprint Policy

In 2012, Danone launched its Forest Footprint Policy to eliminate deforestation from its supply chain by end of 2020, focusing on six main raw materials: palm oil, soy, paper and cardboard packaging, wood biomass, sugar cane, and bio-based raw materials for packaging. By 2020, Danone achieved close to 100% certified sustainable sources across several of its highest risk commodities. However, in the decade after the launch of Danone's original Forest Policy, deforestation has continued to accelerate and climate change impacts are being felt around the world. It is Danone's plan to go further and faster by delivering verified deforestation and conversion free supply chains across five priority commodities by 2025 and moving to a regenerative future. The policy was reviewed, updated, presented to the Board of Directors and published as 'Renewed Forest Policy 2022' in December. Going forward, this new policy will supersede Forest Footprint Policy and its related forest-risk commodity specific policies.

Palm Oil Policy

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

In 2022, Danone used approximately 69,140 metric tons of palm oil (compared with 67,498 metric tons in 2021). The increase was the result of increased sales in Africa and Specialized Nutrition Category.

Soy Policy

Danone has pledged to contribute to the development of a responsible supply chain for the soy used in its plant-based products and for use in animal feeds. Its Soy Policy consists of increasing transparency across its entire supply chain and notably promoting local protein-rich crops, alternatives to soy imports that help local farmers become more autonomous in animal feed production. Its goal is also to ensure the traceability of the soy used in animal feed for dairy cows from regions with a low deforestation risk. Danone

also works with the Round Table on Responsible Soy (RTRS) association for the purchase of credits supporting the transition toward sustainable soy.

Packaging Policy and Paper and Cardboard Packaging Policy

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

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

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

Beyond its policies and action plans, Danone is committed to continuing to work with its peers and suppliers to accelerate progress and foster systemic change on this issue.

Action plans and outcomes

The actions taken are about bringing more transparency on Danone upstream supply chain, driving the change through positive projects, mitigating risks and addressing alerts whether addressing environmental or human rights issues. They all contribute to Danone's raw material sustainable sourcing due diligence.

Upstream supply chain transparency and risk mitigation through certification

With input from independent experts, Danone is working on transparency for the following priority categories:

palm oil:

- 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. In addition, the Group continues to publish updated list of its palm oil direct suppliers and mills as well as the grievance process on its website;

soy:

- soy used in plant-based products: in Europe (Alpro) and in North America, soy comes from areas with very low deforestation risk. In addition, 100% of soy used for the Alpro brand is ProTerra-certified;
- soy for animal feed: 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 2022, Danone has analyzed soy sourcing for 95% of its milk volume (increasing its milk sourcing coverage from 86% in 2021 with integration of Morocco as an additional country in Cool Farm Tool's scope), of which 56% is from low-risk origin, 7% is certified, and out of the remaining 37%, 29% potentially at risk are compensated through Round Table on Responsible

Soy (RTRS) credits. The Group's key strategy focus to tackle deforestation risks for soy feed are:

- increase traceability systemically;
- promote sustainable soy through engagement with farmers and dairy processors;
- encourage feed autonomy through local and / or alternative protein.

paper and board

- in 2022 Danone worked thoroughly to strengthen and finalize its Forest Policy, including Paper, consulting internal stakeholders frequently to ensure smooth implementation and prioritization of traceability and verified Deforestation and Conversion Free (DCF). Because of these efforts, Danone expects to have maintained 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. At the moment this report was published, the 2022 data collection was still ongoing. The exact numbers will be confirmed in the first semester within our annual Forest Update.

Transparency and traceability being key enablers for sustainable sourcing, Danone is also mapping the chain and using certification for the following priority ingredients in relation to human rights risks:

fruit:

- in 2022, 100% of Danone's fruit supplies were traceable up to the Group's Tier 2 suppliers;

cocoa:

- Based on volumes purchased in 2022, approximately 79% is certified within one or more programs (Rainforest Alliance, Organic, Fair Trade, Fair For Life). This decrease versus 2021 (86%) is the result of initiating a better traceability process in 2022. At the moment this report was published, the 2022 data collection was still ongoing. The exact numbers will be confirmed in Q2 within our annual Forest Update;

sugar cane:

- In 2022, Danone reached 94% traceability to mill (88% in 2021). Danone purchased 51% certified cane, up from 33% in 2021.

Driving the change for responsible sourcing

Impact Projects

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

- a vanilla plantation project in Madagascar supported by the Livelihoods Fund for Family Farming (L3F). The aim of this project, which involves 3,000 family farms, is to develop solutions that improve the quality and traceability of vanilla production, boost food security for farmers and preserve biodiversity. For instance, an impact study performed in 2022 shows that the project has achieved to preserve 770 hectares of local biodiversity in Pointe à Larrée protected area. Overall, according to 88% of producers, the human activities that are threatening biodiversity have decreased significantly;
- together with the Livelihoods Fund for Family Farming (L3F), Danone has launched a 10-year project to help 2,500 small-holder palm oil farmers achieve a sustainable transition in

Sumatra Island, Indonesia. The project will build a transparent and deforestation-free supply chain thanks to locally adapted agroforestry models, regenerative agriculture, and biodiversity enhancement. The project is brought together with Mars Incorporated, L'Oréal, and implemented locally by Musim Mas and SNV. It will help regenerate 8,000 hectares of palm farms in degrading land areas, while restoring additional 3,500 hectares of local biodiversity over 10 years;

- the Regenerative Coconuts Agriculture Project (ReCAP) in Thailand, started in 2020. Danone Ecosystem Fund, Harmless Harvest, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Danone teamed up with farmers to restore biodiversity and sequester carbon. The surge in demand of the "Nam Hom", an aromatic variety of coconut from Thailand, has led to monocropping and agriculture practices that can be damaging for local ecosystem and unsustainable for the climate, causing many environmental problems ranging from soil erosion to loss of biodiversity. The objective is to have 350 farmers trained to implement regenerative agriculture practices.

Collaborative initiatives

Danone participates in the One Planet Business for Biodiversity (OP2B) coalition, Forest Positive Coalition in Consumer Goods Forum and also to several dedicated palm oil platforms such as Palm Oil Innovation Group (POIG) and RSPO, as well as more generic platforms such as the Sustainable Agriculture Initiative (SAI).

Managing grievances and alerts related to raw material

Since 2019, Danone has implemented a grievance mechanism for palm oil, with the support of the Earthworm Foundation. Currently this mechanism is also being used for other commodities. Danone is working to adapt the process to track and manage more effectively all commodity alerts.

A dedicated team meets regularly to address any incoming NGO and media alerts. When allegations of noncompliance against producers arise, the Group carries out an investigation with support from internal and external experts, and in particular 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 towards its commitments. Danone informs all of its active suppliers about the suspension decisions and the suspended producer is only allowed to enter the Group's supply chain after demonstrating progress and, ultimately, with Danone's consent.

In 2022, Danone registered 14 new alerts linked to deforestation and human rights violations, 12 of which were related to palm oil and 2 to other commodities.

In total, the Group is monitoring 28 alerts that have been brought to its attention by organizations such as Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of Earth.

According to Danone's grievance mechanism, the alerts are being investigated and monitored in dialogue with the parties involved and the supporting NGOs and experts. For 4 of the cases Danone has a suspension in place.

CIRCULAR ECONOMY

Circularity of packaging

Definition

Packaging is essential to Danone's mission as it allows food and beverages protection, an increased shelf-life and a reduction of food waste. The Group works to offer nutritious, high-quality food and drinks in packaging that is 100% circular. This means eliminating the packaging it does not need, innovating so all the packaging it needs is designed to be safely reused, recycled or composted and ensuring the material it produces stays in the economy and never becomes waste or pollution. Danone works with numerous value chain stakeholders to accelerate the transition to a circular economy.

Process to identify material impacts, risks and opportunities

Circular Packaging topic is managed in a cross-functional way including key functions such as Research & Innovation, Procurement, Operations, General Secretary with the coordination by Circular Economy dedicated team.

Regulatory monitoring is undertaken by General Secretary function at national and regional levels. A global policy assessment is undertaken on a yearly basis to inform on policy trends and anticipate upcoming developments.

Danone packaging footprint is assessed on a yearly basis with volumes put on the market and 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 usage and greenhouse gas emissions.

Identification of risks

Thanks to this approach and processes, Danone is able to identify:

- license to operate risks in relation to regulatory measures and retailers packaging guidelines/ restrictions;
- consumer level of pressure and expectations in terms of packaging sustainability;
- environmental impact of its packaging, in particular, in countries of operations where waste management infrastructure is lacking

or where there is a high risk of leakage into the environment or the oceans.

Packaging Policy

In 2018, Danone signed up to the Ellen MacArthur Foundation (EMF) Global Commitment on Plastics and published its Packaging Policy, setting out the roadmap to shift from a linear to a circular economy of packaging.

Danone's packaging policy has been defined based on the vision & principles of EMF and follows three guiding principles/policies:

Packaging designed for circularity:

- design 100% of its packaging to be reusable, recyclable or compostable;
- act to eliminate problematic or unnecessary plastic packaging;
- launch alternatives to plastic and single-use packaging across all major markets of the Water brands.

Packaging reused, recycled and composted in practice: co-building effective and inclusive systems for collection and recycling and engaging consumers.

Preservation of natural resources: shifting away from fossil resources, by integrating recycled content, and using renewable materials.

Partnership and collective initiatives

Danone is strongly connected to NGOs and part of key initiatives acting on the transition to circular economy for packaging. Through these initiatives, Danone is looking to participate in global action and work on systemic solutions to packaging waste issue. Among the most significant, Danone is involved in the following partnerships:

- the Ellen MacArthur Foundation: Danone is a member of EMF New Plastics Economy initiative Advisory Board and is participating to EMF yearly progress report on Global Commitment targets. The Group hence supports the Foundation in driving progress, providing transparency, and informing legislation;
- the Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCofA), which aims to set standards and align industry to improve plastic collection and recycling.



Actions plans and outcomes

Danone aims to using 100% reusable, recyclable or compostable packaging, with set of actions and progress including the following:

- **accelerating reuse models:**
 - in several countries, such as Indonesia, Mexico and Turkey, Danone sells reusable water containers, as well as reusable glass packaging for the hotel, cafés and restaurant industry. In 2022, more than 50% of the worldwide sales volumes by the Water brands were sold in reusable packaging;
 - Danone tested returnable glass bottles in Germany under *Volvic* brand and launched an offer for the HORECA sector in Spain under *Lanjaron* brand.
 - for its Dairy business, Danone is successfully expanding its dairy dispenser offer for HORECA in Spain
- **eliminating problematic or unnecessary packaging and diversifying the use of materials:**
 - the Group continued working on PVC elimination (decrease of 91% since 2018), with plans to complete phase out, achieving a PVC free portfolio;
 - end 2021, Danone launched *Danacol* bottle with no sleeve in Spain, removing around 94 million sleeves per year (equivalent of 130 tons of plastic).

The Group also continued its diversification with the launch of new PET yogurt pots in France.

As of 2022, 84% of Danone packaging is reusable, recyclable or compostable (stable vs. 2021). Specifically for plastic packaging, it represented 74% (stable vs. 2021). During the year, the Group used 762,519 tons of plastic (compared with 750,994 tons in 2021), due to an increase of sales volumes for the Waters category .

Danone is engaged into co-developing efficient and inclusive collection and recycling systems, through a collaborative approach with its ecosystem.

Danone is supporting Extended Producer Responsibility (EPR) principle including Deposit Return Schemes for beverage bottles.

The Group has endorsed EMF position paper on EPR as a necessary part of the solution to packaging waste and pollution. It is also collaborating within CGF Plastic Waste Coalition of Action to align position on key principles for EPR and advocate for global implementation.

Danone is also working on co-building efficient collection systems, engaging with local partners notably in Europe and North America to create sustainable recycling streams for yogurt pots.

The Group supports countries where infrastructures and recycling systems are not fully developed.

Danone committed 15 million dollars in the Circulate Capital Ocean Fund (CCOF) for the development of recycling infrastructure in South and South East Asia. CCOF has committed to date more than 60 million dollars. In 2022, its portfolio companies had an impact on an additional ~100 kilotons of plastic leakage prevented and created more than 1,300 safe and stable additional jobs in the collection and recycling sector.

Moreover, the brand *AQUA* has also partnered with CCOF to fund and scale up *Reciki*, one of Indonesia's leading waste management companies.

Lastly, Danone Ecosystem Fund continues to support actively 5 inclusive recycling projects in 5 countries.

Danone is committed to preserving natural resources and aiming at reducing usage of fossil materials.

Danone works to reintegrate recycled materials in its packaging and increase the use of renewable materials.

In 2022, Danone achieved the following results:

- 11.9% recycled materials on average in its plastic packaging (compared with 10.4% in 2021);
- 21.0% recycled PET (rPET) used on average by the Waters category (compared with 20.6% in 2021) and 26.4% in countries where local standards and regulations allow it (compared with 27.4% in 2020).

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 (where authorized).

Danone is also actively supporting new recycling technologies to reach its sustainable packaging ambition. In 2022, the Group has secured partnership with Loop Industries to enhance closed-loop recycling for PET bottles and enable the recycling of hard-to-recycle packaging and materials.

Danone pioneered circular economy concept for packaging by co-creating *Eco-Emballages* (now *Citeo*) in France in 1992, and with *Evian* being the first brand to use rPET for natural mineral water in France in 2008.

The Group fully embraced the ambition of a circular economy of packaging when it joined Ellen MacArthur Foundations New Plastics Economy initiative in 2017 and signed the 2018 Global Commitment on Plastics, spearheaded by Ellen MacArthur Foundation.

Since then, Danone has been working to advance on its targets as well as to advocate for a collective global transition.

Since 2018, Danone has demonstrated tangible progress in key areas such as in virgin plastic reduction, reuse, recyclability rate and recycled content. Still, the Group has experienced systemic barriers—from underdeveloped reuse, collection and recycling infrastructure to scarcity of recycled content.

These systemic barriers need to be overcome together with other industry players across the value chain and policy makers, notably through regulation. This is why Danone has advocated since 2020 with World Wide Fund For Nature (WWF) and EMF for an ambitious and binding UN Treaty on Plastics as this is an important opportunity in unlocking and accelerating the Group own progress on plastics circularity.

Building on the learnings gathered and challenges faced over the last years, and acknowledging the need to reduce greenhouse gas emissions related to packaging, Danone will continue to drive the transition of its activities to a circular and low-carbon packaging system. The Group is hence setting new targets:

- design our packaging for circularity with 100% reusable, recyclable or compostable packaging by 2030;
- half the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030, accelerating reuse and recycled materials;
- lead the development of effective collection systems to recover as much plastic as we use by 2040.

WASTE MANAGEMENT

Danone monitors waste production and recovery through 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 sub-contractors that can recover the various types of waste generated.

	2021	2022
Industrial waste^(a)		
Total quantity of industrial waste <i>(in ktons)</i>	364 ^(b)	344 ^(b)
Ratio of total quantity of industrial waste per metric ton of product <i>(in kg/tons)</i>	10.4 ^(b)	9.8 ^(b)
Proportion of industrial waste recovered	91.9% ^(b)	93.5% ^(b)
Packaging industrial waste^(a)		
Total quantity of packaging industrial waste <i>(in ktons)</i>	115	114
Ratio of total quantity of packaging industrial waste per metric ton of product <i>(in kg/tons)</i>	3.3	3.3
Proportion of packaging industrial waste recovered	97.3%	98.4%
Proportion of plastic packaging waste recovered	96.5%	98.2%

(a) Production Sites Environment scope, see Note 5.10 *Methodology Note*.

(b) Excluding sites from the Water category for Food Waste.

The amount of industrial waste generated per metric ton of product declined by 5.7% between 2021 and 2022, due mainly to a decrease of food waste generated in production sites. In 2022, the recovery rate for industrial waste increased by 1.6 point compared to 2021 (Production Site Environment scope, see Note 5.10 *Methodology Note*).

The recovery rate for plastic packaging waste at the production sites totaled 98.2% in 2022 (compared with 96.5% in 2021). In 2022, 1.7% of post-industrial packaging waste was sent to landfill (2.7% in 2021). The target is to achieve 0% by 2025.

Reducing food waste

Definition

Danone is committed to reduce Food Waste in its end to end supply chain. For that purpose, 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, partners externally with suppliers and customers and leverages internal expertise in order to halve Danone's food waste.

Policies

Danone closely monitors and reports food waste generated in its end-to-end supply chain and continuously optimizes processes, by driving internal awareness and building losses reduction capabilities, investing in new manufacturing technologies, re-purposing and up-cycling, where possible, and redistributing food surplus. The 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 on a quarterly basis.

Targets

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

Under the resolution against food waste adopted by the Consumer Goods Forum in 2015, Danone has pledged to reduce its non-recovered food waste by 50% to 3 destinations (Landfill, Sewer, Refuse/Discards) between 2016 and 2025.

The Group strengthened this ambition in line with the United Nations' Sustainable Development Goal (SDG) 12.3 by joining the 10x20x30 Initiative and by going beyond non-recovered waste. To achieve this, Danone has committed to halve its food waste ratio to 8 destinations (Landfill, Sewer, Refuse/Discards, Controlled Combustion, Not Harvested, Land Application & Co/Anabolic Digestion) throughout its operations and distribution chain between 2020 and 2030, on a like-for-like basis.



Action plans

Danone adopts a collaborative approach to reducing food waste—from farm to fork—across its entire product portfolio, involving consumers, suppliers, distributors and partners in the process. The Group reduces food waste not only within its operations but all along its value chain as follows:

- **upstream**, by working with its suppliers. For example, the Group engaged three of its main fruits' preparation suppliers into the 10x20x30 platform, committing to reduce by half their food waste by 2030;
- **in its production sites, warehouses and logistics centers**, by creating a Food Waste Champions network in each production site in order to track and reduce food waste and loss within operations. This network enables to (i) foster the sharing and deployment of best practices among Danone's operations, (ii) enable the consistency of the reporting on food waste and loss, and (iii) develop and implement audit methodology with external

experts. Furthermore, the Group redistributes its surplus food to specialist charities in order to support vulnerable communities. Lastly, any unavoidable food waste is preferentially sent to recovery streams with higher valorization, consistently with Sustainable Development Goal 12.3;

- **downstream**, by acting to reduce waste through new consumers channels: in 2022, Danone worked with local partners such as Too Good To Go to raise awareness around food waste and inform consumers on date labeling. The Group continued to influence the shift its date labels from "use-by" date to "best-before" date in key European markets. In addition, Danone Germany introduced an online clearance sales shop for wholesalers in Germany and Austria. Through these new sales channels, Danone exclusively offers products with a shorter minimum freshness at discounted rates. This online clearance sales shop was awarded the "Too Good For The Bin" prize in the category "digitalization" by the German Federal Ministry of Food and Agriculture.

Year ended December 31

	Production sites ^{(a)(b)}		Production sites and supply chain ^{(b)(c)}	
	2021	2022	2021	2022
Food waste management				
Total quantity of food waste generated <i>(in ktons)</i>	249	230	321	295
Ratio of total quantity of food waste per metric ton of product sold <i>(in kg/tons)</i>	29.2	28.0	35.7	35.2
Ratio of total quantity of food waste recovered per metric ton of product sold <i>(in kg/tons)</i>	26.1	25.5	29.0	29.3
Proportion of waste recovered	89.4%	91.2%	81.1%	83.0%
Ratio of total quantity of food waste non-recovered per metric ton of product sold <i>(in kg/ tons)</i>	–	–	6.8	6
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)	–	–	-27.2%	-34.1%
Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials <i>(in kg/tons)</i> - SDG 12.3	–	–	23.0	21.2
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	–	–	-5.3%	-13.5%

(a) Production Site Environment scope, see Note 5.10 *Methodology Note*.

(b) Excludes sites from the Waters category.

(c) Production Site Environment scope see Note 5.10 *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 in 2022 by an additional 6.9% in 2022 compared to 2021, mainly due to results of action plans on supply chain food waste in Morocco, and on industrial food waste in the United States and in Russia.

5.3 REGENERATIVE AGRICULTURE

Definition

Agriculture is the biggest source of Danone's greenhouse gas emissions (representing 59% of total emissions in 2022) and 89% of its water use. As a food company, one of the most important ways to deliver positive environmental and societal impact is through the chosen farming model. Danone is firmly committed to regenerative agriculture and promoting practices that protect soil, water, biodiversity and animal welfare, whilst also supporting farmers in a just transition toward more resilient agricultural models that protect farmer livelihoods and decent working conditions for workers.

Policies

Since 2017, Danone has been designing and deploying a Regenerative Agriculture Program. In 2021, Danone published its Regenerative Agriculture Framework that complemented and strengthened the 2015 White Paper. This framework details the concept of regenerative agriculture, defines a set of practices and a strategy to drive the transformation on the ground. Danone's regenerative agriculture approach is based on the following three pillars:

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

It is a key lever of Danone's 1.5°C roadmap to reduce greenhouse gas footprint, through increased carbon sequestration in soils and reduced emissions (e.g. by increasing feed autonomy on farm and improving manure management and fertilization practices).

Danone's 2025 *Entreprise 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 its dairy farms and ingredient sourcing.

In 2022, the Group paved the way for accelerating its work on empowering generations of farmers by publishing its Human Rights Policy. Empowering means developing sustainable relations with farmers, supporting them in the transition of their practices, via funding and training, and assessing farmers and workers livelihoods and working conditions in order to develop appropriate and enhanced human rights due diligence.

Danone has also made a number of animal health and welfare commitments and priorities, which are formalized in its Animal Welfare Position Paper and for which a progress report is published regularly. 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. In 2022, Danone published a position paper documenting on animal research.

Action plans and outcomes

Danone works with a large number of farmers, including 58,000 dairy farmers, worldwide. Danone'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 towards more resilient, sustainable and economically viable farms. These roadmaps are tailored to where the farms are in their regenerative agriculture and decarbonization journey, and what the farms' challenges are, in order to prioritize improvement practices, bearing in mind trade-offs and co-benefits.

Regular monitoring helps 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 Cool Farm Tool worldwide (in 14 countries) or CAP2ER (in France) to monitor GHG footprint of the purchased milk, Danone regenerative agriculture scorecards on the environmental and social pillars, as well as Danone animal welfare grid (see each sub-section below).

Danone also works with many partners, NGOs, universities and agricultural technicians to promote the adoption of best agricultural practices and share learnings with the farming communities and supporting ecosystem. For example, Danone created the Farming for Generations (F4G) global alliance in 2019, bringing together 8 leading agricultural players across the entire dairy value chain and 3 world renowned advisory partners (Wageningen University, WWF France and Compassion in World Farming). This alliance aims to provide a forum for peer-to-peer exchanges of information on topics such as animal welfare, herd management, emissions reduction, soil health or biodiversity, with a continuous improvement approach. In 2019, Danone and F4G partners set up pilot projects in 33 farms in 8 countries (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 farms. The toolbox provides solutions on: animal health and welfare, herd management, nutrient cycle management, feed autonomy and feed efficiency, soil health, emissions reduction and farm management skills. By 2022, more than 225 farmers have implemented practices on their farms and 98% of them improved their performance or kept the practice after one year. F4G has now also reached more than 2,600 farmers, sharing learnings through farmers events, webinars, newsletters and the Danone Regenerative Agriculture Knowledge Center (see section *Empowering (new) generations of farmers and assessing farmers and workers conditions*).

In parallel, Danone continues to actively work with coalitions such as Sustainable Agriculture Initiative (SAI) Platform, OP2B (One Planet Business for Biodiversity) and with peers to accelerate and scale the transition to regenerative practices in the food and beverage sector, as well as in other sectors relying on agriculture. Danone also collaborates with its suppliers of key ingredients by developing strategic partnerships, such as its partnership with Royal FrieslandCampina to reduce greenhouse gas emissions on farms (see section 5.2 *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 5.2 *Nature* section *Preservation of the water resource*).

In 2021, Danone introduced two resources, the Danone Regenerative Agriculture Handbook and Scorecard, to support field technicians and practitioners to assess a farmers' level of adherence to regenerative agriculture practices, advise them on best practices and to 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 engaging with local teams and collecting farm information. This new digital survey was piloted in more than 25 farms in Europe, North and Latin America and from 2023 onwards will allow for better data quality at scale.

Since 2017, Danone has supported the implementation of 25 projects linked to soil health, water and/or biodiversity in 14 different countries. For example:

- amongst various projects, Danone France implemented the *Les 2 Pieds sur Terre* project since 2017, which aims to support dairy farmers to reduce their carbon footprint, regenerate soil and improve profitability. By 2022, the project has evaluated 1,250 farmers, held 51 training sessions and achieved a 7.8% GHG emissions reduction. Danone France has also worked on the Pachamama project, in collaboration with the *Blédina* brand, Danone Ecosystem and other French organizations, such as MiiMOSA, to support French fruit, vegetable and cereal farmers in the application and dissemination of regenerative agriculture practices that respect soil health and biodiversity. At the end of 2022, the project has reached 31 farms, held 30 trainings and gave external expertise to 210 beneficiaries.
- In 2017, Danone North America launched a regenerative dairy program, which is the most comprehensive program in the country. 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 2022, the program covers approximately 144,000 acres (93% of farms and 75% of Danone North America's milk supply). To date, it has helped reduce more than 54,000 tons of CO₂ equivalent, contributing to Danone's 1.5°C roadmap, equivalent and prevented more than 480,000 tons of soil from erosion. In this context, Danone North America partners with Sustainable Environmental Consultants to continue deploying their R3 tool – "Robust, Resilient and Reliable" – in Danone North America to help farms understand the potential return on investment of regenerative agriculture practices. Danone North America will be expanding this program from 2023 onward, working with a set of value chain partners and was recently awarded a 70 million dollars grant from the U.S. Department of Agriculture, to support the Climate Smart Commodities Initiatives.
- 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 with 22 hectares, scaling up to 350 hectares in 2022 and the expectation is that Flora will cover around 1,400 hectares with these regenerative techniques in 2023, contributing to the farms having improvements in soil health and biodiversity, feed autonomy and quality in the forage used.

All of these projects contribute to reduce greenhouse gas emissions from farms and/or increase the rate of carbon sequestration in the soils, thus contributing to Danone's net zero emission by 2050 target.

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

Development of sustainable relationships with farmers

Farmers and farm workers are the lead actors in the transition to regenerative agriculture, and they must be supported financially, trained and equipped to successfully lead the way. Danone is committed to supporting farmers and farm workers, whether they are just starting out their regenerative agriculture transition, or well on their way. Danone 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 support farmers on the verge of retiring in finding generational relay for their farms and to coach young people to become professional farmers by providing them

training, technical and business planning support, and creating farmers network for experience sharing.

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

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 already deployed projects to support more than 12,000 smallholder dairy farmers across Morocco, Egypt and Algeria. In Morocco, H'lib Bladi project was launched in 2015 with Danone Ecosystem, with the goal of developing sustainable dairy production for smallholder farmers. The project successfully onboarded almost 2,000 farmers. In 2022, Danone revisited this project in order to scale it up in 2023 by expanding the goal to train 10,000 farmers.
- Danone Mexico, Danone Ecosystem, the Inter-American Development Bank, Technoserve and local partners supported 500 small-holder farmers in transitioning to regenerative dairy practices. Support has included measures to improve herd management and productivity, including connected collars that monitor cow rumination and movements. This project reduced GHG emissions by 13% in 2 years and improved farm economics: every dollar invested in the project generated 34 dollars in incremental income for farmers.

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

To support the transitioning towards regenerative agriculture practices, Danone also plans to assess farmers' livelihoods and agricultural workers working and living conditions. Through taking baseline measurements, Danone wants 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 support them to 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 inform the definition and implementation of ad-hoc continuous improvement plans 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 second pillar “empowering generations of farmers” scorecard assessment and highlight best practice for farmers and farm workers to improve their performance and working conditions. It can be found on the Regenerative Agriculture Knowledge Center.

The Social assessment will start to be deployed in 2023 in conjunction with some regenerative agriculture projects.

Respecting animal welfare

Animal welfare is one of the three core pillars to Danone’s Regenerative Agriculture Framework, as happy and healthy animals, from pollinators to cows, all have a positive impact on the environment, on farmers, and on consumers. Securing the health and well-being of animals is vital to ensuring a prosperous and diverse ecosystem.

Respecting animal welfare is key to responsible farming. Danone is committed to working with farmers and other partners to bolster animal welfare and achieve better conditions for all animals. In 2016, Danone published an Animal Welfare Position Paper that crystallised

Danone’s approach, which is based on the Five Freedoms established and internationally recognised by the Farm Animal Welfare Council. Danone is working to ensure these freedoms are upheld for all species and have been progressing on its species roadmaps with the support of CIWF and other specialized partners.

In 2022, Danone assessed animal welfare for 80% of volume of its fresh milk produced via the Group’s animal welfare audit. Danone also carried out nearly 2,600 audits at a farm level, which scores farms on a scale from 0-100 points. In 2021, the average score was 70 points.

Danone reports its progress on its animal welfare commitments regularly in a dedicated report, which is available on the Company’s website.

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

Danone was also awarded Tier 2 status (out of 6) in the Business Benchmark on Farm Animal Welfare (BBFAW), an independent report, from 2018-2022, as a result of Danone’s commitment to animal welfare in its business strategy.

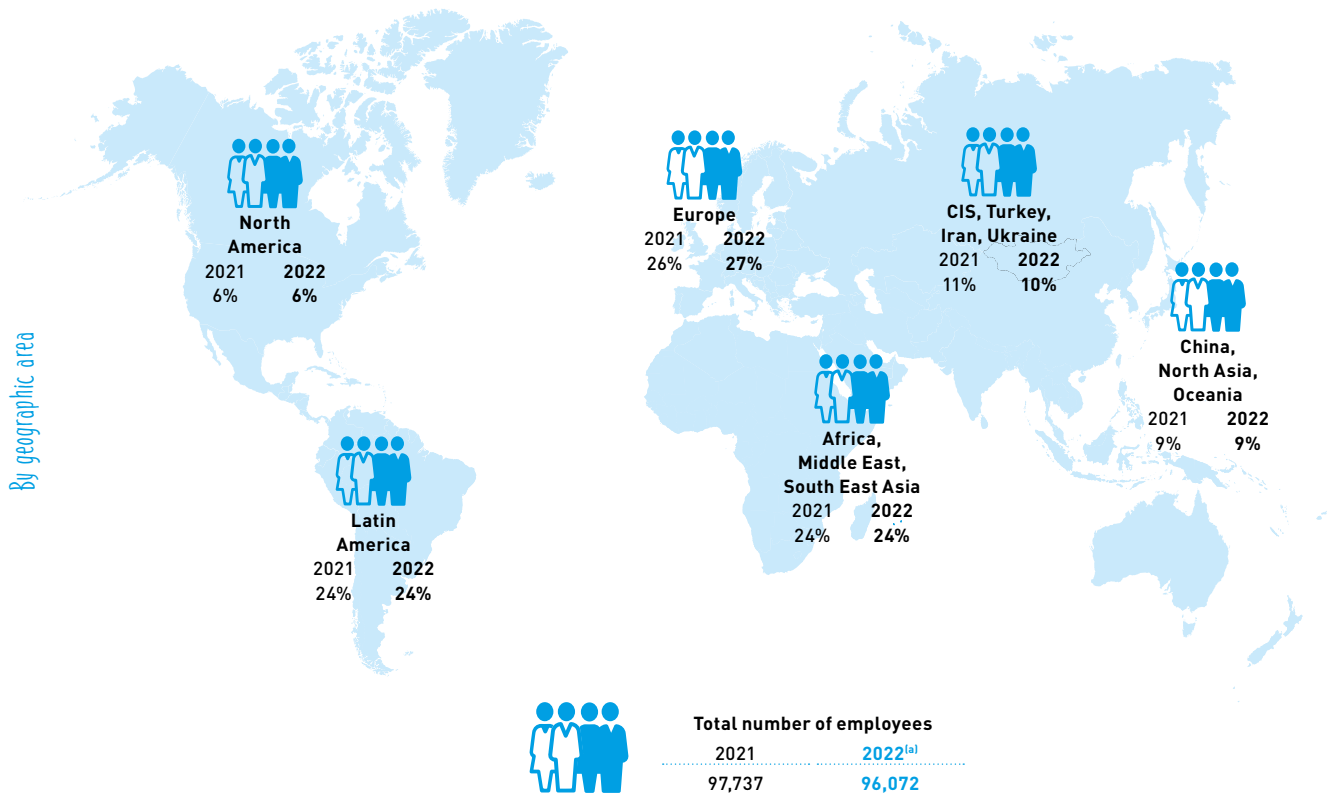
5.4 PEOPLE AND COMMUNITIES

Contents

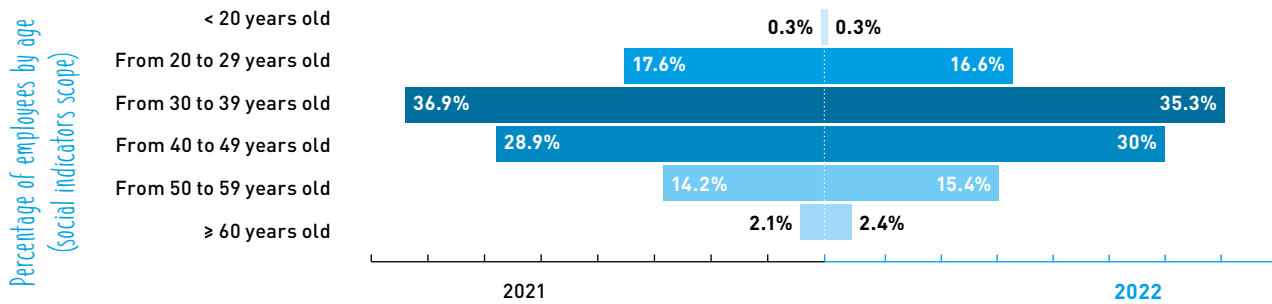
Danone's employment approach	170	Responsible Sourcing and Human Rights for workers in the value chain	180
Human Resources	171	Focus on Agricultural supply chain	182
Inclusive Diversity	172	Focus on Tier 1 suppliers other than milk farmers: RESPECT Program	182
Workplace safety: the WISE ² program	174		
Employee Learning and Development	175	Affected communities	184
Compensation and benefits	176	Danone Communities	184
Health benefits - for employees	177	Danone Ecosystem Fund (<i>Fonds Danone pour l'Écosystème</i>)	184
Social dialogue	177	Livelihoods Carbon Fund	185
Employee security	178	Livelihoods Fund for Family Farming	185
Respecting and promoting human rights in Danone's operations	179		

DANONE'S EMPLOYMENT APPROACH

Employees



[a] This number does not include 0.1% of Danone's total workforce (i.e. 94 employees), which corresponds to the entities that were included in the scope of the social indicators in 2022 (Scope of social indicators, Methodology Note). The total number of employees including these 94 employees is 96,166.



Percentage of women in the organization

	2021		2022	
	Total	% women	Total	% women
Board of Directors ^(a)	13	45%	12	50%
Executive Committee ^(a)	7	29%	16	25%
Managers, directors and executives	22,469	52%	22,488	52%
<i>Senior managers: executives (excluding Executive Committee) and directors</i>	1,700	41%	1,637	42%
<i>Other managers</i>	20,762	53%	20,851	53%
Non-management employees	75,268	27%	73,584	26%
Total employees	100%	32%	100%	32%

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

Conditions and organization of Danone's working time

	2021	2022
Hires ^(a)	13,808	14,835
Dismissals ^(a)	6,553	6,405
Absenteeism rate ^(a)	2.9%	3.1%
Employee turnover rate ^(a)	19%	20%
Part-time employees ^(a)	3%	3%

(a) Social Indicators scope, see Methodology Note.

Danone enables employees to arrange their work schedules in accordance with their local environment, for example by allowing part-time work or remote work, thus contributing to their well-being at work. In 2021, the Group launched the "Future of Work" study among its employees to reflect on how to transform the ways of

working. Following this consultation, new solutions were co-built with employees to offer them the possibility to work from third parties' places, adapt their physical and digital work environment and adapt ways of working to a hybrid context.

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 talents, and creating the conditions so 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 from 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 the opinions of Danone employees on the Group's values and behaviors as well as on the Renew Danone strategy.

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

- increase awareness on the Danone HOPE Values (Humanism, Openness, Proximity & Enthusiasm). 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 in the future of the Group;
- launch a new set of Danone Behaviors, critical to achieve 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.

Inclusive Diversity

Definition

Inclusive Diversity is 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

Inclusive Diversity thrives at all levels of the organization, thanks to the role modelling of leaders and the proactivity of all employees. Since 2021, Inclusive Diversity has been sponsored by two Executive Committee members. In addition, Danone encourages employees to act within their sphere of influence to help achieve inclusive diversity targets. More than 400 Inclusive Diversity Champions around the world are driving change at the local and functional level, working with the Human Resources department and management teams. Moreover, employee networks focus on specific aspects of Inclusive Diversity, such as the local networks Women in Tech, Women of Operations, Pride groups in Benelux, North America, United Kingdom and Ireland or the new This-ability Taskforce.

In order to support the Inclusive Diversity strategy globally, an Inclusive Diversity Steering Committee is working on a transformational approach based on three pillars: People, Brands and Partners.

Policy

Inclusive Diversity Policy

Creating an inclusive and diverse environment is ensured by the deployment of three fundamental policies:

- Global Inclusive Diversity Policy, which sets standards of equality and fairness;
- Global Parental Policy, deployed in 55 countries, it sets common foundations for both primary and secondary parents;
- Anti-harassment and Discrimination Policy, an extension of the Global Inclusive Diversity Policy, reinforcing Danone's commitment to ensure a workplace free of harassment and discrimination.

In 2022, Danone continued promoting inclusive behaviors and gender equality. The main targets, and the main progress in 2022 are as follows.

Priority	Target	Situation in 2022
Promotion of inclusive behaviors	Maintain inclusion index above peers ^(a)	Score of 86% of the Inclusion index ^(a)
Gender Balance	Achieve gender balance in management globally by 2030	42% of women in senior managers positions (executives and directors)
	40% to 60% of gender balance in Executive Committee by 2029	25% of women in Executive Committee as of 31 December 2022
Gender Pay Gap	Drive equity and close gender pay gap by 2025	3.2 pts in 2022 in manager, directors & executives positions

(a) measured through Danone People Survey.

Gender diversity target has been redefined in 2022. The target focuses on achieving gender balance in management globally by 2030.

In addition to the global KPIs, each country and function is also working on their local and functional Inclusive Diversity Roadmap and KPIs as part of its growth and people agenda.

Disability

Danone encourages its subsidiaries to promote practices to support people with disabilities.

In France, the Group signed specific agreements on disability and the fight against discrimination that include measures to support people with disabilities. Furthermore, Danone promotes the recruitment of people with disabilities by supporting events such as Tous HanScène.

Moreover, in 2022, Danone Brazil successfully launched ^(a) a project by partnering with a local NGO to design recruiting processes and improve the conditions for people with disabilities. The percentage of employees that declare to have some type of disabilities reached 6,7% of the workforce in Danone Brazil.

Danone also focuses on retaining people with disabilities by ensuring that they have the most suitable work environment. The Group therefore extended its global membership with Business Disability Forum, a non-profit organization aimed at creating a disability-smart world by linking businesses, people with disabilities, and governments. Danone also created a global This-Ability Taskforce which follows up on global actions and shares best practices across the different countries.

Parental Policy

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

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

- 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 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 all countries in which Danone operates.

Action plans

In 2022, Danone held several internal Inclusive Diversity events, broadcasted with simultaneous live translations in 6 main languages:

- International Women Day: The Group organized events and activities under the theme "Break the Bias";
- International Pride month: several local Employee Resource Groups organized conferences to foster diversity and promote a culture of respect and equality. In addition, a global event took place to celebrate the signature of the United Nations Standards of Conduct for Business to tackle discrimination against lesbian, gay, bisexual, transgender, and intersex people;

Focus – Engagement

Danone's employees help co-build the strategy of the Group. Through the "Danone People Survey" and Pulse programs started more than 2 decades ago, all Danone employees worldwide—regardless of seniority, position or location—have the opportunity to express themselves, share their convictions and put into action their opinions to build the Danone of tomorrow.

In particular, the Danone People Survey means the sustainable engagement of employees, through an evaluation of the strength of the employer-employee relationship of whether employees are enabled to be successful and whether the culture and the environment support employee well-being.

- Inclusive Diversity Week: a full week with local and global events to celebrate diversity and increase the level of awareness on this topic;
- International Day of People with Disabilities: Global live-streamed event focused on learning more about the meaning of disability in the workplace, showcasing some local projects and the This-Ability taskforce.

Moreover, since 2022, each month a Country General Manager is presenting the status of Inclusive Diversity and the main KPIs and local initiatives related to the topic to the Executive Committee.

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 by annual conferences and mentoring support.

Outcomes

External recognition

Danone's work to foster an inclusive environment translated into improving the position of the Group in major external indexes. In 2022, Danone has progressed from 26th to 13th place in the Top 100 World in the Equileap's Gender Equality Global Report and was ranked #1 in France. In addition, for the 5th time, Danone is included in the Bloomberg Gender-Equality 2023 Index. Moreover, Danone North America was scored 100 on The Human Rights Campaign Foundation's 2022 Corporate Equality Index and was designated as a Best Place to Work for LGBTQ Equality.

Also in 2022, Danone received the Gender Equality Diversity and Internal Standard – Sustainable Development Goal Award of the Arborus Foundation for the "Alban Baladine" Milk Collection Centers project in Egypt. This project helps to empower small milk producers with a focus on the key role of women in dairy production. The target is to have social impact by opening milk collection centers and providing small milk producers with access to a wide range of services including milk analysis and storage to increase and maintain their cows' productivity. Over 8,500 small farmers, 94% of them being women, have been empowered through sustainable revenue streams.

In 2022, 90% of all Danone employees worldwide participated in the Danone People Survey, more than in the last edition in 2019 (89%). This survey was conducted by an external consultancy firm.

Overall in 2022, the current Engagement Score is 86 points, which has remained stable for the past 5 years. When compared externally, Danone employees have higher levels of engagement than the peers in the consumer goods industry (+3 points).

As part of the Group's collaborative strategy, Danone employees have the opportunity to participate in the building of their local action plans. In 2022, more than 31,000 Danone employees volunteered to be part of this initiative that will help address areas of focus for 2023 and beyond.



Workplace safety: the WISE² program

Definition

Danone is responsible for ensuring the health and safety of its employees at all its sites, providing a healthy, safe and calm working environment that reflects a long-term and respectful commitment to the life balance of its employees. In light of the risks inherent in the Covid-19 crisis, the Group's priority is to ensure the safety of all employees at its production sites and tertiary headquarters.

Governance

Managed by the Human Resources Department, the WISE² program is deployed at each entity, at the production sites and at the logistics warehouses for sales and distribution. Health and Safety managers at the subsidiaries and sites support the program's smooth operation.

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

Objectives by 2022	<p>In 2020, Danone achieved its 5-year ambition to reduce by 50% its lost time accidents between 2015-2020. It continued its trend of positive results during Covid-19 period despite a difficulty to apply Danone's standards in term of safety audits and safety rituals in particular. The target to achieve zero fatality remains the Group's long term objective^(a).</p> <p>In 2022, Danone set incremental safety improvements. Its objective is to reduce by 4% its FR1+2 which includes lost-time accidents and non-lost-time accidents (see Results section hereinafter).</p>
Application scope	<p>Monitoring of types of accidents (fatal accidents, accidents with and without lost time): all people working at Danone sites (employees, workers from staffing agencies or other outside labor providers and subcontractors).</p>
WISE² program operation	<p>WISE² is a worldwide program that seeks to continuously reduce the number of workplace accidents through two approaches:</p> <ul style="list-style-type: none"> • promoting the culture of workplace health and safety at all Group sites; • ensuring compliance with standards for the most critical risk situations. <p>To address these risk situations, the Group continuously defines and updates new standards, including those related to WISE 12 basics in plants (work at height, chemicals, confined spaces, explosive environments, hazardous gases, fire & evacuation, equipment safety, forklifts, racks & pallets, truck loading/unloading, trucks fleet, work permits and hazardous energy). Specific risks related to the sales and the head offices activities are being tackled thanks to 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 WISE 12 basics in proximity distribution (driving for driver, driving for vehicle, vehicle maintenance, pedestrians, loading & unloading (lifting), warehouse/racks & pallets, forklifts, chemicals, work at height, general installations, contractors and fire & evacuation).</p>

(a) Following one fatal traffic accident in 2021, Danone has reinforced the preventive measures included in its standards to mitigate the risks of road accidents and 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 supposed to be revised once a year to take into account new risks and eliminate some according to action plan executed of some equipment changes. Mitigation plans to be implemented are part of this document and remaining risk assessment after action is also included. Health and Safety managers on site are in charge of updating Single Assessment Documents and Site directors are legally accountable for this update. In the production sites, each area manager is implementing the assessment in coordination with safety teams.

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

Meanwhile, each year, approximately 50% of Danone sites, production sites and sales force are subjected to WISE² audits 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 sanitary situation, Danone was able to progressively resume WISE² on-site audits.

WISE² audits are also performed for 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 and posture and workstation configurations. Danone also takes measures to reduce working

hours and employee turnover in convenience store distribution. The rate of workplace illness and related absenteeism are monitored at the local level.

Outcomes

Year ended December 31						
	2021			2022		
<i>(number of accidents, except frequency rate in percentages)</i>	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	245	1.0	1	269	1.1

(a) Safety Scope, see Methodology Note.

Year ended December 31		
	2021	2022
Frequency rate 2 (FR2) ^(a)	0.79	0.68
Severity rate ^(a)	0.07	0.06

(a) Safety Scope, see Methodology Note.

In 2022 Danone did not achieve its target of reducing FR1+2 by 4%. The Group has increased its FR1+2 by 2% landing at 1.82. Despite the improvement of its results during Covid-19 period, its auditing and training programs have been reduced therefore resulting in a slowdown in the overall performance.

In 2022 Danone achieved a stable performance in Safety. Despite significant improvements in most of its zones, the Group faced specific increasing trend of accidents in North America. Reinforcing its safety basics and audits, Danone aims to be back on its historical trend in 2023.

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

Since 2014, Danone has included the promotion of health and well-being in the workplace in its WISE² program. Danone defined a systematic approach built around five pillars: (i) ensure a good work rhythm, (ii) make daily work meaningful, (iii) promote healthy ways of working (iv) manage employees with kindness and authenticity, and (v) promote a healthy lifestyle and environment. Practical guides encourage the subsidiaries and sites to implement them. 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 psychosocial risks prevention and focused especially on:

- regular training and updating of Human Resources and change management teams on practices and activities to implement in order to protect the health and well-being of employees in a changing context;
- making sure employee assistance program exist everywhere to support employees;
- conducting Human Feasibility Studies to minimize the impact of Local First changes on individuals' well-being and mental health in all countries.

Employee Learning and Development

Definition

The Learning and Development framework aims at enabling Danone employees to acquire critical skills 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, who reports to Danone's Chief Human Resources Officer, member of the Executive Committee.

Being a strategic topic, in particular for the Human Resources function, the governance is both at Human Resources Board level for main strategic decisions, with the support of Human Resources Directors as well, as with all functions through functional Learning & Development committees for each function. In addition, operational teams at global and local level have regular meetings 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 and more relevant and user centric Learning & Development approach: re-ignite development, simplify and curate the learning offer and increase the impact of training by focusing on user centrality. Overall, Danone offers managerial 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 individual development plan.

Danone's digital learning platform Campus X is a powerful tool to provide impactful learning solutions for employees all over the globe, with an increasing number of e-learning modules and on-line courses and online facilitator-led training. Moreover, Danone provides access to LinkedIn Learning, Coursera and Get Abstract.



The Campus X ecosystem has been recognized externally to be at the front edge of learning systems, providing a wide range of content to Danone's employees, both from a functional and leadership

standpoint (with 50,000 different resources). It is accessed by approximately 20,000 employees every month.

	2021	2022
Number of permanent employees who took at least one training course ^(a)	95,542	95,341
Total number of training hours ^(a)	2,322,335	2,451,042
Percentage of employees trained ^(a)	100%	100%
Average number of hours per person trained ^(a)	25	26

(a) Social indicators scope, see Methodology Note.

Compensation and benefits

Definition

Danone offers its employees competitive compensation and benefits 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 human resources development as well as regulations, requirements and the local situation 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 qualitative targets, defined with each employee's immediate manager and allocated to the categories of People (such as succession plan, development, turnover, diversity), Renew (linked with the implementation of the Renew Danone Strategy) and Function (such as productivity, market share sustainability).

As part of an integrated vision of the Group's performance, the variable compensation of approximately 1,500 executives and directors has gradually been based on social and environmental performance criteria such as improvement of the Group's environmental impact, employee health and safety and diversity. In 2022, the number of beneficiaries was extended and grants were made to 1,750 employees (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 on Danone's results. Some French subsidiaries and certain foreign subsidiaries have established employee incentives and/or profit-sharing agreements indexed on 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, Danone launched in 2019 its first global employee share ownership plan, enabling its employees in 8 countries to subscribe for new Danone shares. Since then, the share ownership plan was extended to additional countries. In 2022, the plan covered 46 countries, representing 83% 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 on the amount of the annual dividend (see section 7.8 *Share ownership structure of the Group as of December 31, 2022*). Each year, every single new Danone employee receives a Group 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, 2022, and the expenses for the year are presented in Note 8.3 of the Notes to the consolidated financial statements.

Health benefits - for employees

Definition

Access to the health and risk coverage and also education regarding health challenges for all employees is a key priority for Danone. The Group continues to support its employees with Dan'Cares program in all countries where it operates. This priority has been reinforced for all employees worldwide since Covid-19 in the past 2 years and has been extended to the close family of the employees.

Policies

In 2009 Danone launched the Dan'Cares program, with the commitment of protecting all employees and ultimately guaranteeing a quality health coverage for all employees. It is to cover major risks and also to take 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 deployed in all Danone subsidiaries, including in countries where such coverages are not fully offered by the government regulated healthcare systems.

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

Social dialogue

Definition

Danone pursues building 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 Group's reorganization. Listening to union representatives regarding employee expectations and maintaining an open dialogue with them helps to limit the threat 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 the respect and deployment 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*);
 - the France's Work Council and the Information and Consultation Committee (acting as the European Work Council of Danone) appoint two Directors representing employees sitting at the Board of Directors. A member of the Company's Work Council also participates in Board of Directors' meetings in an advisory capacity (see section 6.1 *Governance bodies*).

Action plans

Danone has introduced Employees Assistance Program (EAP) as one of the key pillars of the extended Dan'Cares program. EAP is a professional service handled by an external company that helps Danone's employees with any emotional, practical or physical queries. The access to EAP is also extended to the direct family members of the employees. In 2022, 35 countries (28 in 2021) had already implemented this initiative.

Moreover, in 2020, all Danone entities included employee health as a condition of business continuity. They implemented and monitored preventive measures such as checking for fevers, access to protective equipment and/or Covid-19 testing (Danone Way scope, see Methodology Note).

Outcomes

As of 31 December 2022, 94,761 employees (91,672 in 2021) in 56 countries (55 in 2021) received health coverage fully meeting or partially meeting the criteria defined by Dan'Cares.

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

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 report employee expectations up the line, 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. Since 1989, 10 agreements have been signed between Danone and the IUF, and a joint vision was established.

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 (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 between Danone and the IUF. These principles are the basis of Danone's responsible sourcing programs (see Responsible Sourcing and Human Rights from workers in the value chain in section 5.4 *People & Communities*).
- Danone communicates its commitments to all employees through its Code of Business Conduct (see section 5.6 *Responsible business conduct*).

Local First Project and FutureSkills Initiative

In 2020, Danone announced a transformation project called Local First, aiming to change the operating model to shift to a globally and locally grounded organization. In 2021, the Group signed a method agreement with the IUF to frame the social approach of the Local First transformation.

In parallel, 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 (see the common statement available on Danone's corporate website). In 2020, Danone and the IUF signed a common statement aiming to allow Danone's employees to have 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 Local First project has been deployed worldwide following three phases:

- study phase: managed by study teams in each of Danone's entities including the sharing of early information to unions or employee representatives;
- global and local social consultations: a comprehensive process with unions or employee representatives following the global IUF agreement on changes affecting employment (1997);
- implementation phase: includes regular follow-up committees with unions or employee representatives according to the IUF method agreement of January 2021.

The FutureSkills approach was locally deployed according to the following steps: (i) define the eligibility of employees, (ii) dialogue with local unions or employee representatives, (iii) identification of the jobs of the future, and (iv) design of the individual training

Employee security

Definition

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

Governance

In 2022, the Chief Security & Competitive Intelligence Officer, who reports to Danone's General Secretary, is responsible for managing security risks.

The Security Department consists of four specialized units:

- international security, responsible for (i) designing and deploying the global guidelines [but the responsibility of implementation is for the local entity], (ii), mitigating security risks linked to international mobility in coordination with the local entity, and (iii) supporting all the teams in protecting the Group's tangible and intangible assets against malicious actions;
- operations security, responsible for protecting the supply chains and investigating suspected food fraud;
- risk analysis, responsible for drafting guidelines and forward-looking reports, country risk analysis and security watch;
- cybersecurity, responsible for centralizing Danone's policy in this area; its role was enhanced with the creation of a Cyber-Board,

journey. A digital toolkit was designed for local teams to support them in the implementation of the project. For example, in Fulda (Germany) in 2022, to support the transition of the plant to a new packaging technology, the FutureSkills program has been deployed in the form of in-depth professional training programs that prepare each team member to the jobs of the future.

As Danone became an *Entreprise 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 part of the set of performance indicators identified to track Danone's progress towards its Mission (see *Outcomes* below).

In addition, Danone and the IUF pursue 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 labor and management since 2019 and is working to define its local social dialogue roadmap. In 2022, more sites have organized themselves, resulting into union recognition and negotiation of collective bargaining agreements in DuBois (Pennsylvania) and Salt Lake City (Utah).

Outcomes

In 2022, 74% of employees were covered by collective bargaining agreements (same as 2021) (see Methodology Note).

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 2009 and 2022, a total of 68 sites visits were made.

In 2022, 100% of Danone's entities discussed with unions or employee representatives and proposed to eligible employees the FutureSkills program if a validated project affects employees or their working conditions (see Danone Way scope, Methodology Note).

which reports to the Chief Security & Competitive Intelligence Officer.

Policies

Danone developed a formal Security Policy that defines the Group's vision, mission and objectives for this area. The global security management guidelines articulate the principles of the Policy, particularly in terms of protecting employees. The Security and Health Policy for travelers complements the Group's corporate Travel Policy with a set of security guidelines.

The Security Department also published specific guidelines on international business travel in the context of the Covid-19 crisis.

Action plans and outcomes

Security risk management is based on the following three pillars:

- **Anticipation and information:** risk monitoring and analysis to understand the security threats facing Danone and its employees and define action plans. Protecting employees means mapping risks on a country-by-country basis and working with local teams to refine the Group's analysis of the environment. Danone ensures that information relating to security risks is properly communicated to the employees and that security rules related to business travel are shared through regular communication and awareness actions. To this end, the security team has developed an online training module that is available on Danone's digital learning platform, Campus X. The Security team frequently publishes on the Group's internal social network with information related to travel security. It includes a weekly prospective security risks overview, reminders about the travel policies and procedures and tips to mitigate one's exposure during international trips.
- **Prevention and protection:** working with internal and external experts to implement preventive measures that reduce the likelihood of incidents. This includes monitoring business travel and expatriate assignments in high-risk countries and setting up

security protocols. Each Danone site conducts a self-assessment using an audit checklist, then works with security experts to continue improving security based on the results. Since 2017, 95% of the production sites have conducted security self-assessments. In 2022, 47% of the sites conducted their self-assessment (scope: 174 production sites).

- **Response and incident management capabilities:** positioning resources that enable the Group to respond in the event of an incident. Working with the Human Resources department, the Security Department continuously applies an outsourced monitoring system as well as a security assistance program.

In 2022, Danone's Security Operational Center (SOC) noted 61 important or urgent events, all of which were reported to the Security team. For these events, the SOC contacted the Security team 10 times (vs. 4 in 2021) given that Danone employees were close to the impacted area. On 8 occasions, the Security team decided to contact all employees potentially affected by the event. The increase in the number of events handled by the SOC is tied to the resumption of most international travel in 2022 after two years of restrictions due to the Covid-19 health crisis.

Respecting and promoting human rights in Danone's operations

Definition

In 2022 Danone concluded the salient human right 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 contractor 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, the strategy to prioritize Danone's external workforce will be pursued.

Policies

In 2022 Danone strengthened its human rights approach by publishing its Human Rights Policy and updating the Danone Sustainability Principles (DSP) applicable to its value chain, including own operations (see section *Responsible Sourcing and Human Rights from workers in the value chain*).

Danone Human rights Policy reaffirms Danone's commitment to respect and strengthen human rights in its value chain and refers to the DSP for spelling out the human rights the Group is focusing on; it elaborates on Danone's responsibilities and on its expectations towards business partners (section *Responsible Sourcing and Human Rights from workers in the value chain*) and, it describes Danone's approach for implementing human rights due diligence, with external workforce identified as the next step.

The DSP consist of Danone's fundamental values and principles related to social and human right 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 Principles of the DSP were strengthened on several accounts: beside clarifying the international standards used as reference, some principles were reinforced (e.g. no child labor), some were added such as diversity and inclusion or rights of communities and indigenous people. 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 and what is required and expected

from all Danone's entities worldwide. It commits all employees to implement the DSP in their daily work and interactions with business partners, including raising concerns when they deem it appropriate.

Action Plan – Implementation

Danone has identified on-site external workers as a main priority for internal human rights due diligence. Beside, considering the systemic scale of human rights violations worldwide on these vulnerable populations, Danone favors collective approach 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 2020, as part of its implementation, Danone piloted in Mexico 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. Danone developed in 2021 a dedicated Internal Control/Internal Audit point to monitor its subsidiaries' compliance with the policy and identify improvement areas.

More broadly, as a member of the Consumer Good Forum (CGF)'s Human Rights Coalition – Working to end forced labour, 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 collective work supported by the Fair Labor Association (FLA) to develop the due diligence framework tools and processes. In 2022, Danone piloted the first steps of the Coalition due diligence framework in its Polish and Brazil 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 FLA to increase their capabilities. They mapped the Business Units workforce 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. This will be addressed through local follow up Action Plans. Danone developed in 2022 its HRDD roadmap, sequencing the Business Units based on the number of external workers and the inherent country risks.

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 at higher risk than employees due to their increased vulnerability. Each Business Units is required to nominate a Human Rights Champion specifically trained on human rights and forced labor and responsible for ensuring that local HR and operational managers in relation with temporary workers are trained on unethical recruitment risks and forced labor drivers.

RESPONSIBLE SOURCING AND HUMAN RIGHTS FOR WORKERS IN THE VALUE CHAIN

Danone has identified three risks linked to sourcing, namely: (i) business practices and price setting, (ii) responsible 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 5.1 *Introduction*)

Danone's responsible 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 milk sourcing, 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 responsible business practices.

The Danone dedicated e-learning training program on human rights and fight against forced labor is available on the Group training platform to the Procurement, Human Resources and General Secretary functions. 6,658 Danone employees had completed this training at the end of 2022.

Finally in 2022 Danone strengthened its employees' engagement on human rights through the launch of Human Rights Community Networking Calls. Gathering the local Human rights Champions (Human Resources), RESPECT Champions (see section 5.6 *Responsible Business Conduct*), and local Sustainability Managers (General Secretary), these quarterly calls enable information and best practice sharing and aim at progressively building local awareness and capabilities. The last call in December 2022 was mainly dedicated to the newly published Human Rights Policy.

Governance

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

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

An update on the progress of the "human rights" pillar of the vigilance plan was presented to the CSR Committee of the Board and to the Board of Directors in December 2022, focusing on the new Human Rights Policy. This policy has been approved by the Executive Committee and published in December 2022. The governance of the environmental pillar is described in section 5.2 *Nature*.

Policies

Sustainability Principles

Danone's responsible sourcing approach is based on Danone's Sustainability Principles (DSP) (see section 5.1 Introduction). Applicable to the Group's value chain including its own operations, the DSP were updated in 2022, taking into account the 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 DSP 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 impacting negatively 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. The DSP are incorporated into a clause in Danone's contracts with direct suppliers meaning that acceptance and adherence to the DSP (or provision of equivalent principles) is mandatory to do business with Danone. The Business Partners must agree to ensure transparency, to remedy any shortcomings, to put grievance mechanisms in place and to drive continuous improvement.

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

Environmental commitments

As mentioned above, Danone's responsible sourcing requires engaging and involving its value chain partners and suppliers with respect to its environmental commitments.

Summarized in the 2022 version of the DSP, these commitments and their related strategies address biodiversity, elimination of deforestation, regenerative agriculture, preservation of water resources, circular economy and reduction of GHG emissions are described in section 5.2 *Nature*.

Human rights commitments

Similarly, Danone's responsible sourcing requires engaging and involving its value chain partners and suppliers with respect to social standards and human rights commitments.

The 2022 Danone Human Rights Policy reaffirms Danone's commitment to respect and strengthen human rights in its value chain and refers to the DSP for spelling out the human rights the Group is focusing on; it elaborates on Danone's responsibilities and expectations versus business partners; it describes Danone's approach for implementing human rights due diligence in the different scopes of the value chain. (see section *Danone's employees – Respecting and promoting human rights in Danone operations*); finally it focuses on grievance mechanism and remedy and on the governance of the topic.

Beside this overarching policy, Danone has a long standing commitment against forced labor recognized as one of the most pressing social issues of our time in agricultural supply chains. In 2016, Danone joined the Consumer Goods Forum's (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 Fundamental 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 Human Rights Due Diligence (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 Brazil Business Units, (see section *Respecting and promoting human rights in Danone operations*).

In 2022, Danone continued its contribution to the Business for Inclusive Growth coalition, which aims to scale up actions on economic inclusion, particularly with regards to human rights across the value chains.

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 the standpoint of labor rights and human rights, but also the impacts on local communities and consumers, as well as fair trade practices and 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 fruits), for which the potential risks primarily exist at farms and plantations in 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 undertook a salient human right 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 priority categories already identified were confirmed.

In 2022, Danone concluded the salient human right impact assessment and used the learnings to update and upgrade the Danone Sustainability Principles together with their implementation guidance and to develop its Human Rights Policy. The salient impacts will further inform Danone's human rights strategy.

In parallel, the Group updated in 2021 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 issues risk-mapping, refer to section 5.2 *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 Agricultural supply chain

Raw ingredients 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 can be found:

- in section 5.2 *Nature* for Danone's upstream supply chain for other ingredients than fresh milk;
- in section 5.3 *Regenerative Agriculture* for the social pillar of the Regenerative Agriculture framework;
- in section 5.4 *People & Communities* for the sourcing of fresh milk.

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

Danone implements responsible sourcing due diligence towards its Tier 1 suppliers other than raw milk (i.e., processed raw materials such as fruit preparations and powdered milk, packaging, production machinery and transport 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 (UNGPR).

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 through 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 as a result generates a scorecard. Both scorecards evaluate labour standards, health and safety, environment and business ethics dimensions. At the end of 2022, 3,189 supplier entities were registered on the Sedex or Ecovadis platform vs. 3,489 in 2021, and 91% had completed Sedex self-assessment or obtained an Ecovadis scorecard. These 3,189 entities represent 2,160 suppliers.
- Danone identifies high risk or high priority suppliers that should undergo an on-site assessment (audit). Since 2020, Danone is using 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 Sedex risk tool, (ii) the spend level, and (iii) the purchase category risk. Based on its analysis, the RESPECT team worked with purchasing departments around the world to co-develop the 2022 audit plan, selecting 103 high risk or high priority sites. Among them, 85 sites have completed an on-site

or virtual assessment, in accordance with the SMETA (Sedex Members Ethical Trade Audit) 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 of the mutual audit recognition through the AIM-Progress initiative. As a result, in 2022, Danone had access to 482 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 audit corrective actions, 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 China and Peru. The objective is to support suppliers 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 that 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 4-module e-learning course covering the fundamentals of the program, which was included in the learning journey for the procurement organization. More than 571 buyers, champions or purchasing managers have completed the course in 2022. This initiative significantly strengthened buyers' awareness and engagement with the RESPECT program. The RESPECT e-learning course complements the training module on human rights and forced labor already offered online (see section *Respecting and promoting human rights in Danone operations*). At the end of 2022, more than 6,658 Danone employees had completed this training.

Collaborative initiatives

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

Whistleblowing system

Since 2017, the Danone Ethics Line has also enabled whistleblowers to report suspected human rights and environmental violations (see section 5.6 *Responsible business conduct*). The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected.

In 2022, a total of 273 alerts have been accounted for in the human rights category, originating from 25 countries versus 395 alerts from 32 countries in 2021. As a reminder, the human rights category had been broadly redefined in 2021, adding to the initial scope of violations in the areas of child labor, forced labor, right to collective bargaining, working time and wages, the set of issues related to discrimination, harassment, and employee health, safety and security. They all have been brought under the umbrella of human rights reporting. In 2022, the Group continued refining its approach and reported "human rights" alerts more precisely dealing with:

- ending exploitation (prohibiting child and forced labor, prohibiting harassment and abuse, and ensuring reasonable working hours): 149 alerts (mostly harassment related issues);
- 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, and ensuring all workers are treated equally with respect and dignity, with a positive culture towards diversity and inclusion) 123 alerts (mostly misconduct and discrimination issues);
- impact to people linked to the environment: 1 alert (community access to water).

In summary, over 85% of received alerts are 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 year end, out of the 273 alerts created in 2022, 220 alerts have been closed, and 53 are still under investigation.

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

In 2022, 6 alerts were raised in the "environmental violations" category, 5 of which were not confirmed after investigation, 1 is still under investigation. 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 process in place to manage grievances that come through other channels than Danone Ethics Line, in particular related to suppliers.

Tracking and assessing the effectiveness of supplier programs

Danone tracks its RESPECT program using the following three indicators:

- RESPECT KPI1 measures the supplier registration rate on Sedex or Ecovadis platform: it reached 94% of suppliers identified as in scope suppliers in 2022 (as of end of 2022, some suppliers are yet to be recorded in the Group's database and hence not identified as in-scope) (compared to 98% in 2021);
- RESPECT KPI2 measures the annual audit plan completion: 83% of SMETA audits planned were completed in 2022 (compared to 91% in 2021);
- RESPECT KPI3 measures the audit closure rate: 91% of audits that identified critical non-conformities (being commissioned by Danone or by peers on common suppliers) have been closed in the expected timeline (compared to 82% in 2021). Audits that have not been closed continue to be monitored. In most cases, critical non-conformities were related to health & safety, working hours and compensation.

These RESPECT indicators are included in the calculation of the variable compensation of some purchasing teams and the RESPECT team, including for their 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 2021 and 2022.

	2021	2022
Total number of critical non-conformities identified	279	267
Percentage of critical non-conformities related to:		
• forced labor	3.2%	2.6%
• child labor	0.4%	0.4%
• health and safety	43.7%	53.6%
• discrimination	0.4%	2.6%
• freedom of association and the right to collective bargaining	2.9%	0.8%
• working hours and compensation	26.2%	25.5%
• the environment	11.5%	6.0%
• business ethics	2.5%	4.1%
• other	9.3%	4.5%

The critical non-conformities identified and reported above have been resolved or are being remedied with the suppliers.

AFFECTED COMMUNITIES

Danone Communities

In 2007, Danone created the Danone Communities SICAV (Société d'Investissement à Capital Variable) and the Danone Communities FPS (Fonds Professionnel Spécialisé). 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, 2022, the Danone Communities SICAV fund had a total of €74 million in assets under management. Of that total, 19% was held by Danone and 46% 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, 2022, Danone also directly held 72% of the FPS.

Danone Communities and its partners invest primarily in emerging countries, 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". In particular, Danone Communities invests equity in social businesses in three main fields: (i) access to safe drinking water, (ii) access to healthy local nutrition, and (iii) access to sustainable food systems.

FPS Danone Communities backs 18 social companies in 25 different countries. To date, Danone is also a shareholder in three of these

Danone Ecosystem Fund (*Fonds Danone pour l'Écosystème*)

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

Once projects are selected, they are deployed by non-profits and/or by the fund directly. Since its creation, the fund has supported projects in five areas: regenerative agriculture, micro-distribution, inclusive recycling, healthy food and diet, and sustainable management of land and catchment areas.

social businesses: Grameen Danone Foods Limited in Bangladesh; La Laiterie du Berger in Senegal; and Nutrigo in China.

As of December 31, 2022, the total investments in these businesses came to €16.1 million for the Danone Communities FPS fund (€15.6 million as of December 31, 2021).

Providing access to safe drinking water for vulnerable people and communities

Danone commits to support social innovation projects and to supply safe drinking water to vulnerable populations.

Regarding local communities, the Group has been working since 2007 in Asia, Africa and Latin America to provide safe drinking water to low-income communities via the Danone Communities fund. Overall, all of Danone Communities' investments in social businesses provided access to drinking water for 10,900,000 people around the world in 2022, representing 2.3 billion liters of safe drinking water. This portfolio gathers innovative business models providing safe drinking water at affordable price to low-income population with 7% annual growth on average, on path to sustainability.

The fund, also referred to as Danone Ecosystem, has no employees: Danone staff members are assigned to manage its day-to-day operations and administrative activities. Their salaries and travel expenses, which totaled € 1.2 million in 2022 (€ 1.7 million in 2021), are charged to the fund in full by Danone.

As of December 31, 2022, the Danone Ecosystem Fund had 35 active projects worldwide, representing a total commitment of € 80,300,000 (€78,400,000 as of December 31, 2021).

Livelihoods Carbon Fund

The Livelihoods Carbon Fund (LCF) is an investment fund, SICAV-SIF (Société d'Investissement à Capital Variable-Fonds d'Investissement Spécialisé), dedicated to restoring ecosystems and carbon assets. 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. 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, eight of these investors created in 2017 a second compartment to accelerate their efforts in the fight against climate change and protect vulnerable people.

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 of the environment.

As of December 31, 2022, investors have pledged to invest:

- in compartment 1 a total of €45.9 million (with Danone accounting for €13.8 million of that amount), which currently supports 9 projects;
- in compartment 2 a total of €65 million (with Danone accounting for €25 million of that amount), which had approved 9 projects as of December 31, 2022.

Capitalizing on the 10-year experience of LCF, a new investment fund, the 3rd Livelihoods Carbon Fund - Livelihoods Carbon Fund SICAV-RAIF ("LCF3"), was created in 2021 with 15 investors and with a first closing of €143 million (with Danone accounting for €30 million of that total amount). This new fund finances projects supporting rural communities in their effort to preserve or restore their natural ecosystems and improve their livelihood through sustainable farming practices.

As of December 31, 2022, 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 8 projects focusing on coconut (representing 2 projects), vanilla, shea, watershed protection (representing 2 projects, one in Mexico and the second one in Brazil), palm and cocoa.

5.5 HEALTH

Since its foundation, Danone has been committed to delivering health through food to as many people as possible by championing healthy eating and drinking habits. Health has been guiding product innovations, brand programs and portfolio choices, from the launch of the first yogurt, the introduction of new product categories and brands—such as *Activia*, *Alpro*, *Aptamil*, *Fortimel* and *Evian*—to the bold portfolio decisions taken in the last decades.

In 2021, Danone identified the “nutritional quality of overall product portfolio” and “product safety and quality” as two of its most

material issues through an outreach of 380 internal and external stakeholders (see section 5.1 *Introduction*).

In order to address these risks, Danone aims at impacting positively the health of more people, by encouraging healthier choices:

- through products: ensuring food quality and safety, nutritional quality and labelling;
- beyond products: using responsible marketing and communication, and enabling programs and partnerships.

ENSURING QUALITY AND FOOD SAFETY

Definition

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

Governance

The Quality Food and Safety (QFS) strategy is defined and implemented by the Chief Food Safety Officer and the QFS SVP, which report both to the Chief Research & Innovation (R&I), Quality and Food Safety Officer, who is a member of the Executive Committee. Responsibility lies with:

- the Danone Food Safety (FS) department in charge of establishing and maintaining the Danone Food Safety Management System (FSMS), defining the highest food safety standards, maintaining, and assessing compliance and effectiveness of the whole system;
- the QFS function responsible of defining the quality standards and processes, then deploying and implementing the quality and food safety standards all along the value chain and at all levels of the organization.

The General Manager of each subsidiary is responsible for the compliance with applicable laws, regulations and Danone internal standards of the products released on the market.

Policies

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

- Danone’s QFS Commitments based on the four pillars (be trusted, be preferred, be efficient and be proud);
- Danone QFS Manual which describes the way its operates;
- Danone’s Food Safety Policy, which refers to a Group-wide FSMS aligned with ISO 22000 and FSSC 22000 operating guidelines.

The FSMS is based on 5 processes to drive QFS excellence and on tight connections with the scientific and regulatory ecosystem, and numerous collaborations and partnerships in the different regions:

- risk anticipation and surveillance: A risk anticipation process, involving Corporate, Businesses/Regions and subsidiaries, functions in an end-to-end approach identifying new food safety developments (science, analytical methods, regulations, and standards) by leveraging internal and external competencies and connections;

- standards set up: Danone not only abides by local and international regulations, but also goes beyond by defining its own Group food safety requirements based on the latest science & highest international standards. These Group Food Safety standards guarantee application of a single benchmark for all the Group’s products and technologies wherever they are sold or produced;
- scientific assessments using the most advanced science and the most updated risk assessment approaches which allow informed business decisions;
- compliance and performance rigorous evaluation of the whole system through:
 - audits: food safety audits of Danone manufacturing sites aiming to check compliance against internal standards and external food safety audit certification of manufacturing sites, third party manufacturers and suppliers against Global Food Safety Initiative (GFSI) recognized schemes,
 - end-to-end Key Performance Indicators reported quarterly, showing the Group’s performance from design to consumer, as cost of non-quality, product non-conformities, storecheck, consumer feedback.
- a continuous effort to build QFS capabilities across the organization (all functions, all geographies) and deploy the iCare program to strengthen its employees’ QFS Culture with a focus on the following priorities:
 - develop a consumer-first mindset,
 - engage all its employees on quality topics,
 - promote visible engagement by leaders and management,
 - ensure that QFS related requirements and messaging are consistent and easy to understand,
 - encourage employees to get involved and share ideas to improve performance.

Collaborative initiatives

In addition, and in order to fulfill its mission, the Food Safety department ensures tight connections with the scientific and regulatory ecosystem and maintains numerous collaborations and partnerships in the different regions (EU, US, China, ...) with standardization and certification organizations, academia, governmental & intergovernmental organizations, industry associations and peers. Hence, Danone is an active contributor to the GFSI, in which the Danone Chief Food Safety Officer is Vice-chair of the Scientific Committee.

Action plans

In 2022, FS and QFS Departments have continuously improved their management systems by:

- Strengthening the risk anticipation governance, fully cross functional and cross categories and setting up accordingly two governance bodies:
 - a Risk Anticipation Committee led by the Chief Research, Innovation, Quality and Food Safety Officer, that decides on mitigations plans to be implemented, official communications (positions / policies) to be prepared and secures related resources,
 - a Public Positions and Policies Committee led by the Chief Food Safety Officer that defines proactive and reactive positions papers as well as policies. Both documents once validated by the Executive Vice President General Secretary and the Chief Research, Innovation, Quality and Food Safety Officer are presented to the Executive Committee by their 2 representatives.
- Continuing to reshape the standards for full harmonization cross categories with a "risk-based approach" (new/reinforced requirements for QFS in Sourcing, Manufacturing, Co-Manufacturing and Logistics; Traceability, HACCP, harmonized Chemical/Microbiological FS Criteria for food contact materials, additives and flavors; Finished Products, Fermentation) and delivering numerous methods and tools to ease safe innovations and manufacturing;
- Deploying its new FS audits system aiming at better preventing FS issues and at stimulating continuous improvement towards excellence in all its factories with the implementation of an ambitious FS audits program with 72 audits completed (new process and governance, adoption of a new risk-based approach, upgrade of auditors' qualification, redefinition of the scoring rules and strengthening of a new algorithm to prioritized sites at risks);
- Implementing a global Product Non-Conformity Management program to reinforce and harmonize -cross category and cross regions- the fundamental processes, standards and governance to efficiently: (i) identify the root cause of the problem, (ii) define the corrective and preventive actions to put in place to address the issue, (iii) assure and develop expertise, and (iv) maximize learnings across a connected global multi-disciplinary network. This program is essential to drive consumer trust and enhance brand reputation, driving ways of working from reaction to anticipation and therefore reducing crisis and incidents;
- Developing data and digital tools to foster processes robustness and data driven decisions: In the past 3 years, Danone QFS has worked consistently on data & digital capabilities, with a full

program and roadmap covering the end-to-end value chain for better and more efficient processes, data access and therefore, supporting performance and data driven decisions. In 2022, progress was made accordingly to the Group roadmap on key domains such as:

- audits digitalization with a new solution implementation under pilot phase;
- traceability and transparency digital capabilities built and implemented in close collaboration with operations teams;
- new technology implementation to manage consumer conversations;
- amplification of the power of its food safety scientific and regulatory watch through artificial intelligence;
- development of its data analytics capabilities to support both local business and global visibility.
- expanding its learning and training internal offer on Food Safety in order to increase knowledge and competencies and supporting QFS Culture within Danone;
- reinforcing tight connections with the scientific and regulatory ecosystem, governmental and industrial partners through:
 - food safety collaborations with the best experts: in 2022, 3 scientific publications and 18 external interventions/ presentations to scientific seminars, workshops and conferences;
 - concrete results from strategic partnerships with Food and Agriculture Organization (FAO), China Food Safety Agency (CFSA), Mars and Mérieux NutriScience;
 - industrial leadership role at key organizations, e.g., GFSI, Safe Secure Approaches Field Environments (SSAFE), Specialized Nutrition Europe (SNE), Food Drink Europe (FDE), China Nutrition & Health Food Association (CNHFA), Food Industry Asia (FIA), etc;
 - annual Scientific Advisory Board (SAB) composed of well-known experts globally.

Outcomes

External certifications: Danone reached a site certification rate of 95% (93% in 2021). In 2022, 166 FSSC 22000 certification audits were conducted by independent certification bodies (190 in 2021) (see Production Site Food Safety scope, *Methodology Note*).

Internal audits: in 2022, the Global Food Safety Audit team conducted 72 in-house FS audits (50 in 2021) (see Production Site Food Safety scope, *Methodology Note*).

OFFERING CONSUMERS HEALTHY PRODUCTS

Definition

Impact people’s health locally is one of Danone’s strategic goals which is anchored in the objectives that the Group set as part of its *Entreprise à Mission* status. The Group has a healthier portfolio by choice and aims to create a positive impact on its consumers health. To do so, the Group works to evolve its product portfolio toward healthier food categories by reformulating and innovating on its product range while also drawing on its in-depth knowledge of public health concerns, eating habits and local cultural traditions.

Governance

The Health topic is supervised by the Chief Research, Innovation, Quality and Food Safety Officer; and a 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 superiority agenda across categories.
- The Chief Sustainability and Strategic Business Development Officer oversees the identification of sustainable growth opportunities and is in charge of the overall sustainability performance of the Group. The sustainability agenda includes Health, Nature and People & Communities topics. Specifically, the VP Health is responsible for the oversight of the health strategy and its performance.

At top level, the Global Sustainability Board acting by the Executive Committee’s delegation is a dedicated cross-functional forum to ensure a collective sustainability delivery. The mission of this board is among others to align on strategy and execution, set the

priorities of categories and countries, and govern execution of the sustainability strategy. At the local level, specific decision-making bodies are in charge of the translation of the health commitments and targets into specific and concrete procedures and rules.

The governance in place within Danone on health and nutrition topics is strengthened by the governance framework of the *Entreprise à Mission* status. The independent Mission Committee reviews and challenges the Group’s roadmap and progress particularly on sustainability subjects such as health and nutrition.

Policies, action plans and outcomes

The Group aims to be part of the solution by offering consumers healthy products and by making it easier for consumers to find and choose healthier options.

Improving the nutritional quality of the portfolio through innovation and reformulation

The first lever is the product portfolio: the Group continually works to improve the nutritional quality of its products to offer consumers healthy and enjoyable options. Danone applies its rich heritage in yogurt and fermentation, plant-based expertise, healthy hydration, and specialized nutrition knowledge to continuously innovate and make products that are tailored to needs, tastes, food cultures and lifestyles.

Danone is committed to provide general population and patients with high nutrition quality products. Therefore, the primary focus is the healthiness of its overall portfolio, which is continuously improved through innovation and reformulation that is based on strict nutritional standards. In line with this ambition Danone monitors the following KPIs:

AMBITION	KPI MONITORED IN 2022	ACTIONS AND 2022 OUTCOMES
Provide general population and patients with high nutrition quality products	Volumes sold corresponding to healthy categories	In 2022, 91% of product volumes sold are in healthy categories, showing a slight increase compared to 90% in 2021. The remaining 9% corresponds mainly to low-sugar drinks and occasional indulgence categories.
	Volumes sold from products rated ≥3;5 stars by Health Star Rating (HSR)	In 2022, 88.0% 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 confidently promoted as a healthy choice (See 5.10 <i>Methodology Note</i> for more details about this system).
	Volumes sold from products scoring A or B in Nutri-Score	In 2022, 89.3% of product volumes sold were compliant with Nutri-Score A or B, stable relative to 89.3% in 2021 (see Health and Nutrition scope, in 5.10 <i>Methodology Note</i>). In this system, the score is translated into a color-coded symbol using letters: A and B are generally considered as having a healthy score (See 5.10 <i>Methodology Note</i> for more details about this system).
	Volumes sold without added sugars	In 2022, 82% of product volumes sold had no added sugars, in slight decrease compared to 83% in 2021.
	Volumes of Dairy and Plant-Based products directed at children with ≤ 10 g of total sugars /100g	The Group is closely monitoring the nutritional quality of its products directed at children. In 2022, 58% of the volume sold of the Group’s Dairy and Plant-Based products directed at children between 3 to 12 year’s old, are aligned with the World Health Organization’s target of a maximum of 10g of total sugar per 100g.

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 of the list to achieve the healthy threshold of 3.5 stars in HSR at portfolio level. At the same time, in 2022, Danone was confirmed as a member of the FTSE4Good Index calculated by FTSE Russell for the sixth consecutive year.

The Group has been working through the year in revising the standards and defining the scope and efforts that will be deployed to achieve the long-term objectives established as part of the *Entreprise à Mission* agenda. A particular focus will be put on the sugar content of the products targeting children, as Danone and the Mission Committee share the belief that the diets of these toddlers and children should be limited in sugars, and by reformulating their products, food companies have an opportunity to contribute

to reduce added sugars overconsumption. Objectives are set on the volume of products directed at young children and kids, with sugar content to be aligned with international standards set by the World Health Organization or the Codex.

Details of this work, including KPIs and targets, are disclosed in the 2022 Mission Committee Report.

Fostering healthier eating and drinking habits through transparent and informative labeling

The second lever is labelling: the Group aims to encourage better choices through transparent and informative labelling.

Danone believes that by providing transparent information through labelling, consumers and patients are empowered to make healthier choices. In line with this ambition, Danone monitors the following KPIs:

AMBITION	KPI MONITORED IN 2022	ACTIONS AND 2022 OUTCOME
Empower people to make informed food choices	Volumes sold providing nutritional information on the front of the packaging (FOP)	In 2022, 79.3% of Danone products displayed nutritional information on the front of their packaging (versus 97.0% in 2021). The decrease in this indicator is mainly explained by a larger reporting scope (see Health and Nutrition scope, in 5.10 <i>Methodology Note</i>).

As part of its long-term *Entreprise à Mission* objectives, the Group also aims to go one step further at empowering people to make healthy food choices by providing simple and science-based interpretative nutritional labeling for essential dairy, plant-based products and waters, either on their packaging or online.

Throughout the year, the Group has been working on further defining the scope, concrete procedures and rules that will be deployed to achieve the target. Details of this work are disclosed in the 2022 Mission Committee Report.

Focus – Accessible, affordable nutrition

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

The Group aims to expand healthy, affordable products to vulnerable groups based on targeted distribution models that make them more available. This can also be based or developed in partnership with local authorities and programs. For instance, in the United States, Danone North America offers many dairy and fortified soy products in school meal programs and through the food assistance WIC (Women, Infants and Children) program, and in 2022, as part of the White House Conference on Hunger, Nutrition, and Health, has committed to invest \$3 million by 2030 to improve access and affordability of nutrient-dense and health promoting products, especially for those in underserved communities through the support of the federal feeding programs (e.g., WIC, School Meals, and SNAP). In addition, Danone North America has worked closely with the White House, through Operations Fly Formula, and the Food & Drug Administration (US Department of Health and Human Services) to help address the formula shortage in the U.S. Danone significantly ramped up its production across its manufacturing

facilities and plans to export a total of ca 39 million 8-ounce bottle equivalents from across its brands into the US market, especially from *Aptamil* (Europe's #1 baby formula brand) and *Neocate*, specialized hypoallergenic medical foods, to supply retail shelves and medical distributors across the U.S.

In 2022, Danone continued to support the populations most affected by the successive sanitary or economic crises happening over the last 3 years. At the local level, this involved (i) studying the socio-economic pyramid and (ii) determining the right price positioning to make safe drinking water and healthy and nutritious food accessible. In 2022, 55% of Danone's entities had at least one healthy product in their portfolios targeting lower-income populations or a plan to expand access (see *Danone Way* scope, in 5.10 *Methodology Note*). For example, in Argentina, the brand *La Serenissima Clasico* was specifically designed to make the essential and core products more affordable to customers.

Danone also builds its strategy on innovative partnerships, with support from several of its social funds. These include (i) Danone Communities, which invests in equity in social businesses in three fields: access to safe drinking water, access to healthy local nutrition and access to sustainable food systems, and (ii) the Livelihoods Fund for Family Farming, which helps smallholders become more resilient and develop subsistence farming strategies that improve their diets.



ACTING BEYOND PRODUCTS TOWARDS HEALTHIER DIETS

Responsible communication

Definition

Danone's goal is to ensure responsible marketing and communications for all. In particular, it is committed to ensuring that its communications are honest, not misleading, and do not condone or encourage harmful or unbalanced behaviors with claims having a sound scientific basis to promote healthier habits.

Governance

Under the process described above, 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

Danone's portfolio is mainly healthy. In 2022, 91% of the product volumes sold were considered in healthy categories: 89.3% were Nutri-Score A or B, and 88.0% scored more or equal than 3.5 stars, which is the healthiness threshold according to the Health Star Rating system. Therefore, the majority of Danone's marketing budget is spent on healthy products.

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

With regard to children under the age of 13, Danone applies the rules detailed in its Pledge on Marketing to Children (see Action Plans hereafter).

To ensure the greatest transparency and the highest level of compliance, Danone decided to embed its commitments at local level. In 2022, 79% of entities have monitored their compliance with the Marketing to Kids pledge or Breast Milk Substitutes pledge. In case of non-compliance, they have established a process to rectify their practices (see Danone Way scope, in 5.10 *Methodology Note*).

As a founding member of the EU Pledge, and a signatory to the International Food and Beverage Alliance's (IFBA) Global Policy on Responsible Marketing Communications to Children, Danone also participates in voluntary pledges at local levels, wherever such programs are compatible with the Danone Pledge. In most of the countries involved, compliance with this pledge is certified by an external agency.

To ensure operational monitoring of its commitments, an internal validation of communication policy, applicable to all Categories, has been developed to guarantee the conformity and scientific accuracy of the health and nutrition claims in Danone's communications.

Action plans

Responsible communication and marketing to children

The following principles apply globally to Danone marketing communications to children under the age of 13:

- Marketing communications directed to children below 13 years of age can only be for products that achieve the Danone Pledge Nutrition Criteria, which 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);
- Danone uses its brands to promote healthy hydration habits and make plain water more appealing to children. It does not market its aquadrinks range 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 (ICC) 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 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: e.g. in Spain, Danone marketing communications directed to children below 13 years of age can only be for dairy products that meet the World Health Organization's (WHO) EU nutritional criteria for total sugar content.

Outcomes

In a 2022 audit conducted by Ebiquity for the EU Pledge in France, Germany, Italy, Poland and Spain, Danone's television advertising was found to be 98.6% compliant with the EU Pledge criteria.

In a 2022 audit conducted by IFBA in Colombia, Japan and South-Africa, Danone's television advertising was found to be 97% compliant with the IFBA Pledge.

In a 2022 audit conducted by Ebiquity for IFBA in Australia and Germany, Danone's digital advertising was found to be 100% compliant with the IFBA Pledge criteria.

Marketing of breast milk substitutes

Definition

Danone's mission of bringing health through food is at the heart of all its strategic choices. Danone recognizes that the right nutrition during a baby's first 1,000 days is crucial for its lifelong health, which is why the Group focuses on giving babies the best nutritional start in life. Breastfeeding is key for this, and like the World Health Organization (WHO) Danone believes that it must be protected and promoted. Danone offers breast milk substitutes to parents who cannot or choose not to breastfeed exclusively, notably by practicing responsible marketing. The Danone Policy for the Marketing of Breast-Milk Substitutes (BMS Policy) is the Group's minimum global standard and Danone follows local legislation whenever the latter is more demanding.

Governance

The ultimate responsibility for the implementation of this BMS Policy lies with the Chief Executive Officer ("CEO") of Danone S.A. The responsibility for the management, implementation and monitoring compliance with this Policy is delegated by the CEO of Danone S.A. to the President of 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 in the subsidiaries to the General Managers. Issues related to breast milk substitutes are under the responsibility of the Compliance Department within the Specialized Nutrition Category. This department reports to the Global General Counsel (Legal, Regulatory and Compliance) within the office of the General Secretary, ensuring independence from the operating teams.

Danone publishes an annual report detailing its compliance with the Danone Policy for the Marketing of Breast-Milk Substitutes. The Group is committed to doing better every year and everywhere it operates. It transparently reports its progress in responsible marketing of baby formula based on independent external assessments and its own monitoring.

Each year, this report, including the internal Annual BMS Summary report, is shared with Danone's relevant governance bodies and executive management teams, including the CSR Committee of the Board and the Board of Directors, the president of Danone Specialized Nutrition or and the Danone General Counsel.

Policies

Danone supports the WHO international public health recommendation calling for exclusive breastfeeding in the first six months of a baby's life and continued breastfeeding up to the age of two and older, in conjunction with the introduction of safe, appropriate complementary foods. Danone acknowledges the importance of the WHO International Code of Marketing of Breast milk substitutes and subsequent relevant World Health Assembly resolutions.

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

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

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

This policy applies to all Danone employees and 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.

Whether working at global or local level, Danone supports (and does not undermine) the WHO's and other agencies' and governments' efforts to develop and implement the World Health Organization's International Code of Marketing of Breast Milk Substitutes (WHO Code) in national legislation.

In 2020, together with UNICEF and several civil society organizations, WHO published a Call to Action for companies that manufacture BMS to publicly commit and take steps toward full worldwide compliance with the International Code of Marketing of Breast Milk Substitutes (WHO Code) by 2030. Danone reaffirmed its support for the aims and principles of the WHO Code by providing a response to this BMS Call to Action. In its response, Danone set out a clear program, made commitments encompassing, amongst others, a new approach to product differentiation and Health Care Professionals (HCP) engagement, and developed a roadmap for promoting, protecting and supporting breastfeeding over the next 10 years. In 2021, the Danone Nutricia Campus, an open science and educational platform for HCP, went live.

Action plans

Every year, Danone appoints an independent third party to conduct three market-based assessments of its breast milk substitute marketing practices; the summary report is publicly accessible on Danone.com. Additionally, the Group publishes an annual report on BMS Policy management and compliance, which includes:

- a summary of the external audits and checks for the previous year;
- alleged non-compliances with its BMS Policy framework;
- action plans to address such non-compliances.

Danone commits to effective communication and provision of training, including rolled out e-learning training on its BMS Policy, which is accessible to all employees and external partners and has been translated into 13 languages. Additionally, an in-depth e-learning for all its marketeers working in the field of baby formula was further implemented in 2022. In 2022 the journey continued by introducing the mandatory e-learning on BMS Marketing targeted to Corporate Affairs, Public Affairs and the Communication team involved in BMS Marketing activities.

For the third-party stakeholders, such as retailers and distributors, a toolkit was created to increase the awareness around responsible marketing of baby formula, as well as an e-learning regarding responsible marketing of baby formula.

During 2022 Danone's internal auditing team also started using a new control specifically on the responsible marketing of baby formula: DANGO BMS-1 control.

Programs and partnerships to impact health

Danone believes that in order to effectively support consumer's and patients health, solutions and actions beyond providing healthier product portfolio are needed, ones that enable making healthy eating and drinking a commonplace. Supporting consumers in adopting healthy, sustainable eating and drinking behaviors requires collaborating with other organizations on projects and initiatives, and orchestrating a healthy diet ecosystem through a multi-stakeholder approach. This approach involves a variety of partners such as NGO, HCPs, researchers, dieticians, but also suppliers, retailers, cross-industry associations and institutions.

As part of this ambition, and in line with its *Entreprise à Mission* 2025 objectives, Danone is working on designing and implementing collaborative impact-projects. These are ambitious, innovative, socially-oriented projects that aim to develop a sustainable model for lasting impact, contribute to systemic change and create measurable positive health outcomes in the countries where they operate. Such

Outcomes

In 2022, 6,171 employees were trained on the BMS Policy (versus 5,858 in 2021). Danone changed its methodology in 2021 in terms of tracking the number of employees trained. Instead of tracking over a two-year period for 2020 and before, the Groupe now tracks only over the corresponding one-year (see section 5.10 *Methodology Note*). In 2022, Danone continued its journey in progressively rolling out e-learning trainings, which contributed to the high number of trained employees.

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

In 2022, Danone was confirmed as a constituent member of the FTSE4Good Index Series calculated by FTSE Russell for the sixth 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 ESG criteria of about 200 indicators and about 25 specific BMS marketing indicators. Danone chooses to be in the index.

In 2022, Danone SA, a component stock of leading sustainability indexes scoring 68% under the ATNI BMS/CF Index 2021, was found to be meeting and exceeding the minimum B Corp threshold requirements of 55% for companies listed on the ATNI index as part of the new updated standards for companies involved in the Marketing of Breastmilk Substitutes which have been approved by B Lab's Standards Advisory Council.

At the end of 2022, 74.2% of all businesses of Danone S.A., in sales value, are covered by B Corp certification.

Impact projects are co-created and implemented with independent expert organizations.

In 2022, Danone made a commitment to facilitate impact-projects under 2 public health themes:

- to support women's choice to breastfeed and
- to address iron-deficiency anemia.

These projects may be supported by Danone Ecosystem, via co-funding, project management and co-creation expertise as well as impact measurement to strengthen long-term systemic, social impact.

Throughout the year, the Group has been working on an internal mapping of existing impact projects as well as project plants, pilots and expansion prospects across geographies and setting up quantitative 2025 targets. Details of this work, including targets are disclosed in the 2022 Mission Committee Report.

5.6 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 approved and supported by its Chief Executive Officer as well as by its Executive Committee, under the supervision of the Corporate Compliance and Ethics Board, which is chaired by the Chief Compliance Officer. It is also reviewed at least once 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

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 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.
Health Care Systems Compliance Policy	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> describes the Group's vision of advocacy and the way it engages with external stakeholders. In particular: <ul style="list-style-type: none"> Danone interacts with governmental and non-governmental players as part of its dialogue with stakeholders and in the regular course of business to fulfil its purpose of "bringing health through food to as many people as possible". Where the Group does engage in advocacy activities, this will be with the interests of the consumer in mind and the will to meet public health goals; 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 behaviours 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: <ul style="list-style-type: none"> 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 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 front page of Danone's whistleblowing system called the Danone Ethics Line.

The Danone Ethics Line was upgraded in 2022. It is available to anyone to access via the internet or via a phone line and is available in 52 languages. Suppliers and any other third party 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 complimentary 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.

The Danone Ethics line is communicated to all employees 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, trainings and on 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 for all employees with access to a laptop and a more targeted integrity essentials training for those employees identified at higher risk e.g. sales, finance, marketing, medical, public affairs, procurement,

Focus – Fight against tax evasion

In June 2022, Danone published its first tax transparency report on Danone's website. This publication illustrates the commitment of Danone for more tax transparency and fight against tax evasion. The transparency report includes the Danone's Tax Policy that 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.

R&I etc. In 2022, 99% of these Danone's employees completed the e-learning (see section 5.10 *Methodology Note*). In addition, Danone has specific trainings on interacting within the healthcare environment and international trade sanctions.

A new Third Party Vetting digital solution has now been implemented worldwide and as part of the roll out a comprehensive training program has been made for every Danone employee involved in the purchasing of goods and services. In 2022, 100% of countries where the Group operates have deployed this digital solution (70% in 2021).

Outcomes

In 2022, Danone received 506 alerts on various issues, including human resources, corruption and fraud (compared to 568 in 2021). None of these cases had a material impact on the Company's consolidated accounts.

In 2022, due to the rollout of the new third-party due diligence solution, over 70,995 third parties have already been vetted (14,425 in 2021). Among them, 99% were approved (95% in 2021), 0.8% were approved with mitigation (4.7% in 2021) and 0.2% were rejected (0.3% in 2021).

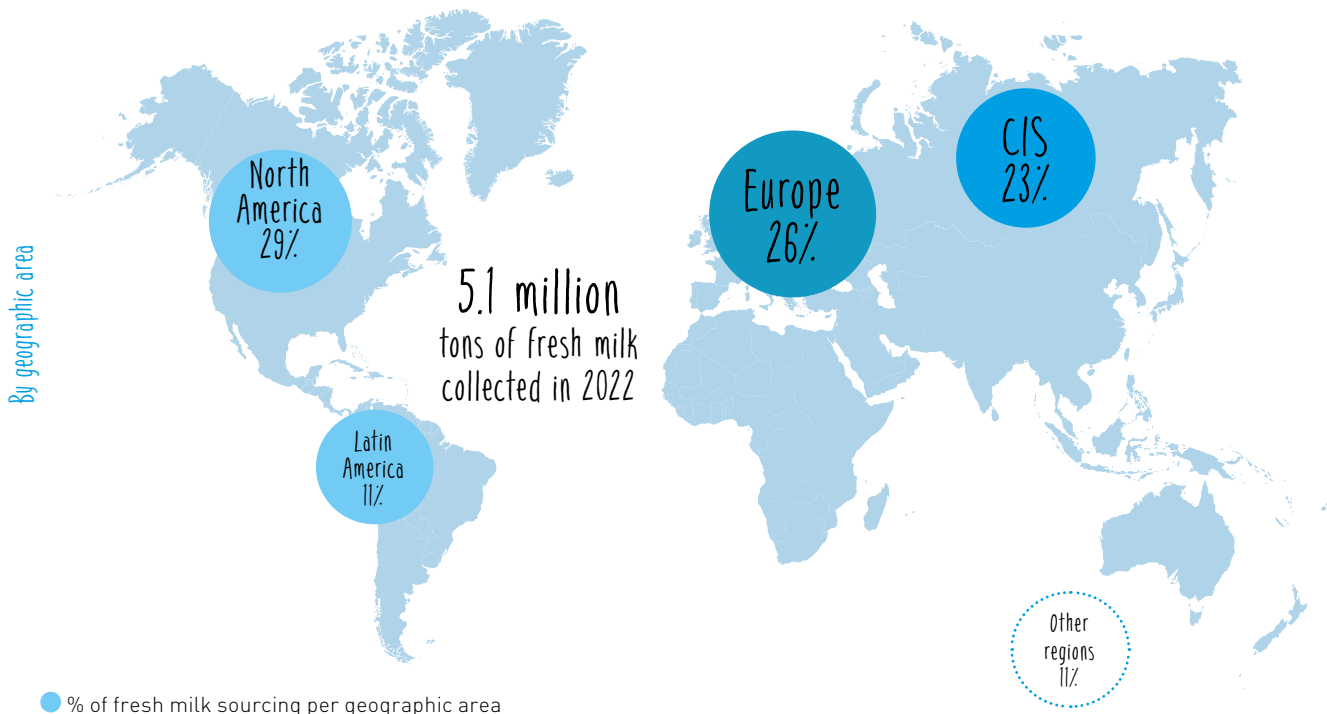
Danone's tax function is supervised by the Vice President Tax, who reports at least once a year to the Audit Committee on the main events of the year and on the Group's tax policy. This Vice-President is supported by a core team tasked, among other missions, with performing regular performance reviews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

Lastly, Danone is involved in discussions on taxation with its external stakeholders. The Group 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.



RESPONSIBLE SOURCING

Danone's direct sourcing of fresh milk



Sourcing strategy

Danone favors local sourcing of raw milk from more than 58,000 farms in around 14 countries, both directly and indirectly. Most of the milk sourced by the Group comes from family farms.

About 94% 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 12% of Danone's total milk volume.

Danone also works with larger family farms (with herds ranging from a few dozen to thousands of cows), which represent about 6% of the Group's suppliers and nearly 88% of milk volumes, the latter being generally directly collected 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 alliance, which was created in 2019 and in which Danone participates, has identified 75 best practices and innovations across various farming models, farm sizes and geographic areas. In total 2,600 farms have already taken notice of the practices and taken action. 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, as well as 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 which Danone purchases milk directly in terms of quality, food safety and traceability;
- **Cool Farm Tool and Cap2Er:** Since 2017, Danone has been conducting country-by-country assessments on 85% of its milk volumes using the Cool Farm Tool (CFT) worldwide (14 countries) and CAP2ER tool for all Danone entities in France. In 2022 Danone started the roll out of CFT assessments in Morocco, which will bring an assessment coverage from 85% to 92% of purchased milk volumes. 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;
- **animal welfare assessment tool:** launched in 2016 and now implemented in 15 countries (see section 5.3 *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 scorecard** (environmental pillar) (see section 5.3 *Regenerative Agriculture*).

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

Cost Performance Model (CPM)

Danone works with producers in the United States, Europe and Russia 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 2022, 44% of milk collected in Europe (36% in 2021) and 29% of milk collected in the United States (54% in 2021) came from producers with CPM contracts. Altogether, 23% of the milk Danone collects is covered by CPM contracts (26% in 2021).

5.7 STRATEGY AND OBJECTIVES

Building on the One Planet, One Health vision, and on years of active progress across geographies and categories, Danone defined a new set of priorities, part of its Renew strategy, around 3 pillars, Health, Nature and People & Communities.

For each pillar, Danone defines mid to long-term objectives with a focus on where the Group can deliver the most impact and value. Such priorities and objectives are listed below.

PROGRESS AND LEAD HEALTH THROUGH FOOD FOR CONSUMERS AND PATIENTS

Offer tastier and healthier food and drinks

- ≥ 85% vol of dairy, plant based, water and aquadrinks rated ≥ 3.5 stars by Health Star Rating, by 2025
- > 95% vol Kids dairy and plant-based ≤ 10g total sugars/100g by 2025
- > 95% vol toddlers milk (1-3yo) ≤ 1.25g added sugars /100kcal by 2025

Promote healthier choices

- 95% vol sold of dairy, plant-based and aquadrinks products with on pack/online interpretative nutritional information by 2025.

Provide positive nutrition & hydration for healthier life

- ≥ 85% vol Kids dairy fortified with relevant vitamins & minerals by 2025
- 5 projects to address iron deficiency in children by 2025
- 20 M people with access to safe drinking water by 2025

Invest in nutrition and hydration science and research

- 150 scientific publications in peer-reviewed journals and/or presentations at scientific conferences (from baseline of 2021) by 2025

PRESERVE AND REGENERATE NATURE

Curb GHG emissions in line with 1.5°C, leading the way on methane reduction

- CO₂ reduction by 2030 in line with 1.5°C SBTi:
 - Scopes 1 & 2 energy and industrial: -47.2% absolute emissions reduction between 2020 and 2030
 - Scopes 1 & 3 Forest, Land and Agriculture: -30.3% absolute emissions reduction between 2020 and 2030
 - Scope 3 energy and industrial: absolute emission reduction target of -42% between 2020 and 2030
- 30% reduction in methane emissions from fresh milk between 2020 and 2030
- 30% improvement in energy efficiency between 2022 and 2025
- Net Zero by 2050

Pioneer and scale regenerative agriculture, leading the way for regenerative dairy farming models

- 30% key ingredients we source directly will come from farms that have begun to transition to regenerative agriculture by 2025
- Zero deforestation and conversion on key commodities by 2025

Preserve and restore watersheds where we operate and drive water footprint reduction across the value chain

- 4R approach will be deployed in all production sites by 2030
- Watershed preservation and restoration plans in highly water-stressed areas by 2030^(a)

(a) 100% Danone production sites and 50% of key raw materials volume.

Drive the transition to a circular and low-carbon packaging system & recover as much as we use

- 100% reusable, recyclable, compostable by 2030
- Halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030, accelerating reuse and recycled materials
- Lead the development of effective collection systems to recover as much plastic as we use by 2040

Cut waste across the value chain

- Halve all food waste not fit for human, animal consumption or biomaterial processing by 2030 vs. 2020

THRIVING PEOPLE & COMMUNITIES

Make Danone a force for good by fostering a unique, diverse and inclusive culture and empowering Danoners for positive impact

- All employees covered by B Corp certification by 2025 ^(a)
- All employees covered by Dan'Cares by 2030
- Achieve gender balance in management globally by 2030
- Drive equity and close gender pay gap by 2025
- Maintain inclusion index above peers ^(b)

(a) over 95% of employees covered by certification, excluding M&A.

(b) measured through Danone People Survey.

Equip and empower communities (i.e. internal, external) with skills and capabilities of the future to thrive in fast changing economy

- Make future skilling programs available to all Danoners by 2025
- Extend future skilling programs to key partners by 2030

Champion a renewed social contract by fostering a prosperous & inclusive ecosystem, upholding human rights and pursuing social progress

- 100% employees trained on Danone's Human Rights Policy by 2025 ^(a)
- Danone Responsible Sourcing Policy deployed to all suppliers by 2030

(a) Enabling due diligence deployed in Danone operations.

5.8 APPLICATION OF THE EUROPEAN TAXONOMY TO DANONE'S ACTIVITIES

Context and consistency

Presentation of the European Taxonomy

Under European Regulation 2020/852 (the "Taxonomy" Regulation) on the establishment of a framework to facilitate sustainable investment in the European Union (EU), Danone is required to publish performance indicators for fiscal year 2022 for its entire financial consolidation scope. These indicators must show the share 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 two climate objectives: climate change mitigation and climate change adaptation. For fiscal year 2022, the Group, in accordance with the delegated act "Article 8" of the Taxonomy adopted on June 6, 2021, publishes information on the level of eligibility and alignment of its sales (turnover), capital expenditure and operating expenditure in 2022.

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.

Assessment and methodologies

To satisfy these regulatory requirements, the Group has set up a working group that consists of members of the Finance Department, the Sustainable Finance Department and the business teams. The work of this team entailed analyzing the eligibility and alignment of the Group's activities, particularly on the basis of the Climate Delegated Regulation of June 4, 2021 and its annexes supplementing Regulation (EU) 2020/852, by specifying the technical criteria for determining the conditions under which an economic activity can be considered as contributing substantially to climate change mitigation or adaptation.

Assessment of the eligible and aligned proportion of financial indicators (sales, operating expenditure and capital expenditure)

The financial information used is taken from the Group's information systems (monitoring of capital expenditure and extracts from the consolidation system) following the year-end closing.

Sales (Turnover)

Since 2022, only the first two climate objectives are applicable. The European Commission has prioritized business sectors that contribute substantially to greenhouse gas emissions at the EU level. As the food and beverage sector is not currently covered by the Taxonomy Regulation with respect to the first two objectives, Danone's sales (turnover) are not eligible.

Operating expenditure ("OpEx")

The operating expenditure identified by the Group pursuant to the Taxonomy, as set out in 2022, concerns the following categories:

- non-capitalized research and development expenses, including associated personnel costs, restated for tax credits received during the period;
- upkeep, repair, maintenance and other direct expenses related to the day-to-day upkeep of property, plant and equipment.

The Regulation allows an exemption from disclosure if the OpEx referred to in the Taxonomy is not material; it was therefore decided to set a reasonable materiality threshold at 5% based on market practices and Danone's understanding of the Regulation. In 2022, the amount of Danone's OpEx as defined in the Taxonomy Regulation did not reach this threshold. It is therefore considered immaterial.

Capital expenditure ("CapEx")

Within the Group, eligible capital expenditure related to "individual measures", as defined by the Taxonomy Regulation, mainly includes the acquisition and long-term leasing of buildings (IFRS 16), as well as certain capital expenditure related to renewable energy and bioenergy. In accordance with the provisions of the Taxonomy, this capital expenditure corresponds to the following categories:

- 4.24 Production of heat/cool from bioenergy
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.6. Installation, maintenance and repair of renewable energy technologies
- 7.7. Acquisition and ownership of buildings

In 2022, this eligible capital expenditure totaled €212 million, relative to a total capital expenditure of €1,089 million. The aligned capital expenditure as defined in the Taxonomy Regulation amounted to €3 million.

To avoid any risk of double counting, the eligible and aligned amounts presented above relate only to the climate change mitigation objective. Moreover, the total capital expenditure can be reconciled based on Notes 6.5 and 10.2 of the consolidated financial statements.

Methodology for assessing activities against the alignment criteria

In order to assess the current alignment level of activities identified as eligible, the Group checked compliance with the technical screening criteria for a selection of material capital expenditure.

Substantial contribution technical criteria

In the case of acquisition of a building for which the building permit was filed prior to 2021, Danone referred to the Energy Performance statements of the buildings when available, or to the operational primary energy consumption to determine whether the buildings are among the top 15% of the most efficient buildings in terms of this consumption.

For all other capital expenditure, Danone checked 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.

Not significantly harm the other five objectives referred to in the taxonomy ("DNSH")

The Group carried out the work needed to check compliance with the DNSH criteria and, in particular, Danone checked compliance with the DNSH for climate change adaptation by conducting a local analysis of climate-related risks and vulnerability. This analysis showed that no significant sensitivity was identified for the target assets and, in fact, no financial impact was deemed substantial.

Verification of compliance with minimum safeguards (MS)

The Group satisfies the requirements of the minimum safeguards of the report of the Platform on Sustainable Finance (PSF) in terms of human rights, corruption, competition law and taxation.

Danone checked the absence of convictions related to all topics, as well as the implementation of procedures. For example:

- Danone mapped and prioritized risks related to human rights (see section 5.4 *People & Communities*, section *Responsible Sourcing and Human Rights for workers in the value chain*);

- Danone has an anti-corruption system in accordance with the Sapin II law (see section 5.6 *Responsible Business Conducts*, 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 5.6 *Responsible Business Conducts*, section *Responsible practices: ethics and integrity*);
- Danone makes its employees aware of the principle of free and fair competition (see section 5.6 *Responsible Business Conducts*, section *Responsible practices: ethics and integrity*).

Results

Summary of eligible and aligned activities ^(a)

(in € millions, except percentage)	2022		2021	
	Turnover KPI	CAPEX KPI	Turnover KPI	CAPEX KPI
Eligibility				
Numerator	0	212	N/A	N/A
Denominator	27,661	1,089	N/A	N/A
Eligibility rate	0%	19.5%	N/A	N/A
Alignment				
Numerator	0	3		
Denominator	27,661	1,089		
Alignment rate	0%	0.3%		N/A

(a) The results shown above relate only to the climate change mitigation objective.

There were no major changes in 2022 compared with the previous year:

- with respect to the first two objectives, Danone's sales (turnover) are not eligible;
- based on the analysis of OpEx eligibility, Danone is exempt from disclosure because of the non-materiality of OpEx as defined in the Regulation;

- as in 2022, the proportion of eligible activities represents approximately 19.5% of the total CapEx.

In accordance with the delegated act "Article 8" of the Taxonomy adopted on June 6, 2021 regarding the content and presentation of information to be disclosed, the three regulatory tables indicating the proportion of eligible and aligned activities for each indicator are published below.



Regulatory tables

Sales (Turnover)

Total Sales (Turnover) can be reconciled with the income statement of the 2022 consolidated financial statements.

Code(s) ⁽²⁾	Absolute turnover ⁽³⁾ <i>(in € millions)</i>	Proportion of turnover ⁽⁴⁾ %	Climate change mitigation ⁽⁵⁾ %	Climate change adaptation ⁽⁶⁾ %	SUBSTANTIAL CONTRIBUTION CRITERIA			
					Water and marine resources ⁽⁷⁾ %	Circular economy ⁽⁸⁾ %	Pollution ⁽⁹⁾ %	Biodiversity and ecosystems ⁽¹⁰⁾ %
Economic activities ⁽¹⁾								
A. Taxonomy-Eligible activities								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	0,0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	N/A	0	0,0%					
Total (A.1 + A.2)	N/A	0	0,0%					
B. Taxonomy-non-eligible activities								
Turnover of Taxonomy-non-eligible activities (B)	27,661	100.0%						
Total (A + B)	27,661	100.0%						

**NO SIGNIFICANT HARM CRITERIA
 (DNSH - Does Not Significantly Harm)**

Climate change mitigation ⁽¹¹⁾	Climate change adaptation ⁽¹²⁾	Water and marine resources ⁽¹³⁾	Circular economy ⁽¹⁴⁾	Pollution ⁽¹⁵⁾	Biodiversity and ecosystems ⁽¹⁶⁾	Minimum safeguards ⁽¹⁷⁾	Taxonomy-aligned proportion of turnover FY2022 ⁽¹⁸⁾	Taxonomy-aligned proportion of turnover FY2021 ⁽¹⁹⁾	Category (enabling activity) ⁽²⁰⁾	Category (transitional activity) ⁽²¹⁾
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

Capital expenditure ("CapEx")

The total increases in CapEx can be reconciled with the 2022 consolidated financial statements, see Notes 6.5. and 10.2.

Economic activities ⁽¹⁾	Code(s) ⁽²⁾	Absolute CapEx ⁽³⁾ <i>(in € millions)</i>	Proportion of CapEx ⁽⁴⁾ %	Climate change mitigation ⁽⁵⁾ %	Climate change adaptation ⁽⁶⁾ %	SUBSTANTIAL CONTRIBUTION CRITERIA				
						Water and marine resources ⁽⁷⁾ %	Circular economy ⁽⁸⁾ %	Pollution ⁽⁹⁾ %	Biodiversity and ecosystems ⁽¹⁰⁾ %	
A. Taxonomy-Eligible activities										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
Production of heat/cool from bioenergy	4.24	3	0.3%	100,0%	0%					
Installation, maintenance and repair of renewable energy technologies	7.6	0	0.0%	100, %	0%					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3	0.3%	100,0%	0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Acquisition and ownership of buildings	7.7	128	11.7%							
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	76	7.0%							
Installation, maintenance and repair of energy efficiency equipment	7.3	3	0.3%							
Installation, maintenance and repair of renewable energy technologies	7.6	2	0.2%							
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		209	19.2%							
Total (A.1 + A.2)		212	19.5%							
B. Taxonomy-non-eligible activities										
CapEx of Taxonomy-non-eligible activities (B)		876	80.5%							
Total (A + B)		1,089	100.0%							

**NO SIGNIFICANT HARM CRITERIA
(DNSH - Does Not Significantly Harm)**

Climate change mitigation ⁽¹¹⁾	Climate change adaptation ⁽¹²⁾	Water and marine resources ⁽¹³⁾	Circular economy ⁽¹⁴⁾	Pollution ⁽¹⁵⁾	Biodiversity and ecosystems ⁽¹⁶⁾	Minimum safeguards ⁽¹⁷⁾	Taxonomy-aligned proportion of CapEx FY2022 ⁽¹⁸⁾	Taxonomy-aligned proportion of CapEx FY2021 ⁽¹⁹⁾	Category (enabling activity) ⁽²⁰⁾	Category (transitional activity) ⁽²¹⁾
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
N/A	Y	Y	N/A	Y	Y	Y	0.3%	N/A		
N/A	Y	N/A	N/A	N/A	N/A	Y	0.0%	N/A		
							0.3%	N/A		



Operating expenditure ("OpEx")

The operating expenditure can be reconciled in the income statement of the 2022 consolidated financial statements.

Economic activities ⁽¹⁾	Code(s) ⁽²⁾	Absolute OpEx ⁽³⁾ <i>(in € millions)</i>	Proportion of OpEx ⁽⁴⁾ %	SUBSTANTIAL CONTRIBUTION CRITERIA					
				Climate change mitigation ⁽⁵⁾ %	Climate change adaptation ⁽⁶⁾ %	Water and marine resources ⁽⁷⁾ %	Circular economy ⁽⁸⁾ %	Pollution ⁽⁹⁾ %	Biodiversity and ecosystems ⁽¹⁰⁾ %
A. Taxonomy-Eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	0.0%						
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	N/A	0	0.0%						
Total (A.1 + A.2)		0	0.0%						
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities (B) *		688	100.0%						
Total (A + B)		688	100.0%						

* Only OpEx targeted by the Taxonomy, of which €339 million in non-capitalized R&D costs.

**NO SIGNIFICANT HARM CRITERIA
 (DNSH - Does Not Significantly Harm)**

Climate change mitigation ⁽¹¹⁾	Climate change adaptation ⁽¹²⁾	Water and marine resources ⁽¹³⁾	Circular economy ⁽¹⁴⁾	Pollution ⁽¹⁵⁾	Biodiversity and ecosystems ⁽¹⁶⁾	Minimum safeguards ⁽¹⁷⁾	Taxonomy-aligned proportion of OpEx FY2022 ⁽¹⁸⁾	Taxonomy-aligned proportion of OpEx FY2021 ⁽¹⁹⁾	Category (enabling activity) ⁽²⁰⁾	Category (transitional activity) ⁽²¹⁾
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

5.9 VIGILANCE PLAN

5.9.1 Introduction

In accordance with Article L. 225-102-4 of the French Commercial Code, the Vigilance Plan aims to set out the reasonable measures of vigilance implemented within Danone to identify risks and prevent serious adverse impacts on human rights, health and safety and the environment resulting from the activities of the Company, the entities controlled by Danone (within the meaning of article L. 233-16 of the French commercial code) and its suppliers and subcontractors with which the Group maintains an established business relationship (the "Suppliers and Subcontractors"), *i.e.* mainly first tier and milk suppliers.

Elements of the Vigilance Plan are fully aligned with the Danone's values and were developed based on a dialogue with Danone's internal and external stakeholders, in line with Danone's integrated approach of sustainable profitable growth model, underpinned by greater alignment between purpose and performance.

The Vigilance Plan allows Danone to pursue its continuous improvement process, as well as to consolidate and strengthen Danone's proactive approach to deploying risk prevention and management processes. The Vigilance Plan is regularly reviewed and monitored by the Sustainability & Strategic Business Development, Cycles & Procurement, Quality and Food Safety, Security, Sustainable Finance, Legal and Human Resources Departments. Its progress is also regulatory reviewed by the Executive Committee.

The Vigilance Plan contains the following measures:

- risk mapping (identification, analysis, prioritization);
- procedures for regularly assessing the situation of subsidiaries and Suppliers and Subcontractors;
- appropriate actions to mitigate risks or prevent serious breaches;
- a mechanism for alerting and collecting alerts relating to the existence or occurrence of risks; and
- a system to monitor the measures implemented and assess their effectiveness.

The information below summarizes information related to Danone's Vigilance Plan which are more detailed in this chapter 5 (Social, Societal and Environmental Responsibility).

Detailed elements of the Vigilance Plan related to the environment (see section 5.2 *Nature*), to human rights (see section 5.4 *People & Communities*), and to the health and safety of people (see section 5.4 *People & Communities* and section 5.5 *Health*) can be found in sections 5.1 to 5.6. A description of our whistleblowing system is included in section 5.2 *Nature*, section Managing grievances and alerts related to raw materials, section 5.4 *People & Communities*, section Focus on Tier 1 suppliers other than milk farmers: RESPECT Program, Whistleblowing system, and in section 5.6 *Responsible business conduct*.

5.9.2 Risk mapping

Risk mapping of Danone's activities is supported by the materiality analysis, which allows to identify and classify the risks and opportunities in collaboration with internal and external stakeholders (for more details, see section 5.1 *Introduction*, section Materiality analysis to highlight main externalities).

It is also supported by a review of Danone of top non-financial risks, for the purpose of the Non-Financial information statement, originally performed in 2018, and still relevant in 2022 (for more details, see section 5.1 *Introduction*, section Risks identified in connection with Danone's Non-Financial information statement).

In addition, Danone implements specific risk analysis processes for certain risks:

- For human rights: in 2022, Danone concluded the salient human right 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, and covering its operations as well as its value chain partners and suppliers (for more information, see in section 5.4 *People & Communities*, sections Respecting and promoting human rights in Danone's operations and Responsible Sourcing and Human Rights for workers in the value chain);
- Environment: Danone is analyzing the environmental impacts of its activities, through a series of dedicated approaches and partnerships, in the areas of climate change, plastic, forest, water, etc., and also through its environmental management system based on the international standard ISO 14001. Danone 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. The GREEN framework includes an assessment of the water-related risks which methodology was reviewed and updated in 2020 by the Water Cycle team (see in section 5.2 *Nature*, section Environmental risk and management systems). Danone also conducts a specific analysis of deforestation risks under the Forest Footprint Policy updated in 2022 "Renewed Forest Policy 2022" (see in section 5.2 *Nature*, section Biodiversity);
- Health and safety of people: in addition to the salient human right impact assessment, which includes a health and safety assessment, the Human Resources Department has implemented the WISE² program, which is deployed at each entity, at the production sites and at the logistics warehouses for sales and distribution (see in section 5.4 *People & Communities*, section Workplace safety: the WISE² program). Within the RESPECT program, Danone also conducts, for Tier 1 suppliers (other than milk farmers), an analysis of geographic and sector-based risks for suppliers listed on the Sedex or Ecovadis platforms (see in section 5.4 *People & Communities*, section Regular evaluation procedures for Tier 1 in scope suppliers).

Based on these processes, the risks below have been identified:

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
<p>Danone activities</p> <p><i>Risks identified using the risk mapping methodology described above, and corresponding subsections of chapter 5, for description of risks, policies, key performance indicators and actions plan</i></p>	<ul style="list-style-type: none"> • Inclusive diversity – Ensuring that every employee feels included and respected (see section 5.4 <i>People & Communities</i>, section Inclusive Diversity) • External workforce human rights (mainly temporary workers) – Preventing the risk of human rights violations (see section 5.4 <i>People & Communities</i>, section Respecting and promoting human rights in Danone’s operations) 	<ul style="list-style-type: none"> • Climate change – Fighting against climate change (see section 5.2 <i>Nature</i>, section Fight against Climate Change) • Circular economy • Developing circularity of packaging (see section 5.2 <i>Nature</i>, section Circular Economy) • Managing waste (see section 5.2 <i>Nature</i>, section Reducing food waste) • Preservation of Water resources / Water stewardship – Preserving and restoring wetlands and the natural water cycle (see section 5.2 <i>Nature</i>, section Preservation of the water resource) • Biodiversity/Sustainable farming – Encouraging transition to regenerative agriculture and protecting biodiversity (see section 5.2 <i>Nature</i>, section Biodiversity and section 5.3 <i>Regenerative Agriculture</i>) • Local and rural sourcing/ farmer development – Empowering new generations of farmers (see section 5.2 <i>Nature</i>, section Biodiversity and section 5.3 <i>Regenerative Agriculture</i>) 	<ul style="list-style-type: none"> • Product safety/quality – Ensuring quality and food safety (see 5.5 <i>Health</i>, section Ensuring quality and food safety) • Nutritional quality of overall product portfolio – Offering consumers healthy products (see 5.5 <i>Health</i>, section Offering consumers healthy products) • Food/water access and affordability – Expanding healthy and affordable products to vulnerable groups (see 5.5 <i>Health</i>, section Focus – Accessible, affordable, nutrition) • Employee security – Ensuring health and safety of employees (see section 5.4 <i>People & Communities</i>, sections Workplace Safety: the WISE² program, Health benefits – for employees and Employee security)
<p>Activities of suppliers and sub-contractors</p> <p><i>Risks identified using the risk mapping methodology described above, and corresponding subsections of chapter 5, for description of risks, policies, key performance indicators and actions plan</i></p>	<ul style="list-style-type: none"> • Human rights – Preventing the risk of human rights violations (see section 5.4 <i>People & Communities</i>, section Focus on Tier 1 suppliers other than milk farmers: RESPECT Program). 	<p><i>In addition to the environmental risks listed above:</i></p> <ul style="list-style-type: none"> • Responsible sourcing/ supply chain management – (see section 5.4 <i>People & Communities</i>, section Responsible Sourcing and Human Rights from workers in the value chain). 	<ul style="list-style-type: none"> • Health and Safety of workers in the supply chain – Preventing the risk of human rights violations (see section 5.4 <i>People & Communities</i>, section Responsible Sourcing and Human Rights from workers in the value chain).



5.9.3 Regular risk map-based evaluation procedures

The outcome of each policy and action plan adopted by Danone is regularly assessed, quantitatively in light of the main KPIs disclosed by Danone and qualitatively every year through the Danone Way program, a global self-assessment comprehensive program designed to evaluate continuous progress on the Group's sustainability agenda.

Such outcome is disclosed for each action plan detailed in section 5.2 Nature, 5.3 Regenerative agriculture, section 5.4 People & Communities, section 5.5 Health and section 5.6 Responsible Business Conduct.

In addition to these KPIs, the following evaluation procedures are conducted.

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities	<ul style="list-style-type: none"> • Danone Way self-assessment including a human rights component covering temporary workers at Danone's operations • Guidelines and internal control referential for risks relating to temporary workers at the subsidiaries • In 2020, Danone committed to develop and deploy Human Rights Due Diligence (HRDD) systems focusing on forced labor in its own operations – In 2022, pilots were conducted in Poland and Brazil 	<ul style="list-style-type: none"> • Danone Way self-assessment • GREEN program: production site audits including water risk assessment criteria • Review of the water risk assessment for Danone's operations considering physical, regulatory and reputational risks using notably the Water Risk Filter tool 	<ul style="list-style-type: none"> • Danone Way self-assessment • Site-level risk assessment covering all people on site (Danone's employees and externals) • Tracking of workplace accidents covering all people on site (Danone's employees and externals) • Site-level WISE² audits covering all people on site (Danone's employees and externals) • Global Employees' Survey ("Danone People Survey"), covering all employees worldwide, assessing notably sustainable engagement and well-being in the workplace
Activities of suppliers and sub-contractors	<p>RESPECT program, Danone's responsible sourcing due diligence program to assess its suppliers regarding sustainability and their compliance with Danone Sustainable Principles. It includes in scope tier 1 suppliers' self-assessment on Sedex or Ecovadis platforms and audit plans for highest risk and priority suppliers.</p>		
	<ul style="list-style-type: none"> • <i>Audit Plan for highest risk and priority suppliers, based on an in-house human rights impact score. Audits are performed by third parties using the Sedex Members Ethical Trade Audit ("SMETA") 4 pillar methodology</i> • <i>Social pillar of Regenerative Agriculture Framework developed</i> 	<ul style="list-style-type: none"> • <i>The Tier 1 supplier SMETA 4 pillar audit methodology includes environmental controls</i> • <i>The Aqueduct water risk tool to assess the water risks for Danone's main 69 ingredients from its supply chain</i> • <i>Regenerative Agriculture survey – environmental pillar – focusing on soil health, biodiversity and water started to be implemented</i> • <i>Animal Welfare tool to support and assess tier 1 suppliers of raw milk</i> 	<ul style="list-style-type: none"> • <i>The Tier 1 supplier SMETA 4 pillar audit methodology includes Health and Safety controls</i> • <i>Social pillar of Regenerative Agriculture Framework developed</i>

5.9.4 Appropriate measures for risk mitigation and prevention of serious breaches

The measures implemented by Danone to mitigate risks and prevent serious breaches include:

- establishing policies and actions plans detailed in this Chapter 5 (Social, Societal and Environmental Responsibility);
- engaging, raising awareness and training employees;
- engaging suppliers on the sustainability agenda of Danone, including asking acceptance and adherence of suppliers to Danone Code of Conduct for business partners, Danone Sustainability Principles and sustainability contractual clauses;
- engaging and collaborating with value chain partners, academics, NGOs and key other external stakeholders;
- conducting regular audits and investigations; and
- providing remediation support from dedicated experts.

Danone employees are of course engaged in Danone’s sustainability journey to understand, lead by example and report any risks, through trainings (such as e-learnings), the Danone Code of Business Conduct,

Danone Sustainability Principles and Implementation note for Danone and employees – see section 5.6 Responsible business conduct.

Danone also trains its RESPECT Champions and buyers on the RESPECT program and ensures that they are aware of Danone’s due diligence approach and risks related to forced labor and the Consumer Good Forum’s 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. This initiative significantly strengthened buyers’ engagement with the RESPECT program. It supplements the training module on human rights and forced labor already offered online. Additional trainings on human rights have been developed for employees as mentioned below.

With respect to its Suppliers and Subcontractors, Danone has developed a Code of Conduct for business partners, Danone Sustainability Principles and Implementation note for Business Partners (updated in 2022), included in supplier contracts through sustainability contractual clauses – see section 5.6 *Responsible business conduct*.

In addition, the following measures for risk mitigation have been taken for each category of risks:

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities	<ul style="list-style-type: none"> • Danone’s 2022 Human Rights Policy (see section 5.4 <i>People & Communities</i>, section Respecting and promoting human rights in Danone’s operations) • Agreements between Danone and the International Union of Food Workers (IUF) • Global External Workforce Policy and related guidelines, described in section 5.4 <i>People & Communities</i>, section Respecting and promoting human rights in Danone’s operations • Engagement and capacity building of human resources, procurement and Sustainability managers worldwide through “Human Rights Community Networking Calls” and while communicating on related internal control and Danone Way guidelines • E-learning training on human rights and forced labor • Pilot of CGF Human rights Due Diligence self-assessment framework in Poland and Brazil 	<ul style="list-style-type: none"> • Actions plans taken under Danone’s policies: Danone’s Climate Policy, Packaging Policy, Water Policy, Forest Footprint Policy, Palm Oil Policy, Soy Policy, Paper and Cardboard Packaging Policy, Regenerative Agriculture program, which are detailed in section 5.2 <i>Nature</i> and section 5.3 <i>Regenerative Agriculture</i> • Appropriate mitigation plans in connection with the various tools and programs that have been rolled out (including GREEN and ISO 14001) 	<ul style="list-style-type: none"> • Actions plans taken under Danone’s global social policies which are described in section 5.4 <i>People & Communities</i>, in particular in the following sections: Inclusive Diversity, Workplace Safety: the WISE² program and Employee Security • Proactive risk mitigation plans under the WISE² program and the related audits • Systematic in-depth incident investigation to identify deviations related to Danone’s standards or needs to upgrade them



<p>Activities of Suppliers and Sub-contractors</p>	<p>RESPECT program: remediation support from dedicated experts to support suppliers develop their corrective action plan following SMETA audits findings on Tier 1 suppliers. Raw materials: certifications (FSC, RSP0, RTRS, Proterra, etc.) – See section 5.2 Nature, section Biodiversity / Action plans and outcomes. Supplier engagement and interactions with partners within platforms and coalitions (including POIG, SASPO, RSP0, AIM Progress, CGF, SAI Platform) or collaborative projects – See section 5.2 Nature, section Biodiversity / Action plans and outcomes and section 5.4 People & Communities, section Regular evaluation procedures for Tier 1 in scope suppliers.</p>		
	<ul style="list-style-type: none"> • <i>Cost Performance Model (CPM) contracts with milk suppliers described in section 5.6 Responsible Business Conduct, section Cost Performance Model</i> • <i>Training and engagement of RESPECT champions and buyers on the program</i> 	<ul style="list-style-type: none"> • <i>Appropriate plans in connection with the Cool Farm Tool (Specific tool dedicated to the estimation of greenhouse gas emissions from cattle described in section 5.6 Responsible Business Conduct, section Responsible sourcing and in section 5.10 Methodology Note, section Scope 3, greenhouse gas emissions) and the Animal Welfare tool (Danone has developed an animal welfare tool aimed at achieving better conditions for all animals in the supply chain, described in section 5.2 Nature, sections Scope 3 greenhouse gas emissions and regenerative agriculture)</i> • <i>Actions plans taken under Danone's policies: Danone's Climate Policy, Packaging Policy, Water Policy, Forest Footprint Policy, Palm Oil Policy, Soy Policy, Paper and Cardboard Packaging Policy, which are detailed in section 5.2 Nature and section 5.3 Regenerative Agriculture program</i> • <i>In particular Danone is engaged into co-developing efficient and inclusive collection and recycling systems, through a collaborative approach with its ecosystem – See section 5.2 Nature, section Circular Economy</i> 	<ul style="list-style-type: none"> • <i>WISE² program and related audits are applicable to outside workers at Danone sites. WISE² especially includes a contractors' element and third parties and interims are directly included in Danone's employee safety performance – please see section 5.4 People & Communities, section Workplace safety: the WISE² program for further detail</i>

5.9.5 Whistleblowing system

Danone has a clear whistleblowing policy and system, namely the "Danone Ethics Line", as part of its Compliance Framework policy which encourages all employees and third parties, anonymously if necessary, to speak up to raise a concern of any wrongdoing. The Danone Ethics Line enables whistleblowers to report suspected human rights, environmental, health & safety, and business ethics violations. The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected. The Danone Ethics Line was upgraded in 2022 and is now available to anyone to access via the internet or via a phone line and is available in 52 languages.

Any employee raising a concern in good faith will not be retaliated against. The Danone Ethics line is communicated to all employees 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, trainings and on the internal intranet site. A link to the Danone Ethics Line is also available on the 'Contact Us' section of www.danone.com.

Suppliers and any other third party, including workers and any external stakeholders, can also use the Danone Ethics Line to report their concerns, anonymously if needed, about any violation of the

Code of Business Conduct, Danone Sustainability Principles or any of Danone's compliance or complimentary policies, 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, analyses of substantiation are conducted and, if relevant, investigations, 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.

For more information related to Danone Ethics Line, please refer to section 5.4 *People & Communities*, section Focus on Tier 1 suppliers other than milk farmers: RESPECT Program, Whistleblowing system, and section 5.6 *Responsible business conduct*. In addition, since 2019, Danone has implemented a grievance and alert mechanism for palm oil, with the support of the Earthworm Foundation. Currently this mechanism is also being extended to other commodities. For more information, please refer to section 5.2 *Nature*, section Managing grievances and alerts related to raw materials.

5.9.6 Monitoring of measures and assessment of their effectiveness

For each risk identified in the context of the Vigilance Plan and more generally in its risks approach, Danone has identified clear KPIs to assess the impact and effectiveness of its policies and actions.

These KPIs are detailed in this Chapter 5 (social, societal and environmental responsibility).

More generally, the main monitoring processes are described in the table below.

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities	<ul style="list-style-type: none"> Tracking of each actions plan's outcome Tracking of Danone Way results and deployment of additional educational content and improvement assistance including the human rights component. In 2022, 100% of entities have been assessed on their human rights respect processes focusing on temporary workers [see section 5.10 <i>Methodology Note</i>] Tracking of RESPECT program and Human Rights training attendance 	<ul style="list-style-type: none"> Tracking of environmental performance indicators and outcome of action plan Audits based on the environmental risks. In 2022, 123 sites have been audited in connection with Danone's environmental risks, through GREEN audit program 	<ul style="list-style-type: none"> Tracking outcome of each action plan Monthly management of safety performance at all levels of the organization and tracking of workplace accidents Audits to measure the effectiveness of the WISE² program In 2022, a total of 41 entities assessed their compliance with Danone's global health and safety processes via Danone Way program [see section 5.10 <i>Methodology Note</i>]
Activities of suppliers and sub-contractors	<ul style="list-style-type: none"> <i>Tracking of RESPECT program performance indicators (KPI 1 [suppliers' registration rates on Sedex or Ecovadis], KP2 [annual audit plan completion], KP3 [audit closure rate]) - see section 5.4 People & Communities, Focus on Tier 1 suppliers other than milk farmers: RESPECT Program)</i> <i>Tracking of milk volumes covered by CPM contracts (These long-term contracts, known as CPMs [Cost Performance Models], take into account production costs in the determination of the price of milk and are established with the farmers or their organizations)</i> <i>Improved traceability and certification coverage of priority ingredients</i> 	<ul style="list-style-type: none"> <i>Tracking of RESPECT program performance indicators</i> <i>Performance monitoring using the Cool Farm Tool and the Animal Welfare tool</i> <i>Improved traceability of priority ingredients</i> <i>Regenerative agriculture scorecard to support and assess the improvement of farmer's practices in regard to regenerative agriculture</i> <i>Partnerships with suppliers to reduce our carbon footprint</i> 	<ul style="list-style-type: none"> <i>Tracking of RESPECT program performance indicators</i>



5.10 METHODOLOGY NOTE

CONSOLIDATION SCOPES 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, 2022 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	<p>In 2022, 178 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.</p> <p>In 2022, 171 production sites were included in the scope considered for internal audit. These sites are included into a the 3-years audit plan</p>
Total Headcount Social Indicators	<p>In 2022, 128 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 <i>Information regarding methodologies</i>).</p>
Safety	<p>In 2022, 73 entities representing approximately 99.9% of Danone's total headcount reported safety-related indicators.</p> <p>In addition, the safety data of subsidiaries removed from the consolidation scope as of December 31, 2022 is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2022.</p>
Production Site Environment	<p>Danone monitors the environmental performance of its production sites using an operational control approach. In 2022, 174 Danone production sites, representing more than 99% of total production, reported environmental indicators.</p> <p>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.</p>

Greenhouse Gas Emissions (GHG)	<p>The Group's total GHG inventory consists of greenhouse gas emissions within the scope of responsibility:</p> <ul style="list-style-type: none"> • scope 1: these comprise direct emissions from stationary combustion facilities and refrigeration units installed at the industrial sites and warehouses under Danone's operational control, as well as the employee vehicle fleet under the Company's operational control, and the direct emissions in farms owned by Danone (3 countries); • scope 2: these include 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: these comprise indirect emissions that are not recognized in scope 2: emissions from raw materials purchasing (including agricultural upstream), packaging, production, transport and distribution, warehousing, product usage and end of useful life. <p>Scopes 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard. Danone has elected to consolidate scope 1 and 2 emissions in accordance with the operational control approach and to include all sources of emissions 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.</p> <p>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 all along the Group's value chain.</p> <p>Scope 3 emissions:</p> <ul style="list-style-type: none"> • upstream emissions (physical flows entering the plants) covered a scope representing approximately 99% of Danone's production volumes in 2022; • downstream emissions (physical flows exiting the plants) covered a scope representing approximately 99% of Danone's sales volumes in 2022. <p>Only scope 1 and scope 2 emissions are calculated for the Danone Proviva AB (EDP, Sweden) and Danone Iran (EDP, Iran), entities.</p> <p>Within the Specialized Nutrition Category, scope 3 emissions for about 10 sales entities, located mainly in Europe and in Africa, were excluded from the scope 3 emissions reporting scope in 2022.</p>
---------------------------------------	---

Science-Based Target (SBT)	<p>In terms of reporting entities, the SBT scope of the reporting year is identical to the greenhouse gas emissions Scope.</p> <p>In terms of emission categories, the SBT scope does not include:</p> <ul style="list-style-type: none"> • The indirect emissions linked to the use of sold products at home by consumers, that are included in the Greenhouse Gas Emissions scope. • The emissions linked to the 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. <p>The three 1.5°C near term science-based targets are monitored on the SBT scope as follows:</p> <ul style="list-style-type: none"> • Scope 1&2 energy and industrial: scope 1&2 emissions of factories, vehicles and distribution centers including CH4 and N2O biogenic emissions, but excluding FLAG scope 1 emissions of the 3 farms owned by Danone. • Scope 1&3 FLAG: scope 1 FLAG emissions of the 3 farms owned by Danone, 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 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 retailers' stores) and end of life treatment of sold products. <p>In case 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 and the 2020 baseline of the science-based targets would be updated once validated by the Science Based Targets Initiative.</p>
Packaging	<p>In 2022, data on packaging 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 allow is calculated excluding China, Iran, and Turkey, where local regulations prohibit the use of recycled materials in plastic bottles.</p>
Health and Nutrition	<p>In 2011, Danone created a series of performance indicators (One Health Scorecard) to measure progress made regarding health and nutrition, particularly product composition and responsible communication. In 2022, 79 entities representing 90% of consolidated sales reported health and nutrition indicators (81% in 2021).</p>
Danone Way	<p>In 2022, 129 entities conducted a Danone Way self-assessment, representing 97.3% of Danone's consolidated sales (98.3% in 2021). This coverage rate excludes EDP Belarus, EDP Russia, SN Russia, Aqua d'Or (Waters, Denmark), Waters Brazil and FanMilk entities in Africa.</p> <p>This program also covers 90.6% of Danone's total headcount</p>

Like-for-like changes in scope (constant scope)

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. The 2022 data has been restated using the same consolidation scope and constant methodology as that of 2021.

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 drinks, and coffee creamers
Specialized Nutrition	Production and distribution of specialized food for babies and young children to complement breast-feeding and for people afflicted with certain illnesses or frail elderly people
Waters	Production and distribution of bottled water, water sold in large containers (jugs), and water sold in small containers

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.

The social, safety, environmental, and health and nutrition indicators are transmitted by subsidiaries and/or production sites and consolidated at the global level by the relevant departments. Environmental data are checked at the subsidiary level and then at the Category level when reported. Social and safety data are checked at the end of the second quarter and at the time of consolidation as of December 31, 2022. 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 implemented in 2018 with UL EHS Sustainability. This is the fourth 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 Health Strategy and Partnerships Department are responsible for the health and nutrition indicators.

Health and nutrition data is reported by the 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 1st 2021 to September 30th 2022 included). Product data is generated by reporting entity-specific systems, then consolidated and verified by central Research & Innovation team. Data on volumes are generated by Danone's financial information consolidation software. This information and the one on consumer's programs are reported by scorecard coordinators at each subsidiary using an online tool (UL PURE).

All indicators for the Health & Nutrition reporting are volume weighted. It 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 on volumes of products as consumed. A conversion factor is applied when needed (i.e. for a powder product what is counted is the "reconstituted" volumes it means powder added 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 via 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. For certain entities (large entities or combinations of entities), a threshold for approving a practice (indicator) has been set at 80% of the entity's sales or headcount.

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 (a few cases of internationally mobile employees on assignment at other Danone entities).

Furthermore, some disparities may exist in the headcount accounting 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).

Until 2021, employees on long-term leave (more than nine months) were not counted in the total headcount at the end of the reporting period. From 2022, definition of headcount has been slightly revised to include only "active" headcount. This can be defined as headcount not in suspended contract, unpaid leave or garden leave (predeparture period mainly linked with Local First plan); at the end of 2022, around 1,300 employees were in one of these situations.

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 the entries/exits.

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 2022, that was the case for Hunan Eurbest Nutrition Food Co., Ltd (Seagreen) (China) for a total headcount of 94 people, i.e. 0.1% of 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 training that is categorized as 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, 2022.

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, 2022.

Training courses for which supporting documents are not received by the closing date for reporting 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, in 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. 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 monitor absenteeism only 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 activities of The Dannon Company Inc. (United States) and 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 exempted from time control and thus not included in absenteeism scope. Nutricia Bago Argentina Baby (Argentina) subsidiaries is not included in the scope.

The scope covered represents about 95% of Danone's total headcount.

Number of Danone's employees who completed the mandatory e-learning on compliance

This indicator is calculated on the part of employees who have access to a laptop and is excluding Ukraine entities in 2022.

General collective agreement

A collective agreement results from collective bargaining between an employer, a group of employers or employers organizations on the one hand, and trade unions or work councils on the other hand.

It refers to a written agreement regarding 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 work 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 due to workplace accidents with medical leave for every 1,000 hours worked.

The hours worked are 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).

Scopes 1 and 2 greenhouse gas emissions

Scopes 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard (January 2015 revised edition). In January 2015, the GHG Protocol published a guidance document on 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 according to 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 (CH₄) and nitrous oxide (N₂O) as well as the impact of fugitive emissions of fugitive emissions of refrigerants correspond to data in 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 correspond to data in the 2006 IPCC Guidelines (2006 IPCC Guidelines for National Greenhouse Gas Inventories);
- electricity emissions factors follow the hierarchy defined 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 (2022 publication of energy mixes in 2020);

- the factors used for heating and steam are from the UK Department for Business, Energy and Industrial Strategy' (BEIS) 2021 publication and the factors used for cooling are from the carbon database of the French Agency for the Environment and Energy Management (ADEME, 2017);
- the factors used for CH₄ and N₂O 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.

Scope 3 greenhouse gas emissions

This was the third 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.

This is the fifth year that the Group has used the emissions factors from the Cool Farm tool to calculate emissions for milk used in products, which accounted for 32.3% of Danone's emissions in 2022. 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 (IDEL). By default, Danone uses the FAO's 2022 emissions factors for countries outside of France where the Cool Farm tool has not been implemented.

This is the fifth year that, in order to calculate emissions for dairy ingredients, which accounted for 18.3% of Danone's emissions in 2022, the Group has used specific emissions factors that are calculated by its suppliers and take into account emissions related to the milk in dairy ingredients and emissions related to processing techniques, which factor in the energy intensity of production for each ingredient, as well as 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.

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.



The updated methodology and rules for calculating scope 3 emissions were documented in a report shared with all contributors to 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
- 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 2021 and 2022 for each GHG emission category, the 2021 emissions presented in this report were also recategorized.

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 relating 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, a packaging is recyclable if post-consumer collection, sorting, and recycling are proven to work in practice and at scale, which means it achieves 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 8% of total quantities of waste produced at production sites in 2022, 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) discharged.

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. Data related to waste recovery 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.

As a reminder, in 2018, sludge from wastewater treatment in external wastewater treatment plants started to be included in the indicator of recovered waste, when the traceability of this recovery was available. The completeness of this data was improved in 2019.

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 specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. The amount of water withdrawn corresponds mainly to water used for industrial processes and in finished product formulation.

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 not taken into account in 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.

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 (m³, 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.

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 3 years of age and foods for children over 3 years of age in the early life nutrition activities),
- All plain waters and flavored waters with 0% sugar.

Percentage of volumes sold from products rated ≥ 3.5 stars by Health Star Rating (HSR)

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories. 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. Taking these components into account, points are allocated based on the composition per 100g or 100 mL of the product. Products are rated between 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 from products scoring A or B in Nutri-Score

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories. The Nutri-Score is calculated using the nutritional data listed on the package for 100g /100 ml 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. Nutrients and ingredients to promote (fibre, protein, fruits, vegetables, legumes, nuts, rapeseed, walnut, and olive oil),
- Elements to limit: calories, sugars, sodium, and saturated fatty acids.

The overall score for a food is found by subtracting the total number of favorable points from the total number of unfavorable points. After calculation, the score obtained by a product allows to assign a letter and a color.

More information on the methodology guidance to calculate Nutri-Score, see this website: www.santepubliquefrance.fr

Percentage of volumes sold without added sugars

This percentage is calculated for all product categories in the Essential Dairy 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 of Dairy and Plant-based products directed at children with ≤ 10g of total sugars /100g

This indicator monitors all products in the Essential Dairy and Plant-Based portfolio specifically designed and/or primarily appealing to children (3- 12 years). Designed and/or appealing to children, means that the product is positioned in kids' shelves (physical or e-commerce); bearing claim(s) addressed to parents, for their kids (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 providing nutritional information on the front of the packaging (FOP)

This percentage is calculated for the categories Essential Dairy and Plant-Based and Aquadrinks. It excludes countries where regulations prohibit the publication of this information, as well as countries where there is an ongoing public debate on the choice of an appropriate front-of-pack labeling scheme).

All subsidiaries must follow the Danone Corporate guidelines explaining which front of pack icons and logos can be used and giving rules for their implementation. All volumes distributed in the away from home channel (canteens, restaurants, ...) are assessed as they are when they leave the Danone plant, knowing that the final

presentation to the consumer is not under the control of Danone, and that, in that final presentation, the nutritional labeling may disappear: products can be presented by the restaurant in single pots without the initial cardboard wrapping, or (for bulk products) transferred to another container.

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.

5.11 REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE MANAGEMENT REPORT

This is a free translation into English of the independent third party 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 31st, 2022

To the Shareholders,

In our capacity as independent third party, member of Mazars Group, statutory auditor of Danone (hereinafter the "Entity"), and accredited by COFRAC Inspection under number 3-1058 ^(a), we have performed work to provide a reasoned opinion that expresses a limited level of assurance on the historical information (observed and extrapolated, hereinafter the "Information") of the consolidated non-financial statement (hereinafter the "Statement"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the financial year ended December 31st, 2022, presented in the management report of 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.

(a) scope of accreditation available on www.cofrac.fr.

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 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.

Preparation of the 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 Information has been prepared in accordance with 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 with reference to 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 where applicable: 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

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 provided in accordance 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.

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, the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information n required by Article 8 of Regulation (EU) 2020/852;
- 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 (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 15 people between September and February and during 25 weeks. We conducted around thirty interviews with the people responsible for preparing the Declaration, representing in particular the CSR, compliance, human resources, health and safety, health & nutrition, environment, quality and purchasing departments.

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 all the consolidated entities' activities 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, as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- 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;
- 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 business relationships, its products or services, as well as its 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) that we considered to be the most important and presented in Appendix 1; concerning certain risks related to social dialogue, business ethics, sustainable supply chain, product quality and safety and climate transition, our work was carried out at consolidation level, for the others risks, our work was carried out at consolidation level and entity level;
- 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, in Appendix 2, and covers between 14% 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.

French original signed by: Independent Verifier,

Mazars SAS

Paris-La Défense, March 7, 2023

Gonzague SENLIS
Associé

Tristan MOURRE
Associé RSE & Développement Durable

Appendix 1: Information considered most important

Social and Health and Safety Indicators

Qualitative information

- Inclusive Diversity
- Employee security
- Responsible sourcing and Human rights in the supply chain

Quantitative information (including key performance indicators)

- Total headcount and breakdown by gender, by age and by geographic regions
- Average permanent headcount
- Total number of hires
- Total number of dismissals
- 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
- Number of events noted by the SOC (Security Operational Center) as important or urgent
- Number of important or urgent events reported to the Company's security team, since employees were identified as being in the area of the event
- Number of occasions when the security team decided to contact all employees potentially affected by the event
- 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

Environmental Indicators

Qualitative information

- Preserving and restoring water resources in agriculture and watersheds
- Circularity of packaging
- Reducing food waste
- Regenerative agriculture

Quantitative information (including key performance indicators)

- ISO 14001 certification - Percentage of certified sites and percentage of volumes covered
- Thermal energy
- Electricity
- Energy consumption intensity
- Total reduction in energy intensity since 2000
- Production sites purchasing 100% renewable electricity
- Percentage of renewable electricity
- Percentage of renewable energy
- GHG Emissions (Scopes 1, 2 and 3)
- 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
- Reduction in water consumption intensity since 2000

- Number of watershed protection plans deployed
- Proportion of facilities with a 4R action plan (Reduce, reuse, recycle and reclaim)
- Final discharge of chemical oxygen demand and Net COD Ratio
- Proportion of packaging industrial waste recovered
- Proportion of plastic packaging waste recovered
- Proportion of food waste recovered
- 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 and Nutrition Indicators

Qualitative information

- Ensuring quality and food safety
- Offering consumers healthy products

Quantitative information (including key performance indicators)

- Volume in healthy categories
- Volume without added sugars (except AMN)
- Volume from products providing nutritional information on Front Of Pack
- Total volumes and % of volumes of EDP Kids portfolio compliant with target ≤ 10 g total sugars/100g
- Volumes sold and % of volume sold scoring A or B in Nutriscore
- Number of employees trained on the Danone Policy for the Marketing Of Breast Milk Substitutes
- Number of entities that monitors compliance with the M2K pledge or BMS marketing pledge and has established a process to rectify non-compliant practice to M2K pledge or BMS marketing pledge.
- FSSC 22000 certification rate
- % of entities that had at least one healthy product in their portfolios targeting low-income populations or a plan to expand access
- % of compliance with the EU Pledge criteria across all six countries

Appendix 2: Selected entities (Country Business Unit)

ALPRO NV (EDP)	Belgium
DANONE CANADA (EDP)	Canada
NUTRITIA MILUPA GMBH (SN)	Germany
AQUA (Waters)	Indonesia
SARI HUSADA INDONESIA BABY (SN)	Indonesia
NUTRICIA INDONESIA SEJAHTERA BABY (SN)	Indonesia
SN IRELAND (SN)	Ireland
BONAFONT (Waters)	Mexico
DANONE DE MEXICO (EDP)	Mexico
HOD MEXICO IG (Waters)	Mexico
CGA (Waters)	Mexico
CENTRALE DANONE (EDP)	Morocco
NUTRICIA NEDERLAND BABY (SN)	Netherlands
DANONE POLAND (EDP)	Poland
ZYWIEC ZDROJ SA (Waters)	Poland
DANONE SOUTH AFRICA (EDP)	South Africa
SN UK (SN)	United Kingdom
DANONE UK (EDP)	United Kingdom

6.1 GOVERNANCE BODIES	230	6.4 DETAILED INFORMATION ON LONG-TERM COMPENSATION PLANS	284
Board of Directors	231	Group performance shares (GPS)	284
Audit Committee	248	Group performance units (GPU)	312
Nomination, Compensation and Governance Committee (formerly Governance Committee)	250		
CSR Committee (formerly Engagement Committee)	251	6.5 DANONE SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	315
Executive Committee	252	Number of DANONE shares held by the members of the Board of Directors and the Executive Committee (which includes one Director)	315
Application of AFEP-MEDEF corporate governance code for listed companies	253	Transactions on DANONE shares	315
6.2 POSITIONS AND RESPONSIBILITIES OF THE DIRECTORS AND NOMINEES TO THE BOARD OF DIRECTORS	254		
		6.6 RELATED PARTY AGREEMENTS	316
6.3 COMPENSATION AND BENEFITS OF GOVERNANCE BODIES	264	Statutory Auditors' special report on related party agreements	316
Compensation policy for corporate officers for 2023	264	Agreements submitted for approval to the Annual General Meeting	316
Compensation policy for executive corporate officers for 2023	266	Agreements previously approved by the Annual General Meeting	316
Compensation policy for Directors for 2023	271		
Report on the compensation of corporate officers and Directors for 2022	272		

6

CORPORATE GOVERNANCE

In accordance with Articles L. 225-37, L. 225-37-4 and L. 22-10-10 of the French Commercial Code, the following section includes the Report of the Board of Directors on corporate governance, the composition of the Board of Directors and the conditions for preparation and organization of the Board's work.

In accordance with Article L. 22-10-10 of the French Commercial Code, the Company affirms that it voluntarily adheres to the corporate governance Code for listed companies amended in December 2022 (AFEP-MEDEF Code).

This report, inspired in particular by the comments gathered through a dialogue with Danone's shareholders throughout the year, was prepared following diligences performed by the Legal Department working closely with the Human Resources and Finance departments. It was previously presented initially to the Nomination, Compensation and Governance Committee on February 2, 2023 and then approved by the Board of Directors on February 21, 2023.

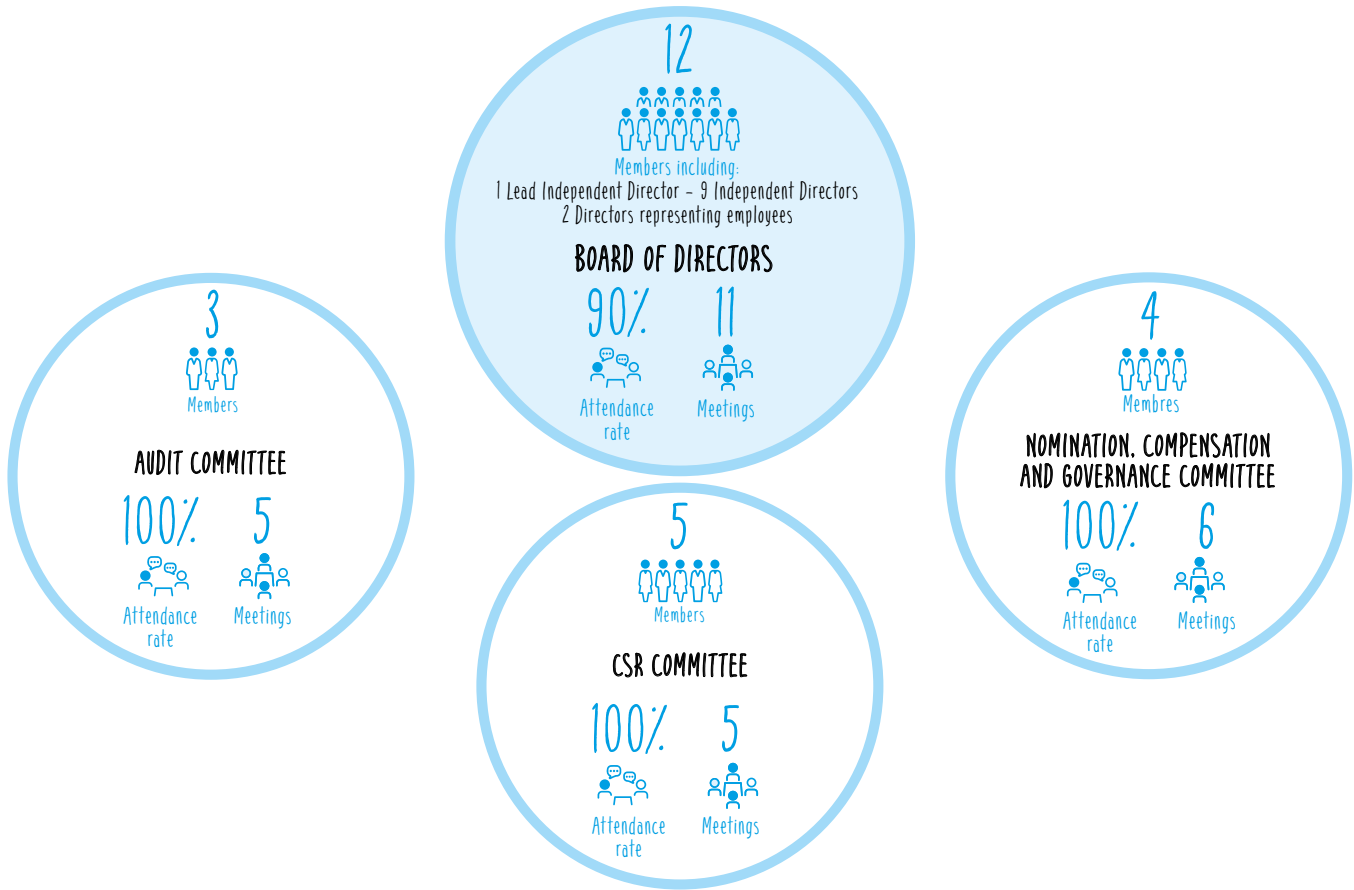
6.1 GOVERNANCE BODIES

Contents

Board of Directors	231	Nomination, Compensation and Governance Committee (formerly Governance Committee)	250
The Board of Directors in 2022	231	Composition as of December 31, 2022	250
Danone's governance structure	233	Duties	250
Composition of the Board of Directors and Committees	236	Activities and work of the Nomination, Compensation and Governance Committee	250
Operation of the Board of Directors	243		
Activity and work of the Board of Directors	246	CSR Committee (formerly Engagement Committee)	251
		Composition as of December 31, 2022	251
Audit Committee	248	Duties	251
Composition as of December 31, 2022	248	Activity and work of the CSR Committee	251
Duties	249		
Activity and work of the Audit Committee	249	Executive Committee	252
		Role	252
		Composition (as of February 28, 2023)	253
		Application of AFEP-MEDEF corporate governance code for listed companies	253

BOARD OF DIRECTORS

The Board of Directors in 2022



Independence rate

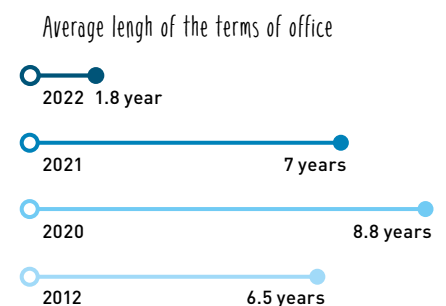
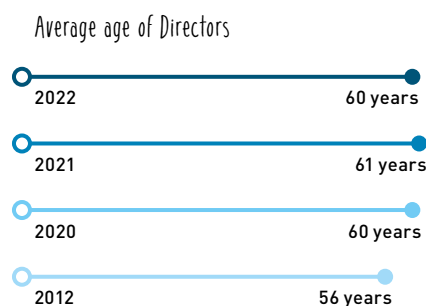
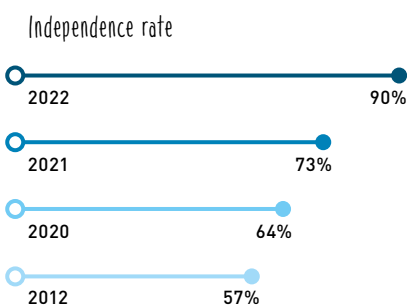


Percentage of women















Diversity / Directors with a non-French nationality

6



Composition as of December 31, 2022: 12 Directors

Personal information				Position on the Board						
Name	Gender	Age	Nationality	Primary function	Number of DANONE shares	Number of directorships at listed companies ^(a)	Independence	Starting date of Director's term	Expiration date of Director's term ^(b)	Years on the Board
Corporate Officer										
Antoine de SAINT-AFFRIQUE		58	French	Chief Executive Officer of Danone	6,000	3		2022	2025	< 1
Directors										
Gilles SCHNEPP		64	French	Chairman of Danone's Board of Directors	5,000	3	•	2020	2026 ^(c)	2
Valérie CHAPOULAUD-FLOQUET		60	French	Lead Independent Director of Danone	2,000	2	•	2022	2026 ^(c)	< 1
Gilbert GHOSTINE ^(d)		62	Lebanese and Canadian	CEO of Firmenich	3,000	1	•	2022	2024	< 1
Lise KINGO ^(d)		61	Danish	Corporate Director	0	4	•	2022	2024	< 1
Michel LANDEL		71	French	Lead Independent Director of Legrand	4,000	2	•	2018	2023	4
Patrice LOUVET		58	American and French	Chairman and CEO of Ralph Lauren Corporation	2,000	2	•	2022	2025	< 1
Géraldine PICAUD		52	French	CFO of Holcim Ltd.	2,000	4	•	2022	2025	< 1
Susan ROBERTS		65	British and Canadian	Professor of Nutrition at Tufts University	1,000	1	•	2022	2025	< 1
Serpil TIMURAY		53	Turkish	CEO Europe Cluster of Vodafone group	7,271	1	•	2015	2023	7
Directors representing employees										
Frédéric BOUTEBBA		55	French	Director representing employees	1 ^(e)	1	N/A	2016	2026 ^(f)	6
Bettina THEISSIG		60	German	Director representing employees	1 ^(e)	1	N/A	2014	2026 ^(f)	8

(a) Incl. at Danone

(b) Date of the Shareholders' Meeting. As announced on July 29, 2021, the Directors (except the Chairman and the two Directors representing employees) whose terms are expiring in April 2024 decided not to seek renewal of their terms of office a year ahead of schedule, i.e. as of the 2023 Shareholders' Meeting.

(c) Subject to approval by the Shareholders' Meeting of April 27, 2023.

(d) Subject to confirmation by the Shareholders' Meeting of April 27, 2023.

(e) Share granted under the "One Person, One Voice, One Share" program.

(f) The terms of office of the two Directors representing employees were renewed for three years by the employee representative bodies in February 2023, in accordance with legal and statutory provisions.

Pursuant to Act No. 2013-504 of June 14, 2013 and the Company's by-laws, two Directors representing employees are members of the Board and are appointed by the Group Works Council and the European Works Council, respectively. In addition, a member of the Social and Economic Committee, Nordi BENASSEM, participates in Board of Directors' meetings in an advisory capacity and in Audit Committee meetings. Moreover, Franck RIBOUD has been the Honorary Chairman of the Board of Directors since 2017 (see section *Vice-Chair, Honorary Chairman and Honorary Vice-Chairman* hereinafter).

Danone's governance structure

Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer

On March 1, 2021, the Board of Directors decided to begin the process of separating the functions of Chairman of the Board of Directors and Chief Executive Officer. On March 14, 2021, the Board of Directors proceeded to separate the functions of Chairman of the Board of Directors and Chief Executive Officer by appointing Gilles SCHNEPP as Chairman of the Board, setting up a provisional General Management team and launching a search for a Chief Executive Officer.

Following this external selection process led by the Nomination, Compensation and Governance Committee, with the help from a world-renowned recruitment firm, the Board of Directors, upon the recommendation of the Nomination, Compensation and Governance Committee, unanimously decided on May 17, 2021 to appoint Antoine de SAINT-AFFRIQUE as Chief Executive Officer as of September 15, 2021.

This separation of functions therefore allows Danone to benefit from both the corporate governance expertise and experience of Gilles SCHNEPP and the recognized managerial and operational skills of Antoine DE SAINT-AFFRIQUE.

Chairmanship of the Board of Directors

Duties and powers of the Chairman

Pursuant to the Company's by-laws and the Board of Directors' rules of procedure, the Chairman of the Board of Directors:

- convenes and sets the agenda for Board of Directors' meetings;
- prepares, organizes and directs the work of the Board and leads discussions;
- ensures the proper operation of the Board;
- oversees the onboarding of new Directors;
- ensures that Directors are able to perform their duties and, in particular, that they are sufficiently informed prior to Board meetings and are able to meet with the Company's senior management and statutory auditors;
- may meet with investors from time to time to discuss governance matters, among other things;
- develops and maintains a trusting and ongoing relationship between the Board and General Management to ensure that management permanently and continuously implements the strategic orientations defined by the Board.

Work of the Chairman in 2022

Gilles SCHNEPP has served as Chairman of the Board of Directors since March 14, 2021.

In this capacity, in 2022 he oversaw the preparation of Board meeting agendas based on developments at Danone and ongoing key issues so as to ensure that the Directors had the best possible information. He actively led Board meetings and also attended all Board Committee meetings, particularly Nomination, Compensation and Governance Committee meetings. He also participated in Mission Committee meetings.

Together with the Nomination, Compensation and Governance Committee, he also implemented the overhaul of the Board by actively contributing to the search for new Directors (including definition of the desired profiles and expertise, interviews with the candidates selected by the Committee).

He also attended work days of the annual seminar in Évian held for all Danone senior executives during which Danone's strategy and activities are discussed in detail.

Together with Antoine de SAINT-AFFRIQUE, he also led the investor seminar held in March 2022.

In preparation for the 2022 Shareholders' Meeting, he participated in the dialogue with shareholders.

Lastly, he maintained an ongoing, direct and regular dialogue with General Management, the members of the Executive Committee and certain Danone executives, which allowed close coordination between General Management and the Board of Directors

General Management

Duties and powers of the Chief Executive Officer

As required by law and pursuant to the Company's by-laws, the Chief Executive Officer, appointed by the Board of Directors, has full power to act in all circumstances in the name of the Company, within the scope of its corporate purpose and subject to the powers that the law expressly attributes to shareholders' meetings and to the Board of Directors. He represents the Company in its dealings with third parties.

The Chief Executive Officer directs the Company's operations and, with the help of the Executive Committee, oversees the operational implementation of the strategic orientations decided by the Board of Directors.

Limits on the powers of the Chief Executive Officer

The Board of Directors' rules of procedure set limits on the CEO's powers. Thus, the Board of Directors must approve strategic investment projects and all transactions, namely acquisitions or disposals, that may significantly impact Danone's results, balance sheet structure or risk profile.

In particular, the Chief Executive Officer must obtain the Board of Directors' prior authorization for the following transactions:

Type of transaction	Authorization thresholds for Danone's share
Acquisitions or disposals of securities and/or assets, partnerships or joint ventures (in cash or by asset contributions, carried out in one or more transactions)	€250 million per transaction: <ul style="list-style-type: none"> • for acquisitions, partnerships and joint ventures; • for disposals: proceeds received.
Any off-balance sheet commitment made by Danone	€100 million
Other investments	€200 million
Internal reorganizations	Any reorganization representing an overall cost of more than €50 million.

Board of Directors

Pursuant to the Company's by-laws and the Board of Directors' rules of procedure, the Board, a collegial body, exercises the powers attributed to it by law and acts in all cases in the business interest of the Danone. It determines the strategic orientations of Danone's activity and ensures their implementation. It seeks to promote long-term value creation by the Group while taking into account the social and environmental challenges of its activities. As part of its work, the Board of Directors has continued to fulfill the purpose and the social, societal and environmental objectives embedded in the Company's by-laws since the adoption of *Entreprise à Mission* status by the Shareholders' Meeting on June 26, 2020, and takes into consideration the social, societal and environmental impacts of its decisions on the Company's stakeholders.

The Board of Directors meets as often as required to serve the Company's interests and at least five times a year. It conducts the verifications and controls that it deems necessary.

To prepare and inform its work, the Board of Directors may decide to create one or several specialized Committees, whose composition, powers and operating rules it sets, and which conduct their activity under its responsibility. The Committees are comprised only of Directors who are appointed in their individual capacity by the Board of Directors, acting on the recommendation of the Nomination, Compensation and Governance Committee, and may not be represented.

Lead Independent Director

The Lead Independent Director is appointed by the Board of Directors from among the Independent Directors, upon the proposal of the Nomination, Compensation and Governance Committee. The appointment of a Lead Independent Director is mandatory when the functions of Chairman of the Board of Directors and Chief Executive Officer are combined. Although the functions of Chairman of the Board and Chief Executive Officer have been separated, the Board of Directors felt it appropriate to maintain this position in view of the complete renewal of the Board currently underway and to ensure greater dialogue with shareholders, particularly on governance matters. On April 26, 2022, Valérie CHAPOULAUD-FLOQUET, succeeded Jean-Michel SEVERINO in this capacity, whose term of office ended after the Shareholders' Meeting of April 26, 2022.

Duties and powers of the Lead Independent Director

The duties of the Lead Independent Director were reviewed in 2022 as part of the separation of Danone's governance functions and are described in the Board of Directors' rules of procedure.

As part of his/her principal duties, the Lead Independent Director:

- may propose additional agenda items to the Chairman and require that the Chairman convenes a Board meeting for a specific agenda;
 - chairs Board meetings in the Chairman's absence;
 - participates in the Director recruitment process;
 - convenes, chairs and moderates a meeting of the outside Directors at least once a year and informs the Chief Executive Officer of the conclusions of these meetings;
 - prevents conflicts of interest from occurring;
 - ensures compliance with the Board's rules of procedure and with the principles/recommendations of the AFEF-MEDEF Code;
 - oversees the assessment process for the Board and for the Chairman of the Board;
 - is the main point of contact for shareholders regarding the Board's responsibility and governance and is available to meet with certain shareholders;
- is to be appointed Chairman of the Nomination, Compensation and Governance Committee;
 - oversees the preparation of the succession plan for the corporate officers, including the Chairman of the Board of Directors and the Chief Executive Officer, as well as the Directors' recruitment process.

Resources

The Lead Independent Director:

- has access to all documents and information that he/she deems necessary to fulfill his/her duties. He/she may, in performing his/her functions, request the completion of outside research at the Company's expense;
- is regularly informed of major events related to the Company's business;
- may meet Danone's operational or functional managers, at his/her request and after informing the Chairman and the Chief Executive Officer;
- may request assistance from the Board secretary in order to perform his/her duties.

Report

The Lead Independent Director reports on the execution of his/her duties once a year to the Board of Directors. At Shareholders' Meetings, he/she may report on his/her actions at the Chairman's request or on his/her own initiative.

At the end of each term of office of the Lead Independent Director, the Board conducts a study on the operation of this body and reviews its powers in order to adapt them, if necessary.

Work of the Lead Independent Director in 2022

Jean-Michel SEVERINO, Lead Independent Director and Chairman of the Nomination, Compensation and Governance Committee until April 26, 2022, oversaw the work of the Nomination, Compensation and Governance Committee at the beginning of 2022, including:

- the review of performance conditions applicable to performance shares (Group Performance Shares), subject to approval by the 2022 Shareholders' Meeting, in particular the implementation of a new criterion based on a comparison between recurring EPS growth and sales growth;
- participation in the dialogue with shareholders in preparation for the 2022 Shareholders' Meeting and, in particular, following the submission of a draft resolution by several shareholders regarding the functions of the Honorary Chairman and the Honorary Vice-Chairman;
- finalization of the recruitment of new Directors and their participation in the onboarding program.

Valérie CHAPOULAUD-FLOQUET, Lead Independent Director since April 26, 2022, mainly focused on the following areas:

- overseeing the work of the Nomination, Compensation and Governance Committee and the Board of Directors on the continued renewal of the Board of Directors and changes in its composition, including the recruitment of Directors whose appointment or confirmation will be proposed at the 2023 Shareholders' Meeting, with the help from world-renowned recruitment firms, by supporting the Chairman of the Board of Directors;
- organizing discussions regarding the composition of the various Committees in connection with the appointments of new Directors;
- participating in the development of a new short-, medium- and long-term succession plan for the Chief Executive Officer and Executive Committee members;

- dialogue with shareholders, including a governance roadshow in November 2022, during which the Lead Independent Director met with more than 20 investors representing over 45% of Danone's capital. During these meetings, the Lead Independent Director was able to discuss shareholders' expectations in terms of the Board's composition, the Director selection process, onboarding of new Directors, the involvement of the Honorary Chairman, changes in the characteristics of long-term compensation schemes and performance conditions [see section *Dialogue with Shareholders* hereinafter];
- evaluating the operation and performance of the Board of Directors implemented at the end of 2022 in the form of an internal assessment via an assessment questionnaire;
- leading two meetings of the independent Directors, which mainly focused on the operation of the Board of Directors and its Committees, the Board's work program, the performance of the Chief Executive Officer and the performance of the Chairman (in the absence of the latter).

Lastly, Valérie CHAPOULAUD-FLOQUET maintained close relations with the Chairman, the Directors, who were consulted individually on several occasions, and General Management.

Vice-Chair, Honorary Chairman and Honorary Vice-Chairman

The Board of Directors' rules of procedure give the Board the option to elect (i) one or more Vice-Chairmen from among its members and to appoint (ii) an Honorary Chairman chosen from among the former Chairmen of the Board of Directors and (iii) up to two Honorary Vice-Chairmen chosen from among the Directors or former Directors.

Honorary Chairman and Honorary Vice-Chairman

Franck RIBOUD, Danone's Chairman and Chief Executive Officer for 18 years (1996-2014) and then Chairman of the Board until 2017, was appointed Honorary Chairman that same year in recognition of his invaluable contribution to the Board's work. Michel DAVID-WEILL was named Honorary Vice-Chairman at the end of the 2011 Shareholders' Meeting; following his death in 2022, the Board of Directors did not replace him.

In accordance with the rules of procedure (as amended on December 8, 2022), when the Honorary Chairman and the Honorary Vice-Chairman are not Directors, they may be invited from time to time to participate in Board meetings in an advisory capacity. In addition, the Honorary Chairman may, at the request of the Chairman or the Chief Executive Officer, share his experience and speak to Danone's teams. He may also represent Danone among its longtime partners and take part in the Company's key events.

It is worth noting that, at the Shareholders' Meeting of April 26, 2022, several shareholders together representing 0.8% of Danone's share capital had, in accordance with the provisions of Articles L. 225-105 and R. 225-71 of the French Commercial Code, requested that a draft resolution be added to the agenda of the Extraordinary Shareholders' Meeting in order to include in the Company's by-laws and establish a framework for the functions of Honorary Chairman and Honorary Vice-Chairman set out in the Board's rules of procedure. This resolution was rejected by the Shareholders' Meeting as it failed to receive the number of votes needed to adopt an extraordinary draft resolution. Nevertheless, understanding the desire for transparency as to the role of the Honorary Chairman, on April 26, 2022 the Board decided to modify its rules of procedure in order to reaffirm, as necessary, that all the rules of conduct that apply to the Directors also apply to the Honorary Chairman and Honorary Vice-Chairman and to formally commit to providing information annually regarding the actual attendance of the Honorary Chairman and Honorary Vice-Chairmen at Board of Directors' meetings.

In December 2022, at the request of several investors for further clarification regarding the role of the Honorary Chairman during the dialogue with shareholders, the Board of Directors decided to amend its rules of procedure in order to stipulate that, from now on, the Board of Directors could invite the Honorary Chairman to attend its meetings from time to time (and not all meetings routinely) and to withdraw the Honorary Chairman's right to access the Directors' information and documents. Franck RIBOUD also wanted this change and had written to the Chairman in July 2022 asking to no longer be automatically invited to Board meetings and to no longer receive documentation sent to the Directors. Franck RIBOUD, whose term of office as Director ended following the Shareholders' Meeting on April 26, 2022, did not attend, as Honorary Chairman, any of the Board of Directors' meetings held after that date.

Vice-Chair

Cécile CABANIS, Director since 2018 and former Executive Vice-President, Chief Financial Officer, Technology & Data at Danone, was appointed Vice-Chair in December 2020. Her term of office as Vice-Chair ended concurrently with her departure from the Board of Directors on June 30, 2022. The Board of Directors did not replace her.

In accordance with the rules of procedure, the position of Vice-Chair entails no specific powers other than chairmanship of (i) Shareholders' Meetings in the absence of the Chairman of the Board or the Director to whom these functions are delegated, and (ii) Board of Directors meetings in the absence of the Chairman and the Lead Independent Director.

Balanced distribution of powers

In addition to the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer, the balance of powers is ensured by the following mechanisms:

- chairmanship of the Board of Directors by an independent Director;
- the existence of a Lead Independent Director whose duties, resources and responsibilities are described in section *Lead Independent Director* above;
- the independence of the Board of Directors, 90% of whom were independent Directors as of December 31, 2022 in strict compliance with the independence criteria of the AFEP-MEDEF Code, which allows it to exercise full oversight of the Chief Executive Officer;
- the free and independent review of Board agenda items, with the work in the Committees also enabling Directors to review certain matters in greater detail and work in direct contact with Danone's teams;
- the composition of the Board Committees, all of which are chaired by independent Directors;
- the diversity policy regarding the Board's composition, which aims to ensure a variety of complementary profiles in terms of gender, nationality, skills and experience, and greater independence of its members;
- the full involvement of Directors in the work and discussions of the Board and Committees, as reflected in a high participation rate at meetings [see section *Attendance rates for Directors in 2022* hereinafter];
- regular Independent Director meetings, organized by the Lead Independent Director, which enable them to discuss any topic of their choice freely and spontaneously and provide input for the Lead Independent Director's ongoing dialogue with the Chairman of the Board and the Chief Executive Officer;
- limits imposed on the Chief Executive Officer pursuant to the Board's rules of procedure, described above.

Dialogue with shareholders

The Company, mainly through the Chief Executive Officer, the Chief Financial Officer and the Investor Relations team, maintains an ongoing dialogue with its investors and proxy advisors, particularly during special meetings and events, such as announcements of financial results and Investor Seminars. It posts the presentations made at these meetings and events on its website: www.danone.com (section Investors/Publications & Events/Investor Seminars and/or Investor Conferences). In addition to these meetings, the Investor Relations team interacts with Danone's investors and shareholders on a regular basis throughout the year.

In addition, the Lead Independent Director is the investors' main point of contact for issues related to Danone's governance, even though the Chairman of the Board of Directors may also have occasion to speak with investors from time to time as necessary.

Moreover, as in previous years, in the fall of 2022 the Lead Independent Director met with more than 20 investors representing over 45% of Danone's capital to discuss governance matters, including the Board's composition and the selection process implemented, the criteria used to determine the profiles of new Directors and the skills and expertise of the Board members. These exchanges were also an opportunity to revisit the onboarding program for new Directors and its implementation, and allowed Danone to underscore the strength and proper operation of the newly-created Board and the new Board members' ability to meet the Company's strategic challenges and achieve its non-financial roadmap. During the exchanges with these shareholders, the Directors' availability was

Composition of the Board of Directors and Committees

Guiding principles for the composition of the Board of Directors and its Committees

Diversity policy of the Board of Directors and its Committees

The Board of Directors pays close attention to its composition, notably in order to promote its diversity and that of its Committees, believing that it is a source of vitality, creativity and performance and ensures the quality of the Board's discussions and decisions. This goal, which has been pursued for several years, has led to a noticeable change in the composition of the Board of Directors with a balanced representation achieved, particularly in terms of independence, gender, expertise, age and seniority of its members.

The Board's policy with respect to diversity of its composition and that of its committees also aims to promote a variety of cultures, skills, experiences and nationalities and to ensure that the Board's tasks are performed independently and objectively, and in a collegial and open-minded way. Thus, the Board:

- seeks to combine the skills needed to develop and implement Danone's long-term strategy in all its dimensions and ensures that these skills are varied and cover the food and beverage industry, the consumer goods industry, the customer/consumer experience, governance and leadership of large companies, international experience, finance, strategy, mergers and acquisitions, research & development, nutrition, digital and new technologies, corporate social responsibility and climate;
- pays close attention to ensuring that its members' profiles are complementary and in line with Danone's strategy and values;
- continuously aims to ensure fair representation of women, the international diversity of its members and generational balance;
- as part of its assessment, the Board regularly reviews whether its composition and that of its Committees are consistent with its diversity policy and identifies the guidance to provide in order to ensure the best possible balance based on the objectives of

discussed, particularly that of Géraldine PICAUD, given the 75.06% approval level of her appointment to the Board at the Shareholders' Meeting on April 26, 2022. It was noted that in 2022 she attended 83% of the Board meetings and all the Audit Committee meetings. The Board believes that Géraldine PICAUD is able to continue to devote sufficient time to effectively perform her duties. The Board will maintain its regular monitoring of each Director's availability and a dialogue with shareholders on this issue. The involvement and role of the Honorary Chairman were also discussed. The dialogue also provided a chance to discuss the various changes planned in terms of compensation, particularly as regards the structuring of the long-term shareholder compensation plan (GPS) following the commitment made to change in 2023 the performance condition related to the environmental criterion (until then linked to the CDP score) to one or more internal social and/or environmental criteria more directly linked to the Company's medium-term strategy and objectives. Finally, other topics such as how Danone could implement its *Entreprise à Mission* status and the composition and work of the Mission Committee were discussed.

The dialogue continued into early 2023, particularly ahead of the Shareholders' Meeting. Following discussions with investors, a new financial criterion, ROIC, was added to the financial conditions of the GPS. The views of the various investors are thus taken into account by the Company and contribute to the discussions on the composition of the Board and the compensation paid to the Company's senior executives.

this policy. To that end, it takes into account the work and recommendations of the Nomination, Compensation and Governance Committee.

As part of the overhaul of the Board of Directors announced in July 2021, which continued in 2022, the Board selected the candidates whose appointment as Director is proposed at the Shareholders' Meeting by taking into account its diversity policy, particularly in terms of skills and expertise, as well as the complementarity of the candidates' profiles.

In addition, to ensure an optimal composition, each year the Board of Directors conducts an in-depth review of the individual situation of each Director in terms of:

- independence, by strictly applying the independence criteria of the AFEP-MEDEF Code;
- availability, such as by reviewing the number of external directorships of each Director and whether this number is compatible with the duties of Director at Danone to ensure that all its members have the necessary amount of time to fully focus on the work of the Board;
- participation, by analyzing each member's attendance rate at Board and Committee meetings.

Procedure for selecting future Directors

The Nomination, Compensation and Governance Committee has implemented a policy for selecting future Directors. The Committee first determines the skills, expertise and profiles to be added to the Board, in line with the Board's diversity policy, Danone's strategic approach and future challenges. It is assisted by one or more firms that specialize in the recruitment of Directors with international profiles. The selected candidates meet with the Lead Independent Director, the Chairman of the Board of Directors, the Chief Executive Officer, several Directors and the Secretary of the Board of Directors. During these meetings, the candidates' availability is discussed in

depth to ensure that they have sufficient time to serve as Directors at Danone. Special emphasis is also placed on their ability to preserve Danone's values and culture and embody its commitments, particularly as an *Entreprise à Mission*. Finally, the compatibility of the selected profiles with the recommendations of the AFEP-MEDEF Code is reviewed, including in terms of independence, multiple directorships and diversity in the Board of Directors' composition. Following these meetings and after reviewing the various profiles, the Nomination, Compensation and Governance Committee selects the candidates to be presented to the Board. The Board analyzes

the various profiles and decides to submit certain appointments to the shareholders for approval.

In 2022, the Board of Directors pursued its complete renewal program that began in 2021. The Directors' selection process described above was monitored closely and the Board, at the recommendation of the Nomination, Compensation and Governance Committee and with the help from world-renowned recruitment firms, selected new profiles whose skills and expertise meet the criteria established by the Board and whose values are consistent with those of Danone.

Diversity and expertise of Directors and compatibility of their membership on Committees

The matrix of areas of expertise and experience was revised in 2022 to include only the five main fields of expertise of each Director. The areas of expertise are described in detail in the biographical information in section 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors*.

	Antoine de SAINT-AFFRIQUE	Gilles SCHNEPP	Frédéric BOUTEBBA	Valérie CHAPOULAUD-FLOQUET	Gilbert GHOSTINE	Lise KINGO	Michel LANDEL	Patrice LOUVET	Géraldine PICAUD	Susan ROBERTS	Bettina THEISSIG	Serpil TIMURAY	Total (in numbers)	Total (in %)
Core skills	Gouvernance / Leadership	✓	✓	✓	✓	✓	✓	✓	✓			✓	9	75%
	International experience	✓			✓	✓	✓	✓	✓	✓		✓	9	75%
	Audit, accounting and risk management		✓				✓			✓			3	25%
	Strategy / M&A	✓	✓		✓	✓		✓	✓	✓		✓	8	67%
Sector-specific skills	FMCG / Food & Beverage industry	✓		✓	✓	✓		✓	✓		✓	✓	8	67%
	Brand management / Customer-consumer focus experience	✓		✓	✓			✓	✓			✓	7	58%
	R&D, Health & Innovation						✓				✓	✓	3	25%
	CSR / Climate		✓			✓	✓			✓		✓	5	42%
Membership on Board Committees	Audit Committee		•			•				P			3	
	Nomination, Compensation and Governance Committee			•	P		•	•					4	
	CSR Committee						•			•	•	P	4	

Committee Chairman: P Committee member: •

Independence of Directors

Criteria applied by Danone

Danone strictly applies all AFEP-MEDEF Code recommendations as detailed below.

Directors representing employees are not subject to an assessment, in accordance with the recommendations of the AFEP-MEDEF Code.

Review carried out by the Board of Directors

Acting on the recommendation of the Nomination, Compensation and Governance Committee, in February 2023 the Board of Directors reviewed, as it does each year, the independence of each Director based on the following criteria.

	Independent	Non-independent	Directors not subject to an assessment
Number	9	1	2
Independence rate	90%	10%	N/A
Directors	Gilles SCHNEPP Valérie CHAPOULAUD-FLOQUET Michel LANDEL Gilbert GHOSTINE Lise KINGO Patrice LOUVET Géraldine PICAUD Susan ROBERTS Serpil TIMURAY	Antoine de SAINT-AFFRIQUE	Frédéric BOUTEBBA Bettina THEISSIG
Comments	The Board confirmed that each of these Directors satisfied all of the independence criteria of the AFEP-MEDEF Code, notably with respect to the absence of a significant business relationship with Danone, and thereby confirmed their status as Independent Directors.	The Board considered him non-independent because of his position as Chief Executive Officer, in accordance with the criteria of the AFEP-MEDEF Code.	

Situation of each Director regarding the independence criteria defined by the AFEP-MEDEF Code (Appendix 3)

Name	Employee/Corporate officer during the past 5 years	Cross directorships	Significant business relationship	Family relationship	Statutory Auditors	Term of office exceeding 12 years	Non-executive corporate officer with variable compensation	Status of major shareholder
Antoine de SAINT-AFFRIQUE	✘	•	•	•	•	•	•	•
Gilles SCHNEPP	•	•	•	•	•	•	•	•
Frédéric BOUTEBBA ^(a)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valérie CHAPOULAUD-FLOQUET	•	•	•	•	•	•	•	•
Gilbert GHOSTINE	•	•	•	•	•	•	•	•
Lise KINGO	•	•	•	•	•	•	•	•
Michel LANDEL	•	•	•	•	•	•	•	•
Patrice LOUVET	•	•	•	•	•	•	•	•
Géraldine PICAUD	•	•	•	•	•	•	•	•
Susan ROBERTS	•	•	•	•	•	•	•	•
Bettina THEISSIG ^(a)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Serpil TIMURAY	•	•	•	•	•	•	•	•

• When the independence criterion is met, ✘ when it is not met.

(a) Director representing employees.

In addition to simply noting whether or not a Director meets the independence criteria defined by the AFEP-MEDEF Code, the Board seeks, in particular, to establish whether the Director, who may be presumed independent under the AFEP-MEDEF Code, does not have other relations (significant professional or personal relations, particularly in terms of sales) that may hinder his or her freedom of analysis and decision.

Taking into account the recommendations of the AMF and the Haut Comité de Gouvernement d'Entreprise (High-level Committee for Corporate Governance), the Board reviews, where applicable, the significant nature of Danone's business relationships with other companies of which the Directors are corporate officers or employees, based on the nature, purpose and importance of these relationships that are capable of affecting his or her status as an independent Director.

For instance, the Board assesses the significant nature of the business relationship based on the following qualitative and quantitative criteria:

- importance of the business relationship for the Director and the company through a potential economic dependency, exclusivity or dominance in the sector to which the business relationship relates;
- the Director's involvement in the business relationship;
- length and continuity of the business relationship;
- sales generated between Danone and the company or group with which the Director is associated, both in absolute and relative value;
- the application of arm's length market conditions to the business relationship.

Thus, as regards Antoine de SAINT-AFFRIQUE's directorship at Barry Callebaut, the Board of Directors noted that the business relationship between Danone and Barry Callebaut was not significant, from both Danone's and Barry Callebaut's point of view, given its routine nature, the absence of any mutual economic dependency, the fact that purchases made by Danone from this company represent less than 0.2% of its overall costs of raw materials and packaging and that Antoine de SAINT-AFFRIQUE's role at Barry Callebaut has no operational link to the activities in question.

Moreover, as regards Gilbert GHOSTINE, Chief Executive Officer of Firmenich, a company with which the Danone group does business, the analysis conducted by the Board shows that the business relationship between Danone and Firmenich does not result in any economic dependency, given its routine nature and the absence of economic dependency. In fact, this business relationship represents less than 0.4% of its overall costs of raw materials and packaging. In addition, Gilbert GHOSTINE is not involved in the business relations in question given the organization of the two companies. Therefore, he has no direct or indirect decision-making power in the contractual negotiations leading to the business relationship between Danone and Firmenich. Moreover, Gilbert GHOSTINE's term of office at Firmenich will end in the first half of 2023. Consequently, the Board concluded that the business relationship between Danone and Firmenich is not significant and that Gilbert GHOSTINE's status of independent Director is therefore not in question.

Measures implemented with respect to potential conflicts of interest

The Board's rules of procedure include various means to prevent conflicts of interest involving Directors, notably the obligation:

- to notify in advance the Board Secretary and the Lead Independent Director or the Chairman of the Board if the latter is independent of any conflict of interest, including potential or future conflicts of interest, that involves or could potentially involve that Director, in order to obtain their approval; the Board Secretary and the Lead Independent Director, if they consider it necessary, may, where applicable, obtain the opinion of the Nomination, Compensation and Governance Committee before giving their approval;

- to submit a sworn statement indicating any conflicts of interest (i) at the time he/she takes office, (ii) annually at the time of the preparation of Danone's Universal Registration Document or (iii) at any time upon request from the Chairman of the Board of Directors or, where applicable, the Lead Independent Director, and (iv) within 10 working days following the occurrence of any event rendering part or all of the previous sworn statement invalid;
- to provide, each year, the list of positions and responsibilities exercised at all companies during the past five years and to answer the survey on conflicts of interest prepared by the Company;
- for any Director involved in a conflict of interest situation, even a potential one, to systematically abstain from participating in the Board's deliberations and from voting on the corresponding deliberation.

Moreover, for any new agreement between Danone and another company in which a Director exercises responsibilities that might place him/her in an actual or potential conflict of interest situation, and considered a related party agreement, the following requirements apply: (i) total transparency regarding the terms under which the company is compensated by Danone, (ii) prior authorization by the Board of Directors (with the corresponding Director abstaining from the deliberations and vote), (iii) disclosure of the principal terms of the agreement on the Danone website, and (iv) a vote by shareholders under a separate resolution at the next Shareholders' Meeting.

In addition, when an actual or even potential conflict of interest involves a Director considered non-independent under the AFEP-MEDEF Code, the status of the non-independent Director and the existence of an actual or potential conflict of interest is expressly mentioned in the Board of Directors' report to the Shareholders' Meeting.

To the Company's knowledge:

- there are no family ties among its corporate officers. Moreover, during the last five years, no corporate officer has been convicted of fraud, declared bankrupt, been placed in receivership or liquidation, been officially and publicly accused and/or penalized by any statutory or regulatory authority, or been prohibited by a court from being a member of a company's administrative, management or supervisory body or from participating in the management or administration of a company's business;
- there are no potential conflicts of interest between any Director's duties to the Company and their private interests and/or other duties (see section *Independence of Directors* above).

On the date of this Universal Registration Document, no corporate officer is connected to the Company or one of its subsidiaries via a service contract granting any benefits whatsoever, except for the two Directors representing employees bound to Danone by an employment contract.

Change in the composition of the Board of Directors and Committees

Changes in the composition of the Board of Directors and Committees in 2022

	Departures	Appointments/Co-options	Renewals
Board of Directors	Guido BARILLA ^(a) Cécile CABANIS ^(b) Clara GAYMARD ^(c) Gaëlle OLIVIER ^(c) Franck RIBOUD ^(c) Jean-Michel SEVERINO ^(c) Lionel ZINSOU-DERLIN ^(c)	Antoine de SAINT-AFFRIQUE ^(c) Gilbert GHOSTINE ^(d) Lise KINGO ^(e) Patrice LOUVET ^(c) Géraldine PICAUD ^(c) Susan ROBERTS ^(c)	–
Audit Committee	Frédéric BOUTEBBA Gaëlle OLIVIER ^(c) Lionel ZINSOU-DERLIN ^(c)	Gilbert GHOSTINE ^(f) Géraldine PICAUD (Chair) ^(c) Gilles SCHNEPP ^(c)	–
Nomination, Compensation and Governance Committee	Jean-Michel SEVERINO ^(c) Clara GAYMARD ^(c)	Frédéric BOUTEBBA ^(f) Valérie CHAPOULAUD-FLOQUET ^(c) (Chair) Patrice LOUVET ^(c)	–
CSR Committee	–	Lise KINGO ^(g) Susan ROBERTS ^(c)	–

(a) On October 15, 2022.

(b) On June 30, 2022.

(c) Following the Shareholders' Meeting of April 26, 2022.

(d) On September 30, 2022, co-option effective October 15, 2022.

(e) On September 30, 2022, co-option effective December 1, 2022.

(f) On October 20, 2022.

(g) On December 08, 2022.

Board of Directors renewal program

In 2022, Danone pursued its Board of Directors' overhaul program announced in July 2021 under which all the Directors – with the exception of the Chairman of the Board of Directors and the two Directors representing employees – were to leave the Board of Directors by the time of the 2023 Shareholders' Meeting. Along these lines, the terms of office of Clara GAYMARD, Gaëlle OLIVIER, Franck RIBOUD, Jean-Michel SEVERINO and Lionel ZINSOU-DERLIN ended following the Shareholders' Meeting on April 26, 2022. Cécile CABANIS and Guido BARILLA resigned as Directors effective June 30, 2022 and October 15, 2022, respectively. Michel LANDEL and Serpil TIMURAY will leave the Board of Directors following the Shareholders' Meeting of April 27, 2023.

As part of this renewal program, the process for selecting new Directors that began in 2021 continued in 2022 under the leadership of the Nomination, Compensation and Governance Committee and the guidance of the Lead Independent Director, in collaboration with the Chairman of the Board of Directors, based on the Director selection procedure described above. Two external world-renowned recruitment firms assisted the Nomination, Compensation and Governance Committee and the Board in selecting profiles that matched the criteria set by the Board at the recommendation of the Nomination, Compensation and Governance Committee.

The new profiles selected by the Board meet all the Board's criteria, particularly in terms of independence and expertise in the consumer goods sector, international experience, sustainable development and compatibility with Danone's values.

Proposals for the Shareholders' Meeting of April 27, 2023

As part of the ongoing complete renewal of the Board of Directors described above, and following the selection process led by the

Nomination, Compensation and Governance Committee, the Board of Directors decided to submit the ratification of the co-option of the following people to the Shareholders' Meeting of April 27, 2023:

	Ratification of the co-option	Appointment	Renewals
Board of Directors	Gilbert GHOSTINE Lise KINGO	– Valérie CHAPOULAUD-FLOQUET	Gilles SCHNEPP

Candidates proposed to the Shareholders' Meeting of April 27, 2023

Gilbert GHOSTINE	Gilbert GHOSTINE, a Lebanese and Canadian national, held several management positions at Diageo, a global leader in alcoholic beverages, across four continents beginning in 1997. In 2014, he was appointed Chief Executive Officer of Firmenich, a Swiss fragrances and aromas company. Since joining Firmenich, Gilbert GHOSTINE has led the company's strategic repositioning in the <i>Natural</i> , <i>Biotech</i> and <i>Life Sciences</i> segments while driving its growth in the area of digital innovation. He has also helped Firmenich become an environmental, social and governance leader. Under his leadership, Firmenich has delivered strong organic growth while also concluding 15 strategic acquisitions. His term of office as Chief Executive Officer will end by end June 2023 once the merger between Firmenich et DSM, which is set for the first half of 2023, is completed. Given his wide-ranging expertise, particularly in the food and beverage market, his general management skills and his knowledge on matters related to corporate social responsibility and climate, Gilbert GHOSTINE will be able to effectively contribute to the Board's deliberations.
Lise KINGO	A native of Denmark, Lise KINGO spent 26 years at the Novo Nordisk group. Between 2002 and 2014, she was Executive Vice-President and a member of the Executive Committee at Novo Nordisk with responsibility for Compliance, Human Resources, Communications and Sustainability. She held several international management positions within the group and was instrumental in defining the company's sustainable business strategy and brand image. Between 2015 and 2020, Lise KINGO was Chief Executive Officer and Executive Director of the United Nations Global Compact program, the world's largest sustainable development initiative that encourages businesses to align their practices and strategies with the UN sustainable development goals. With her appointment as a Board member, she brings to the Board of Directors her broad range of expertise, particularly her recognized international experience in social and environmental responsibility and her governance, audit and research and development skills.

The candidates whose co-option to the Board of Directors is proposed for ratification will have the status of independent Directors based on the criteria stipulated in the AFEP-MEDEF Code.

Operation of the Board of Directors

The rules and method of operation of the Board of Directors are defined by law, the Company's by-laws and the Board of Directors' rules of procedure, which are published in their entirety on Danone's website at www.danone.com [Section Investors/Governance/By-laws & Rules of procedure]. Adopted in 2002 and updated regularly, the Board of Directors' rules of procedure:

- specify the rights and obligations of Directors;
- are reviewed on a regular basis and have been amended following regulatory developments and several Board of Directors' self-assessments;
- were amended in June 2020 as part of the adoption of *Entreprise à Mission* status in order to include a paragraph regarding Danone's

purpose and to specify the interactions between the Mission Committee and the CSR Committee, and in 2021 when the rules regarding Directors' compensation were amended to align them with the Directors' compensation policy approved by the Shareholders' Meeting on April 29, 2021;

- were amended (i) in February 2022 to specify the roles of the Chairman of the Board and the Lead Independent Director given Danone's new form of separate governance and to increase the frequency of the Board of Directors' assessments (see section Assessment hereinafter), and (ii) in April 2022 and again in December 2022 regarding namely the Honorary Chairman (see section *Vice-Chair, Honorary Chairman and Honorary Vice-Chairman* hereinafter).

Directors' terms of office: duration and renewal

Duration under the by-laws	Under the by-laws, the term of office for a Director is three years, renewable.
Age limit	The term of office of any individual Director automatically ends at the conclusion of the Shareholders' Meeting held to approve the previous year's financial statements and held in the year in which this Director has reached or will reach age 70. If the Shareholders' Meeting so decides, this age limit is nevertheless not applicable to one or more Directors whose term of office could be maintained or renewed on one or more occasions, as long as the number of Directors affected by this provision does not exceed one-fourth of active Directors.
Staggering	Directors' terms of office are staggered over time. This staggering and the three-year limit under the by-laws facilitate their regular renewal, thereby allowing the Shareholders' Meeting to vote each year on several terms of office.

Ownership of DANONE shares by Directors

Although French law no longer requires a minimum shareholding by Directors, Danone's by-laws, in accordance with the AFEP-MEDEF Code, require each Director (except for Directors representing employees) to hold a minimum of 2,000 DANONE shares (i.e. €98,460 based on the share closing price on December 31, 2022), or more than the amount of each Director's annual average compensation. The Nomination, Compensation and Governance Committee reviews each Director's shareholding level once a year.

Directors' Code of Ethics

In accordance with the Board of Directors' rules of procedure:

Independence of Directors

Each year, after reviewing the opinion of the Nomination, Compensation and Governance Committee, the Board of Directors considers the situation of each Director in light of the AFEP-MEDEF Code independence rules and informs shareholders of its findings in the Universal Registration Document.

Duty to report conflicts of interest

Each Director must, at all times, make every effort to avoid carrying out activities or completing transactions that could give rise to a conflict of interest with Danone.

The measures taken by the Company to prevent actual or potential conflicts of interest are described in section *Measures implemented with respect to potential conflicts of interest* hereinafter.

Market ethics

Directors, as well as all individuals involved in the work of the Board and Committees, including, where applicable, the Honorary Chairman and the Honorary Vice-Chairmen, are bound by a duty of care and due diligence, as well as an obligation to take special care with respect to any transactions involving DANONE shares or any financial instruments related to such shares. They must comply with regulations governing insider trading. In particular, they are required to comply with the applicable stock exchange regulations

related to (i) the definition, use and disclosure of inside information, (ii) the provision of a list of persons closely associated with them, (iii) compliance with blackout periods, and (iv) the reporting of transactions involving DANONE shares.

Ban on the use of any hedging instrument

Each Director and any closely related persons must refrain from using any financial instruments related to DANONE shares (including hedging instruments), in particular (i) call options or options to subscribe DANONE shares, (ii) rights to DANONE shares granted subject to performance conditions, (iii) DANONE shares issued through options or issued through shares granted subject to performance conditions, (iv) DANONE shares subject to a holding period requirement by the Board of Directors or by law, and lastly, (v) any other DANONE shares held by this Director.

Onboarding of new Directors

As part of the Board of Directors renewal program that began in 2021 and continued in 2022, special attention has been given to the onboarding of new Directors, whose training program has been redesigned.

Thus, new Directors are provided with a comprehensive onboarding program enabling them to know and understand the Company and to become better acquainted with its businesses and markets, its strategic challenges and priorities, the key stages of its development and issues of specific or long-term importance, its culture and values, and how its governance functions. The Chairman of the Board ensures that new Directors are properly onboarded. The key elements of this program are as follows:

- all new Directors receive a welcome package that includes, in particular, (i) presentations about the Company's activities, challenges and risks and its competitive environment, (ii) the Board of Directors' rules of procedure, (iii) the Company's by-laws, and (iv) other Group presentation documents, including the universal

registration documents and Shareholders' Meeting documents for the last three years and the Mission Committee's report;

- individual meetings are held with the Chief Executive Officer, the Chairman of the Board of Directors, the Lead Independent Director, several current Directors and the Secretary of the Board of Directors, which focus on the Company's culture and history, Danone's governance, the Board of Directors' method of operation and the recent changes in governance;
- meetings are also held with the Company's Executive Committee members and senior executives to help new Directors deepen their knowledge of the Group's activities (their history, results, competitive environment, challenges and risks) and become familiar with the company's internal practices and approach, particularly in terms of social and societal responsibility and sustainable growth, including its *Entreprise à Mission* status and the resulting requirements and objectives;
- lastly, they are given the opportunity to visit the production sites in order to learn about Danone's activities in a concrete and operational way.

The training of Directors continues after they have taken office and is an ongoing process. In 2022, for example, this included an in-depth presentation on Specialized Nutrition, with particular emphasis on operations, research and innovation. The Board of Directors' rules of procedure state also, that all Directors are entitled to the training they need to perform their duties throughout their term of office. The Directors representing employees also receive appropriate training to perform their duties. This internal or external training is organized and paid for by the Company.

Information for Directors

Prior to each meeting, the Directors receive a file on the agenda items requiring analysis and prior review so that they can take an informed position with full knowledge of the facts.

The Board Secretary is responsible for providing them with working documents and, more generally, is available to them for any request for information regarding their rights and obligations, the Board's operation or the Company's activities. The Directors may also request at any time that the Chairman provide them with all information and documents they deem necessary to perform their duties.

At least once every six months, General Management presents Danone's financial position, cash position and main commitments to the Board of Directors.

The Directors have regular contact with management, including the Executive Committee members and the heads of the main functions, who present major issues in their areas of responsibility at Board and Committee meetings on a regular basis.

In addition, the Directors have access to a secure digital platform on which they can easily access the file of each Board of Directors' meeting at any time (agenda, minutes of the previous meeting,

support documents). This platform is also a way to share useful and varied information that facilitates their work.

They also receive weekly press summaries containing articles about Danone and its environment, as well as financial analysts' reports regarding Danone's stock.

This year, the Directors were invited work days of the annual seminar in Évian held for all Danone senior executives during which Danone's strategy and activities are discussed in detail.

A Board meeting is also held each year, whenever possible, at one of the Group's main sites in France or abroad, followed by an in-depth presentation of the activity in question and visits to production sites. These visits are an opportunity for Directors to meet with Danone's teams and speak with the operational managers.

In December 2022, the Directors traveled to the Netherlands to learn about Danone's Specialized Nutrition activities in that country. They first visited the Nutricia production site in Haps, a plant that opened in 2019 and has the latest environmental technologies. The Directors met with members of the Plant Leadership Team, who showed them Danone's worldwide Specialized Nutrition operations by offering a tour of the main part of the plant and the laboratories.

On this occasion, the Directors were able to meet and speak with Danone's Executive Committee members, who had also made the trip. They visited the Utrecht-based Nutricia research and innovation center, where the Research and Innovation teams gave them an opportunity to learn about Danone's scientific research approach, follow the pathway to innovation in medical nutrition for patients, and even taste products resulting from this research.

Lastly, they explored Danone's Dutch headquarters in Hoofddorp, where they met in small groups with Danone employees from various functions, levels, age groups and walks of life. To promote communication and dialogue, they talked about what the teams consider to be Danone's greatest strengths and changes they expect to see.

Availability of Directors

Directors must attend Board of Directors meetings, Committee meetings and Shareholders' Meetings and devote the necessary time to their duties.

In particular, they must limit the number of offices held at other companies, including their participation in those companies' committees, to ensure sufficient availability. Before accepting another appointment at a French or foreign listed company, they must inform the Chairman of the Nomination, Compensation and Governance Committee or, where applicable, the Lead Independent Director, and executive corporate officers must also seek the opinion of the Board of Directors.

When a Director is being recruited, the Nomination, Compensation and Governance Committee gives careful consideration to the candidate's level of availability.

Involvement of Directors outside of Board meetings

Directors demonstrate their commitment outside of Board meetings, particularly through discussions among themselves and with the Lead Independent Director and the Chairman of the Board, and by meeting several times a year informally. In particular:

- they regularly attend work days of the annual seminar in Évian held for all Danone senior executives during which Danone's strategy and activities are discussed in detail;
- they meet and talk informally before or after each Board meeting;
- they participate in briefings when new developments so require and meet regularly outside of Board meetings;
- they participate in site visits;
- they attend the Shareholders' Meeting.

Assessment

The frequency of the Board of Directors' assessments, previously conducted every two years, was increased in 2022. Thus, the rules of procedure now provide for an annual assessment of the Board. This assessment may be a self-assessment or an assessment by the Nomination, Compensation and Governance Committee or any third-party organization. In principle, an external assessment is conducted on a regular basis once every three years. A detailed report is provided to the Nomination, Compensation and Governance Committee and the Board. An external assessment was carried out on a regular basis with the help of an outside firm that specializes in assessing French listed companies. The last external assessment was carried out at the end of 2020.

By the end of 2022, a formal assessment was conducted under the responsibility of the Chair of the Nomination, Compensation and Governance Committee. In this framework, the members of the Board of Directors were given an assessment questionnaire containing future-oriented questions in order to assess the expectations of the new Board members as well as open-ended questions enabling them to comment freely on a number of topics.

A very positive conclusion emerges from this assessment: the Directors consider that Danone's Board of Directors is a very collaborative body, composed of Directors engaged in a constructive dialogue with the management team. They are satisfied with the Board meetings, whose agenda is tailored to the Company's challenges, and whose frequency and duration are satisfactory. They also appreciate the quality of the debates, the central role played by the Chairman in leading the work of the Board, in particular through his collaboration with the Chief Executive Officer, and the role of the Lead Independent Director, who contributes to the proper balance of power. The holding of meetings of the independent Directors at least twice a year, as well as the organization of a strategic seminar lasting several days, with site visits, once a year, are also highly appreciated.

The evaluation highlighted a number of areas for improvement, firstly in relation to preparatory documents, which could be simplified and systematically communicated one week before the meeting. In addition, the Directors expressed a desire to increase the amount of time spent on discussions within the Board on certain subjects, particularly in the areas of strategy, external growth and innovation. Finally, the Directors would like to see more of the Company's senior executives making presentations to the Board of Directors.

As a conclusion, the Board of Directors is pleased with the arrival of new Directors, which has improved the working methods and the quality of the debates and therefore the Board's contribution to management decisions. It will ensure that the areas identified for improvement in its operation are implemented during 2023.

Annual review of the Board's operation

In 2022, as it does every year, the Board dedicated an agenda item of one of its meetings to a review of its own operation and that of each of its Committees.

Procedure for related party and ordinary agreements

In accordance with Article L. 22-10-2 of the French Commercial Code and on the recommendation of the Nomination, Compensation and Governance Committee, on December 12, 2019 the Board of Directors approved an internal procedure related to the identification of related party agreements and the assessment of agreements entered into in the ordinary course of business.

While reiterating the applicable legal and regulatory framework, this procedure formalizes the process for identifying and characterizing agreements as "related party agreements" or "agreements entered into in the ordinary course of business and at arm's length", a process applied before entering into any agreement that might be characterized as a related party agreement. In particular, it includes criteria for classifying agreements, notably on the basis of transaction categories and financial thresholds. The procedure also institutes an annual assessment of its implementation by the Nomination, Compensation and Governance Committee, which may at that time propose to the Board of Directors that the procedure's terms be amended. Persons directly or indirectly affected by an agreement do not participate in its assessment.

The implementation of this procedure in 2022 resulted in a review by the Legal Department of the summary table prepared by the Accounting Department of financial flows during the year between the Company and the persons concerned within the meaning of the applicable regulations. A summary of this review was then presented to the Nomination, Compensation and Governance Committee on February 2, 2023 which, after reviewing it, presented the findings of its assessment to the Board of Directors on February 21, 2023 at the time of the annual review of related party agreements. After analysis, the Board concluded that all the agreements entered into in the ordinary course of business and at arm's length continued to qualify as such.

Activity and work of the Board of Directors

Meetings and attendance

2022	BOARD OF DIRECTORS MEETINGS	11	2022	ATTENDANCE RATE	90%	2022	AVERAGE MEETING DURATION	3:10
	2021	12		2021	95%		2021	3:16

Attendance rates for Directors in 2022

Name	Board of Directors	Audit Committee	Nomination, Compensation and Governance Committee	CSR Committee
Antoine de SAINT-AFFRIQUE	100%	-	-	-
Gilles SCHNEPP	100%	100%	-	-
Guido BARILLA ^(a)	88%	-	-	-
Frédéric BOUTEBBA	100%	100%	100%	-
Cécile CABANIS ^(b)	100%	-	-	-
Valérie CHAPOULAUD-FLOQUET	100%	-	100%	-
Clara GAYMARD ^(c)	100%	-	100%	-
Gilbert GHOSTINE ^(d)	67%	100%	-	-
Lise KINGO ^(e)	100%	-	-	-
Michel LANDEL	91%	-	100%	100%
Patrice LOUVET	67%	-	100%	-
Gaëlle OLIVIER ^(c)	100%	100%	-	-
Géraldine PICAUD	83%	100%	-	-
Franck RIBOUD ^(c)	20%	-	-	-
Susan ROBERTS	100%	-	-	100%
Jean-Michel SEVERINO ^(c)	100%	-	100%	-
Bettina THEISSIG	91%	-	-	100%
Serpil TIMURAY	91%	-	-	100%
Lionel ZINSOU-DERLIN ^(c)	80%	100%	-	-

(a) Director whose term of office ended October 15, 2022.

(b) Director whose term of office ended June 30, 2022.

(c) Director whose term of office ended following the Shareholders' Meeting on April 26, 2022.

(d) Director whose co-option took effect October 15, 2022.

(e) Director whose co-option took effect December 1, 2022.

It should be noted that several Directors were appointed during the year 2022 when the dates of the Board meetings had already been set, making it more difficult for these new members to attend meetings that had already been organized for a long time. In this respect, Patrice LOUVET participated in four out of six scheduled Board of Directors' meetings and Gilbert GHOSTINE has participated in two out of three scheduled Board of Directors' meetings since his appointment.

Matters reviewed and discussed by the Board of Directors in 2022 and early 2023

Strategy

- presentation by General Management of Danone's strategic priorities and main operating choices in the various geographical areas and categories;
- preparation of the investor seminar and presentation of the new *Renew Danone* strategy;
- in-depth review of the Specialized Nutrition business;
- review of the company's strategic risk mapping (including labor and environmental risks);
- regular follow-up of the review of the portfolio of brands and assets and various external growth opportunities, in particular in 2022 disposal of the remaining minority investments in the partnerships with Mengniu and the acquisition of Dumex, as well as the conclusion of a strategic partnership with Compañía Cervecerías Unidas for the Waters activities in Argentina;
- update on the reorganization under Local First;
- regular update on competitive intelligence;
- regular update on the situation in Ukraine and Russia;
- monitoring of the inflationary environment;
- decision to transfer control of its EDP activity in Russia;
- decision to explore strategic options, including a possible sale of Horizon Organic and Wallaby's organic dairy business in the United States;
- informing the Social and Economic Committee on strategic orientations.

Finance, activity and results

- review of preparation for closing of consolidated financial statements, approval of annual and interim consolidated and statutory financial statements and review of financial forecasts;
- presentation by the Statutory Auditors of the conclusions of their work on the annual and interim consolidated financial statements;
- regular monitoring of the impact of the war in Ukraine on Danone's activities in Russia and Ukraine, the Company's policy in response to this situation and any measures being taken;
- monitoring of Danone's financial communication, including a review of press releases regarding the annual and interim consolidated financial statements;
- approval of the management report and other reports to shareholders;
- regular review of the activity and financial performance of each geographical area;
- regular review of Danone's financial position (debt position and financial rating);
- review of renewals of financial authorizations to General Management;
- monitoring of Danone's stock market performance, share capital and shareholding structure;
- proposed dividend distribution in 2022 and 2023;
- regular notifications on Danone's risk management and internal control systems and review of Danone's risks;
- presentation to the Board of a detailed report on each Audit Committee meeting.

Governance

- review of the internal assessment of the operation of the Board of Directors and Committees conducted in 2021 and 2022 and review of its findings;
- follow-up of discussions with Danone's principal shareholders on governance issues at the meetings and roadshows led by the Lead Independent Director and the Chairman of the Board of Directors;
- review of the Board of Directors' rules of procedure;
- review of the short-, medium- and long-term succession plan for General Management, the Chairman of the Board of Directors and the Executive Committee members (see section Work of the Nomination, Compensation and Governance Committee in 2021 and early 2022 hereinafter);
- annual review of the operation of the Board of Directors and Committees;
- review of the Directors' availability and their actual attendance at Board and Committee meetings in 2022;
- preparation of the 2022 and 2023 Shareholders' Meetings: approval of the 2022 and 2023 management report and corporate governance report; agenda-setting and approval of the draft resolutions, with an in-depth review of the draft resolutions on governance and the corporate officers' compensation; proposal for appointment and ratification of co-opted Directors; responses to written questions from shareholders; review of the draft resolution submitted by certain shareholders at the 2022 Shareholders' Meeting; renewal of financial authorizations;
- monitoring the recruitment process leading to the appointment of new Independent Directors;
- annual review of related party agreements and review of the internal procedure for identifying related party agreements and assessing agreements entered into in the ordinary course of business;
- review and approval of the new configuration of Committees and their composition;
- presentation to the Board of a detailed report on each Nomination, Compensation and Governance Committee meeting;
- review of letters from the Haut Comité de Gouvernement d'Entreprise and the French Financial Markets Authority regarding Danone's governance.

Compensation

- drafting and approval of the compensation policies for corporate officers for 2022 and 2023;
- review of fulfillment of the performance conditions applicable to the annual variable compensation of executive corporate officers for 2021 and 2022;
- follow-up of discussions with Danone's principal shareholders regarding compensation at the meetings and roadshows led by the Lead Independent Director and the Chairman of the Board of Directors;
- determination of the compensation of the Chairman and the Chief Executive Officer for 2022 and 2023;
- determination of the compensation policy for the Chairman and the Chief Executive Officer for 2022 and 2023;
- review of the publications regarding compensation;

- approval of a new long-term compensation plan to replace the GPU plans: grant of bonus shares with no performance conditions (Fidelity Shares);
- review of long-term compensation instruments in the form of shares (2022 and 2023 GPS and 2023 Fidelity Shares): determination of the performance conditions of new plans, review of fulfillment of the performance conditions of GPS and GPU plans in effect;
- grant of Group performance shares (GPS) and shares subject to a condition of continuous employment (Fidelity Shares);
- review of the Directors' compensation policy in connection with the recruitment of new Directors;
- review of employee shareholding.

Corporate Social Responsibility (CSR)

- strategic priorities and associated medium/long term objectives in the social, societal and environmental fields (Danone Impact Journey), under the "Health" pillar – in particular in terms of the nutritional quality of products and research and innovation –, under the "Nature" pillar – in particular in terms of greenhouse gas emissions, regenerative agriculture, preservation of water resources, packaging and waste reduction – and under the "Employees and Communities" pillar – in particular in terms of corporate culture, training and inclusion;
- review of the climate policy, including Danone's decarbonization plan;
- review of Danone's methane objective;
- update on human rights, including human rights policy review;
- results of COP27;
- priorities and commitments with respect to forests, including the new forest policy;

- approval of Danone's annual contribution to Danone Communities and review of the projects carried out by the fund;
- annual update on the FTSE4Good index;
- decision to renew the terms of office of the nine members of the Mission Committee for one year, i.e. until the 2023 Shareholders' Meeting;
- monitoring of the Mission Committee's work, including a presentation and discussion with the Chairman of the Mission Committee regarding the approach and priorities of this Committee since 2020;
- presentation to the Board of a detailed report on each CSR Committee meeting.

Human resources

- regular monitoring of the progress of the Local First reorganization project and the roll-out of Danone's new geographic organization;
- presentation of the Human Resources teams' priorities for 2022-2025;
- monitoring of implementation of the FutureSkills project designed to help Danone employees prepare for the jobs of tomorrow;
- annual review of Danone's situation and policy with respect to professional equality and equal pay for men and women and approval of diversity objectives;
- approval of the delivery of a free share to eligible new DANONE employees;
- capital increases reserved for employees: decision to submit to the 2022 Shareholders' Meeting an increase in the discount enjoyed by employees from 20% to 30%; approval of the annual capital increase reserved for employees of Danone's French companies enrolled in a Company Savings Plan and of the global capital increase reserved for employees of the Danone Group's foreign companies; monitoring of the results of these operations.

AUDIT COMMITTEE

Composition as of December 31, 2022

	Date first joined the Committee
Géraldine PICAUD Chair	April 2022
Gilbert GHOSTINE	October 2022
Gilles SCHNEPP	April 2022

The Directors who are Audit Committee members are independent; the AFEP-MEDEF Code recommends an independence rate of 67%. Géraldine PICAUD, the Committee's "financial expert" as defined by Article L. 823-19 of the French Commercial Code, chairs the Committee. Its members were chosen for their know-how and their recognized expertise in finance, accounting, internal control,

internal audit and risk management. Their professional background is presented extensively in section 6.2 *Positions and responsibilities of the Directors and Nominees to the Board of Directors*. In addition, Nordi BENASSEM, the Social and Economic Committee's delegate to the Board, has participated in Audit Committee meetings in an advisory capacity since December 2022.

Duties

The Audit Committee is responsible for monitoring issues related to the preparation and control of Danone's accounting and financial information. Its principal duties include:

- reviewing the draft versions of the annual and interim consolidated and statutory financial statements and drafts of press releases;
- monitoring the effectiveness of internal control, internal audit and risk management systems as well as compliance policies; and
- monitoring the engagement, duties and independence of the Statutory Auditors;

It is regularly briefed by senior management responsible for the financial statements, internal audit and internal control, risk management, treasury and financing, tax matters and compliance, and by the Statutory Auditors. At the discretion of the Committee, these briefings may be held without representatives of General Management being present. The Audit Committee invites the Statutory Auditors to attend each of these meetings and meets with them once a year, without any Danone representative being present.

The duties of the Audit Committee are described in the Board of Directors' rules of procedure, available on the Danone website at www.danone.com (Section Investors/Governance/By-laws & Rules of procedure).

Activity and work of the Audit Committee

Meetings and attendance

	2022	2021
AUDIT COMMITTEE MEETINGS	5	5

	2022	2021
ATTENDANCE RATE	100%	93%

A report on each Audit Committee meeting is presented at the next Board of Directors' meeting and the meeting minutes are sent to the Directors, thereby enabling the Board to be fully informed and facilitating its work and proceedings. The Chief Financial Officer is involved in the Audit Committee's work and participates in its meetings.

Work of the Committee in 2022 and early 2023

- review of the annual and interim statutory and consolidated financial statements. This review systematically involves: (i) presentation by the Chief Financial Officer of the principal financial results; (ii) review of financial indicators not defined by IFRS; (iii) presentation by the Statutory Auditors of their audit approach for the annual and interim financial statements; (iv) joint presentation by the person responsible for the financial statements (Head of Consolidation, Reporting and Standards) and the Statutory Auditors of the main accounting options chosen; (v) hearing the findings of the Statutory Auditors, including any audit adjustments; and (vi) review of draft press releases on annual and interim consolidated financial statements;
- review of goodwill, the Group's tax situation, provisions and the accounting treatment of divestments and acquisitions;
- semi-annual monitoring of Danone's financial position: debt strategy and position, financial rating, financial risk management;
- review of Danone's main strategic risks (including labor and environmental risks) and changes in the risk mapping, in the presence of the person responsible for risk monitoring and management; focus on specific risks, particularly in the context of the war in Ukraine and energy; review of the description of risk factors in the Universal Registration Document;
- regular monitoring of the impact of the war in Ukraine on Danone's activities in Russia and Ukraine in terms of financial exposure, cash flow, financing and external audit;
- review of parts of the management report on internal control and risk management: results of the 2021 and 2022 campaigns, new organization in connection with Danone's transformation and 2023 action plan;
- annual update on compliance;
- annual update on taxation;
- monitoring of the transition between PricewaterhouseCoopers Audit, whose term of office has reached the authorized limit for Statutory auditors under European regulations, to Mazars, appointed by the Shareholders' Meeting in April 2022;
- annual update on taxation;
- approval and regular monitoring of the Statutory Auditors' fees in connection with their certification of the financial statements and other services, and review of their independence;
- review and approval of the procedure for authorizing services, other than the certification of the financial statements, performed by the Statutory Auditors and the members of their networks;
- review of the proposed dividend distribution submitted to the Shareholders' Meeting for approval;
- review of financial authorizations submitted to the Shareholders' Meeting for approval;
- annual review of the operation of the Audit Committee.

NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE (FORMERLY GOVERNANCE COMMITTEE)

Composition as of December 31, 2022

	Date first joined the Committee
Valérie CHAPOULAUD-FLOQUET Chair	April 2022
Frédéric BOUTEBBA	October 2022
Michel LANDEL	April 2018
Patrice LOUVET	April 2022

Duties

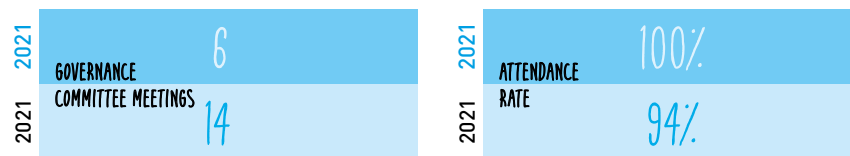
The Nomination, Compensation and Governance Committee is responsible for monitoring governance matters, including in particular the appointment of Board members and corporate officers, as well as matters regarding their compensation, in accordance with the AFEP-MEDEF Code on corporate governance at listed companies, which serves as a reference for the Company. It reviews

the corporate governance rules applicable to it and monitors their implementation as well as any changes thereto.

The Nomination, Compensation and Governance Committee's duties are described in detail in the Board of Directors' rules of procedure, available on the Danone website at www.danone.com [Section Investors/Governance/By-laws & Rules of procedure].

Activities and work of the Nomination, Compensation and Governance Committee

Meetings and attendance



A report on each Nomination, Compensation and Governance Committee meeting is presented at the next Board of Directors' meeting that enable the Board to be fully informed and facilitates its work and proceedings.

Work of the Committee in 2022 and early 2023

Regarding governance

- under the guidance of the Chair of the Nomination, Compensation and Governance Committee (also Lead Independent Director), monitoring of the recruitment process for new Directors: in-depth study of the different profiles, interviews with several candidates, discussions with the Directors, recommendation to the Board of Directors;
- review of the composition of the Board of Directors' Committees in connection with the overhaul of the Board;
- internal assessment of the Board of Directors and Committees in 2021 and 2022 and review of its findings;
- annual review of the operation of the Board of Directors and the Nomination, Compensation and Governance Committee;
- annual individual review of (i) each Director's independence and any actual or potential conflicts of interest (see section Independence of Directors above), (ii) each Director's participation in Board and Committee meetings during the year, and (iii) their expertise;
- preparation for the 2023 Shareholders' Meeting, including a discussion about the main issues brought up by shareholders during the governance roadshow and the pre-Shareholders' Meeting roadshow;
- review of draft reports on corporate governance for the years 2021 and 2022;
- review of the short-, medium- and long-term succession plan for the Chief Executive Officer, the Chairman of the Board and the Executive Committee members;
- monitoring of the capital increase reserved for employees enrolled in a Company Savings Plan and the capital increase reserved for the Danone Group's foreign companies;
- review of related-party agreements and other agreements and of the internal procedure for 2022; and
- review of letters received from the HCGE and the AMF regarding governance;
- review of the evolution of the AFEP-MEDEF Code.

Regarding compensation

- review of Danone’s compensation policy, including in particular the weightings of its components and the coherence and stringency of the performance conditions;
- review and determination of the criteria and weighting factors for annual variable compensation; in particular, definition for each criterion of the target, cap, maximum and minimum attributable;
- discussion about long-term compensation instruments of Danone’s teams and the Board of Directors;
- review of the long-term compensation in shares (GPS) program, including the determination of performance conditions, a review of whether the performance conditions of the plans in effect were achieved, as well as a review of the shareholding requirement for executive corporate officers and members of the Executive Committee;
- review of the new long-term compensation in shares (Fidelity Shares) program, which replaces the compensation in cash (GPU) program, for Danone’s senior executives (excluding the Chief Executive Officer and Executive Committee members);
- review of the changes to the GPS performance conditions, in particular the overhaul of the social and environmental conditions and the insertion of a new financial criterion (ROIC);
- review of the compensation policy for the corporate officer, the Chairman of the Board of Directors and the Directors;
- preparation of resolutions on the corporate officer’s 2021 and 2022 compensation at the 2022 and 2023 Shareholders’ Meetings;
- review of resolutions on the compensation policy for corporate officers submitted at the 2022 and 2023 Shareholders’ Meetings;
- review of draft resolutions regarding (i) the grant of Group performance shares with an in-depth review of performance conditions and (ii) the grant of shares with no performance conditions and with a condition of continuous employment (Fidelity Shares) by the 2022 and 2023 Shareholders’ Meetings;
- review of the 2022 and 2023 disclosures related to the compensation of the corporate officers;
- review of the rules governing the compensation of members of the Mission Committee.

CSR COMMITTEE (FORMERLY ENGAGEMENT COMMITTEE)

Composition as of December 31, 2022

	Date first joined the Committee
Serpil TIMURAY Chair	April 2019
Lise KINGO	December 2022
Susan ROBERTS	April 2022
Michel LANDEL	April 2021
Bettina THEISSIG	April 2019

Duties

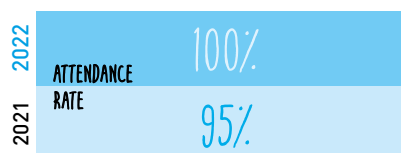
The main role of the CSR Committee is to:

- prepare and provide information for the Board’s work regarding the roll-out of policies, commitments and initiatives implemented by Danone as part of its strategic goals, notably in the health, environment, human resources, inclusive growth and B Corp™ certification areas;
- maintain a dialogue with employees and their representatives by consulting with them on the Company’s progress toward its strategic goals and by reporting to them on the discussions held by the Board on the long-term deployment of its “One Planet, One Health” vision and its progress toward its strategic goals;
- review the reporting and non-financial control systems as well as the main results of non-financial information disclosed by Danone.

The CSR Committee’s duties are described in detail in the Board of Directors’ rules of procedure, which are available on the Danone website at www.danone.com (Section Investors/Governance/By-laws & Rules of procedure).

Activity and work of the CSR Committee

Meetings and attendance



A report on each CSR Committee meeting is presented at the Board of Directors’ meeting and the meeting minutes are sent to the Directors, thereby enabling the Board to be fully informed of

the issues related to social and environmental responsibility and facilitating its work and proceedings.

Work of the Committee in 2022 and early 2023

- review of strategic priorities and associated social, societal and environmental goals (Danone Impact Journey);
- monitoring of Danone's initiatives in terms of fighting climate change and regenerative agriculture;
- monitoring of culture and engagement in the context of the new "Renew Danone" strategy;
- monitoring of the business coalitions in which Danone participates (One Planet Business for Biodiversity and Business for Inclusive Growth);
- update on the implementation of the Local First reorganization project;
- update on discussions with investors regarding CSR criteria for long-term compensation (GPS);
- monitoring of employee surveys, particularly employee engagement;
- annual review of Danone's policy in terms of professional equality and equal pay for men and women and with respect to inclusion and diversity;
- monitoring of the implementation of the FutureSkills employee training program;
- update on Danone's participation in the FTSE4Good index and on the results of the assessment of Danone;
- monitoring of Danone's non-financial reporting, performance and non-financial rating, as well as future regulatory changes;
- review of the annual budget of the Danone Communities societal fund and of Danone's contribution to the fund;
- regular monitoring of Mission Committee meetings and review of the key performance indicators used in connection with the implementation of *Entreprise à Mission* status;
- monitoring of B Corp™ certification and the 2025 roadmap;
- update on the new anti-harassment and anti-discrimination process;
- update on human rights as part of the publication of a human rights policy.

EXECUTIVE COMMITTEE

Role

The Executive Committee is responsible for Danone's operational management. Under the responsibility of General Management, it plays a role in implementing the strategy defined by the Board of Directors, reviews and approves resource allocation, ensures the consistency of the actions taken by all the reporting entities and, depending on the results achieved, decides on action plans to be implemented. The Executive Committee meets at least once a month.

Danone's Executive Committee consists of 15 members with varied and complementary expertise and experience who are familiar with the Company's businesses and challenges.

It is also very international, with eight nationalities represented.

More broadly in terms of diversity, Danone's goal is to have balanced representation of men and women at each level of its organization. The Board of Directors ensures that a policy of non-discrimination and diversity is implemented in its management bodies. In particular, in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors determines, at the proposal of General Management, ambitious gender diversity goals within the management bodies, as well as the resources deployed and results obtained: thus, for the Executive Committee, the Board of Directors has set a gender diversity target of 40% to 60% by 2029 (see Section 5.4 *Building the future with Danone employees* for more information about Danone's goals and actions in terms of diversity).

Composition (as of February 28, 2023)

Name	Age	Principal function at Danone	Date first joined the Executive Committee
Antoine de SAINT-AFFRIQUE	58	Chief Executive Officer	2021
Jürgen ESSER ^(a)	51	Group Deputy Chief Executive Officer, in charge of Finance, Technology & Data	2020
Shane GRANT ^(a)	48	Group Deputy Chief Executive Officer, Chief Executive Officer Americas and EVP Dairy, Plant-Based and Global Sales	2020
Véronique PENCHIENATI-BOSETTA ^(a)	56	Group Deputy Chief Executive Officer, Chief Executive Officer International and EVP Specialized Nutrition, Waters, Global Marketing & Digital	2018
Vikram AGARWAL ^(a)	58	Deputy Chief Executive Officer, Chief Executive Officer International and EVP Specialized Nutrition, Waters, Global Marketing & Digital	2022
Henri BRUXELLES ^(a)	57	Chief Sustainability and Strategic Business Development Officer	2017
Charlie CAPPETTI ^(b)	58	President CIS and Turkey	2020
Bruno CHEVOT ^(b)	56	President Greater China, North Asia and Oceania	2020
Silvia DAVILA ^(b)	52	President Latin America	2020
Roberto DI BERNARDINI ^(a)	58	EVP, Human Resources	2021
Isabelle ESSER ^(a)	59	Chief Research, Innovation, Quality and Food Safety Officer	2022
Jean-Marc MAGNAUDET ^(b)	55	President Specialized Nutrition	2020
Pablo PERVERSI ^(b)	52	President Europe	2023
Laurent SACCHI ^(a)	58	General Secretary	2021
Christian STAMMKOETTER ^(b)	51	President Asia, Africa and Middle East	2022

(a) Reports to Antoine de SAINT-AFFRIQUE, Chief Executive Officer.

(b) Reports to Véronique PENCHIENATI-BOSETTA, Chief Executive Officer International.

APPLICATION OF AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

In 2008, Danone decided to refer to the AFEP-MEDEF Code and, as of the date of this Universal Registration Document, applies all of its recommendations.


In addition, the Haut Comité de Gouvernement d'Entreprise wrote to Danone in September 2022 to remind it of the recommendation

regarding the appointment of a Director representing employees on the Nomination, Compensation and Governance Committee. On October 20, 2022, the Board of Directors appointed Frédéric BOUTEBBA, Director representing employees, as a member of the Nomination, Compensation and Governance Committee.

6.2 POSITIONS AND RESPONSIBILITIES OF THE DIRECTORS AND NOMINEES TO THE BOARD OF DIRECTORS

[Article R. 225-83 of the French Commercial Code]

Information regarding the Directors:

- *the terms of office in italics are not governed by Article L.225-21 of the French Commercial Code concerning multiple directorships;*
- *unless otherwise indicated:*
 - *the companies are in France;*
 - *current terms of office correspond to terms of office held as of December 31, 2022;*
 - *DANONE shares correspond to the number of DANONE shares held as of December 31, 2022;*
 - *the terms of office followed by the symbol  are subject to approval by the Shareholders' Meeting of April 27, 2023;*
- *it is recalled that, as announced on July 29, 2021, the Directors whose terms of office end in April 2024 decided not to seek the renewal of their mandates, with one year of anticipation, i.e. with effect from the Shareholders' Meeting of April 2023.*

Current Directors

Valérie CHAPOULAUD-FLOQUET

Patrice LOUVET

Géraldine PICAUD

Susan ROBERTS

Antoine de SAINT-AFFRIQUE

Gilles SCHNEPP

Directors representing employees

Frédéric BOUTEBBA

Bettina THEISSIG

Appointments proposed to the 2023 Shareholders' Meeting

Gilbert GHOSTINE

Lise KINGO

Directors whose term of office will expire at the 2023 Shareholders' Meeting

Michel LANDEL

Serpil TIMURAY

Directors whose term expires in 2022

Guido BARILLA



Governance / Leadership



International experience



Audit, accounting and risk management



Strategy / M&A



FMCG / Food & Beverage industry



Brand management / Consumer – customer focus experience



R&D, Health & Innovation



CSR / Climate



FRÉDÉRIC BOUTEBBA

Political and Social Project Manager of DANONE SA

Director representing employees

Age 55 – French nationality

First appointed to the Board: 2016

End of term: 2023 ^(a)

DANONE shares: 1 ^(b)

Expertise – Experience – Main activities

With an Advanced Commercial Technician's Certificate, Frédéric BOUTEBBA joined Danone in 1992 where he held a number of responsibilities in the Sales Department. In 2006, he changed course and began to represent and defend employees' interests, joining various employee representative bodies both at the head office of Danone Eaux France S.A.E.M.E. and at the national level. In 2018, he became an advisor and urgent applications judge for the Industrial Tribunal (*Conseil de Prud'hommes*) of Bergerac. In 2020, he was appointed Vice President of the Industrial Tribunal of Bergerac and Assessor-Judge at the Labour Division of the Court (*Tribunal Judiciaire*) of Périgueux. In 2021 he was elected President of the Industrial Tribunal of Bergerac.

Current terms of office

Danone companies

- Director representing employees, member of the Nomination, Compensation and Governance Committee of DANONE SA

Terms of office expired over the past five years

- Member of the Audit Committee of DANONE SA

(a) His term of office as Director representing the employees was renewed in February 2023 by the employee representative bodies, in accordance with legal and statutory provisions.

(b) Share granted under the "One Person, One Voice, One Share" program.



VALÉRIE CHAPOULAUD-FLOQUET

Lead Independent Director of DANONE SA

Independent Director

Age 60 – French nationality

First appointed to the Board: Board of Directors of December 10, 2021

End of term: 2026 Shareholders' Meeting ^(a)

DANONE shares: 2,000

Expertise – Experience – Main activities

A graduate of EM Lyon Business School in finance and international business, Valérie CHAPOULAUD-FLOQUET began her career in 1983 as an analyst at Crédit Lyonnais Italy. She joined the L'Oréal group in 1984 as part of the Internal Audit team and then in 1988 joined the Luxury Products Division where she worked until 2008. She held successively different management position in Europe, Asia and North America. In 1996 she became General Manager of Biotherm Italy then in 1988 Biotherm International Development Manager; in 2002 she was appointed General Manager of the Luxury Products Division for Asia, then in 2005 for Europe, and in 2007 President of the Luxury Products Division in the United States. She then joined the LVMH group in 2008 as CEO of Louis Vuitton Taiwan and was successively appointed President of Louis Vuitton South Europe, President and CEO of Louis Vuitton North America and President and CEO of Louis Vuitton Americas. In 2014, she was appointed to head the Rémy Cointreau spirits group as Chief Executive Officer, a position she held until 2019. She then has been focusing on non-executive roles. Since 1st March 2022, she serves as Lead Independent Director of Danone and Chair of the Board's Nomination, Compensation and Governance Committee.

Current terms of office

Danone companies

- Lead Independent Director, Chairman of the Nomination, Compensation and Governance Committee of DANONE SA

Other companies

Foreign listed companies

- Director, member of the audit committee, of the nomination committee and of the compensation committee of *DIAGEO* (United Kingdom)

French unlisted companies

- Member of the supervisory board, member of the audit committee of *NEXTSTAGE S.C.A*
- Vice-Chair of the supervisory board of *SOFISPORT SA*

Foreign unlisted companies

- Director, member of the nomination and compensation committee of *JACOBS HOLDING AG* (Switzerland)
- Director of *ACNE STUDIOS* (Sweden), *AGROLIMEN* (Spain), *CHEDDITE ITALY S.R.L.* ^(b) (Italy), *NOBEL SPORT MARTIGNONI S.P.A.* ^(b) (Italy)
- Director of *SOFIAM IBERICA* ^(b) (Spain)

Terms of office expired over the past five years

- Chief Executive Officer of *REMY COINTREAU*
- Various terms of office within companies of the *REMY COINTREAU* group

(a) Subject to the renewal of her term of office by the Shareholders' Meeting of 27 April 2023.

(b) Subsidiary of *SOFISPORT SA*.



GILBERT GHOSTINE 

Chief Executive Officer of FIRMENICH SA

 Director whose co-opting is proposed
to the Shareholders' Meeting for
ratification

Age 62 – Lebanese and Canadian nationality

First appointed to the Board: Board of Directors of September 30, 2022, with effect on October 15, 2022 ^(a)

DANONE shares: 3,000

Expertise – Experience – Main activities

Gilbert GHOSTINE has an MBA from the University of Saint Joseph in Beirut and completed Harvard Business School's Advanced Management Program. He started his career in 1986 with Group Murr, a Lebanese company in the construction sector and he was Director, Marketing & Sales at Amlevco Trading Company and then General Manager, Middle East at International Distillers & Vintners, which became Diageo in 1997. Within the Diageo group, the world's leading premium spirits company, Gilbert GHOSTINE held, between 1997 and 2014, several senior leadership roles across four continents. He was notably Managing Director, Middle East, Africa, Central and Eastern Europe (1998-2000), President USA Major Markets and National Accounts (2002-2005), Managing Director Northern Europe (2005-2006), Managing Director Continental Europe (2006-2009), President Asia Pacific (2009-2014) and then Chief Corporate Development Officer and President India and Greater China, a position he held until his departure in 2014. That year, he was appointed Chief Executive Officer of Firmenich, the Swiss largest private fragrance and taste company in the world. In this role, Gilbert has championed digital innovation, led the strategic repositioning of Firmenich into Natural, Biotech and Life Science leadership, and driven its growth into a recognized global leader in Environmental, Social and Governance. Under Gilbert's leadership, Firmenich has delivered strong and consistent organic growth whilst securing 15 strategic acquisitions, culminating in the planned merger with DSM in the first half of 2023. Gilbert's tenure as Firmenich Chief Executive Officer will end by end June 2023, once the merger with DSM is achieved.

Current terms of office

Danone companies

- Director, member of the Audit Committee of DANONE SA

Other companies

Foreign unlisted companies

- Chief Executive Officer of FIRMENICH SA (Switzerland) ^(b)
- Director of FOUR SEASONS HOTELS AND RESORTS (Canada)

Terms of office expired over the past five years

–

(a) The ratification of his co-opting will be submitted to approval by the Shareholders' Meeting of April 27, 2023.

(b) His duties as CEO will end in 2023, after the completion of the merger between Firmenich and DSM in the first half of 2023.



LISE KINGO

Independent Director of companies

Director whose co-opting is proposed to the Shareholders' Meeting for ratification

Age 61 – Danish nationality

First appointed to the Board: Board of Directors of September 30, 2022, with effect on December 1, 2022 ^(a)

Expertise – Experience – Main activities

Lise KINGO has bachelor degrees in Religions and Ancient Greek Art from the University of Aarhus in Denmark, a bachelor's degree in Marketing and Economics from the Copenhagen Business School and a master's degree in Responsibility & Business from the University of Bath in the UK. She is also certified as a director by INSEAD in France. Lise KINGO began her career in 1986 in B-to-B advertising at JP Advertising in Copenhagen and joined Novo Nordisk (previously known as Novo Industries) in 1988, where she remained for more than 25 years. She held various international business roles, including in internal audit, compliance, human resources, marketing and sustainability, before being appointed as Executive Vice President, Chief of Staff and member of the Executive Committee in 2002. She played a key role in defining Novo Nordisk's sustainable business strategy and strong brand. Throughout her career, she held various positions in Denmark, the United Kingdom, Norway, the Netherlands and the United States. In 2015, she was appointed Chief Executive Officer & Executive Director of the United Nations Global Compact, the world's largest sustainability initiative uniting business to create a better world through universal principles and the UN Sustainable Development Goals. Lise KINGO was a professor in sustainability and innovation at Vrije University in Amsterdam from 2006 to 2015. Since 2020, she has been a member of the Advisory Board for Development and Humanitarian Aid of the Novo Nordisk Foundation.

Current terms of office

Danone companies

- Director, member of the CSR Committee of DANONE SA

Other companies

French listed companies

- Director, member of the appointments, governance and CSR Committee of SANOFI

Foreign listed companies

- Director, Chair of the sustainability committee of COVESTRO AG (Germany)
- Director of AKER HORIZONS ASA (Norway)

Terms of office expired over the past five years

–

(a) The ratification of her co-opting will be submitted to approval by the Shareholders' Meeting of April 27, 2023.



MICHEL LANDEL 

Lead Director of LEGRAND

Independent Director

Age 71 – French nationality

First appointed to the Board: 2018 Shareholders' Meeting

End of term: 2023 Shareholders' Meeting ^(a)

DANONE shares: 4,000

Expertise – Experience – Main activities

A graduate of the European Business School of Paris, Michel LANDEL began his career in 1977 at Chase Manhattan Bank. In 1980, he became Director of a civil engineering products factory within the Poliet group. In 1988 he joined Sodexo as Operations Manager for East and North Africa, then promoted to Director Africa for the Remote Sites activities, and took over responsibility for the North American businesses in 1989. He contributed in particular to the merger with Marriott Management Services and the creation of Sodexo Marriott Services, which became Sodexo Inc., of which he became Chief Executive Officer in 1989. The following year, he was appointed Vice-Chairman of the Sodexo executive committee. From 2003 to 2005, he served as group Deputy General Manager in charge of North America, the United Kingdom and Ireland, as well as Remote Sites. In 2005, he was appointed to head the Sodexo group as Chief Executive Officer and Chairman of the executive committee, a position he held until 2018. Lead Independent Director of Danone between April 2018 and March 2021, Michel LANDEL has been Lead Director of Legrand since July 2020. He received numerous awards for his efforts on behalf of diversity and inclusion, notably the CEO Leadership Award for Diversity Best Practices and CEO Advocate of the Year by Asian Enterprise Magazine. In 2016, at the United Nations annual meeting on women's empowerment principles, he received the CEO Leadership Award. For three years in a row (2015-2017), he was ranked among the Best-Performing CEOs in the World by the Harvard Business Review.

Current terms of office

Danone companies

- Director, member of the Nomination, Compensation and Governance Committee and of the CSR Committee of DANONE SA

Other companies

French listed companies

- Lead Director, Chairman of the nominating and governance committee and member of the compensation committee of LEGRAND

French unlisted companies

- Chairman of *ASTROLABE SERVICES*

Terms of office expired over the past five years

- Chief Executive Officer and Director of *SODEXO*
- Member of the supervisory board of *ONE SCA*
- Member of the management board of *SODEXO PASS INTERNATIONAL SAS*
- Chairman of the board of directors of *LOUIS DELHAIZE – COMPAGNIE FRANCO-BELGE D'ALIMENTATION* (Belgium)

(a) Pursuant to the announcement of July 29, 2021.



PATRICE LOUVET

President and Chief Executive Officer of RALPH LAUREN CORPORATION

Independent Director

Age 58 – American and French nationalities
First appointed to the Board: 2022 Shareholders' Meeting
End of term: 2025 Shareholders' Meeting
DANONE shares: 2,000

Expertise – Experience – Main activities

A graduate of ESCP Paris and with an MBA from the University of Illinois in the United-States, Patrice LOUVET began his career in 1989 with the Procter & Gamble group where he worked for 28 years. He successively held various management positions in Europe, North America and Asia, notably as President of P&G Prestige between 2009 and 2011, of P&G Global Grooming between 2011 and 2015 and, from 2015, as President of the group's Beauty division. He led and grew multi-billion-dollar global consumer brands – ranging from Gillette to Pantene and SK-II – across diverse distribution channels and geographies. Since 2017, he has been President and Chief Executive Officer of Ralph Lauren Corporation and member of its Board of Directors. In addition, he serves on the board of directors of various organizations: the Hospital for Special Surgery and the National Retail Federation based in New York. He is also a member of the CEO Advisory Council of the Fashion Pact, a coalition committed to advancing environmental sustainability in the fashion and textile industries. He served in the French Navy between 1987 and 1989 as a Naval Officer, Admiral Aide de Camp.

Current terms of office

Danone companies

- Director, member of the Nomination, Compensation and Governance Committee of DANONE SA

Other companies

Foreign listed companies

- President and Chief Executive Officer, director of RALPH LAUREN CORPORATION (United States)

Terms of office expired over the past five years

- Director, member of the audit committee of BACARD LIMITED (Bermudas)



GÉRALDINE PICAUD

Chief Financial Officer of HOLCIM LTD

Independent Director

Age 52 – French nationality
First appointed to the Board: 2022 Shareholders' Meeting
End of term: 2025 Shareholders' Meeting
DANONE shares: 2,000

Expertise – Experience – Main activities

With an MBA from the Superior School of Commerce of Reims, Géraldine PICAUD started her career in 1992 as an auditor with Arthur Andersen. In 1994, she joined the French specialty chemicals group Safic Alcan group as Head of Business Analysis and became Chief Financial Officer in 2002. In 2007, she joined ED&F Man, an ingredient and commodity company notably specializing in agricultural products, coffee, sugar and animal feed, first in London as Head of Corporate Finance, responsible for M&A, then in Switzerland as Chief Financial Officer of Vocalfe Holdings, the group's coffee business. In 2011, she was appointed Chief Financial Officer of Essilor International, a CAC 40-listed company, world leader in ophthalmic optics. Since 2018, she has been Chief Financial Officer of Holcim (formerly LafargeHolcim) and a member of its Executive Committee.

Current terms of office

Danone companies

- Director, Chairman of the Audit Committee of DANONE SA

Other companies

Listed foreign companies

- Member of the supervisory board of INFINEON TECHNOLOGIES AG (Germany)
- Director of LAFARGEHOLCIM MAROC SA ^(a) (Morocco)

Foreign unlisted companies

- Director of HOLCIM GROUP SERVICES LTD. ^(a) (Switzerland), HOLCIM TECHNOLOGY LTD. ^(a) (Switzerland), LAFARGE MAROC SA ^(a) (Morocco), LAFARGEHOLCIM MAROC AFRIQUE SAS ^(a) (Morocco)

Terms of office expired over the past five years

- Director of ALSTOM (France)
- Various terms of office within companies of the ESSILOR group
- HUAXIN CEMENT CO., LTD. ^(a) (China)

(a) Holcim group company.



SUSAN ROBERTS   

Professor of nutrition at TUFTS UNIVERSITY

Independent Director

Age 65 – UK and Canadian nationalities
 First appointed to the Board: 2022 Shareholders' Meeting
 End of term: 2025 Shareholders' Meeting
 DANONE shares: 1,000

Expertise – Experience – Main activities

Susan ROBERTS, PhD in Nutrition from the University of Cambridge, is professor of nutrition at the Friedman School of Nutrition Science and Policy at Tufts University in the United States, professor of psychiatry and staff member in pediatrics at Tufts University School of Medicine, and co-director of the Tufts Institute for Global Obesity Research. As an internationally-recognized nutrition researcher, she has received numerous prestigious awards for her major contributions to research in the field of nutrition. As part of her work, she is co-leading a consortium of scientists to understand the physiology of the weight-reduced state and co-leads the International Weight Control Registry which is collaborating with scientists in 19 countries to identifying successful weight management practices in different cultures. Dr. ROBERTS has published over 280 research papers in research journals including the New England Journal of Medicine and JAMA. In addition, she has sat on national and international committees for dietary recommendations including a recent congress-mandated evaluation by National Academies of Sciences to improve the process of developing Dietary Guidelines for Americans.

Current terms of office

Danone companies

- Director, member of the CSR Committee of DANONE SA

Terms of office expired over the past five years

–



ANTOINE DE SAINT-AFFRIQUE

Chief Executive Officer of DANONE SA

Non-independent Director

Age 58 – French nationality

First appointed to the Board: 2022 Shareholders' Meeting

End of term: 2025 Shareholders' Meeting

DANONE shares: 6,000

Expertise – Experience – Main activities

A graduate of ESSEC Business School in 1987, Antoine de SAINT-AFFRIQUE also has a qualification in executive education from Harvard Business School. He served as a reserve naval officer between 1987 and 1988. In 1989 he joined Unilever where he held various Marketing positions in France and in the United States. In 1997 he returned to France to join the Danone group as Marketing Vice-President and Partner of the foods company Amora Maille, which was acquired under a leveraged buy-out from Danone. In 2000 he moved back to Unilever as Senior Vice-President, Sauces and Condiments Europe and became in 2003 Chairman and Chief Executive Officer of Unilever Hungary, Croatia, Slovenia and then in 2005 Executive Vice-President for Unilever's Central and Eastern region – an area covering 21 countries. In 2009 he was appointed Executive Vice-President of Unilever's Skin category and, in 2011, President of Unilever Foods and member of the group Executive Committee. These various positions led him to leave in Africa, the United States, Hungary, Russia, the Netherlands, England and Switzerland. From October 2015 to September 2021, he was Chief Executive Officer of Barry Callebaut. Since September 15, 2021, he has been Chief Executive Officer of Danone.

Current terms of office

Danone companies

- Chief Executive Officer and Director of DANONE SA
- Chairman of the board of directors of *DANONE COMMUNITIES* (SICAV)

Other companies

Foreign listed companies

- Director, member of the audit committee and of the nomination committee of *BURBERRY GROUP PLC* (United Kingdom)
- Director and member of the nomination & compensation committee of *BARRY CALLEBAUT* (Switzerland)

Terms of office expired over the past five years

- Chief Executive Officer of *BARRY CALLEBAUT* (Switzerland)
- Director of *BARRY CALLEBAUT SOURCING AG* (Switzerland), *BARRY CALLEBAUT COCOA AG* (Switzerland)
- Director, member of the CSR committee, of the strategy committee and of the nomination and remuneration committee of *ESSILOR*
- Director of *ESSILOR INTERNATIONAL SAS*



GILLES SCHNEPP

Chairman of the Board of Directors of DANONE SA

Independent Director

Age 64 – French nationality

First appointed to the Board: Board of Directors of December 2020

End of term: 2026 Shareholders' Meeting ^(a)

DANONE shares: 5,000

Expertise – Experience – Main activities

Upon graduating from the École des Hautes Études Commerciales (HEC) in 1981, Gilles SCHNEPP started his career in 1983 at Merrill Lynch France where he became Vice-President in 1986. He then joined Legrand in 1989, holding various positions, in particular that of group Chief Financial Officer, before being appointed Chief Operating Officer in 2000. He was appointed to the executive committee and the board of directors in 2001 and Vice-Chairman and Chief Executive Officer in 2004. Between 2006 and 2018 he has been Chairman and Chief Executive Officer of Legrand and then Chairman of its board of directors between 2018 and 2020. From 2018 to 2021, he was also Chairman of MEDEF's Ecological and Economic Transition Commission and a member of its executive committee. He was awarded the titles of *Chevalier de la Légion d'honneur* in 2007 and of *Officier de l'Ordre National du Mérite* in 2012. Since 2020, he has been an operating advisor of Clayton, Dubilier & Rice. Gilles SCHNEPP has been appointed Chairman of Danone's Board of Directors on March 14, 2021.

Current terms of office

Danone companies

- Chairman of the Board of Directors, member of the Audit Committee of DANONE SA

Other companies

French listed companies

- Director, member of the audit and risk committee of COMPAGNIE DE SAINT-GOBAIN
- Director, chairman of the appointments, governance and CSR committee, member of the strategy committee of SANOFI

French unlisted companies

- Chairman of *GS CONSEILS (SAS)*
- Director of *SOCOTEC*

Terms of office expired over the past five years

- Vice-Chairman and Senior Independent Member of the supervisory board of PEUGEOT S.A
- Chairman and Chief Executive Officer of LEGRAND
- Director, member of the strategy and social responsibility Committee of LEGRAND
- Various terms of office within companies of the *LEGRAND* group

(a) Subject to the renewal of his term of office by the Shareholders' Meeting of 27 April 2023.



BETTINA THEISSIG

Member of the European Works Council of DANONE and Chair of the Central Works Council of DANONE DEUTSCHLAND GMBH

Director representing employees

Age 60 – German nationality

First appointed to the Board: 2014

End of term: 2023 ^(a)

DANONE shares: 1 ^(b)

Expertise – Experience – Main activities

Bettina THEISSIG began her career in the industrial sector in 1978 at Milupa GmbH, a baby food and formula manufacturer that has been part of Danone's Specialized Nutrition division since the acquisition of the Numico group in 2007. During this period, she received a training in industrial business. After acquiring her first professional experience in Milupa's advertising department, she held various positions in several departments, including marketing, sales, human resources and medical. In 2002, her unwavering interest in the condition of employees and the protection of their rights prompted her to join the Works Council of Milupa. She is currently Chair of Milupa's Works Council, Chair of Milupa's Central Works Council, Health Officer and Representative to the Works Council of Danone's sites in Germany. She is also a member of Danone's European Works Council and of the Steering Committee. She has also represented employees with disabilities since 1998. She has been an accredited Training Business Coach since 2015.

Current terms of office

Danone companies

- Director representing employees, member of the CSR Committee of DANONE SA

Terms of office expired over the past five years

(a) Her term of office as Director representing employees was renewed in February 2023 by the employee representative bodies, in accordance with legal and statutory provisions.

(b) Share granted under the "One Person, One Voice, One Share" program.



SERPIL TIMURAY

CEO Europe Cluster and Member of the Executive Committee of VODAFONE Group

Independent Director

Age 53 – Turkish nationality

First appointed to the Board: 2015 Shareholders' Meeting

End of term: 2023 Shareholders' Meeting ^(a)

DANONE shares: 7,271

Expertise – Experience – Main activities

Serpil TIMURAY holds a degree in Business Administration from Bogazici University in Istanbul. She began her career in 1991 at Procter & Gamble, where she assumed several marketing roles and was subsequently appointed to the Executive Committee for Turkey. In 1999, she moved to Danone as Marketing Director and a member of the Executive Committee for its Fresh Dairy Products subsidiary in Turkey. From 2002 to the end of 2008, she served as General Manager of Danone Turkey, overseeing the acquisition and integration of several companies. In 2009, she joined the Vodafone group as Chair and Chief Executive Officer of Vodafone Turkey, leading the turnaround and substantial growth of the company. In 2014, she joined the executive committee of Vodafone group and was appointed as the Regional CEO of Africa, Middle East and Asia-Pacific. In 2016, she was appointed as the Group Chief Commercial Operations and Strategy Officer of Vodafone group. She has been CEO Europe Cluster of Vodafone since 2018 and continues to be a member of the group's executive committee.

Current terms of office

Danone companies

- Director, Chair of the CSR Committee of DANONE SA

Other companies

Foreign unlisted companies

- Chair of the board of directors of *VODAFONE TURKEY* ^(b) (Turkey)
- Chair of the supervisory board, member of the remuneration and nomination committee of *VODAFONE ZIGGO* ^(b) (Netherlands)
- Director of *VODAFONE EGYPT* (Egypt)

Terms of office expired over the past five years

- Vice-Chair of the supervisory board, chair of the remuneration and nomination committee and member of the audit, risk and compliance committee of *VODAFONE ZIGGO* ^(b) (Netherlands)
- Director of *GSMA* (United Kingdom), *VODAFONE QATAR* ^(b) (Qatar), *VODAFONE HUTCHISON AUSTRALIA* ^(b) (Australia), *VODAFONE INDIA* ^(b) (India)
- Chair of *VODAFONE AND QATAR FOUNDATION LLC* ^(b) (Qatar)

(a) Pursuant to the announcement of July 29, 2021.

(b) Vodafone group company.

6.3 COMPENSATION AND BENEFITS OF GOVERNANCE BODIES

Contents

Compensation policy for corporate officers for 2023	264	Report on the compensation of corporate officers and Directors for 2022	272
General principles	264	Compensation of the Chief Executive Officer	272
Compensation policy for the Chairman of the Board of Directors (a non-executive corporate officer) for 2023	265	Compensation and benefits paid or granted to the Chief Executive Officer in 2022	272
Compensation policy for executive corporate officers for 2023	266	Compensation of the Chairman of the Board of Directors	278
Compensation policy for Directors for 2023	271	Summary of the compensation of executive corporate officers	279
		Directors' compensation	282

COMPENSATION POLICY FOR CORPORATE OFFICERS FOR 2023

The compensation policy for corporate officers is drawn up by the Board of Directors pursuant to Articles L.22-10-8 *et seq.* of the French Commercial Code and subject to approval by the Shareholders' Meeting. It defines all components of the fixed and variable compensation of the corporate officers and the decision-making process followed for its determination, revision and implementation.

This policy does the following:

- it complies with Danone's corporate purpose: (i) the variable component of this compensation, most of which is paid in the form of DANONE shares, aligns the interests of the executive corporate officers with those of the shareholders, (ii) the performance factors taken into consideration include Danone's long-term strategy as well as the relevant social and environmental

criteria, and (iii) the policy is consistent and acceptable from a societal standpoint;

- it contributes to the Group's sustainability, insofar as it both encourages talent retention and engagement within the Group and aligns with its long-term vision and performance thanks to its variable component of compensation governed by demanding targets assessed over time;
- it forms an integral part of the Group's strategy, thanks to performance objectives aligned with this strategy and based on economic, financial, social and environmental indicators such as sales, recurring operating margin or its environmental commitments and achievements.

General principles

Principles for determining the compensation of corporate officers

The compensation paid to Danone's corporate officers is:

- designed to be incentivizing over several time horizons and aligned with stakeholder interests;
- tied to the Company's stated targets and its financial and non-financial performance;
- balanced and in line with investors' and shareholders' expectations;
- subject to stringent conditions, aligned with shareholders' interests and in line with best market practices;
- consistent with the collective principles that Danone applies to its approximately 1,750 senior executives worldwide;
- determined by the Board of Directors on the basis of the Nomination, Compensation and Governance Committee's recommendations and in compliance with the AFEP-MEDEF Code;
- representative of the manager's responsibilities;
- determined in a general way, including, where applicable, all types of commitments such as indemnities or benefits due or likely to be due as a result of the officers assuming, terminating or changing their duties or after they perform these duties, such as severance pay and a non-compete indemnity for example;

- fixed by taking into consideration the compensation and employment terms of Danone's employees;
- consistent with the compensation practices observed at comparable companies, in particular CAC 40 companies with comparable market capitalizations, European multinationals in the food and beverage sector, and international groups constituting Danone's historical peer group.

The application of these principles results in:

- the preponderance of the component of compensation being subject to performance conditions;
- a significant long-term shareholding compensation component in the form of Group performance shares (GPS);
- the obligation requiring executive corporate officers and Executive Committee members to hold DANONE shares resulting from the allotment of GPS, thereby aligning their interests with those of shareholders;
- the capping of overall compensation;
- the non-payment of variable compensation if the objectives are not met.

Role of the Nomination, Compensation and Governance Committee

Danone's compensation policy is regularly reviewed by the Nomination, Compensation and Governance Committee, which was composed entirely of independent Directors in 2022 and is chaired by the Lead Independent Director.

The Nomination, Compensation and Governance Committee reviews market practices, based on benchmarks prepared by specialized and objective firms, including (i) large international companies listed in France (CAC 40), (ii) a group of European multinationals in the food and beverage sector, and (iii) a group of Danone's historical peers consisting of eight leading global food and beverage groups.

The Nomination, Compensation and Governance Committee takes particular care to ensure that:

- the compensation is such as to attract, retain and motivate talented individuals while remaining consistent with Danone's

employee compensation and employment terms and current market practices;

- long-term performance-based compensation is sufficiently high relative to annual compensation, to encourage corporate officers to achieve high performance over the long term and to ensure that their shares are maintained over time;
- the performance criteria are stringent and complementary such that they compensate long-term performance and ensure the alignment of shareholders' interests, in line with the targets announced by Danone to the financial markets, with those of the management. In addition, these performance conditions reflect best compensation practices, such as "no payment under guidance" and "no payment below the median";
- all components of the compensation of corporate officers and members of the Executive Committee are taken into account, including in particular, the potential benefit of a supplementary retirement plan, and their balance is ensured.

Compensation policy for the Chairman of the Board of Directors (a non-executive corporate officer) for 2023

The principles presented hereafter apply in the event of the duties of the Chairman of the Board and the Chief Executive Officer being separated. They are subject to the approval of the shareholders as part of the vote on the compensation policy.

Director's compensation

The Chairman of the Board may receive compensation for his/her directorship if he/she does not receive fixed compensation, in accordance with the terms set out in the compensation policy for Directors described hereafter.

Fixed compensation and other benefits

Fixed compensation	<ul style="list-style-type: none"> • decided by the Board of Directors on the basis of the Nomination, Compensation and Governance Committee's opinion, in accordance with the principles presented above and taking into account the Chairman's duties, his/her experience and market practices, and determined in line with the average compensation of non-executive chairmen of CAC 40 companies with comparable responsibilities; • may be reviewed at relatively long intervals. <p>The fixed compensation of the Chairman of the Board of Directors for 2023 is €650,000, unchanged versus 2022.</p>
Benefits in kind	<ul style="list-style-type: none"> • benefits in kind may be granted only if they comply with Danone's policy (such as access to the car and driver pool). <p>As in 2022, the Chairman of the Board will not receive any benefits in kind.</p>
Social security benefits	<ul style="list-style-type: none"> • Group insurance, healthcare and pension benefits identical to those of all of the Company's executives. <p>As in 2022, the Chairman of the Board will not receive any social security benefits.</p>

Variable compensation

The Chairman of the Board cannot receive any variable compensation whatsoever, whether annual or in the form of long-term compensation in cash or long-term compensation in shares.

Extraordinary compensation

The Chairman of the Board cannot receive any extraordinary compensation.

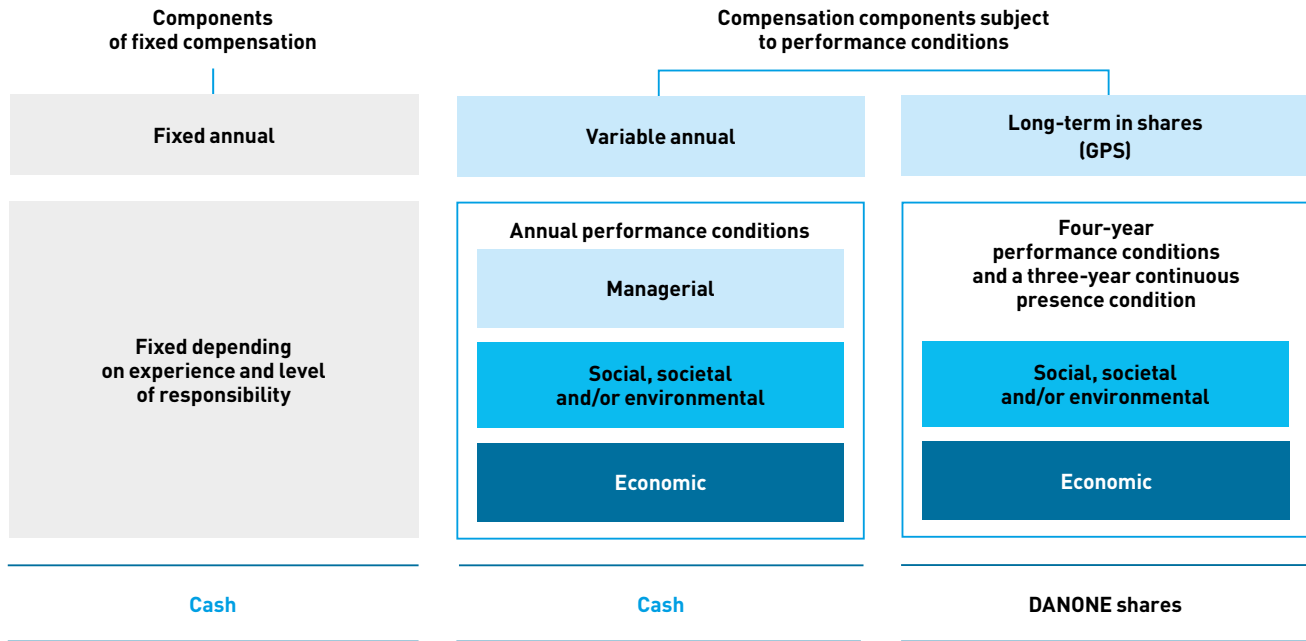
Other components liable to be granted to the Chairman of the Board

As indicated above, the Board of Directors takes all components of compensation into consideration when assessing the overall compensation of the corporate officers. Where applicable, therefore, the determination of the Chairman's compensation would take into account the commitments authorized under Article L.22-10-9, paragraph 4 of the French Commercial Code, subject to the requirements of the AFEP-MEDEF Code.

Furthermore, the Chairman of the Board of Directors may also receive additional compensation if he/she is a member of the Mission Committee.

COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS FOR 2023

Compensation structure summary



As a reminder, components of annual variable or, where applicable, extraordinary compensation granted to the executive corporate officers for the previous year may be paid only after the relevant components have been approved by the Shareholders' Meeting under the conditions set out in Article L.22-10-34 II of the French Commercial Code.

Director's compensation

Danone's policy on the compensation of Directors (see section *Compensation policy for Directors for 2023* hereinafter) is to not pay executive corporate officers any compensation for their directorship.

Fixed compensation and other benefits

Fixed compensation	<ul style="list-style-type: none"> compensates the duties incumbent in the office held and the level of responsibility; is decided by the Board of Directors on the basis of the Nomination, Compensation and Governance Committee's opinion, in accordance with the principles presented above and taking into account their duties, their experience and market practices, in line with the collective principles that Danone applies to around 1,750 senior executives worldwide; is reviewed at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code. <p>The fixed compensation of the Chief Executive Officer for 2023 is €1.4 million, unchanged versus 2022.</p>
Benefits in kind	<ul style="list-style-type: none"> consistent with Danone's compensation practices for its senior executives, grant of benefits in kind, in particular access to the car and driver pool and to housing.
Social security benefits	<ul style="list-style-type: none"> Group insurance, healthcare and pension benefits identical to those of all of the Company's executives.

Variable compensation

Structure	<ul style="list-style-type: none"> • annual variable compensation; • long-term variable compensation in shares paid in the form of DANONE shares and subject to performance conditions (GPS). <p>Long-term compensation in shares represents, at the time of granting, about 50% of the overall compensation in value of executive corporate officers and cannot exceed 60% of this target compensation.</p> <p>The compensation policy does not provide for a specific clawback mechanism.</p> <p>In the event of extraordinary circumstances having a significant impact on the fulfillment of one or more performance criteria associated with the annual variable compensation of the executive corporate officer, such as a major event affecting the food and beverage sector or some of Danone's key markets, the Board, on the recommendation of the Nomination, Compensation and Governance Committee, may adjust one or more annual variable compensation criteria to ensure that implementation of the compensation policy is in line with the executive corporate officer's performance and with Danone's, either on an absolute basis or relative to its peers. This adjustment, which may increase or reduce the level of compensation, must remain within the annual variable compensation cap specified in the compensation policy. Any use of this extraordinary adjustment ability will be disclosed to shareholders and duly justified, in particular its alignment with shareholders' interests and the preservation of the stringency of the revised criteria. In accordance with Article L.22-10-34 II of the French Commercial Code, this use remains subject to a binding vote by shareholders at the 2024 Shareholders' Meeting, as the corresponding annual variable compensation can be paid only after approval by the Shareholders' Meeting.</p>
Stringent predetermined performance criteria	<ul style="list-style-type: none"> • directly and indirectly based on the Company's objectives as announced to the market and consistent with its strategic roadmap; • mainly economic (60% for annual variable compensation, and 70% for long-term variable compensation); • also social, societal and/or environmental (20% for annual variable compensation and 30% for long-term variable compensation); • and managerial (20% for annual variable compensation).

Annual variable compensation

Principles	<ul style="list-style-type: none"> • is determined by the Board of Directors on the basis of the Nomination, Compensation and Governance Committee's opinion and in accordance with the principles presented above, and is consistent with the challenges faced in the short term; • is subject to performance conditions including measurable economic, social/environmental and managerial criteria determined beforehand, in a precise and objective manner by the Board of Directors on the basis of the Nomination, Compensation and Governance Committee's opinion; • has a target amount that may be up to 100% of the fixed compensation; • is capped at 200% of the fixed compensation; • has no minimum or guaranteed.
Structure	<ul style="list-style-type: none"> • quantifiable economic component based on Danone's main financial targets such as, among others, sales growth, change in volume/mix, recurring operating margin and free cash flow generation; • measurable social, societal and/or environmental component based on Danone's objectives; • qualitative managerial component determined on the basis of specific annual targets whose fulfillment and achievements are disclosed retrospectively.
Performance criteria	<ul style="list-style-type: none"> • qualitative criteria are precisely defined and not made public for confidentiality reasons, in accordance with French Financial Market Authority recommendation DOC-2012-02 of February 9, 2012, amended on January 5, 2022; • each quantitative criterion is precisely defined in terms of its achievement level and not made public for confidentiality reasons, in accordance with this French Financial Market Authority recommendation.

Details on the annual variable compensation criteria for 2023 can be found below in section *Compensation principles established for 2023*.

In accordance with AFEP-MEDEF Code recommendations, the allocation of this performance-based variable compensation will be specifically disclosed at the close of the 2023 financial year. It will also be detailed in the 2023 Universal Registration Document and will be paid only after approval by the 2024 Shareholders' Meeting.

Long-term variable compensation in shares (Group performance shares)

Principles

- established in 2010 to strengthen the commitment of beneficiaries (executive corporate officers, Executive Committee members and approximately 1,750 senior executives) to support Danone's development and increase its share price over the long term;
- approved regularly by the Shareholders' Meeting in a specific extraordinary resolution;
- granted by the Board of Directors upon recommendation of the Nomination, Compensation and Governance Committee;
- subject to complementary performance criteria that are representative of Danone's performance and consistent with its specific business, assessed over a three-year period. These reflect key indicators monitored by investors and analysts to measure the performance of companies in the food and beverage sector. They may also include one or more societal and/or environmental criteria. The Board of Directors determines whether or not these performance conditions have been met, after an initial review by the Nomination, Compensation and Governance Committee;
- definitively granted to all beneficiaries, subject to them being continuously present for three years, with the exceptions specified in the plan rules (including in the event of death or disability) or decided by the Board of Directors.

In the case of the executive corporate officers, the Board of Directors may, where applicable, decide to partially waive the continuous presence condition on a *pro rata temporis* basis and based on a reasoned opinion. Moreover, in the event of a change of control, for GPS granted to executive corporate officers and members of the Executive Committee, the achievement of the continuous presence condition will be assessed by the Board of Directors on a *pro rata temporis* basis, calculated between the date of the grant and the date of the change of control, compared to the initial delivery date stipulated in the plan. In addition, regarding the fulfillment of the performance conditions, either the Board of Directors will have reached a decision regarding the level of achievement or no such decision will have been reached, in which case the Board, acting upon recommendation of the Nomination, Compensation and Governance Committee, will assess the extent to which each performance condition has been fulfilled on the basis of the available information;

- capped as follows: the number of performance shares granted to executive corporate officers must not exceed 60% of each executive corporate officer's overall target compensation in terms of its accounting valuation (in accordance with IFRS standards) estimated at the time of the grant;
- granted in the form of DANONE shares that the person is obliged to hold in accordance with the principles determined by the Board and stated hereafter.

Performance conditions

More information on the performance conditions applicable in 2023 is provided in section 6.4 *Detailed information on long-term compensation plans*, including the (i) general principles, (ii) performance conditions, (iii) other applicable rules, (iv) details of the grants in 2022 and a review of the potential fulfillment of performance conditions for previous plans, and (v) detailed information on the plans in effect as of December 31, 2022.

Extraordinary compensation

If a new executive corporate officer is appointed, further to an external hiring, the Board of Directors may, subject to the requirements of the AFEP-MEDEF Code and upon recommendation of the Nomination, Compensation and Governance Committee, decide to grant this person extraordinary compensation mainly in the form of long-term compensation in cash and/or shares subject to performance conditions, in order to fully or partly offset the potential loss of compensation resulting from the acceptance of his/her new duties. The allocation of this extraordinary compensation will be (i) duly justified, (ii) subject to approval by the Shareholders' Meeting of the resolution on compensation paid or awarded to the corporate officer in question (*ex post say on pay*), and (iii) subject to the condition precedent of a favorable vote on this resolution with retroactive effect to the date of this grant.

Other components liable to be granted to the executive corporate officers

The Board of Directors includes all components of compensation in its overall assessment of the compensation of executive corporate officers, including, where applicable, the commitments corresponding to the compensation components, indemnities or benefits due or likely to be due as a result of the officers assuming, terminating or changing their duties or after them performing these duties, such as

severance pay and a non-compete indemnity, as well as retirement commitments, that may be granted to the corporate officers subject to the requirements of the AFEP-MEDEF Code.

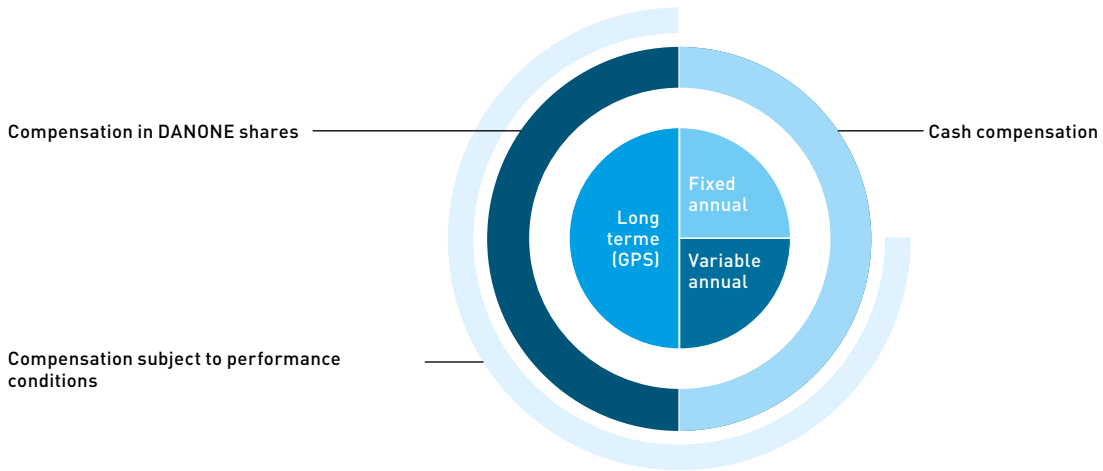
It should be noted that, if a new executive corporate officer should be appointed, he/she may be eligible for severance pay amounting to up to two years of gross annual compensation (fixed and variable) and subject to stringent performance conditions, as well as other commitments under Article L.22-10-9, paragraph 4 of the French Commercial Code, subject to the requirements of the AFEP-MEDEF Code.

In Antoine de SAINT-AFFRIQUE's case, he is eligible for severance pay, a non-compete indemnity if his non-compete clause is triggered, and a defined contribution retirement plan ("Article 83"). More information on these components is provided in section *Other compensation and benefits to which the Chief Executive Officer is entitled* hereinafter.

Compensation principles established for 2023

Upon recommendation of the Nomination, Compensation and Governance Committee, the Board of Directors, at its meeting of February 21, 2023, determined the principles of compensation with respect to fiscal year 2023 for Antoine de SAINT-AFFRIQUE, Chief Executive Officer.

The overall structure and the main components of the target compensation (namely fixed compensation and variable compensation) are as follows:



<p>Fixed compensation €1,400,000</p>	<p>The amount of Antoine de SAINT-AFFRIQUE's fixed compensation for 2023 was set by the Board of Directors at €1.4 million, the same as in 2022.</p>			
<p>Annual variable compensation The target amount of the annual variable compensation for 2023, its components and the maximum compensation percentage are the same as for the previous year.</p> <ul style="list-style-type: none"> • Target amount: €1,400,000 • Cap: €2,800,000 • No floor 	<p>The performance criteria for the annual variable compensation for the year 2023 will be as follows:</p>			
	<p>Economic criteria (quantitative)</p>	<p>Performance indicators</p>	<p>Proportion of the target amount</p>	<p>Variation based on the weighting</p>
		<p>Like-for-like sales growth</p>	<p>15%</p>	<p>0 to 30%</p>
		<p>Recurring operating margin level</p>	<p>15%</p>	<p>0 to 30%</p>
		<p>Free cash flow generation</p>	<p>15%</p>	<p>0 to 30%</p>
		<p>Change in volume/like-for-like sales mix</p>	<p>15%</p>	<p>0 to 30%</p>
		<p>TOTAL</p>	<p>60%</p>	<p>0 to 120%</p>
	<p>Social, societal and/or environmental criteria (quantitative)</p>	<p>Reduction in greenhouse gas emissions across the entire value chain (scopes 1, 2 and 3) in 2023 vs 2022</p>	<p>10%</p>	<p>0 to 20%</p>
		<p>Percentage of Danone's 2023 sales covered by B-Corp certification</p>	<p>10%</p>	<p>0 to 20%</p>
		<p>TOTAL</p>	<p>20%</p>	<p>0 to 40%</p>
	<p>Managerial criteria (qualitative)</p>	<p>Managerial objective</p>	<p>20%</p>	<p>0 to 40%</p>
		<p>TOTAL</p>	<p>20%</p>	<p>0 to 40%</p>
	<p>TOTAL</p>		<p>100%</p>	<p>0 to 200%</p>
	<p>In accordance with French Financial Market Authority recommendation DOC-2012-02 of February 9, 2012, as amended on January 5, 2022, the expected level of fulfillment for each of the quantitative criteria is specified in advance by the Board of Directors, upon recommendation of the Nomination, Compensation and Governance Committee, and represents an actual performance but is not disclosed publicly for reasons of confidentiality. Similarly, the assessment of the managerial criteria was determined by the Board of Directors but is not made public for reasons of confidentiality.</p>			
	<p>In accordance with AFEP-MEDEF Code recommendations, the allocation of this performance-based variable compensation will be specifically disclosed at the close of the 2023 financial year. It will also be presented in the 2023 Universal Registration Document.</p>			
	<p>In addition, pursuant to Article L.22-10-34 II of the French Commercial Code, the fixed, variable and extraordinary components that make up the total compensation and benefits in kind paid or granted for fiscal year 2023 will be subject to approval by the 2024 Shareholders' Meeting. The components of annual variable or extraordinary compensation granted for fiscal year 2023 will be paid only after such approval.</p>			
<p>Long-term variable compensation</p> <ul style="list-style-type: none"> • Target amount: €2,800,000 • No floor 	<p>With a target amount of €2,800,000, the Chief Executive Officer's long-term variable compensation corresponds to shares subject to performance conditions ("GPS") the terms of which in particular the performance conditions, are described in chapter 6.4 of this Universal Registration Document.</p>			

COMPENSATION POLICY FOR DIRECTORS FOR 2023

The compensation policy for Directors is set by the Board of Directors on the basis of the Nomination, Compensation and Governance Committee's recommendation and subject to approval by the Shareholders' Meeting. It is drawn up pursuant to the provisions of Article L.22-10-8 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code. In particular, it is adapted to the Directors' level of responsibilities and the time they devote to their duties and encourages their attendance at Board meetings. It takes into account namely the obligation requiring the Directors to hold a significant level of DANONE shares to ensure their interests align with those of the Company and its shareholders. This compensation policy also seeks to attract experts and promote the international diversity of the Board of Directors by granting a travel bonus to foreign Directors.

It provides that:

- the Directors receive Directors' compensation; however, the executive corporate officers, the members of the Executive Committee, the Chairman of the Board (if he/she receives fixed compensation) and the Directors representing employees do not receive Directors' fees;

- the Shareholders' Meeting must approve the total maximum amount of Directors' compensation to be divided among the Directors. This compensation must be allocated in accordance with the allocation rules the Board of Directors has decided, upon recommendation of the Nomination, Compensation and Governance Committee;
- the Directors' compensation includes a variable, larger component based on their actual attendance at the Board and Committee meetings.

The total amount of compensation to be allocated to Directors was set by the Shareholders' Meeting of April 29, 2021 at €1,250,000 for each fiscal year. All the rules for the distribution of Directors' compensation remain unchanged, with the exception of the compensation of Directors who are members of the Mission Committee. In order to better reward participation in plenary meetings and workshops, the fixed annual compensation has been reduced to €35,000 for the Chairman of the Mission Committee (instead of €50,000) and to €15,000 for the members (instead of €25,000). In addition, participation in plenary meetings and workshops is now rewarded at €10,000 for the Chairman of the Mission Committee and €5,000 for the members. Travel expenses are reduced to €2,000 per trip within Europe and €5,000 per trip outside Europe.

The rules for the distribution of Directors' compensation are as follows:

<i>(in €)</i>	Annual fixed amount	Per meeting	For travel – residing in Europe (not in France)	For travel – residing outside of Europe
Lead Independent Director	50,000	–	–	–
Director	25,000	–	–	–
Board meetings	–	–	–	–
Director	–	5,000	2,000	8,000
Committee meetings	–	–	–	–
Chair	–	8,000	2,000	8,000
Member	–	4,000	2,000	8,000
Mission Committee meetings				
Chair	35,000	10,000	2,000	5,000
Member	15,000	5,000	2,000	5,000

As a reminder, Directors representing employees have an employment contract.

In addition, the Board may, where applicable, allocate extraordinary compensation to a Director for a specific mission entrusted to him/her pursuant to Articles L.225-46 and L.22-10-15 of the French Commercial Code; if such compensation is granted, it is governed by the regulated agreements procedure.

REPORT ON THE COMPENSATION OF CORPORATE OFFICERS AND DIRECTORS FOR 2022

Pursuant to the provisions of Article L.22-10-34 I and II of the French Commercial Code, the report shown hereafter includes the information referenced in Article L.22-10-9 I of the French Commercial Code that is presented in the 9th resolution subject to approval by the Shareholders' Meeting on April 27, 2023.

Compensation of the Chief Executive Officer

The Board of Directors, at its meeting on February 22, 2022, set the compensation of the Chief Executive Officer for 2022 in accordance with the principles and criteria established by the compensation policy for executive corporate officers for 2022, approved by 86.38% of the Shareholders' Meeting of April 26, 2022 in its 17th resolution.

This compensation policy for 2022 is similar to the policy that was approved in 2021, the year in which Antoine de SAINT-AFFRIQUE was appointed Chief Executive Officer of Danone.

As a reminder, when determining the components of compensation for Antoine de SAINT-AFFRIQUE, who was recruited from outside the Danone group, the Board of Directors took into consideration his background, international experience and past performance, as well as his previous compensation level and the compensation practices of comparable companies. Accordingly, with assistance from independent advisors, the Board reviewed the compensation practices of the historical panel of Danone's peers (consisting of eight leading international groups in the food and beverage sector), of a European panel of companies in the consumer goods sector, and of CAC 40 companies. The historical panel of Danone's peers,

consisting of six US companies (out of eight international groups) was eliminated, given the significant differences in compensation practices in the US and European markets. The European panel, consisting of European multinationals in the fast-moving consumer goods (FMCG) sector comparable to Danone in terms of sales and international reach, appeared to be the most relevant, given Danone's geographic footprint and the Board of Directors' commitment to setting a competitive salary in its search for international executive candidates. This European panel consists of the following companies: Adidas, Associated British Foods, Diageo, EssilorLuxottica, Heineken, L'Oréal, Nestlé, Pernod Ricard and Unilever. Within this European panel, the median fixed salary was €1.4 million and total annual target compensation was €5.7 million. Antoine de SAINT-AFFRIQUE's total annual target compensation (fixed compensation, annual variable compensation, performance shares and benefits in kind) is identical to the median total annual target compensation of this European panel.

Furthermore, in accordance with the recommendations of the AFEP-MEDEF Code, Antoine de SAINT-AFFRIQUE does not have an employment contract with Danone.

Compensation and benefits paid or granted to the Chief Executive Officer in 2022

Pursuant to Article L.22-10-34 II of the French Commercial Code, the fixed, variable and extraordinary compensation that makes up the total compensation and benefits in kind paid or granted to the Chief Executive Officer in 2022 will be subject to approval by the Shareholders' Meeting on April 27, 2023. The annual variable compensation can be paid only after approval by the Shareholders' Meeting.

Components of compensation subject to a vote	Amounts paid during 2022	Amounts granted in respect of 2022 fiscal year	Presentation
Fixed compensation	€1,400,000	€1,400,000	As announced, Antoine de SAINT-AFFRIQUE's fixed annual compensation for 2022 is €1,400,000, unchanged versus 2021. This amount was determined on the basis of Antoine de SAINT-AFFRIQUE's international experience and expertise, as well as his previous compensation level and the practices observed at comparable companies, as explained above.

Performance conditions and cap

Components of compensation subject to a vote	Amounts paid during 2022	Amounts granted in respect of 2022 fiscal year	Presentation	Performance indicators	Proportion of the target amount	Possible variation based on the weighting	
				Like-for-like sales growth	15%	0% to 30%	
Annual variable compensation	€408,333 For the period from 9/15 to 12/31/2021 Compensation approved by the 15 th resolution of the Shareholders' Meeting on April 26, 2022	€2,121,000 Payment of this compensation is subject to approval by the Shareholders' Meeting on April 27, 2023 (10 th resolution)	Economic Quantifiable portion, calculated on the basis of Danone's economic targets	Recurring operating margin level	15%	0% to 30%	
				Free cash flow generation	15%	0% to 30%	
				Return on invested capital (ROIC)	15%	0% to 30%	
				Total	60%	0% to 120%	
				Social, societal and/or environmental Reference to Danone's social, societal and/or environmental targets	Employee engagement	10%	0% to 20%
					Gender pay gap	10%	0% to 20%
					Total	20%	0% to 40%
				Managerial Reference to specific annual targets	Managerial component	20%	0% to 40%
					Total	20%	0% to 40%
				Total			

Review of the achievement of performance conditions by the Board of Directors

On February 21, 2023, on the recommendation of the Nomination, Compensation and Governance Committee, the Board of Directors set the amount of Antoine de SAINT-AFFRIQUE's annual variable compensation, after adjustment of a performance criterion, at €2,121,000, instead of €2,310,000 resulting from the application of the financial criteria set at the beginning of 2022, i.e. a reduction of €189,000. This amount was determined with regard to the level of achievement of the performance conditions, as described below:

Indicators	Weighting	Percentage of fulfillment (after adjustment by the Board)	Percentage after weighting	Performance amount (in euros)
Economic	60%	177.5%	106.5%	1,491,000
Social, societal and/or environmental	20%	125%	25%	350,000
Managerial	20%	100%	20%	280,000
Total	100%	-	151.5%	2,121,000

Components of compensation subject to a vote	Amounts paid during 2022	Amounts granted in respect of 2022 fiscal year	Presentation
The percentages of fulfillment is as follows:			
Indicators	Weighting	Percentage of fulfillment	Weighted
Like-for-like sales growth	15%	110%	16.5%
Recurring operating margin level	15%	200%	30%
Free cash flow generation	15%	200%	30%
Return on invested capital (ROIC)	15%	200%	30%
Economic	60%	177.5%	106.5%
Employee engagement	10%	150%	15%
Gender pay gap	10%	100%	10%
Social, societal and/or environmental	20%	125%	25%

Thus, the Board of Directors has decided, upon proposal of the Chief Executive Officer, pursuant to its ability to adjust the performance criteria for the annual variable compensation, included in the compensation policy for executive corporate officers for 2022, to reduce the level of achievement of the condition regarding like-for-like sales growth.

This decision was taken in view of the upgrade of the sales growth guidance announced to the market during the year (in July, and then in October) and considering the economic environment and in particular external factors, such as inflation, which have sustained the like-for-like sales growth.

The Board of Directors determined the level of fulfillment based on the following achievements:

Economic component

- over-achievement of the like-for-like sales growth objective, given that growth was 7.8% in 2022, exceeded the objective initially set at the beginning of 2022 (growth between 3% and 5%) and was at the top of the range announced in October 2022 (growth between +7% and +8%), driven by all geographic areas and categories. This organic growth was achieved in a balanced way, given the macroeconomic and operating environment in 2022; it was delivered by maximizing the mix and price contribution, while also maintaining a resilient volume contribution;
- achievement of the recurring operating margin in line with the objective set at the beginning of 2022 ("above 12%"), despite the sequential deterioration in the operating environment (including war in Ukraine and disruptions in China) and the sharp acceleration in commodities inflation throughout the year. These actual results were achieved without revisiting the objective of reinvesting massively in product superiority, advertising and Danone's core competencies; in fact, the Company reinvested 58 basis points in these three areas;
- over-achievement of the free cash flow generation objective, given the €2.1 billion in free cash flow generated in 2022, despite the deterioration in the operating environment, the decline in recurring operating margin and the massive reinvestment, the Company was able to maintain a healthy free cash flow generation cycle that exceeded market expectations;
- over-achievement of the return on invested capital (ROIC) objective, given that the ROIC reached 8.9% in 2022; this sequential improvement in ROIC in the very first year of the Renew Danone plan, against the backdrop of a decline in recurring operating margin, demonstrates the new focus on disciplined capital allocation.

Components of compensation subject to a vote	Amounts paid during 2022	Amounts granted in respect of 2022 fiscal year	Presentation
			<p>Social, societal and/or environmental component</p> <ul style="list-style-type: none"> employee engagement was assessed through the “Danone People Survey”, covering all Danone employees worldwide, and conducted by an external service provider. The results show a positive improvement on the previous survey. The sustainable positive engagement of employees is above the median of the panel of participating FMCG companies, despite a difficult context linked to external shocks, organizational changes (with the implementation in 2022 of the Local First reorganization plan) and the change of management team. In 2022, 90% of Danone employees worldwide participated in the survey and the indicator measuring sustainable positive employee engagement rose to 86% (3 points above the FMCG sector median); the impact in terms of Diversity & Inclusion is assessed by the extent of the reduction in the difference in compensation between men and women (“Gender Pay Gap”). The position was on par with the previous year and is estimated at 3.2% for the Executives, Directors & Managers group. <p>Managerial component</p> <ul style="list-style-type: none"> the achievement of the managerial part is determined on the basis of a qualitative assessment to take into account the events that took place in 2022. In what was a particularly challenging external environment in 2022, the Board of Directors noted the definition, communication and successful early implementation of the “Renew Danone” strategic plan; the reorganization of the Executive Committee, with a number of recruitments of high-level talent; and the implementation of bold and necessary portfolio reviews under the strategic plan. The Board of Directors therefore considered this objective to be 100% achieved.
Multi-year variable cash compensation	Not applicable	Not applicable	In accordance with the compensation policy, no multi-year variable cash compensation may be granted to Antoine de SAINT-AFFRIQUE.
Long-term compensation in shares (GPS)	Not applicable	€2,132,571 corresponding to 51,900 GPS granted on July 26, 2022	<p>Long-term compensation in shares corresponds to Group performance shares (GPS), i.e., shares in the Company subject to performance conditions assessed over three years and to a four-year continuous presence condition.</p> <p>The Board of Directors, granted Antoine de SAINT-AFFRIQUE 51,900 GPS in respect of fiscal year 2022, with a book value of €2,132,571, pursuant to the authorization granted by the Shareholders’ Meeting of April 26, 2022 under the 17th resolution. This number of GPS could be increased to 54,495 GPS if the continuous presence condition is fulfilled, the environmental performance condition is fully achieved, and the recurring EPS growth and Danone TSR conditions are exceeded (for more details on the grants and performance conditions, see section 6.4 Detailed information on long-term compensation plans hereinafter).</p> <p>This grant represents 0.008% of Danone’s share capital.</p>
Extraordinary compensation	Not applicable	Not applicable	No extraordinary compensation was granted or paid to Antoine de SAINT-AFFRIQUE in 2022.
Stock options	Not applicable	Not applicable	–
Director’s compensation	Not applicable	Not applicable	In accordance with the compensation policy for executive corporate officers, no Director’s compensation was paid or granted to Antoine de SAINT-AFFRIQUE.
Benefits in kind	€46,893 for his corporate appointment		The benefits in kind to which Antoine de SAINT-AFFRIQUE is entitled correspond to the benefits of the group insurance plan, a car and driver pool, and housing.
Severance pay	No amount due for the last fiscal year		Severance pay is paid if Antoine de SAINT-AFFRIQUE’s term of office as Chief Executive Officer is terminated. This measure was not implemented in fiscal year 2022. The implementation and payment conditions are detailed in section <i>Other compensation and benefits to which the Chief Executive Officer is entitled</i> hereinafter.
Non-compete indemnity	No amount due for the last fiscal year		A non-compete obligation, along with a non-compete indemnity, exists if Antoine de SAINT-AFFRIQUE’s term of office as Chief Executive Officer is terminated. This non-compete clause was not implemented in fiscal year 2022. The implementation and payment conditions are detailed in section <i>Other compensation and benefits to which the Chief Executive Officer is entitled</i> hereinafter.
Supplementary pension plan	No amount due for the last fiscal year		The Chief Executive Officer is entitled to the supplementary defined-contribution retirement plan (“Article 83”). For more details, see section <i>Other compensation and benefits to which the Chief Executive Officer is entitled</i> hereinafter.

Other compensation and benefits to which the Chief Executive Officer is entitled

Benefits: group insurance and healthcare coverage

Antoine de SAINT-AFFRIQUE is entitled to the same group insurance and healthcare benefits offered to all Danone SA managers, as well as to the same life and disability insurance applicable to all Danone employees.

Supplementary pension plan

Antoine de SAINT-AFFRIQUE is entitled only to a supplementary defined-contribution retirement plan ("Article 83") available to Danone employees who are affiliated with the AGIRC pension fund pursuant to Articles 4 and 4b of the collective bargaining agreement of March 14, 1947 and whose annual compensation exceeds three times the French social security ceiling. This plan was established pursuant to Article L.242-1, paragraphs 6 and 7 of the French Social Security Code.

Pension entitlements under this plan are funded through quarterly contributions paid exclusively by Danone to an insurance company at a rate of 6% of brackets B and C of the compensation paid to plan beneficiaries. They may be claimed no earlier than the pension entitlement date of a compulsory pension plan or the minimum age stipulated under Article L.351-1 of the French Social Security Code. The contributions paid by Danone for 2022 amounted to €18,264.

Severance pay

On the recommendation of the Nomination, Compensation and Governance Committee, the Board of Directors decided at its meeting on May 17, 2021 to grant Antoine de SAINT-AFFRIQUE severance pay (the "Severance Payment") capped at 200% of the gross annual compensation (annual fixed and variable compensation actually paid) he received during the last 12 months before the termination of his position as Chief Executive Officer (the "Maximum Amount") in the event of forced departure, regardless of the form that termination of office took (a "Forced Departure"). The amount of the Severance Payment will be subject to the achievement of the performance conditions detailed below.

It is specified that the removal of the Chief Executive Officer from his position due to gross negligence or willful misconduct on the part of the latter will not constitute a Forced Departure.

No Severance Payment will be due in the event of a voluntary departure (therefore excluding a Forced Departure) or a change of position within Danone at the initiative of the Chief Executive Officer, or if Antoine de SAINT-AFFRIQUE has the possibility of claiming his retirement pension entitlement shortly after a Forced Departure. Furthermore, no Severance Payment will be due if his position is terminated because he has reached the age limit provided for in the Company's by-laws.

The benefit of the Severance Payment will be subject to, and its amount will be adjusted in accordance with, the level of achievement of the economic performance indicators provided for the Chief Executive Officer's annual variable compensation in the last three fiscal years preceding the date of termination of his office, calculated on the basis of their arithmetical average:

- achievement of less than 75% of the economic performance indicators: no payment will be made;
- achievement of 75% of the economic performance indicators: the Chief Executive Officer will receive 75% of the Maximum Amount;
- achievement of between 75% and 100% of the economic performance indicators: the Chief Executive Officer will receive between 75% and 100% of the Maximum Amount, calculated on a linear basis depending on the rate of achievement;

- achievement of 100% or more of the economic performance indicators: the Chief Executive Officer will receive 100% of the Maximum Amount.

In the event of Forced Departure during the second year of the term of office, namely between September 15, 2022 and September 14, 2023, the amount of the Severance Payment will be calculated *pro rata temporis* on the basis of 12 months' total gross compensation (annual fixed and variable compensation actually paid) for fiscal year 2022, subject to a performance condition relating to the level of achievement of the economic performance indicators provided for the Chief Executive Officer's annual variable compensation for fiscal year 2022, in accordance with the principles defined below, namely:

- achievement of less than 75% of the economic performance indicators: no payment will be made;
- achievement of 75% of the economic performance indicators: the Chief Executive Officer will receive 75% of the Maximum Amount;
- achievement of between 75% and 100% of the economic performance indicators: the Chief Executive Officer will receive between 75% and 100% of the Maximum Amount, calculated on a linear basis depending on the rate of achievement;
- achievement of 100% or more of the economic performance indicators: the Chief Executive Officer will receive 100% of the Maximum Amount; subject, in this event, to the Maximum Amount being equal to 100% of the annual gross compensation (fixed and variable compensation actually paid) for fiscal year 2022.

The Severance Payment will also be subject to the Board of Directors determining in advance, on the basis of the Nomination, Compensation and Governance Committee's opinion, that the performance conditions have been achieved; such achievement will be assessed at the time of termination of the Chief Executive Officer's office and duly proved and communicated to the shareholders. The amount of the Severance Payment will be paid within 30 days of the date on which the Board of Directors determined that the performance conditions on which the payment was conditional have been achieved.

Furthermore, the cumulative amount of the (i) Severance Payment and (ii) Non-Compete Indemnity shall not exceed twice the amount of the gross annual compensation (annual fixed and variable compensation actually paid) received by Antoine de SAINT-AFFRIQUE during the last 12 months before the termination of his position, in compliance with the AFEP-MEDEF Code's recommendations.

Assuming that the amount of the Severance Payment and the amount of the Non-Compete Indemnity exceed this ceiling of twice the gross annual compensation and in order to ensure strict compliance with this ceiling, the amount paid to Antoine de SAINT-AFFRIQUE will first be for the Non-Compete Indemnity, and the remainder will be paid for the Severance Payment after it is reduced to comply with the ceiling of twice the amount of the gross annual compensation.

Non-compete indemnity

Antoine de SAINT-AFFRIQUE is bound by a non-compete obligation for a period of 18 months from the termination of his position as Chief Executive Officer. The purpose of this non-compete obligation is to protect Danone in view of the sensitive information about the Group to which he has access as a result of his position. The terms of this non-compete obligation, in line with the compensation practices for members of Danone's Executive Committee, are as follows:

Scope of the non-compete obligation

This non-compete obligation concerns:

- in terms of positions: directly or indirectly (i) any salaried positions, as an executive or non-executive Director or corporate officer, and in particular any participation in a governance body (Board of Directors or Supervisory Board), in any form; and (ii) any provision of services or consultancy role for the benefit of the companies in the business sector described hereafter, in any form, and in particular as an adviser to the Chairman;
- in terms of business sector: any company (and any other entity belonging to the group of the said companies or taking over their rights) operating in the food and beverage sector and manufacturing, distributing or selling products competing with those of Danone on the date his position is terminated. In addition, Antoine de SAINT-AFFRIQUE will also commit not to form his own company operating in this business sector.

Geographic scope of the non-compete obligation

The non-compete obligation applies in the following regions:

- Europe: European Union countries, Switzerland, Norway, United Kingdom, Russia;
- Asia-Pacific: China, Singapore, Hong Kong, Japan, Australia, New Zealand, Indonesia;
- North America: Canada, United States of America, Mexico;
- Middle East: Cyprus, Lebanon, Syria, Iraq, Iran, Israel, Jordan, Saudi Arabia, Kuwait, Qatar, Bahrain, United Arab Emirates, Oman, Yemen.

Duration of the non-compete obligation

The duration of the non-compete obligation applicable to Antoine de SAINT-AFFRIQUE is 18 months from the termination of his position as Chief Executive Officer.

Amount of the non-compete indemnity

If the non-compete obligation is triggered, Antoine de SAINT-AFFRIQUE will receive, as compensation, a non-compete indemnity in an amount equal to 50% of one-twelfth of his annual gross (annual fixed and variable target) compensation, payable each month for 18 months on the Company's usual salary payment date.

In accordance with the recommendations of the AFEP-MEDEF Code:

- this non-compete indemnity will not be paid if the Chief Executive Officer claims his retirement pension entitlement and no indemnity will be paid beyond the age of 65;
- the Board of Directors can freely waive the application of this non-compete obligation at the time of the Chief Executive Officer's departure.

Compensation of the Chairman of the Board of Directors

Compensation and benefits paid or granted to the Chairman of the Board of Directors in 2022

Pursuant to Article L.22-10-34 II of the French Commercial Code, the fixed, variable and extraordinary compensation that makes up the total compensation and benefits in kind paid or granted to the Chairman of the Board of Directors in 2022 will be subject to approval by the Shareholders' Meeting of April 27, 2023.

Components of compensation subject to a vote	Amounts paid during 2022	Amounts granted in respect of 2022 fiscal year	Presentation
Fixed compensation	€650,000	€650,000	Gilles SCHNEPP's annual fixed compensation for 2022 is €650,000, unchanged relative to 2021. This annual fixed compensation of €650,000 was determined in line with the Chairman's responsibilities, his experience, market practices, and the average compensation of non-executive chairmen of CAC 40 companies with comparable responsibilities.
Annual variable compensation	Not applicable	Not applicable	-
Multi-year variable cash compensation	Not applicable	Not applicable	-
Long-term compensation in shares (GPS)	Not applicable	Not applicable	-
Stock options	Not applicable	Not applicable	-
Director's compensation	Not applicable	Not applicable	-
Extraordinary compensation	Not applicable	Not applicable	-
Benefits in kind	Not applicable	Not applicable	-
Severance pay	Not applicable	Not applicable	-
Non-compete indemnity	Not applicable	Not applicable	-
Supplementary pension plan	Not applicable	Not applicable	-

Summary of the compensation of executive corporate officers

Table summarizing the compensation, options and shares granted to each corporate officer (Table 1 of Appendix 4 of the AFEP-MEDEF Code)

	Year ended December 31	
(in € unless otherwise indicated)	2021 ^(a)	2022
Antoine de SAINT-AFFRIQUE – Chief Executive Officer		
Compensation granted in respect of the fiscal year (detailed in Table 2)	2,125,209	3,567,893
Valuation of options granted during the fiscal year	–	–
Valuation of performance shares granted during the fiscal year (detailed in Table 6) ^(b)	816,667	2,132,571
Valuation of other long-term compensation plans	–	–
Total	2,941,876	5,700,464

(a) Antoine de SAINT-AFFRIQUE's term of office as Chief Executive Officer began on September 15, 2021. The compensation granted to him in respect of that fiscal year was therefore calculated on a *pro rata temporis* basis from September 15 to December 31, 2021.

(b) Estimated book value as of the grant date in accordance with IFRS 2, assuming the performance conditions have been fulfilled (see Note 8.4 of the Notes to the consolidated financial statements).

Table summarizing the compensation of executive corporate officers (Table 2 of Appendix 4 of the AFEP-MEDEF Code)

	Year ended December 31			
(in € unless otherwise indicated)	2021		2022	
	Compensation granted	Compensation paid	Compensation granted	Compensation paid
Antoine de SAINT-AFFRIQUE – Chief Executive Officer				
Fixed compensation ^(a)	408,333	408,333	1,400,000	1,400,000
Annual variable compensation ^(a)	408,333	–	2,121,000	408,333
Extraordinary compensation ^(b)	1,300,000	–	–	–
Long-term compensation in shares (GPS) ^(c)	816,667	–	2,132,571	–
Director's compensation	–	–	–	–
Benefits in kind ^(d)	8,543	8,543	46,893	46,893
Total	2,941,876	416,876	5,700,464	1,855,226

(a) Gross amount.

(b) Compensation solely in the form of shares subject to performance conditions (Group performance shares).

(c) Value of GPS delivered and maximum value of GPS granted for the year, estimated on the grant date in accordance with IFRS 2, assuming the performance conditions have been fulfilled (see Note 8.4 of the Notes to the consolidated financial statements).

(d) Corresponds to the benefits of the group insurance plan, a car and driver pool, and housing.

Table summarizing compensation of non-executive corporate officers (Table 3 of Appendix 4 of the AFEP-MEDEF Code)

	Year ended December 31			
(in € unless otherwise indicated)	2021		2022	
	Compensation granted	Compensation paid	Compensation granted	Compensation paid
Gilles SCHNEPP – Chairman of the Board of Directors				
Fixed compensation ^(a)	514,583 ^(c)	514,583 ^(c)	650,000	650,000
Other compensation ^(b)	24,000	24,000	–	–
Total	538,583	538,583	650,000	650,000

(a) Gross amount.

(b) Compensation granted and paid to Gilles SCHNEPP for the meetings of the Board that he attended as a Director from January 1, 2021 to March 14, 2021, before he was appointed Chairman of the Board of Directors.

(c) Amount established on a *pro rata temporis* basis due to the appointment of Gilles SCHNEPP as Chairman of the Board of Directors on March 14, 2021.

Performance shares granted during the fiscal year to executive corporate officers (Table 6 of Appendix 4 of the AFEP-MEDEF Code)

	Plan date	Number of shares ^(a)	Valuation of the shares according to the method used for the consolidated financial statements ^(b)	Vesting date	Availability date	Performance conditions
Antoine de SAINT-AFFRIQUE	July 26, 2022	51,900	€2,132,571	July 27, 2026	July 27, 2026	See section 6.4 Detailed information on long-term compensation plans hereinafter

(a) This number of GPS could be increased to 54,494 GPS if the continuous presence condition is fulfilled, the environmental performance condition is fully achieved and the recurring EPS growth and Danone TSR conditions are exceeded.

(b) Estimated book value as of the grant date in accordance with IFRS 2, assuming the performance conditions have been fulfilled (see Note 8.4 of the Notes to the consolidated financial statements).

Performance shares that became available during the fiscal year for each executive corporate officer (Table 7 of Appendix 4 of the AFEP-MEDEF Code)

Not applicable. Antoine de SAINT-AFFRIQUE, Chief Executive Officer since September 15, 2021, was granted Group performance shares for the first time in 2021. The first delivery of GPS to the Chief Executive Officer should take place in 2025.

Table summarizing the multi-year variable compensation paid to each executive corporate officer (Table 10 of Appendix 4 of the AFEP-MEDEF Code)

Not applicable, as Antoine de SAINT-AFFRIQUE is not entitled to multi-year variable compensation.

Summary of contracts, plans and indemnities applicable in 2022 to executive corporate officers (Table 11 of Appendix 4 of the AFEP-MEDEF Code)

Name	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to be due as a result of termination or change in function		Indemnities related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Antoine de SAINT-AFFRIQUE		x	x		x		x	
Chief Executive Officer								
First appointment: September 15, 2021								
End of term of office: following the 2025 Shareholders' Meeting								

Evolution of compensation, equity ratios and the Company's performance over the last five years

In accordance with Article L.22-10-9 of the French Commercial Code, the ratios used to measure differences between the compensation of corporate officers and that of the Company's employees are presented in the table below.

Methodology

The ratios have been established by applying the method proposed by the AFEP in its guidelines on compensation multiples. For the first time, these ratios have been calculated by taking into consideration the compensation of employees of 80% of the Danone companies registered in France on a full-time equivalent basis. The number of employees taken into account are those present at December 31 of year N and December 31 of the previous fiscal year, thus ensuring stability over time of the reference sample. Previously, the ratios were established by taking into account only Danone SA employees.

The corporate officers in question are the Chief Executive Officer, the Chairman of the Board of Directors and the Chairman and Chief Executive Officer, positions that have existed within the Group over the last five years. In accordance with the AFEP's guidelines, the compensation presented is associated with the officers' position and

not their person, so that a change in officer for the same position does not affect the presentation of the information. The table thus reflects the change in Danone's governance over the course of 2021.

For 2021, the compensation of the Chairman and Chief Executive Officer (from January 1 to March 14) has been annualized, as was the compensation of the Chief Executive Officer calculated on the basis of the compensation of Véronique PENCHIENATI-BOSETTA for her corporate appointment from March 14 to September 14, 2021 and that of Antoine de SAINT-AFFRIQUE for the period from September 15 to December 31, 2021.

Compensation components considered

The components of corporate officer compensation taken into account are:

- the fixed compensation paid in year N;
- the annual variable compensation paid in year N for the previous fiscal year;
- the valuation on the grant date of the performance shares granted during the fiscal year, in accordance with IFRS 2;
- the GPU paid in year N.

This compensation was taken into account on a gross basis, including employer contributions and excluding profit-sharing.

The amounts corresponding to these compensation components are presented above and, for fiscal years 2018 to 2021, in the corresponding registration documents in section 6.3 *Compensation and benefits of governance bodies*. Benefits in kind are not taken into account in the components of corporate officers' compensation, given that their amounts are not material.

The components of employee (full-time-equivalent) compensation taken into account are:

- the fixed salary paid in year N;
- the annual variable compensation paid in year N for the previous fiscal year;
- the valuation on the grant date of the performance shares granted during the fiscal year, in accordance with IFRS 2.

Definition of employees

The ratios presented below were calculated taking into account only those employees who have entered into a permanent or fixed-term employment contract with Danone companies registered in France and who were continuously employed by these companies from January 1 to December 31 of the fiscal year in question. Employees who have entered into a part-time employment contract with these companies, as well as expatriate employees, were not included for the purposes of these calculations.

Company performance

The table below also shows, in accordance with the provisions of Article L.22-10-9 of the French Commercial Code, the annual evolution of the Company's performance over the last five fiscal years, according to two additional criteria:

- an economic criterion, which is recurring earnings per share, corresponding to the ratio of recurring net income - Group share adjusted for hybrid financing over diluted number of shares;
- an ESG criterion, consisting of Danone's rating established by CDP under its Climate Change, Water and Forests programs, in line with the commitments made by Danone as part of its "One Planet. One Health" frame of action. The CDP is an international non-profit organization that assesses the environmental management of companies, cities and states relative to the risks and opportunities involved in climate change, water and deforestation. CDP is recognized as the leading climate change assessment platform for investors. Of the 10,000 companies assessed in 2022, Danone was among the 13 companies that were awarded a "triple A" rating, which recognizes the companies that are the most advanced in terms of transparency and performance relative to their actions in three areas: the fight against climate change, forest management and water resource security.

Results

Year ended December 31

	2018	2019	2020	2021	2022
Danone employees in France					
Annual average compensation (Change/previous year)	57,955	59,029 +1.9%	60,275 +2.1%	60,425 +0.3%	61,857 +2.4%
Annual median compensation (Change/previous year)	38,480	39,945 +3.8%	41,605 +4.2%	43,610 +4.8%	40,522 (7.1)%
Chief Executive Officer ^(a)					
Annual compensation (Change/previous year)	-	-	-	4,692,156 N/A	3,940,904 (16)%
Ratio/average employee compensation (Change/previous year)	-	-	-	78 N/A	64 (18)%
Ratio/median employee compensation (Change/previous year)	-	-	-	108 N/A	97 (10.2)%
Chairman and Chief Executive Officer ^(b)					
Annual compensation (Change/previous year)	4,787,135 +2.3%	4,650,400 (2.9)%	3,869,625 (16.8)%	1,500,000 (61)%	N/A
Ratio/average employee compensation (Change/previous year)	83	79 (4.8)%	64 (19)%	25 (60.9)%	N/A
Ratio/median employee compensation (Change/previous year)	124	116 (6.5)%	93 (19.8)%	34 (63.4)%	N/A
Chairman of the Board of Directors ^(c)					
Annual compensation (Change/previous year)	-	-	-	650,000 N/A	650,000 0%
Ratio/average employee compensation (Change/previous year)	-	-	-	11 N/A	11 0%
Ratio/median employee compensation (Change/previous year)	-	-	-	15 N/A	16 + 6.7%
Company performance					
Recurring EPS (in euros) (Change/previous year)	3.56 +2.0%	3.85 +8.1%	3.34 (13.2)%	3.31 (0.9)%	3.43 +3.6%
Rating awarded by CDP in the fiscal year in question	A	A	A	A	A

(a) In 2021, the position of Chief Executive Officer was held by Véronique PENCHENATI-BOSETTA, interim Chief Executive Officer from March 14 to September 14, 2021, and by Antoine de SAINT-AFFRIQUE, appointed Chief Executive Officer effective September 15, 2021.

(b) Emmanuel FABER was Chairman and Chief Executive Officer from December 1, 2017 to March 14, 2021. The fixed compensation he received in 2021 and the variable compensation he received in 2021 in respect of fiscal year 2020 were taken into account for 2021, in accordance with the methodology presented above. It should be noted that he was not granted any performance shares in 2021, given his departure date.

(c) In 2021, after the roles of Chairman of the Board of Directors and Chief Executive Officer were separated, Gilles SCHNEPP was appointed Chairman of the Board effective March 14, 2021.

Directors' compensation

It should be noted that, with regard to Directors' compensation, the amounts paid during a fiscal year correspond to the amounts granted for the second half of the previous fiscal year (paid in February) and for the first half of the fiscal year in question (paid in August).

Annual compensation paid or granted and benefits in kind paid or granted in 2021 and 2022 to the Board members (Table 3 of Appendix 4 of the AFEP-MEDEF Code)

(in €)	2021				2022			
	Compensation for directorship ^(a)		Other compensation		Compensation for directorship ^(a)		Other compensation	
	Amounts paid	Amounts granted	Amounts paid	Amounts granted	Amounts paid	Amounts granted	Amounts paid	Amounts granted
Guido BARILLA	43,000	56,000	-	-	52,500	62,000	-	-
Cécile CABANIS ^(b)	9,000	23,000	2,629,759 ^(c)	2,629,759 ^(c)	51,500	37,500	477,322 ^(d)	-
Valérie CHAPOULAUD-FLOQUET ^(e)	-	-	-	-	42,000	129,000	-	-
Emmanuel FABER ^(f)	11,000	11,000	2,700,224.41 ^(g)	407,365.73 ^(g)	-	-	-	-
Clara GAYMARD ^(h)	75,000	98,000	-	-	72,500	49,500	-	-
Michel LANDEL	117,000	159,000	-	-	94,500	119,000	-	-
Patrice LOUVET ⁽ⁱ⁾	-	-	-	-	12,500	81,000	-	-
Gaëlle OLIVIER ^(h)	43,000	89,000	-	-	99,500	53,500	-	-
Géraldine PICAUD ⁽ⁱ⁾	-	-	-	-	12,500	85,000	-	-
Benoît POTIER ^(f)	73,000	73,000	-	-	-	-	-	-
Franck RIBOUD ^(h)	46,000	60,000	1,455,428 ^(j)	-	31,500	17,500	1,470,711 ^(j)	-
Susan ROBERTS ⁽ⁱ⁾	-	-	-	-	12,500	91,000	-	-
Gilles SCHNEPP	24,000 ^(k)	24,000 ^(k)	514,583 ^(l)	514,583 ^(l)	-	-	650,000	650,000
Isabelle SEILLIER ^(m)	46,000	66,000	-	-	20,000	-	-	-
Jean-Michel SEVERINO ^(h)	157,000	238,000	-	-	155,000	74,000	-	-
Virginia A. STALLINGS ^(f)	40,000	40,000	-	-	-	-	-	-
Serpil TIMURAY	54,000	94,000	-	-	99,500	127,000	-	-
Lionel ZINSOU-DERLIN ^(h)	87,000	109,000	-	-	62,500	40,500	-	-
Total	825,000	1,140,000	7,299,994.41	3,551,707.73	819,000	966,500	2,598,033	650,000

(a) Gross amount due in the fiscal year before the withholding tax.

(b) Cécile CABANIS resigned as Director effective June 30, 2022.

(c) Amount granted and paid to Cécile CABANIS in 2021, when she left her position as Executive Vice-President, Chief Financial Officer, Technology & Data, mainly as annual fixed compensation, annual variable compensation due for fiscal years 2020 and 2021, payment of the 2018 GPU, compensation for paid leave and a non-compete indemnity.

(d) In accordance with the rules of the relevant GPS plans, the Board of Directors decided, Cécile CABANIS did not attend or participate in the debates or vote, at its meeting on April 26, 2022, in light in particular of Cécile CABANIS's contribution to Danone's results for the periods in question and her commitment to the company until she left her position, to allow Cécile CABANIS to retain the benefit of the Group performance shares (GPS) granted to her in respect of fiscal years 2019 and 2020, pro rata based on her presence within the Company during the vesting period for those plans. The final number of GPS vesting to Cécile CABANIS will be determined upon expiry of the vesting period for each of the plans in question, based on the achievement level of the performance conditions for each of these plans. The total number of GPS delivered and likely to be delivered to Cécile CABANIS under the 2019 and 2020 plans is 19.345 GPS, subject to the level of achievement of the performance conditions.

(e) Valérie CHAPOULAUD-FLOQUET was co-opted as Director effective March 1, 2022.

(f) The term as Director ended following the Shareholders' Meeting on April 29, 2021.

(g) Compensation for his role as Chairman and Chief Executive Officer ended on March 14, 2021.

(h) The term as Director ended following the Shareholders' Meeting on April 26, 2022.

(i) Director appointed by the Shareholders' Meeting of April 26, 2022.

(j) These amounts correspond to the annual pension amount due in 2021 and 2022, whose payments are made at the end of the term.

(k) Compensation for his term as Director from January 1 to March 14, 2021.

(l) Annual fixed compensation for his term as Chairman of the Board of Directors which began on March 14, 2021, calculated on a *pro rata temporis* basis.

(m) Isabelle SEILLIER resigned as Director effective December 31, 2021.

The Directors representing employees have an employment contract with Danone and therefore, in that capacity, receive compensation that is unrelated to their duties on the Board and so is not stated. In accordance with the compensation policy for Directors, they do not receive any compensation for their directorship.

6.4 DETAILED INFORMATION ON LONG-TERM COMPENSATION PLANS

Contents

Group performance shares (GPS)	284	Group performance units (GPU)	312
Principal rules	284	Principles	312
Summary of GPS delivered in 2022 and not yet delivered	286	As of December 31, 2022	313
Presentation of 2023 GPS submitted to the Shareholders' Meeting of April 27, 2023 for approval	288	Objectives applicable to the GPU in effect	313
Review of the conditions related to GPS not yet delivered	295		

GROUP PERFORMANCE SHARES (GPS)

Principal rules

General principles

Authorization by the Shareholders' Meeting

Group Performance Shares (GPS) were introduced in 2010. The grant of GPS must be authorized by the Shareholders' Meeting. The authorization granted on April 26, 2022 expired on December 31, 2022, and a proposal will be made to the Shareholders' Meeting of April 27, 2023 to renew this authorization for a period of 38 months.

Cap on the number of GPS granted

GPS have always had a limited impact on both capital dilution and share ownership. GPS grants are subject to a double cap approved by the Shareholders' Meeting that limits both (i) the total number of GPS that may be granted and (ii) the number of GPS that may be granted to corporate officers.

Limitations for GPS not yet delivered

Shareholders' Meeting that approved the GPS	4/25/2019	6/26/2020	4/29/2021	4/26/2022
Maximum number of GPS that may be granted ^(a)	0.2%	0.2%	0.2%	0.5%
Total number of GPS granted during the fiscal year in question ^(a)	0.08%	0.1%	0.1%	0.2%
Of which the maximum number of GPS that may be granted to corporate officers ^(a)	0.03%	0.03%	0.03%	0.03%
Of which total number of GPS granted during the fiscal year in question ^(a)	0.004%	0.005%	0.01%	0.01%

(a) Expressed as a percentage of that year's share capital subsequent to the Shareholders' Meeting that authorized the plans. This number of shares does not reflect any adjustments that may be made pursuant to legal requirements or any contractual provisions that may require other adjustments in order to maintain the rights of shareholders and other rights-holders.

Grant by the Board of Directors

GPS are granted annually by the Board of Directors at the recommendation of the Nomination, Compensation and Governance Committee, at the same times each year. In principle, they are therefore granted at the end of July and, if necessary, are granted to certain new employees at the end of the year. It should be noted that, in accordance with the compensation policy, the number of GPS granted to the executive corporate officers may not exceed 60% of each executive corporate officer's overall target compensation in terms of accounting valuation (in accordance with IFRS) estimated at the time of the grant.

Review of the achievement of performance objectives by the Board of Directors

After an initial review by the Nomination, Compensation and Governance Committee, the Board of Directors determines whether performance objectives have been achieved.

Valuation and accounting in the consolidated financial statements

Long-term compensation in the form of GPS is valued and accounted for in Danone's consolidated financial statements pursuant to IFRS 2 *Share-based payments* (see Note 8.4 of the Notes to the consolidated financial statements).

Performance conditions

The performance conditions for GPS are determined at the beginning of the year by the Board of Directors, on the recommendation of the Nomination, Compensation and Governance Committee, and are indicated in the Board of Directors' report on the resolutions submitted to the Shareholders' Meeting describing the resolution related to GPS. They apply to all the GPS granted.

Performance conditions are stringent and consistent with Danone's current environment. They include complementary financial and extra-financial criteria that are representative of Danone's performance and adapted to the specific nature of its business. These criteria reflect the key indicators monitored by investors and analysts to measure the performance of companies in the food and beverage sector. Some are internal and others are external.

Since 2018, one of the conditions has been linked to Danone's CSR performance, i.e. the rating assigned to Danone by CDP, particularly under its Climate Change program (see section *Review of the conditions related to GPS not yet delivered hereinafter*). In 2023, following the dialogue with shareholders, the Company wished to evolve the environmental criterion by creating three internal social and

environmental criteria (Health, Nature and People), directly linked to Danone's medium-term strategy and objectives, particularly its *Entreprise à Mission* status.

Regarding the external financial performance criterion, the historical panel of peers used for GPS granted until 2022 was set up more than 12 years ago and was mainly composed of US companies whose market capitalization is much higher and whose portfolio is no longer consistent with those of Danone, and which - for one of them (Kellogg) - is the subject of a project to split into three entities. At the next Shareholders' Meeting, a proposal will be made to replace this panel with an index for 2023, namely the Stoxx Europe 600 Food & Beverage Index. This is a European index composed of European groups with global operations in the Food & Beverage sector. It is widely used to compare Danone's performance with that of the market and will provide an objective basis for comparison when assessing the condition related to the TSR.

All performance conditions related to GPS are subject to a three-year reference period.

Continuous presence condition

The definitive grant of GPS is subject to a continuous presence condition of four years for GPS granted prior to 2023 and three years for GPS granted in 2023 or later. These periods apply to all beneficiaries. Therefore, a beneficiary of a share grant who leaves Danone before the end of the vesting period cannot retain his or her shares except in the cases allowed by law (including death and disability), and barring exceptions decided by the Board of Directors based on a reasoned opinion.

However, in the specific case where an employee retires at the legal age (or prior to this as allowed by law), the GPS granted in the 12 months preceding the retirement date are cancelled with no exceptions.

Regarding the executive corporate officers, the Board of Directors may, where applicable, decide on an exception to the continuous presence condition, only on a partial and *prorata* basis.

Finally, as a reminder, the GPS plans allow beneficiaries to be exempt from the continuous presence and performance conditions in the event of a change of control of the Company, with the exception of executive corporate officers and Executive Committee members for whom, in the event of a change of control, the achievement of the continuous presence condition will be reviewed by the Board of Directors on a *prorata* basis, calculated between the date of the grant and the date of change of control, relative to the initial delivery date stipulated in the plan. Moreover, regarding the fulfillment of the performance conditions, either the Board of Directors will have reached a decision regarding the level of achievement or no such decision will have been reached, in which case the Board, acting on the recommendation of the Nomination, Compensation

and Governance Committee, will assess the extent to which each performance condition has been fulfilled on the basis of the available information.

Definitive grant

The grants of GPS become final and DANONE shares are delivered to their beneficiaries at the end of the vesting period set by the Board of Directors. This vesting period is four years for GPS granted prior to 2023 and three years for GPS granted in 2023 or later. This reduction in the vesting period allows Danone to meet needs related to employee motivation and retention and makes it competitive and attractive from the standpoint of compensation. This period is also consistent with market practices and ensures alignment with shareholders' interests and with the Company's long-term strategy.

Other applicable rules

The rules that govern GPS plans prohibit beneficiaries from hedging in any manner (i) their position with respect to their right to receive GPS or (ii) their position with respect to shares which they have already received and which are still subject to the holding period (applicable to executive corporate officers and Executive Committee members – see above). For executive corporate officers, the prohibition of hedging extends to all DANONE shares or financial instruments related to DANONE shares which they own or may be in a position to own. In addition, each beneficiary of GPS has personally agreed not to use hedging instruments. In particular, Antoine de SAINT-AFFRIQUE has made a formal commitment not to use hedging instruments to hedge his risk exposure, in particular regarding GPS that he has received or will receive until such time as he ceases to exercise his functions. To the Company's knowledge, no hedging instrument has been set up by Antoine de SAINT-AFFRIQUE.

In addition, an obligation to hold DANONE shares resulting from GPS applies to executive corporate officers and other Executive Committee members, who must hold, in registered form, a number of shares resulting from GPS equivalent to 35% of the gain on exercise, net of tax and social security contributions, that they would be able to realize if they sold all the shares resulting from GPS granted to them under the respective plan, until the shares represent the equivalent of four years of fixed compensation for executive corporate officers and two years of fixed compensation for Executive Committee members, and until termination of their duties.

Given the significant level of the holding obligation applicable to executive corporate officers and other Executive Committee members, on the recommendation of the Nomination, Compensation and Governance Committee, the Board of Directors decided that it was not necessary to require them to purchase a minimum number of DANONE shares at the end of the holding period.

The Board of Directors confirmed this holding obligation at the time of the grants of GPS approved in 2022.

Summary of GPS delivered in 2022 and not yet delivered

Summary of plans as of December 31, 2022

Characteristics of outstanding GPS plans as of December 31, 2022 and grants and changes under these plans in 2022 (information required pursuant to table 9 of appendix 4 of the AFEP-MEDEF Code)

Outstanding GPS plans		
Shareholders' Meeting that approved the GPS	4/26/2018	4/26/2018
Number of GPS authorized by the Shareholders' Meeting	-	1,341,420
<i>Of which number of GPS not granted</i>	-	717,381
Date of Board meeting that granted the GPS	07/26/2018	12/05/2018
Number of GPS granted	606,224	17,815
Maximum number of GPS that may be granted ^(a)	636,777	18,711
<i>Of which GPS granted to executive corporate officers</i>	34,475	-
<i>Maximum number of GPS that may be granted to executive corporate officers ^(a)</i>	36,199	-
<i>Of which GPS granted to members of the Executive Committee (excluding executive corporate officers)</i>	77,141	-
<i>Of which number of Executive Committee beneficiaries (excluding executive corporate officers)</i>	6	-
Number of beneficiaries for each plan	1,415	33
GPS characteristics		
Share delivery date	7/27/2022	12/6/2022
End date of holding period	-	-
Performance conditions	<ul style="list-style-type: none"> • weighted by 50%, average sales growth greater than or equal to that of the Panel over the years 2018, 2019 and 2020; • weighted by 30%, free cash flow level of more than €6 billion over the years 2018, 2019 and 2020; • weighted by 20%, "Leadership" level assigned to Danone by CDP under its Climate Change program for the years 2018, 2019 and 2020. 	
Assessment of achievement of performance conditions	<ul style="list-style-type: none"> • Sales growth target: not achieved. • Free cash flow objective: 100% achieved. • Danone's environmental performance objective: 100% achieved. <p>Overall achievement rate: 50%</p>	

Changes in 2022 and situation as of December 31, 2022

Number of GPS as of December 31, 2021	201,543	5,728
GPS granted in 2022	-	-
Maximum number of GPS that may be granted ^(a)	-	-
<i>Of which GPS granted to executive corporate officers</i>	-	-
<i>Maximum number of GPS that may be granted to executive corporate officers ^(a)</i>	-	-
<i>Of which GPS granted to the 10 Danone employees (not including corporate officers) who received the largest number of shares in 2022</i>	-	-
GPS void or canceled in 2022	9,029	1,667
<i>Of which GPS canceled in 2022 due to non-fulfillment of some performance conditions ^(b)</i>	-	-
Shares delivered in 2022	192,514	4,061
<i>Of which shares delivered to corporate officers</i>	11,851	0
<i>Of which shares delivered to the 10 employees (not including corporate officers) who received the largest number of shares in 2022</i>	29,760	3,600
Number of GPS not yet vested as of December 31, 2022	0	0
Total number of GPS void or canceled for each plan as of December 31, 2022	413,710	13,754

(a) Maximum number of GPS that may be granted if the continuous presence condition is satisfied, the free cash flow condition is fully achieved, the environmental condition is fully satisfied and the sales growth condition is exceeded.

									Total
4/25/2019	4/25/2019	6/26/2020	6/26/2020	4/29/2021	4/29/2021	4/29/2021	4/26/2022	4/26/2022	
-	1,370,110	-	1,372,241	-	-	1,373,259	-	1,375,364	
-	818,951	-	657,531	-	-	576,621	-	345,206	
7/24/2019	12/12/2019	7/29/2020	12/10/2020	7/28/2021	10/13/2021	12/10/2021	7/26/2022	12/8/2022	
521,933	29,226	697,679	17,031	718,979	48,320	29,339	1,001,890	28,268	3,716,704
548,215	30,708	732,603	17,881	754,923	50,736	30,809	1,194,681	33,921	4,049,965
30,000	-	37,500	-	29,331	48,320	-	51,900	-	231,526
31,500	-	39,375	-	30,798	50,736	-	54,495	-	243,103
56,120	11,169	80,821	-	108,266	-	-	288,897	-	622,414
5	1	6	-	10	-	-	15	-	-
1,404	46	1,550	20	1,473	1	23	1,740	25	-
7/25/2023	12/13/2023	7/30/2024	12/11/2024	7/29/2025	10/14/2025	12/11/2025	7/27/2026	12/9/2026	
-	-	-	-	-	-	-	-	-	
<ul style="list-style-type: none"> weighted by 50%, average sales growth greater than or equal to that of the Panel over the years 2019, 2020 and 2021; weighted by 30%, free cash flow level of more than €6.2 billion over the years 2019, 2020 and 2021; weighted by 20%, "Leadership" level assigned to Danone by CDP under its Climate Change program for the years 2019, 2020 and 2021. 	<ul style="list-style-type: none"> weighted by 50%, average sales growth greater than or equal to that of the Panel over the years 2020, 2021 and 2022; weighted by 30%, free cash flow level of more than €6.2 billion over the years 2020, 2021 and 2022; weighted by 20%, "Leadership" level and Score of A assigned each year to Danone by CDP under its Climate Change program for the years 2020, 2021 and 2022. 	<ul style="list-style-type: none"> weighted by 50%, average sales growth greater than or equal to that of the Panel over the years 2021, 2022 and 2023; weighted by 30%: <ul style="list-style-type: none"> for executive corporate officers and other Executive Committee members, TSR exceeding or equal to the Median Panel TSR over the years 2021, 2022 and 2023; for the other beneficiaries, free cash flow level of more than €6.3 billion over the years 2021, 2022 and 2023; weighted by 20%, Score of A assigned each year to Danone by CDP under its three programs (Climate Change, Water and Forests) for the years 2021, 2022 and 2023. 	<ul style="list-style-type: none"> weighted by 35% (maximum 45%), average recurring EPS growth greater than average sales growth over the years 2022, 2023 and 2024; weighted by 35% (maximum 45%), TSR exceeding or equal to the Median Panel TSR over the years 2022, 2023 and 2024; weighted by 30%, Score of A assigned each year to Danone by CDP under its three programs (Climate Change, Water and Forests) for the years 2022, 2023 and 2024. 						
<ul style="list-style-type: none"> Sales growth target: not achieved. Free cash flow objective: 100% achieved. Danone's environmental performance objective: 100% achieved. <p>Overall achievement rate: 50%</p>	<ul style="list-style-type: none"> Free cash flow objective: 100% achieved. The Board of Directors will assess the achievement of the sales growth criterion in the first half of 2023. The Board of Directors will assess the achievement of Danone's environmental performance criterion in the first half of 2024. 	<ul style="list-style-type: none"> The Board of Directors will assess the achievement of the sales growth and TSR criteria or the free cash flow criteria in 2024. The Board of Directors will assess the achievement of Danone's environmental performance criterion in the first half of 2025. 	<ul style="list-style-type: none"> The Board of Directors will assess the achievement of the recurring EPS growth and TSR criteria in 2025. The Board of Directors will assess the achievement of Danone's environmental performance criterion in the first half of 2026. 						
199,220	12,359	590,118	16,246	707,899	48,320	29,339	-	-	1,810,772
-	-	-	-	-	-	-	1,001,890	28,268	1,030,158
-	-	-	-	-	-	-	1,194,681	33,921	1,228,602
-	-	-	-	-	-	-	51,900	-	51,900
-	-	-	-	-	-	-	54,495	-	54,495
-	-	-	-	-	-	-	226,061	16,270	242,331
35,128	1,443	350,573	10,352	122,782	-	2,243	22,433	-	555,650
-	-	239,546	5,895	-	-	-	-	-	245,441
-	-	-	-	-	-	-	-	-	196,575
-	-	-	-	-	-	-	-	-	11,851
-	-	-	-	-	-	-	-	-	33,360
164,092	10,916	239,546	5,895	585,117	48,320	27,096	979,457	28,268	2,088,706
357,841	18,311	458,133	11,137	133,862	-	2,243	22,433	-	1,431,423

(b) For the purposes of the Universal Registration Document, Danone has included in the number of 2020 GPS that became void during the year the GPS that are likely to be void due to the non-fulfillment of performance conditions, based on information known as of the date of this Universal Registration Document (even if this lapse of shares has not yet been acknowledged by the Board).

It should be noted that there were two share grants in 2022: a main grant in July and an additional grant in December, in line with the traditional practice of two grants during the year. The

second grant in December enables new management teams to be offered the benefits of the long-term compensation in shares mechanism.

Presentation of 2023 GPS submitted to the Shareholders' Meeting of April 27, 2023 for approval

General rules

The Shareholders' Meeting of April 27, 2023 is asked to vote on the establishment of a new GPS plan under which all beneficiaries would receive GPS from a single "3+0" plan, *i.e.* with a three-year vesting period and no holding period.

Performance conditions

The 2023 GPS would be subject to performance conditions based on four complementary criteria, assessed over three years, that are representative of Danone's performance and contribute to Danone's medium-to-long-term value creation model:

- weighted by 20%, an internal performance condition related to recurring EPS growth;
- weighted by 25%, an external performance condition related to growth in the relative total shareholder return of the DANONE share ("TSR");

- weighted by 25%, an internal performance condition related to the return on invested capital (ROIC);
- weighted by 30%, internal social and environmental performance conditions more directly linked to Danone's medium-term strategy and objectives: a health criterion (10%), a nature criterion (10%) and a people criterion (10%);

under the conditions described hereinafter.

It is specified that in the event of outperformance of the conditions relating to recurring EPS growth, TSR growth, ROIC level and the maximum achievement of the social and environmental conditions, the maximum number of GPS that may be delivered will be increased to 120% of the number of GPS granted, except for the executive corporate officers, for whom the maximum number of GPS that may be delivered will, in any case, be capped at 105% (as is the case for all GPS plans in effect).

Performance condition related to recurring EPS growth, weighted by 20% (maximum: 25%)

PRINCIPLE

Comparison of the arithmetic average growth of the recurring EPS ("Recurring EPS Growth") with the arithmetic average growth in Danone's consolidated sales on a like-for-like basis ("Sales Growth") over a three-year period, *i.e.* 2022, 2023 and 2024.

- if the Recurring EPS Growth is less than or equal to Sales Growth, the definitive grant will be 0% of the GPS subject to this performance condition, pursuant to the "no payment under the guidance" principle;
- if the Recurring EPS Growth is strictly higher than Sales Growth, and if the ratio between these two indicators (Recurring EPS Growth/Sales Growth) is between 100% and 125%, the definitive grant will be between 20% and 25% of the GPS granted, based on a linear progressive scale;
- if the Recurring EPS Growth is higher than Sales Growth, and if the ratio between these two indicators (Recurring EPS Growth/Sales Growth) is more than 125%, the definitive grant will be 25% of the GPS granted;

it being specified that the definitive grant will be 20% of the GPS granted if Recurring EPS Growth is strictly higher than Sales Growth and if one or both of these indicators are negative.

DEFINITIONS

Recurring EPS Growth

Arithmetic average growth in Danone's recurring EPS in 2022, 2023 and 2024, it being specified that "recurring EPS" is a financial indicator used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 *Financial indicators not defined in IFRS*).

Sales growth

Arithmetic average growth in Danone's consolidated sales on a like-for-like basis, in 2022, 2023 and 2024, it being specified that changes "on a like-for-like basis" correspond to financial indicators used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 *Financial indicators not defined in IFRS*).

OTHER APPLICABLE RULES

Percentage of GPS subject to this performance condition

20% of the GPS granted will be subject to this performance condition, it being specified that, in the event of outperformance the maximum number of GPS that may be delivered could be reach 25%.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must state whether this performance condition was met, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.

Date of assessment of achievement of the performance condition

Early 2026.

Performance condition related to the TSR, weighted by 25% (maximum: 30%)

PRINCIPLE

Comparison of the relative total shareholder return of the DANONE share ("Danone's TSR") with the total return rate of the Stoxx Europe 600 Food & Beverage index over a three-year period, *i.e.* over fiscal years 2023, 2024 and 2025.

- if Danone's TSR is strictly less than the total return rate of the index, the definitive grant will be 0% of the GPS subject to this performance condition;
- if Danone's TSR is between 100% and 120% of the total return rate of the index, the definitive grant will be between 20% and 30% of the GPS granted, based on a linear progressive scale;
- if Danone's TSR is greater than or equal to 120% of the total return rate of the index, the definitive grant will be 30% of the GPS granted.

DEFINITIONS

Danone's TSR	Total shareholder return of the DANONE share, dividends reinvested, over the years 2023, 2024 and 2025.
Total return rate of the index	"Euro Gross Return Index" of the Stoxx Europe 600 Food & Beverage index.
Stoxx Europe 600 Food & Beverage index	European index composed of European groups with global operations in the Food & Beverage sector.

OTHER APPLICABLE RULES

Unavailability of the Stoxx Europe 600 Food & Beverage index	The Board of Directors may, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, decide to use another benchmark index.
Percentage of GPS subject to this performance condition	25% of the GPS granted will be subject to this performance condition, it being specified that in the event of outperformance the maximum number of GPS that may be delivered could be reach 30%.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.
Date of assessment of achievement of the performance condition	Early 2026.

Performance condition related to the ROIC, weighted by 25% (maximum: 35%)

PRINCIPLE

Danone's return on invested capital (ROIC) in 2025	<ul style="list-style-type: none"> • no grant of the shares subject to this performance condition if the ROIC is strictly less than the target; • between 20% and 35% of the performance shares granted if the ROIC is between (i) the target and (ii) the target +50 basis points, based on a linear progressive scale; • 35% of the performance shares granted if the ROIC is greater than or equal to the target +50 basis points. <p>It should be noted that the target was determined by the Board of Directors in February 2023 in line with the objective announced to the market of sequentially improving Danone's ROIC over the 2023-2024 financial guidance period. For reasons of confidentiality, the Company does not disclose in advance the target level for this criterion. However, Danone will publish the target level and the rate of achievement of this criterion at the end of the performance cycle, in the 2025 Universal Registration Document.</p>
--	---

DEFINITIONS

Return on invested capital (ROIC)	Ratio of net operating income for the year under review to the average invested capital for the year under review and for the previous year, as published by Danone in its Universal Registration Document (see also section 3.4 <i>Review of the Balance Sheet and Financial Security</i>)
-----------------------------------	--

OTHER APPLICABLE RULES

Percentage of GPS subject to this performance condition	25% of the GPS granted will be subject to this performance condition, it being specified that in the event of outperformance the maximum number of GPS that may be delivered could be as high as 35%.
---	---

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must state whether this performance condition was met, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.
Date of assessment of achievement of the performance condition	Early 2026.

Social and environmental performance conditions, weighted by 30%

The indicators corresponding to the criteria below will be described and reported in the Universal Registration Document.

1- Health (condition weighted by 10%)

PRINCIPLE	
Volume (as a percentage) of EDP products intended for children, sold in 2025, that contain less than 10g of sugar per 100g of product (in line with the current recommendations of the WHO).	<ul style="list-style-type: none"> • 0% of the performance shares granted if this percentage is less than 95%; • 10% of the performance shares granted if this percentage is greater than or equal to 95%.
DEFINITIONS	
Volume sold worldwide	Volume sold in countries included in the scope of the One Health Scorecard, as reported in the methodology note in the section of the Universal Registration Document entitled Social, Societal and Environmental responsibility (including imports / excluding exports) for the year under review.
EDP products intended for children	All Danone products in the dairy and plant-based products portfolio, specifically designed for and/or aimed mainly at children (3-12 years).
Designed and/or aimed mainly at children	Featured in children's sections (physically or via e-commerce); making one or more claims aimed at parents, for their children (for example "for school snacks", "nutrient needed for a child's growth"); with childish characters/licenses/mascots, playful design; games/toys; and/or advertised directly to children in communications (physical or digital).
Total amount of sugar	Value indicated on the label, according to local regulatory definitions.
OTHER APPLICABLE RULES	
Significant change	In case of a significant change in the consolidation scope of Danone Group, any significant regulatory change or any other external event significantly impacting this condition, the Board of Directors will decide, where applicable, which other social or environmental performance condition(s) (nature and/or people) will apply, in whole or in part, instead of this condition. The Board of Directors must take a duly justified decision, following the recommendation of the Nomination, Compensation and Governance Committee, and explain it in the relevant Universal Registration Document.
ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION	
The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this performance condition, through a duly justified decision indicated in the Universal Registration Document, following the recommendation of the Nomination, Compensation and Governance Committee.
Date of assessment of achievement of the performance condition	Early 2026.

2- Nature (condition weighted by 10%)

PRINCIPLE

Reduction (as a percentage), on a comparable scope and methodology, in greenhouse gas emissions across Danone's entire value chain (scopes 1, 2 and 3) in 2025 vs. 2022 emissions

- 0% of the performance shares granted if this reduction is strictly less than 8%;
- 5% of the performance shares granted if this reduction is equal to 8%;
- between 5% and 10% of the performance shares granted if this reduction is between 8% and 9.5%, based on a linear progressive scale;
- 10% of the performance shares granted if this reduction is greater than or equal to 9.5%.

DEFINITIONS

Greenhouse gas (GHG) emissions across Danone's entire value chain (scopes 1, 2 and 3)

Danone's greenhouse gas (GHG) emissions in all three categories (scopes 1, 2 and 3), within the scope of its confirmed 1.5°C Science Based Targets ("SBT Scope"), as defined in the methodology note in the section of the Universal Registration Document entitled Social, Societal and Environmental Responsibility.

OTHER APPLICABLE RULES

Significant change

In case of a significant change in the consolidation scope or in the methods used to calculate greenhouse gas emissions, Danone will apply the recalculation rules defined by the GHG Protocol and the Science Based Targets Initiative. This performance condition will therefore be assessed for the "SBT Scope" applicable in 2025. In case of a significant regulatory change or any other external event significantly impacting this condition, the Board of Directors will decide, where applicable, which other social or environmental performance condition(s) (health and/or people) will apply, in whole or in part, instead of this condition.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must determine the level of achievement of this performance condition, through a duly justified decision indicated in the Universal Registration Document, following the recommendation of the Nomination, Compensation and Governance Committee.

Date of assessment of achievement of the performance condition

Early 2026.

3- People (condition weighted by 10%)

PRINCIPLE

Engagement level of Danone employees, measured annually through a survey of Danone employees worldwide and compared to a panel from the FMCG sector in 2023, 2024 and 2025

- 10% of the performance shares granted if the employee engagement level is higher than the FMCG external benchmark for all three years;
- 5% of the performance shares granted if the employee engagement level is higher than the FMCG external benchmark for two years;
- 0% of the performance shares granted if the employee engagement level is higher than the FMCG external benchmark for only one or none of the three years.

This measurement of Danone employees' long-term engagement is essential against the backdrop of a new management team and the implementation of a reorganization plan.

DEFINITIONS

Survey of Danone employees worldwide

Survey of Danone employees worldwide, conducted by a world-renowned specialized consulting firm, that measures, among other things, the level of employees' long-term engagement through numerous questions during the year under review. In 2022, the response rate was 90%.

Comparison with a panel from the FMCG sector

Comparison by the consulting firm conducting the survey to a panel from the FMCG sector in 2022.

OTHER APPLICABLE RULES

Measurement of employee engagement against the FMCG external benchmark over the period for two years only.

If the level of employee engagement is measured only twice between 2023 and 2025 through a worldwide employee survey and compared to the FMCG external benchmark, the following rules would apply:

- level of employee engagement higher than the FMCG external benchmark for two years: 10% of the GPS will be granted;
- in all other cases, 0% of the GPS will be granted.

Other cases

If employee engagement is measured and compared to the FMCG external benchmark only one year between 2023 and 2025, or not at all, the Board of Directors will decide which other social and environmental performance condition(s) (health and/or nature) will apply, in whole or in part, instead of this condition. The Board of Directors must take a duly justified decision, following the recommendation of the Nomination, Compensation and Governance Committee, and present it in the Universal Registration Document.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must determine the level of achievement of this performance condition, through a duly justified decision indicated in the Universal Registration Document, following the recommendation of the Nomination, Compensation and Governance Committee.

Date of assessment of achievement of the performance condition

Early 2026.

Review of the conditions related to GPS not yet delivered

GPS granted in 2022

The 2022 GPS are subject to the three performance conditions described hereinafter.

Performance condition related to recurring EPS growth, weighted by 35% (maximum: 45%)

PRINCIPLE

Comparison of the arithmetic average growth of the recurring EPS ("Recurring EPS Growth") with the arithmetic average growth in Danone's consolidated sales on a like-for-like basis ("Sales Growth") over a three-year period, *i.e.* 2022, 2023 and 2024

- if Recurring EPS Growth is less than or equal to Sales Growth, the definitive grant will be 0% of the GPS subject to this performance condition, pursuant to the "no payment under the guidance" principle;
- if Recurring EPS Growth is strictly higher than Sales Growth, and if the ratio between these two elements (Recurring EPS Growth/Sales Growth) is between 100% and 125%, the definitive grant will be between 35% and 45% of the GPS granted, based on a linear progressive scale;
- if Recurring EPS Growth is strictly higher than Sales Growth, and if the ratio between these two elements (Recurring EPS Growth/Sales Growth) is more than 125%, the definitive grant will be 45% of the GPS granted;

it being specified that the definitive grant will be 35% of the GPS granted if Recurring EPS Growth is strictly higher than Sales Growth and if one or both of these indicators are negative.

DEFINITIONS

Recurring EPS Growth

Arithmetic average growth in Danone's recurring EPS in 2022, 2023 and 2024, it being specified that "recurring EPS" is a financial indicator used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 *Financial indicators not defined in IFRS*).

Sales growth

Arithmetic average growth in Danone's consolidated sales on a like-for-like basis, in 2022, 2023 and 2024, it being specified that changes "on a like-for-like basis" correspond to financial indicators used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 *Financial indicators not defined in IFRS*).

OTHER APPLICABLE RULES

Percentage of GPS subject to this performance condition

35% of the GPS granted will be subject to this performance condition, it being specified that in the event of outperformance the maximum number of GPS that may be delivered could be reach 45%.

Moreover, this percentage may be increased to 50%, through a duly justified decision by the Board of Directors, particularly in case of no publication of the Scores related to the environmental performance condition defined below.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must state whether this performance condition was met, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.

Date of assessment of achievement of the performance condition

Early 2025.

Performance condition related to the TSR, weighted by 35% (maximum: 45%)

PRINCIPLE

Comparison of the relative total shareholder return of the DANONE share ("Danone's TSR") with the median relative total shareholder return of the share of a benchmark panel ("Median Panel TSR") over a three-year period, *i.e.* 2022, 2023 and 2024

- if Danone's TSR is less than the Median Panel TSR, the definitive grant will be 0% of the GPS subject to this performance condition, pursuant to the "no payment under the median" principle;
- if Danone's TSR is between the Median Panel TSR and 110% of the Median Panel TSR, the definitive grant will be between 26% and 35% of the GPS granted, based on a linear progressive scale;
- if Danone's TSR is between 110% and 120% of the Median Panel TSR, the definitive grant will be between 35% and 45% of the GPS granted, based on a linear progressive scale;
- if Danone's TSR is greater than 120% of the Median Panel TSR, the definitive grant will be 45% of the GPS granted.

DEFINITIONS

TSR	Total Shareholder Return.
Danone's TSR	Total shareholder return of the DANONE share, dividends reinvested, over the years 2022, 2023 and 2024.
Each Panel member's TSR	Total shareholder return of the Panel member's share, dividends reinvested, over the years 2022, 2023 and 2024.
Panel TSR	The TSR of all Panel members.
Median Panel TSR	Value of the Panel member TSR that half of the Panel members exceed (<i>i.e.</i> there are as many Panel members with TSR exceeding or equal to the Median as there are with TSR less than or equal to the Median). If there is an even number of Panel members, the Median Panel TSR will be the arithmetic average of the two central Panel TSR.
Panel	Eight leading international groups in the food and beverage sector: Unilever, Nestlé, PepsiCo, The Coca-Cola Company, The Kraft Heinz Company, Mondelez International, General Mills and Kellogg Company.

OTHER APPLICABLE RULES

The acquisition, absorption, dissolution, spin-off, merger or change in the business activity of one or more Panel members	The Board of Directors may, by a duly justified decision indicated in the Board of Directors' report to the Shareholders' Meeting, change the composition of the Panel, provided that it maintains the overall consistency of the panel.
Percentage of GPS subject to this performance condition	35% of the GPS granted will be subject to this performance condition, it being specified that, if this condition is exceeded, the maximum number of GPS that may be delivered could be as high as 45%. Moreover, this percentage may be increased to 50%, through a duly justified decision by the Board of Directors, particularly in case of no publication of the Scores related to the environmental performance condition defined hereinafter.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this second performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee, and based on a financial advisor's report.
Date of assessment of achievement of the performance condition	Early 2025.

Environmental performance condition, weighted by 30%

PRINCIPLE

Scores assigned to Danone by CDP under the Climate Change, Water and Forests programs, taking into account Danone's environmental performance in 2022, 2023 and 2024

If Danone's Scores for these programs are published by CDP for all three years:

- and (i) a Score of A is assigned to Danone for the Climate Change program for the three years and (ii) a Score of A is assigned to Danone for at least two years for both the Water program and the Forests program, the definitive grant will be 30% of the GPS granted;
- or (i) a Score of A is assigned to Danone for the Climate Change program for the three years and (ii) a Score of A is assigned to Danone for at least one year for both the Water program and the Forests program, the definitive grant will be 15% of the GPS granted;
- in all other cases, and in particular if a Score of A is not assigned to Danone for the Climate Change program for the three years, the definitive grant will be 0% of the GPS subject to this performance condition.

If Danone's Scores are published by CDP for two out of three years:

- and (i) a Score of A is assigned to Danone for the Climate Change program for both years and (ii) a Score of A is assigned to Danone for at least one year for both the Water program and the Forests program, the definitive grant will be 30% of the GPS granted;
- or (i) a Score of A is assigned to Danone for the Climate Change program for both years and (ii) a Score of A is not assigned for the Water and Forests programs for both years, the definitive grant will be 15% of the GPS granted;
- in all other cases, and in particular if a Score of A is not assigned to Danone for the Climate Change program for both years, the definitive grant will be 0% of the GPS subject to this performance condition.

DEFINITIONS

CDP	CDP, a not-for-profit organization that runs a global disclosure system for investors, companies, cities, states and regions to help them assess and manage their environmental impacts.
Scores	Scores assigned to Danone each year by CDP under its Climate Change, Water and Forests programs based on Danone's environmental performance in 2022, 2023 and 2024.
Score A	Score assigned by CDP based on environmental performance for a given year, corresponding to the highest ranking under its Climate Change, Water and Forests programs or, in case of a change in the range of scores used by CDP for these programs, any other score representing the upper eighth of the range of scores assigned by CDP, or the highest score if this new range of scores assigned by CDP includes fewer than eight scores.

OTHER APPLICABLE RULES

Many scores during the same year	If, in a single year, CDP publishes two different scores, the lower score will be taken into account.
Change in the name of CDP or the Climate Change, Water and Forests programs	If the name of CDP or the Climate Change, Water and Forests programs changes without a change in their scoring methods, the publications of the entity or program whose name was changed will, for the purposes of this grant of shares, be considered the publications produced by CDP or for the Climate Change, Water and Forests programs.

No publication or late publication of a score or other cases

If no Score was published by CDP or if the Scores were published by CDP only for one out of three years, and/or if one of the three CDP programs no longer existed, and/or in case of late publication of one or more of the Scores, and/or in case of a significant change in CDP's scoring methods, and/or in all other cases not specified in this document, the Board of Directors will meet to decide on the conditions to be taken into account to assess achievement of the environmental performance condition and may, where applicable, decide to apply, instead of this performance condition, the conditions related to recurring EPS growth and the relative total shareholder return of the DANONE share (TSR); in this case, the weightings of both these performance conditions would be increased from 35% to 50% and the outperformance levels from 45% to 60% (with a corresponding adjustment of the grant scales), such that the maximum number of shares that may be delivered remains equal to 120% of the target number of GPS granted. The Board of Directors must make a duly justified decision, at the recommendation of the Nomination, Compensation and Governance Committee, which must be mentioned in its report to the Shareholders' Meeting.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must determine the level of achievement of this third performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.

Date of assessment of achievement of the performance condition

Early 2026.

GPS granted in 2021

The 2021 GPS are subject to the three performance conditions described hereinafter.

Sales growth performance condition, weighted by 50%

PRINCIPLE

The average growth in Danone's consolidated sales ("CA") is compared, on a like-for-like basis, with that of a benchmark panel over a three-year period, *i.e.* 2021, 2022 and 2023

- if Danone's CA is less than the Median Panel CA, the definitive grant will be 0% of the shares subject to the sales-related performance condition, pursuant to the "no payment under the median" principle;
- if Danone's CA is equal to the Median Panel CA, the definitive grant will be 75% of the shares subject to the sales-related performance condition;
- if Danone's CA is between the Median Panel CA and 120% of the Median Panel CA, the definitive grant will be between 75% and 110% of the shares subject to the sales-related performance condition based on a linear progressive scale between 100% and 120% of the Median Panel CA;
- if Danone's CA is greater than or equal to 120% of the Median Panel CA, the definitive grant will be 110% of the shares subject to the sales-related performance condition.

DEFINITIONS

Danone's CA	Average growth in Danone's sales (on a consolidated and like-for-like basis) in 2021, 2022 and 2023, it being specified that "sales" and changes "on a like-for-like basis" correspond to financial indicators used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 <i>Financial indicators not defined in IFRS</i>).
Each Panel member's CA	MAverage growth in sales generated by a given Panel member in 2021, 2022 and 2023 (on a consolidated and like-for-like basis).
Panel CA	The CA of all Panel members.
Median Panel CA	Value of the Panel member CA that half of the Panel members exceed (<i>i.e.</i> there are as many Panel members with CA exceeding or equal to the Median as there are with CA less than or equal to the Median). If there is an even number of Panel members, the Median Panel CA will be the arithmetic average of the two central Panel CA.
Panel	Eight leading international groups in the food and beverage sector: Unilever, Nestlé, PepsiCo, The Coca-Cola Company, The Kraft Heinz Company, Mondelez International, General Mills and Kellogg Company.

OTHER APPLICABLE RULES

Ensure the consistency of the calculation method for the CA of all Panel members and Danone's CA over the entire period under review	Restatements (mainly adjustments for changes in scope and/or exchange rates) may be made only to the extent strictly necessary to ensure that the method of calculating the CA of all Panel members and Danone's CA is consistent over the entire period under review.
No publication or late publication of audited accounting or financial data	The Board of Directors may, exceptionally and through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, exclude one or more members from the Panel.
The acquisition, absorption, dissolution, spin-off, merger or change in the business activity of one or more Panel members	The Board of Directors may, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, change the composition of the Panel, provided that it maintains the overall consistency of the panel.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must state whether this performance condition was met, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee, and based on a financial advisor's report.
Date of assessment of achievement of the performance condition	In 2024, after the companies in the Panel have published their sales figures.

Performance condition applicable to the executive corporate officers and other Executive Committee members weighted by 30% and related to Danone's TSR

PRINCIPLE

The relative total shareholder return of the DANONE share (TSR) compared with that of a benchmark panel over three years, *i.e.* 2021, 2022 and 2023

- if Danone's TSR is less than the Median Panel TSR, the definitive grant will be 0% of the shares subject to the TSR performance condition, pursuant to the "no payment under the median" principle;
- if Danone's TSR is equal to the Median Panel TSR, the definitive grant will be 75% of the shares subject to the TSR performance condition;
- if Danone's TSR is between the Median Panel TSR and 110% of the Median Panel TSR, the definitive grant will be between 75% and 100% of the shares subject to the TSR performance condition based on a linear progressive scale;
- if Danone's TSR is greater than 110% of the Median Panel TSR, the definitive grant will be 100% of the shares subject to the TSR performance condition.

DEFINITIONS

Danone's TSR (Total Shareholder Return)	Total shareholder return of the DANONE share, dividends reinvested, over the years 2021, 2022 and 2023.
Each Panel member's TSR	Total shareholder return of the Panel member's share, dividends reinvested, over the years 2021, 2022 and 2023.
Panel TSR	The TSR of all Panel members.
Median Panel TSR	Value of the Panel member TSR that half of the Panel members exceed (<i>i.e.</i> there are as many Panel members with TSR exceeding or equal to the Median as there are with TSR less than or equal to the Median). If there is an even number of Panel members, the Median Panel TSR will be the arithmetic average of the two central Panel TSR.
Panel	Eight leading international groups in the food and beverage sector: Unilever, Nestlé, PepsiCo, The Coca-Cola Company, The Kraft Heinz Company, Mondelez International, General Mills and Kellogg Company.

OTHER APPLICABLE RULES

Percentage of shares subject to this performance condition	30% of the shares subject to performance conditions granted to the executive corporate officers and other Executive Committee members will be subject to this performance condition. However, this percentage may be increased to 50%, particularly in case of no publication of the Scores related to the environmental performance condition defined hereinafter.
The acquisition, absorption, dissolution, spin-off, merger or change in the business activity of one or more Panel members	The Board of Directors may, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, change the composition of the Panel, provided that it maintains the overall consistency of the panel.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this second performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee, and based on a financial
Date of assessment of achievement of the performance condition	Early 2024.

Performance condition applicable to other beneficiaries weighted by 30% and related to the attainment of a free cash flow level

PRINCIPLE

Attainment of a total free cash flow ("FCF") level of more than €6.3 billion over a three-year period, i.e. for 2021, 2022 and 2023

If the sum of the FCF is:

- less than or equal to €6.3 billion, the definitive grant will be 0% of the shares subject to the FCF performance condition;
- between €6.3 and €6.7 billion, the definitive grant will be between 0% and 80% of the shares subject to the FCF performance condition, based on a linear progressive scale between €6.3 and €6.7 billion;
- between €6.7 and €6.8 billion, the definitive grant will be between 80% and 90% of the shares subject to the FCF performance condition, based on a linear progressive scale between €6.7 and €6.8 billion;
- between €6.8 and €7 billion, the definitive grant will be between 90% and 100% of the shares subject to the FCF performance condition, based on a linear progressive scale between €6.8 and €7 billion;
- greater than or equal to €7 billion, the definitive grant will be 100% of the shares subject to the FCF performance condition.

DEFINITIONS

Sum of the "FCF"

Sum of the amounts of free cash flow for 2021, 2022 and 2023, it being specified that:

- free cash flow is a financial indicator not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 *Financial indicators not defined in IFRS*).
- for the purposes of assessing this performance condition, the total amount of free cash flow over three years will be restated for the cash impact of non-recurring costs related to implementation of the Local First project.

OTHER APPLICABLE RULES

Percentage of shares subject to this performance condition

30% of the shares granted subject to performance conditions will be subject to this performance condition related to the attainment of a free cash flow level over three years.
However, this percentage may be increased to 50%, particularly in case of no publication of the Scores related to the environmental performance condition defined hereinafter.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must determine the level of achievement of this second performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.

Date of assessment of achievement of the performance condition

Early 2024, after the approval of the 2023 financial statements.

Environmental performance condition, weighted by 20%

PRINCIPLE

Scores assigned to Danone by CDP under the Climate Change, Water and Forests programs, taking into account Danone's environmental performance in 2021, 2022 and 2023

If Danone's Scores for these programs are published by CDP for all three years:

- and (i) a Score of A is assigned to Danone for the Climate Change program for the three years and (ii) a Score of A is assigned to Danone for at least two years for both the Water program and the Forests program, the definitive grant will be 100% of the shares subject to the environmental performance condition;
- or (i) a Score of A is assigned to Danone for the Climate Change program for the three years and (ii) a Score of A is assigned to Danone for at least one year for both the Water program and the Forests program, the definitive grant will be 50% of the shares subject to the environmental performance condition;
- in all other cases, and in particular if a Score of A is not assigned to Danone for the Climate Change program for the three years, the definitive grant will be 0% of the shares subject to the environmental performance condition.

If Danone's Scores are published by CDP for two out of three years:

- and (i) a Score of A is assigned to Danone for the Climate Change program for both years and (ii) a Score of A is assigned to Danone for at least one year for both the Water program and the Forests program, the definitive grant will be 100% of the shares subject to the environmental performance condition;
- or (i) a Score of A is assigned to Danone for the Climate Change program for both years and (ii) a Score of A is not assigned for the Water and Forests programs for both years, the definitive grant will be 50% of the shares subject to the environmental performance condition;
- in all other cases, and in particular if a Score of A is not assigned to Danone for the Climate Change program for both years, the definitive grant will be 0% of the shares subject to the environmental performance condition.

DEFINITIONS

CDP

CDP, a not-for-profit organization that runs a global disclosure system for investors, companies, cities, states and regions to help them assess and manage their environmental impacts.

Scores

Scores assigned to Danone each year by CDP under its Climate Change, Water and Forests programs based on Danone's environmental performance in 2021, 2022 and 2023.

Score A

Score assigned by CDP based on environmental performance for a given year, corresponding to the highest ranking under its Climate Change, Water and Forests programs or, in case of a change in the range of scores used by CDP for these programs, any other score representing the upper eighth of the range of scores assigned by CDP, or the highest score if this new range of scores assigned by CDP includes fewer than eight scores.

OTHER APPLICABLE RULES

Many scores during the same year	If, in a single year, CDP publishes two different scores, the lower score will be taken into account.
Change in the name of CDP or the Climate Change, Water and Forests programs	If the name of CDP or the Climate Change, Water and Forests programs changes without a change in their scoring methods, the publications of the entity or program whose name was changed will, for the purposes of this grant of shares, be considered the publications produced by CDP or for the Climate Change, Water and Forests programs.
No publication or late publication of a score or other cases	If no Score was published by CDP or if the Scores were published by CDP only for one out of three years, and/or if one of the three CDP programs no longer existed, and/or in case of late publication of one or more of the Scores, and/or in case of a significant change in CDP's scoring methods, and/or in all other cases not specified in this document, the Board of Directors will meet to decide on the conditions to be taken into account to assess achievement of the environmental performance condition and may, where applicable, decide to apply, in whole or in part, instead of this performance condition, the condition related to the relative total shareholder return of the DANONE share (TSR) for the executive corporate officers and other Executive Committee members, or the condition related to the achievement of a free cash flow level for the other beneficiaries. The Board of Directors must make a duly justified decision, at the recommendation of the Nomination, Compensation and Governance Committee, which must be mentioned in its report to the Shareholders' Meeting.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this third performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.
Date of assessment of achievement of the performance condition	Early 2025.

GPS granted in 2020

The 2020 GPS are subject to the three performance conditions described hereinafter.

Sales growth performance condition, weighted by 50%

PRINCIPLE

The average growth in Danone's consolidated sales ("CA") is compared, on a like-for-like basis, with that of a benchmark panel over a three-year period, *i.e.* 2020, 2021 and 2022

- if Danone's CA is less than the Median Panel CA, the definitive grant will be 0% of the shares subject to the sales-related performance condition, pursuant to the "no payment under the median" principle;
- if Danone's CA is equal to the Median Panel CA, the definitive grant will be 75% of the shares subject to the sales-related performance condition;
- if Danone's CA is between the Median Panel CA and 120% of the Median Panel CA, the definitive grant will be between 75% and 110% of the shares subject to the sales-related performance condition based on a linear progressive scale between 100% and 120% of the Median Panel CA;
- if Danone's CA is greater than or equal to 120% of the Median Panel CA, the definitive grant will be 110% of the shares subject to the sales-related performance condition.

DEFINITIONS

Danone's CA	Average growth in Danone's sales (on a consolidated and like-for-like basis) in 2020, 2021 and 2022, it being specified that "sales" and changes "on a like-for-like basis" correspond to financial indicators used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 <i>Financial indicators not defined in IFRS</i>).
Each Panel member's CA	Average growth in sales generated by a given Panel member in 2020, 2021 and 2022 (on a consolidated and like-for-like basis).
Panel CA	The CA of all Panel members.
Median Panel CA	Value of the Panel member CA that half of the Panel members exceed (<i>i.e.</i> there are as many Panel members with CA exceeding or equal to the Median as there are with CA less than or equal to the Median). If there is an even number of Panel members, the Median Panel CA will be the arithmetic average of the two central Panel CA.
Panel	Eight leading international groups in the food and beverage sector: Unilever, Nestlé, PepsiCo, The Coca-Cola Company, The Kraft Heinz Company, Mondelez International, General Mills and Kellogg Company.

OTHER APPLICABLE RULES

Ensure the consistency of the calculation method for the CA of all Panel members and Danone's CA over the entire period under review	Restatements (mainly adjustments for changes in scope and/or exchange rates) may be made only to the extent strictly necessary to ensure that the method of calculating the CA of all Panel members and Danone's CA is consistent over the entire period under review.
No publication or late publication of audited accounting or financial data	By one Panel member: the Board of Directors may, exceptionally and through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, exclude this member from the Panel. By two or more Panel members: the Board of Directors will make a duly justified decision, taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, on the basis of the most recent audited financial statements published by the Panel members and by the Company over the last three years for which financial statements were published by all Panel members and by the Company.
The acquisition, absorption, dissolution, spin-off, merger or change in the business activity of one or more Panel members	The Board of Directors may, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, change the composition of the Panel, provided that it maintains the overall consistency of the panel.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must state whether this performance condition was met, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee, and based on a financial advisor's report.
Date of assessment of achievement of the performance condition	In 2023, after the companies in the Panel have published their sales figures.

Performance condition related to the attainment of a free cash flow level, weighted by 30%

PRINCIPLE

Attainment of a free cash flow ("FCF") level of more than €6.2 billion over a three-year period, i.e. for 2020, 2021 and 2022

If the sum of the FCF is:

- less than or equal to €6.2 billion, the definitive grant will be 0% of the shares subject to the FCF performance condition;
- between €6.2 and €6.7 billion, the definitive grant will be between 0% and 100%, based on a linear progressive scale between €6.2 and €6.7 billion;
- greater than or equal to €6.7 billion, the definitive grant will be 100%.

DEFINITIONS

Sum of the "FCF"

Sum of the amounts of free cash flow for 2020, 2021 and 2022, it being specified that free cash flow is a financial indicator not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 *Financial indicators not defined in IFRS*), excluding changes in scope and exchange rates.

This performance condition takes into account the investment plan of around €2 billion to accelerate climate action of Danone's brands and strengthen the growth model as announced on February 26, 2020.

OTHER APPLICABLE RULES

Percentage of shares subject to this performance condition

30% of the shares granted subject to performance conditions will be subject to this performance condition related to the attainment of a free cash flow level over three years.

However, this percentage may be increased to 40% or 50% in case of no publication or late publication of the Level related to the environmental performance condition defined hereinafter.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must determine the level of achievement of this second performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.

Assessment of achievement of the performance condition

At the recommendation of the Nomination, Compensation and Governance Committee, on February 21, 2023 the Board of Directors noted the full achievement of the free cash flow condition.

Environmental performance condition, weighted by 20%

PRINCIPLE

Levels and scores assigned to Danone by CDP under its Climate Change program based on Danone's environmental performance in 2020, 2021 and 2022

If the "Leadership" Level is assigned to Danone for 2020, 2021 and 2022, and a Score of A was assigned each of these three years, the definitive grant will be 100% of the shares subject to the environmental performance condition.

If the "Leadership" Level is assigned to Danone for these three years and a Score of A was assigned two years, the definitive grant will be 50% of the shares subject to the environmental performance condition.

In all other cases, and in particular if the "Leadership" level is assigned for 2020, 2021 and 2022 without a Score of A being assigned during these three years, the definitive grant will be 0% of the shares subject to the environmental performance condition.

DEFINITIONS

CDP

CDP, a not-for-profit organization that runs a global disclosure system for investors, companies, cities, states and regions to help them assess and manage their environmental impacts.

Score

Score assigned to Danone each year by CDP under its Climate Change program based on Danone's environmental performance in 2020, 2021 and 2022.

"Leadership" Level

The "Leadership" Level is assigned if a Score of A or A- has been assigned by CDP.

Score A

Score assigned by CDP based on environmental performance for a given year, corresponding to the highest ranking under its Climate Change program or, in case of a change in the range of scores used by CDP for this program, any other score representing the upper eighth of the range of scores assigned by CDP, or the highest score if this new range of scores assigned by CDP includes fewer than eight scores.

Score A-

Score assigned by CDP based on environmental performance for a given year, corresponding to the second highest ranking under its Climate Change program or, in case of a change in the range of scores used by CDP for this program, any other score representing the upper fourth of the range of scores assigned by CDP, or the two highest scores if this new range of scores assigned by CDP includes fewer than eight scores.

OTHER APPLICABLE RULES

Many levels during the same year

If, in a single year, CDP publishes two different levels, the lower level will be taken into account.

Many scores during the same year

If, in a single year, CDP publishes two different scores, the lower score will be taken into account.

Change in the name of CDP or the Climate Change program

If the name of CDP or the Climate Change program changes without a change in their scoring methods, the publications of the entity or program whose name was changed will, for the purposes of this grant of shares, be considered the publications produced by CDP or the Climate Change program.

No publication or late publication of the Score	<p>If CDP has not assigned a Score to Danone under the Climate Change program for 2020, 2021 and/or 2022, the following rules will apply, as an exception to the above:</p> <ul style="list-style-type: none"> • if, by March 31, 2024, no score was assigned for 2022 whereas the “Leadership” Level was assigned for 2020 and 2021 and a Score of A was also assigned for these two years, the definitive grant will be 100% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if, by March 31, 2024, no Score was assigned for 2022 whereas the “Leadership” level was assigned for 2020 and 2021 and a Score of A was assigned for one of these two years, the definitive grant will be 0% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if, by March 31, 2024, no Score was assigned for 2022 and a Score of A was not assigned for 2020 and 2021, the definitive grant will be 0% of the shares subject to the environmental performance condition; • if no Score was assigned for 2021 whereas a Score of A was assigned for 2020, the definitive grant will be 100% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if no Score was assigned for 2021 and a Score of A was not assigned for 2020, the definitive grant will be 0% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); and • if no Score was assigned for 2020, all the shares subject to the environmental performance condition will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 50% of the shares granted).
---	--

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors’ procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this third performance condition, or its assessment of this condition in case of a change in the Climate Change program, through a duly justified decision taken at a later date and mentioned in the Board of Directors’ report to the Shareholders’ Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.
Date of assessment of achievement of the performance condition	Early 2024.



Review of the rules related to the GPS granted in 2019 and to be delivered in 2023

The 2019 GPS are subject to the three performance conditions described hereinafter.

Sales growth performance condition, weighted by 50%

PRINCIPLE

The average growth in Danone's consolidated sales ("CA") is compared, on a like-for-like basis, with that of a benchmark panel over a three-year period, *i.e.* 2019, 2020 and 2021

- if Danone's CA is less than the Median Panel CA, the definitive grant will be 0% of the shares subject to the sales-related performance condition, pursuant to the "no payment under the median" principle;
- if Danone's CA is equal to the Median Panel CA, the definitive grant will be 75% of the shares subject to the sales-related performance condition;
- if Danone's CA is between the Median Panel CA and 120% of the Median Panel CA, the definitive grant will be between 75% and 110% of the shares subject to the sales-related performance condition based on a linear progressive scale between 100% and 120% of the Median Panel CA;
- if Danone's CA is greater than or equal to 120% of the Median Panel CA, the definitive grant will be 110% of the shares subject to the sales-related performance condition.

DEFINITIONS

Danone's CA	Average growth in Danone's sales (on a consolidated and like-for-like basis) in 2019, 2020 and 2021, it being specified that "sales" and changes "on a like-for-like basis" correspond to financial indicators used by Danone and not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 <i>Financial indicators not defined in IFRS</i>).
Each Panel member's CA	Average growth in sales generated by a given Panel member in 2019, 2020 and 2021 (on a consolidated and like-for-like basis).
Panel CA	The CA of all Panel members.
Median Panel CA	Value of the Panel member CA that half of the Panel members exceed (<i>i.e.</i> there are as many Panel members with CA exceeding or equal to the Median as there are with CA less than or equal to the Median). If there is an even number of Panel members, the Median Panel CA will be the arithmetic average of the two central Panel CA.
Panel	Eight leading international groups in the food and beverage sector: Unilever, Nestlé, PepsiCo, The Coca-Cola Company, The Kraft Heinz Company, Mondelez International, General Mills and Kellogg Company.

OTHER APPLICABLE RULES

Ensure the consistency of the calculation method for the CA of all Panel members and Danone's CA over the entire period under review	Restatements (mainly adjustments for changes in scope and/or exchange rates) may be made only to the extent strictly necessary to ensure that the method of calculating the CA of all Panel members and Danone's CA is consistent over the entire period under review.
No publication or late publication of audited accounting or financial data	By one Panel member: the Board of Directors may, exceptionally and through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, exclude this member from the Panel. By two or more Panel members: the Board of Directors will make a duly justified decision, taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, on the basis of the most recent audited financial statements published by the Panel members and by the Company over the last three years for which financial statements were published by all Panel members and by the Company.
The acquisition, absorption, dissolution, spin-off, merger or change in the business activity of one or more Panel members	The Board of Directors may, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, change the composition of the Panel, provided that it maintains the overall consistency of the panel.

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must state whether this performance condition was met, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee, and based on a financial advisor's report.
Assessment of achievement of the performance condition	At the recommendation of the Nomination, Compensation and Governance Committee, on April 26, 2022 the Board of Directors noted that the sales growth performance condition was not achieved.

Performance condition related to the attainment of a free cash flow level, weighted by 30%

PRINCIPLE

Attainment of a free cash flow ("FCF") level of more than €6.2 billion over a three-year period, i.e. for 2019, 2020 and 2021	<p>If the sum of the FCF is:</p> <ul style="list-style-type: none"> • less than or equal to €6.2 billion, the definitive grant will be 0% of the shares subject to the FCF performance condition; • between €6.2 and €6.7 billion, the definitive grant will be between 0% and 100%, based on a linear progressive scale between €6.2 and €6.7 billion; • greater than or equal to €6.7 billion, the definitive grant will be 100%.
---	--

DEFINITIONS

Sum of the "FCF"	Sum of the amounts of free cash flow for 2019, 2020 and 2021, it being specified that free cash flow is a financial indicator not defined by IFRS, the calculation of which is indicated in the financial press releases published by the Company (see also section 3.6 <i>Financial indicators not defined in IFRS</i>), excluding changes in scope and exchange rates.
------------------	---

OTHER APPLICABLE RULES

Percentage of shares subject to this performance condition	<p>30% of the shares granted subject to performance conditions will be subject to this performance condition related to the attainment of a free cash flow level over three years.</p> <p>However, this percentage may be increased to 40% or 50% in case of no publication or late publication of the Level related to the environmental performance condition defined hereinafter.</p>
--	--

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met	The Board of Directors must determine the level of achievement of this second performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.
Assessment of achievement of the performance condition	At the recommendation of the Nomination, Compensation and Governance Committee, on February 22, 2022 the Board of Directors noted the full achievement of the free cash flow condition.

Environmental performance condition, weighted by 20%

PRINCIPLE

Levels assigned to Danone by CDP under its Climate Change program in 2020, 2021 and 2022 (based in particular on Danone's environmental performance in 2019, 2020 and 2021

If the "Leadership" Level:

- is assigned to Danone for 2019, 2020 and 2021 and a Score of A was assigned at least twice during these three years, the definitive grant will be 100% of the shares subject to the environmental performance condition;
- is assigned to Danone for these three years and a Score of A was assigned only one year, the definitive grant will be 50% of the shares subject to the environmental performance condition;
- in all other cases, and in particular if the "Leadership" Level is assigned for 2019, 2020 and 2021 without a Score of A being assigned during these three years, the definitive grant will be 0% of the shares subject to the environmental performance condition.

DEFINITIONS

CDP

CDP, a not-for-profit organization that runs a global disclosure system for investors, companies, cities, states and regions to help them assess and manage their environmental impacts.

Score

Score assigned to Danone each year by CDP under its Climate Change program based on Danone's environmental performance in 2019, 2020 and 2021.

"Leadership" Level

The "Leadership" level is assigned if a score of A or A- was assigned by CDP.

Score A

Score assigned by CDP based on environmental performance for a given year, corresponding to the highest ranking under its Climate Change program or, in case of a change in the range of scores used by CDP for this program, any other score representing the upper eighth of the range of scores assigned by CDP, or the highest score if this new range of scores assigned by CDP includes fewer than eight scores.

Score A-

Score assigned by CDP based on environmental performance for a given year, corresponding to the second highest ranking under its Climate Change program or, in case of a change in the range of scores used by CDP for this program, any other score representing the upper fourth of the range of scores assigned by CDP, or the two highest scores if this new range of scores assigned by CDP includes fewer than eight scores.

OTHER APPLICABLE RULES

Many levels during the same year	If, in a single year, CDP publishes two different levels, the lower level will be taken into account.
Many scores during the same year	If, in a single year, CDP publishes two different scores, the lower score will be taken into account.
Change in the name of CDP or the Climate Change program	If the name of CDP or the Climate Change program changes without a change in their scoring methods, the publications of the entity or program whose name was changed will, for the purposes of this grant of shares, be considered the publications produced by CDP or the Climate Change program.
No publication or late publication of the Score	<p>If CDP has not assigned a score to Danone under the Climate Change program for 2019, 2020 and/or 2021, the following rules will apply, as an exception to the above:</p> <ul style="list-style-type: none"> • if, by March 31, 2023, no Score was assigned for 2021 whereas the "Leadership" Level was assigned for 2019 and 2020 and a Score of A was also assigned for these two years, or a Score of A and A- was assigned for these two years, the definitive grant will be 100% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if, by March 31, 2023, no Score was assigned for 2021 whereas the "Leadership" Level was assigned for 2019 and 2020 and a Score of A- was assigned for these two years, the definitive grant will be 50% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if, by March 31, 2023, no Score was assigned for 2021 and the "Leadership" Level was not assigned for 2019 and 2020, the definitive grant will be 0% of the shares subject to the environmental performance condition; • if no Score was assigned for 2020 whereas a Score of A was assigned for 2019, the definitive grant will be 100% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if no Score was assigned for 2020 and a Score of A- was assigned for 2019, the definitive grant will be 50% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); • if no Score was assigned for 2020 and the "Leadership" Level was not assigned for 2019, the definitive grant will be 0% for one-half of the shares subject to the environmental performance condition and the other half will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 40% of the shares granted); and • if no Score was assigned for 2019, all the shares subject to the environmental performance condition will increase the basis of the shares subject to the FCF condition (in this case, the FCF condition will affect 50% of the shares granted).

ASSESSMENT OF ACHIEVEMENT OF THE PERFORMANCE CONDITION

The Board of Directors' procedure for determining that this performance condition has been met

The Board of Directors must determine the level of achievement of this third performance condition, through a duly justified decision taken at a later date and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination, Compensation and Governance Committee.

Assessment of achievement of the performance condition

At the recommendation of the Nomination, Compensation and Governance Committee, on February 21, 2023 the Board of Directors noted the full achievement of the environmental performance condition.

Consequently, 50% of the initial allocation of the GPS granted in 2019 will be delivered in 2023 subject to fulfillment of the continuous presence condition.

GROUP PERFORMANCE UNITS (GPU)

Principles

GPU had been introduced in 2005 to more closely align the compensation of Danone's corporate officers, Executive Committee members and 1,500 senior executives with the Company's overall medium-term operational and economic performance.

They represent long-term cash compensation paid subject to performance conditions that are assessed over three years and are the same for all beneficiaries. Each GPU has a maximum value of €30. Information on the valuation of existing GPU is provided hereinafter in section *Objectives applicable to the GPU in effect*.

In case of a change of control, the performance objectives for the valuation period, *i.e.* the three calendar years during which the three-year performance objectives will be assessed, would be:

- valued on the basis of the achievement of the objectives validated by the Board of Directors;
- considered fully achieved if the objectives were not yet validated by the Board of Directors on the date of change of control. A payment would be made for all outstanding GPU plans in the month following the change of control.

Moreover, the continuous presence and performance conditions are partially waived in case of a beneficiary's death or voluntary or non-voluntary retirement.

For the corporate officers, in case of departure before the end of the term set for assessing the performance criteria, payment of long-term cash compensation is cancelled, except under exceptional

circumstances justified by the Board. Therefore, in case of the voluntary or non-voluntary retirement of a corporate officer:

- he/she loses all rights to the GPU granted during the 12 months preceding his/her departure;
- the GPU granted previously (i) are considered vested by said beneficiary and the three-year continuous presence condition does not apply; and (ii) are valued as of the date of the event based on the following rules:
 - the calendar year(s) for which the financial statements were approved by the Board of Directors are assessed based on achievement of the objectives;
 - the current or future calendar year(s) is/are deemed to have no value.

At the recommendation of the Nomination, Compensation and Governance Committee, on February 22, 2022 the Board of Directors decided to put an end to this type of long-term compensation in cash and replace it with long-term compensation in shares consisting of the grant of DANONE shares subject only to a condition of continuous presence in the Group for three years (Fidelity Shares). The implementation of this new long-term compensation in shares mechanism was approved by 94.51% of the Shareholders' Meeting of April 26, 2022 in its 23rd resolution. As a reminder, executive corporate officers and Executive Committee members are excluded from all grants of Fidelity Shares (for more details, see section *Share capital and ownership, Employee shareholding* hereinafter).

As of December 31, 2022

Outstanding GPU plans								
Year of grant	2019	2019	2020	2020	2021	2021	2022 ^(a)	Total
Date of Board meeting that granted the GPU	7/24/2019	12/12/2019	7/29/2020	12/10/2020	7/28/2021	12/10/2021	-	
Number of GPU granted	913,795	21,550	953,205	1,500	989,700	8,000	-	2,887,750
<i>Of which, GPU granted to corporate officers</i>	-	-	-	-	15,000	-	-	15,000
Number of beneficiaries	1,403	33	1,548	4	1,472	5	-	
GPU characteristics								
Year of payment	2022		2023		2024			
Objectives ^(b)	Objectives set in 2019 for a three-year period		Objectives set in 2020 for a three-year period		Objectives set in 2021 for a three-year period			
Unit value of GPU	Maximum €30		Maximum €30		Maximum €30			

(a) As a reminder, the grant of GPU was replaced in 2022 by the grant of Fidelity Shares.

(b) The objectives and information concerning their achievement are presented in detail hereinafter.

Objectives applicable to the GPU in effect

Objectives of GPU granted in 2019

Objectives	Level of achievement	Value of the objective (in €)	Level of achievement	Value
Weighted by 60%, achievement of all the financial objectives communicated to the market for 2019 ^(a) and 2021 ^(b) and, for 2020, achievement of a free cash flow level in 2020 of more than €1.6 billion ^(c)	Non-achievement of the objectives each year	0	At the recommendation of the Nomination, Compensation and Governance Committee, on February 22, 2022 the Board of Directors noted (i) the non-achievement of the objective for 2019, given sales growth of 2.6% and a recurring operating margin of 15.2%, (ii) achievement of the objective for 2020, given that free cash flow was €2.052 billion, (iii) achievement of the objective for 2021, given a margin of 13.7% and (iv) achievement of the objective related to Danone employee engagement. It therefore valued the 2019 GPU at €24.	€24
	Achievement of the objectives over 1 year	6		
	Achievement of the objectives over 2 years	12		
	Achievement of the objectives each year	18		
Weighted by 40%, comparison of the level of Danone employee engagement to that of the FMCG ^(d) sector from 2019 to 2021	If 3 scores are assigned:			
	<FMCG	0		
	>FMCG	over 2 years: 6 over 3 years: 12		
	If 2 scores are assigned:			
<FMCG	0			
>FMCG	12			

(a) *i.e.*: sales growth of approximately 3% on a like-for-like basis and a recurring operating margin above 15%.

(b) *i.e.*: a 2021 recurring operating margin generally in line with that of 2020.

(c) *i.e.*: Attainment of a free cash flow level between €1.6 billion valued at €2 and €1.8 billion valued at €6, based on a linear scale between €1.6 and €1.8 billion.

(d) Fast-Moving Consumer Goods.

Objectives of GPU granted in 2020

Objectives	Level of achievement	Value of the objective (in €)	Level of achievement	Value
Weighted by 60%, attainment of a free cash flow level in 2020 of more than €1.6 billion ^(a) and achievement of one or more objectives communicated to the market for 2021 ^(b) and 2022 ^(c)	Non-achievement or partial achievement of the objectives each year	0	At the recommendation of the Governance Committee, on February 22, 2022 the Board of Directors noted the achievement of (i) the objective for 2020, given that free cash flow was €2.052 billion, and (ii) the objective for 2021, given a margin of 13.7%. On February 21, 2023, the Board of Directors also noted the achievement of the financial objective for 2022, given sales growth of 7.8% and a margin of 12.21%, as well as achievement of the objective related to Danone employee engagement. It therefore valued the 2020 GPU at €30.	€30
	Achievement of the objectives each year	6		
Weighted by 40%, comparison of the level of Danone employee engagement to that of the FMCG ^(d) sector from 2020 to 2022	If 3 scores are assigned:			
	≤FMCG	0		
	>FMCG	over 2 years: 6 over 3 years: 12		
	If 2 scores are assigned:			
	≤FMCG	0		
	>FMCG	12		

(a) Achievement of a free cash flow level between €1.6 billion valued at €2 and €1.8 billion valued at €6, based on a linear scale between €1.6 and €1.8 billion.

(b) *I.e.*: a 2021 margin generally in line with that of 2020.

(c) With regard to 2022, on April 26, 2022 the Board of Directors decided to set the financial condition for 2022 as follows: (i) weighted by 50%, net sales growth greater than or equal to 3%, and (ii) weighted by 50%, a recurring operating margin greater than or equal to 12%.

(d) Fast-Moving Consumer Goods.

Objectives of GPU granted in 2021

Objectives	Level of achievement	Value of the objective (in €)	Level of achievement	Value
Weighted by 60%, achievement of the financial objectives communicated to the market for 2021 ^(a) , 2022 ^(b) and 2023	Non-achievement or partial achievement of the objectives each year	0	At the recommendation of the Nomination, Compensation and Governance Committee, on February 22, 2022 the Board of Directors noted the achievement of the objective for 2021, given a margin of 13.7%. On February 21, 2023, the Board of Directors also noted the achievement of the financial objective for 2022, given sales growth of 7.8% and a margin of 12.21%. The Board of Directors will assess the achievement of the other objectives in 2024.	Max. €30
	Achievement of the objectives each year	6		
Weighted by 40%, comparison of the level of Danone employee engagement to that of the FMCG ^(c) sector from 2021 to 2023	If 3 scores are assigned:			
	≤FMCG	0		
	>FMCG	over 2 years: 6 over 3 years: 12		
	If 2 scores are assigned:			
	≤FMCG	0		
	>FMCG	12		

(a) *I.e.*: a 2021 margin generally in line with that of 2020.

(b) With regard to 2022, on April 26, 2022 the Board of Directors decided to set the financial condition for 2022 as follows: (i) weighted by 50%, net sales growth greater than or equal to 3%, and (ii) weighted by 50%, a recurring operating margin greater than or equal to 12%.

(c) Fast-Moving Consumer Goods.

6.5 DANONE SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

NUMBER OF DANONE SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE (WHICH INCLUDES ONE DIRECTOR)

As of December 31, 2022

Board of Directors		
Antoine de SAINT-AFFRIQUE		6,000
Gilles SCHNEPP		5,000
Frédéric BOUTEBBA		1 ^(a)
Valérie CHAPOULAUD-FLOQUET		2,000
Gilbert GHOSTINE		3,000
Lise KINGO		0
Michel LANDEL		4,000
Patrice LOUVET		2,000
Géraldine PICAUD		2,000
Susan ROBERTS		1,000
Bettina THEISSIG		1 ^(a)
Serpil TIMURAY		7,271
Executive Committee (excluding Antoine de SAINT-AFFRIQUE)		89,218
Total number of shares		121,491
Total as a percentage of the Company's share capital		0.02%

(a) Share granted under the "One Person, One Voice, One Share" program.

TRANSACTIONS ON DANONE SHARES

Transactions on DANONE shares completed in 2022 by individuals with managerial responsibilities

Name	Title	Type of security	Type of transaction	Date of transaction	Gross unit price	Number of shares	Total gross amount
Patrice LOUVET	Director	Shares	Acquisition	6/16/2022	€50.69	2,000	€101,380.00
Géraldine PICAUD	Director	Shares	Acquisition	5/5/2022	€56.00	700	€39,200.00
				5/19/2022	€54.69	700	€38,283.00
				5/26/2022	€54.32	300	€16,296.00
Susan ROBERTS	Director	Shares	Acquisition	6/1/2022	\$58.64	1,000	\$58,640.00
Juergen ESSER	Member of the Executive Committee	Shares	Delivery of shares ^(a)	7/27/2022	€00.00	519	€00.00
Véronique PENCHIENATI-BOSETTA	Member of the Executive Committee	Shares	Delivery of shares ^(a)	7/27/2022	€00.00	5,975	€00.00
Antoine de SAINT-AFFRIQUE	Director Member of the Executive Committee	Shares	Acquisition	11/7/2022	€49.38	2,000	€98,758.00

(a) These shares were delivered pursuant to the grant of Group performance shares (GPS) on July 26, 2018, in accordance with the conditions set by the Board of Directors for the 2018 GPS plan.

Executive corporate officers and Executive Committee members are required to hold their DANONE shares resulting from Group performance shares. This requirement is described in the above section 6.4 *Detailed information on long-term compensation plans*, paragraph *Group performance shares, Other applicable rules*.

6.6 RELATED PARTY AGREEMENTS

This is a free translation into English of the statutory auditors' special report on related party agreements issued in French and is provided solely for the convenience of English-speaking readers. This special report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS

To the Annual General Meeting of Danone,

In our capacity as Statutory Auditors of your Company, we hereby present to you our special report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

Where applicable, it is also our responsibility to provide you with the information required by Article R. 225-31 of the French Commercial Code (*Code de commerce*) in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the source documents from which it is derived.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreement authorized and concluded during the past year to be submitted for approval to the Annual General Meeting in accordance with Article R. 225-38 of the French Commercial Code (*Code de commerce*).

AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the Annual General Meeting in previous years, remained in force during the year under review.

With the Danone.Communities mutual investment fund (SICAV)

Persons concerned

Mr. Antoine de SAINT-AFFRIQUE, Chief Executive Officer of your company since September 15, 2021, director since April 26, 2022 and Chairman of the Board of the Danone.Communities mutual investment fund (SICAV) since April 29, 2022 – *Previously Mr. Emmanuel Faber, Chairman and Chief Executive Officer of your company from December 1, 2017 until March 14, 2021, director from April 25, 2022 until April 29, 2021 and Chairman of the Board of the Danone.Communities mutual investment fund (SICAV) from December 8, 2018 until April 29, 2022.*

1. Memorandum of understanding

Nature, purpose and conditions

On June 25, 2020, as part of the Danone Communities project, your Board of Directors voted unanimously, Mr. Emmanuel Faber abstaining from voting, to authorize the signing of a memorandum of understanding established between your company, the SICAV Danone.Communities, the FPS Danone.Communities, Amundi Asset Management and Omnes Capital, respectively management companies for the SICAV and the FPS.

The purpose of this agreement is (i) to organize the subscription by your company to new shares of the FPS Danone.Communities up to €5 million and thus to give additional financial support to the FPS to carry out its actions in the benefit of social businesses and (ii) to adjust certain contractual agreements.

2. Cooperation agreement

Nature, purpose and conditions

On June 25, 2020, as part of the Danone Communities project, your Board of Directors voted unanimously, Mr. Emmanuel Faber abstaining from voting, to authorize the signing of a new cooperation agreement established between your company, the SICAV Danone.Communities, the FPS Danone.Communities, the company Amundi Asset Management and the company Omnes Capital.

This agreement replaces the cooperation agreement previously entered into on May 4, 2007 (authorised by your Board of Directors on April 26, 2007 and approved by your Shareholders' Meeting of April 29, 2008) and amended in 2012 and 2013, aimed at organizing the terms and conditions of the cooperation between the parties for the realization of the Danone Communities project.

On February 22, 2022, your Board of Directors voted to set your company's annual financial contribution for 2022 at a maximum of €3.6 million. The total amount of financial contributions provided by your company to the Danone Communities project for the fiscal year 2022 totaled €3.4 million.

3. Amendment to the agreement for the provision of additional services

Nature, purpose and conditions

On June 25, 2020, as part of the Danone Communities project, your Board of Directors voted unanimously, Mr. Emmanuel Faber abstaining from voting, to authorize the signing of an amendment to the agreement for the provision of additional services dated as of May 4, 2007, between your company, the SICAV Danone.Communities and the company Amundi Asset Management. The purpose of the amendment is to specify the conditions for the marketing of the SICAV by the company Amundi Asset Management and the regular reporting by the latter to your company.

4. New governance charter

Nature, purpose and conditions

On June 25, 2020, as part of the Danone Communities project, your Board of Directors voted unanimously, Mr. Emmanuel Faber abstaining from voting, to authorize the signing of a new governance charter established between your company, the SICAV Danone.Communities, the FPS Danone.Communities, the company Amundi Asset Management and the company Omnes Capital, replacing the previous governance charter established in 2007 and updated by amendments in 2012 and 2015, the purpose of which is mainly to define the investment areas of the FPS Danone.Communities and the relations between Danone and the FPS Danone.Communities, along with the prevention of conflicts of interests.

Courbevoie and Paris-La Défense, March 7, 2023

The Statutory Auditors

French original signed by

MAZARS & Associés

Achour MESSAS

Gonzague SENLIS

ERNST & YOUNG Audit

Gilles COHEN

Alexandre CHRÉTIEN

7.1 SHARE CAPITAL OF THE COMPANY	320	7.6 SHAREHOLDERS' MEETING, VOTING RIGHTS	327
Transactions on the share capital in the last three years and share capital as of December 31, 2022	320	Participation in Shareholders' Meetings	327
Shares constituting the share capital	320	Voting rights	327
7.2 TREASURY SHARES HELD BY THE COMPANY AND ITS SUBSIDIARIES	320	7.7 CROSSING OF THRESHOLDS, SHARES AND SHARE SALES	328
Authorization granted to the Company to buy back its own shares	320	Crossing of thresholds	328
Authorization to cancel shares and reduce the share capital following the buyback by the Company of its own shares	321	Purchases and sales of Company shares	329
Transactions on Company shares in 2022 and situation as of December 31, 2022	321	7.8 SHARE OWNERSHIP STRUCTURE OF THE COMPANY AS OF DECEMBER 31, 2022 AND SIGNIFICANT CHANGES OVER THE PAST THREE YEARS	329
7.3 AUTHORIZATIONS TO ISSUE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL	323	Share ownership structure as of December 31, 2022	329
Summary of financial authorizations in effect as of December 31, 2022	323	Significant changes in the company's share ownership during the past three fiscal years	330
Capital increases reserved for employees	324	7.9 MARKET FOR THE COMPANY'S SHARES	331
Financial authorizations subject to approval by the Shareholders' Meeting	325	7.10 FACTORS THAT MIGHT HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER	331
Changes to share capital and rights attached to shares	325	7.11 CHANGE OF CONTROL	333
7.4 FINANCIAL INSTRUMENTS NOT REPRESENTING SHARE CAPITAL	326		
7.5 DIVIDENDS PAID BY THE COMPANY	326		
Dividend pay-out policy	326		
Dividend paid in respect of 2022 fiscal year	326		
Dividends paid in respect of the previous three fiscal years prior to 2022	326		
Dividends forfeited to the French State	326		

7

SHARE CAPITAL AND OWNERSHIP

7.1 SHARE CAPITAL OF THE COMPANY

TRANSACTIONS ON THE SHARE CAPITAL IN THE LAST THREE YEARS AND SHARE CAPITAL AS OF DECEMBER 31, 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>
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

SHARES CONSTITUTING THE SHARE CAPITAL

Shares are fully paid-up, are all of the same class and have a nominal value of €0.25. Each share gives the right to ownership of a proportion of the Company's assets, profits and liquidation surplus, based on the percentage of share capital that it represents.

7.2 TREASURY SHARES HELD BY THE COMPANY AND ITS SUBSIDIARIES

This section 7.2 describes the share buyback program set up in accordance with Articles 241-2 *et seq.* of the General Regulations of the French Financial Markets Authority.

AUTHORIZATION GRANTED TO THE COMPANY TO BUY BACK ITS OWN SHARES

Existing authorization

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 (see section *Transactions on Company shares in 2022 and situation as of December 31, 2022* hereinafter).

Authorization subject to approval by the Shareholders' Meeting

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.

Subject to the authorization being approved by the Shareholders' Meeting of April 27, 2023, the Company's buyback of its own shares would be executed for the purpose of:

- the allocation of shares with respect to the exercise of stock-options by employees and/or corporate officers of the Company and of companies or economic interest groups related to it, pursuant to applicable statutory and regulatory provisions;
- the implementation of any plan for the allocation of shares, with a continuous presence condition and/or with performance conditions, to employees and/or corporate officers of the Company and of companies or economic interest groups related to it, pursuant to applicable statutory and regulatory provisions, either directly or through entities acting on their behalf;
- the sale of shares to employees (either directly or through an employee savings mutual fund) within the context of employee shareholding plans or company savings plans;

- the delivery of shares upon the exercise of rights attached to securities giving access to the Company's share capital;
- the later delivery of shares as payment or for exchange in the context of external growth transactions;
- the cancellation of shares within the maximum legal limit;
- supporting the market for shares in connection with a liquidity contract entered into with an investment service provider, in accordance with the market practice permitted by the French Financial Markets Authority.

Share buybacks may be carried out, in whole or in part, by acquisition, sale, exchange or transfer, on one or more occasions, by any means

on any stock markets, including multilateral trading facilities (MTF), through a systematic internalizer or over the counter, including by acquisition or disposal of blocks of shares (without limiting the portion of the share repurchase program that may be completed this way). These means include the use of any financial contract or derivative instrument (including in particular any future or any option), except the sale of put options, in accordance with applicable regulations.

These transactions may be carried out at any time during an 18-month period beginning April 27, 2023 (with the exception of periods of public tender offers on the Company's shares) within the limits allowed by the applicable regulations.

AUTHORIZATION TO CANCEL SHARES AND REDUCE THE SHARE CAPITAL FOLLOWING THE BUYBACK BY THE COMPANY OF ITS OWN SHARES

The Shareholders' Meeting of April 29, 2021 authorized the Board of Directors, for a period of 24 months, to cancel shares acquired in the context of a share buyback program, within a limit of 10% of the existing share capital as of the day of the Meeting.

Pertaining to this authorization, on April 26, 2022, the Board of Directors decided to cancel 13.2 million shares, representing around 1.9% of the share capital, and which were previously allocated to cancellation, with effect as from April 28, 2022.

TRANSACTIONS ON COMPANY SHARES IN 2022 AND SITUATION AS OF DECEMBER 31, 2022

In 2022, the Company carried out the following transactions involving DANONE shares:

- delivery of 0.2 million shares in the framework of the delivery of performance shares to executive corporate officers and approximately 1,750 senior executives of Danone as well as the grant of a free share to eligible employees ("One Person, One Voice, One Share" program);

- cancellation of 13.2 million DANONE shares previously allocated to cancellation as part of the Company' share buyback program.

Transactions on Company treasury shares during fiscal year 2022 presented by type of objective were as follows:

<i>(number of shares)</i>	Situation as of December 31, 2021	Buybacks	Sales / Transfers	Delivery of shares	Cancellation	Situation as of December 31, 2022
Shares allocated to external growth transaction	30,059,360	-	-	-	-	30,059,360
Shares allocated to employee shareholding plans	593,919	-	-	(203,283)	-	390,636
Shares allocated to cancellation	13,158,315	-	-	-	(13,158,315)	-
Treasury shares	43,811,594	-	-	(203,283)	(13,158,315)	30,449,996
Shares held by Danone Spain	5,780,005	-	-	-	-	5,780,005
Shares held by the Group	49,591,599	-	-	(203,283)	(13,158,315)	36,230,001

Treasury shares held by the Company as of December 31, 2022

	As of December 31, 2022
Number of DANONE shares	30,449,996
<i>Percentage of share capital</i>	4.51%
Value of DANONE shares held by the Company (in euros)	
Nominal value	7,612,499
Gross value	1,561,816,574

Market value of DANONE shares held by Danone and its consolidated subsidiaries

	As of December 31, 2022
Number of DANONE shares	36,230,001
<i>Closing price (in euros)</i>	49.23
Value of DANONE shares held by the Group (in euros)	
At the closing price	1,783,602,949

7.3 AUTHORIZATIONS TO ISSUE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

SUMMARY OF FINANCIAL AUTHORIZATIONS IN EFFECT AS OF DECEMBER 31, 2022

Maximum amounts of share capital authorized	Authorization type	Individual maximum amounts authorized	Use in 2022	Available balance as of December 31, 2022	
<i>(nominal issuance amount)</i>		<i>(nominal amount or percentage)</i>		<i>(nominal amount or percentage)</i>	
Maximum amount applicable to all dilutive and non-dilutive issuances: €60 million (approx. 35% ^(a) of the share capital)	Maximum amount applicable to non-dilutive issuances: €60 million (approx. 35% ^(a) of the share capital)	Capital increase with preferential subscription right for shareholders	–	€60 million	
	Maximum amount applicable to dilutive issuances: €17 million (or approx. 10% ^(a) of the share capital)	Capital increase without preferential subscription right but with a priority period for shareholders	€17 million (approx. 10% ^(a) of the share capital) ^(b)	–	€17 million
		Over-allotment (as a % of initial issuance)	15% ^(b)	–	–
		Public exchange offer initiated by the Company	€17 million (approx. 10% ^(a) of the share capital) ^(b)	–	€17 million
		Contributions in kind	10% of the share capital	–	10% of the share capital
		Capital increase reserved for employee members of a Company Savings Plan	€3.4 million (approx. 2% ^(a) of the share capital)	€315,856.50	€3.1 million
		Capital increase reserved for employees of foreign companies	€1.7 million (approx. 1% ^(a) of the share capital) attributable to the 2% maximum limit authorized for capital increases reserved for employees participating in a Company Savings Plan	€12,583.00	€1.7 million
		Grant of Group performance shares (GPS)	0.5% of the share capital at the close of the Shareholders' Meeting	1,228,602 shares granted (approx. 0.2% of the share capital)	0.3% of the share capital at the close of the Shareholders' Meeting
		Grant of shares with a continued presence condition (Fidelity Shares)	0.2% of the share capital at the close of the Shareholders' Meeting	522,916 shares granted (approx. 0.08% of the share capital)	0.2% of the share capital (per year) at the close of the Shareholders' Meeting
		–	Incorporation of reserves, earnings, additional paid-in capital and other amounts	€43 million (approx. 25% ^(a) of the share capital)	–

(a) The percentage of share capital is calculated for indicative purposes only, based on share capital as of December 31, 2022.

(b) All issuances of securities representing debts pursuant to these authorizations ((i) capital increase with preferential subscription right; (ii) capital increase without preferential right but with priority right for shareholders; (iii) over-allotment option and (iv) public exchange offer initiated by the Company) may not exceed a maximum principal amount of €2 billion (or equivalent value).

These authorizations were approved by the Shareholders' Meeting of April 29, 2021, for a period of 26 months, *i.e.*, until June 29, 2023, with the exceptions of (i) the grant of Group performance shares which expired on December 31, 2022, (ii) the authorization to implement

CAPITAL INCREASES RESERVED FOR EMPLOYEES

Danone regularly carries out capital increases reserved for Danone employees in France participating in a company savings plan (through a temporary fund later merged into the "Fonds Danone" company investment fund). The decision to carry out these capital increases is made in principle annually and under the authorization granted by the Shareholders' Meeting, by the Board of Directors at its February meeting. They are then carried out in May or June. In 2022 the capital increase reserved for Danone employees in France participating in a company savings plan represented a total amount of €49,096,734.36 (and a nominal amount of €315,856.50).

Danone also carries out capital increases reserved for employees of foreign companies, under the authorization granted by the

capital increases reserved for employees of foreign companies granted for a period of 18 months, *i.e.*, until October 29, 2023 and (iii) the grant of shares with a continued presence condition granted for a period of 38 months, *i.e.*, until June 26, 2025.

Shareholders' Meeting. In 2022 a capital increase was implemented for the benefit of employees in 42 countries in which Danone operates, representing a total amount of €1,953,888.24 (and a nominal amount of €12,583).

The Board of Directors of February 21, 2023, decided to implement a new capital increase reserved for employee members of a company savings plan for a maximum total amount of subscription of €80 million (*i.e.*, 2,257,973 shares). In addition, a new capital increase reserved for employees of foreign companies may be decided, subject to the approval of the Shareholders' Meeting of April 27, 2023.

FINANCIAL AUTHORIZATIONS SUBJECT TO APPROVAL BY THE SHAREHOLDERS' MEETING

The Shareholders' Meeting of April 27, 2023 will be asked to approve the following financial authorizations:

	Authorization date	Expiration date	Authorized limits	
			Ordinary shares <i>(nominal amount of ordinary shares issuance)</i>	Debt securities
Capital increase with preferential subscription right for shareholders	April 27, 2023	June 27, 2025	€50 million (approx. 30% ^(a) of the share capital)	
Capital increase without preferential subscription right but with a priority period for shareholders	April 27, 2023	June 27, 2025	€16.9 million (approx. 10% ^(a) of the share capital)	Common limit of €2 billion
Over-allotment (as a % of initial issuance)	April 27, 2023	June 27, 2025	15%	
Public exchange offer initiated by the Company	April 27, 2023	June 27, 2025	€16.9 million (approx. 10% ^(a) of the share capital)	
Contribution in kind	April 27, 2023	June 27, 2025	10% of the share capital	
Capital increase by incorporation of reserves, earnings, additional paid-in capital and other amounts	April 27, 2023	June 27, 2025	€42 million (approx. 25% ^(a) of the share capital)	–
Capital increase reserved for employee members of a Company Savings Plan	April 27, 2023	June 27, 2025	€3.3 million (approx. 2% ^(a) of the share capital) deducted from the €16.9 million maximum limit common to the aforementioned dilutive issues	–
Capital increase reserved for employees of foreign companies	April 27, 2023	October 27, 2024	€1.6 million (approx. 1% ^(a) of the share capital) deducted from the 2% maximum limit authorized for capital increases reserved for employees participating in a company savings plan	–
Grant of shares subject to performance conditions (GPS)	April 27, 2023	June 27, 2026	0.5% of the share capital at the close of the Shareholders' Meeting deducted from the €16.9 million maximum limit common to the aforementioned dilutive issuances	–

(a) The percentage of share capital is calculated for indicative purposes only, based on the share capital as of December 31, 2022.

CHANGES TO SHARE CAPITAL AND RIGHTS ATTACHED TO SHARES

Any changes to share capital or rights attached to shares constituting the share capital are subject to statutory law, as the by-laws contain no specific provisions.

7

7.4 FINANCIAL INSTRUMENTS NOT REPRESENTING SHARE CAPITAL

The Board of Directors, fundamental authority in the area of bond issuances, decided at its meeting of February 21, 2023, to renew, for one year, the authorization granted to General Management to issue, in France or abroad (including, in particular, in the United States of America by means of private placements to institutional investors), any type of bonds or debt securities, including ordinary bonds, subordinated debt securities or complex securities (whether fixed-term or perpetual) or any other type of negotiable debt

instrument for up to a maximum outstanding principal amount at any time of €18 billion (or the equivalent amount in any other currency or unit of account).

As of December 31, 2022, the total outstanding principal amount of the bonds issued by the Company (Danone's only bond issuer) was €11,942 million (amount recognized in the consolidated financial statements).

7.5 DIVIDENDS PAID BY THE COMPANY

DIVIDEND PAY-OUT POLICY

Rules set by French law and the Company's by-laws

In accordance with law, the following amounts are withheld from earnings from which any past losses have already been deducted: (i) at least 5% for the creation of the legal reserve, a deduction that will cease to be mandatory when the legal reserve has reached one-tenth of the share capital, but that will be reinstated if, for any reason whatsoever, the legal reserve falls below this amount; and (ii) any sums to be allocated to reserves in accordance with the law. The balance, to which are added retained earnings, represents the distributable earnings.

Under the terms of the by-laws, the amount necessary to constitute a first dividend payment to shareholders is deducted from the

distributable earnings. This amount corresponds to interest of 6% per annum on the amount of their shares that has been paid up and not reimbursed, it being specified that if in a given fiscal year earnings are not sufficient to make this payment, the shortfall may be paid by deduction from the earnings of subsequent fiscal years.

Any remaining balance is available for allocation by the annual Shareholders' Meeting, in accordance with a proposal by the Board of Directors, to shares as dividends or, in full or in part, to any reserve accounts or to retained earnings.

The reserves available to the Shareholders' Meeting can be used, if it so decides, to pay a stock dividend.

Company's pay-out policy

The Board of Directors implements a measured and balanced dividend pay-out policy, which is based on an analysis that takes into account the history of dividend payments, the Company's financial

position and results, the outlook as well as the dividend pay-out practices of Danone's business sector.

DIVIDEND PAID IN RESPECT OF 2022 FISCAL YEAR

A dividend of €2 per share will be proposed to the Shareholders' Meeting of April 27, 2023 on shares eligible to receive the dividend as of January 1, 2022.

If this dividend is approved, the ex-dividend date will be May 9, 2023 and the payment date will be May 11, 2023.

DIVIDENDS PAID IN RESPECT OF THE PREVIOUS THREE FISCAL YEARS PRIOR TO 2022

Dividend relating to the fiscal year	Dividend per share <i>(in € per share)</i>	Dividend approved <i>(in € millions)</i>	Dividend paid ^(a) <i>(in € millions)</i>
2019	2.10	1,441	1,374
2020	1.94	1,332	1,272
2021	1.94	1,334	1,249

(a) Treasury shares directly held by the Company do not carry the right to receive a dividend. However, the Company's shares held by its Danone Spain subsidiary carry the right to receive a dividend.

DIVIDENDS FORFEITED TO THE FRENCH STATE

By law, dividends that have not been claimed within five years revert to the French State.

7.6 SHAREHOLDERS' MEETING, VOTING RIGHTS

PARTICIPATION IN SHAREHOLDERS' MEETINGS

Shareholders' Meetings are convened and deliberate in the conditions set out by law. They are held at in the city where the registered office is located or at any other place specified in the Notice of Meeting.

The Shareholders' Meeting is composed of all shareholders, regardless of the number of shares owned, except in the case of forfeiture in accordance with applicable laws and regulations, and upon presentation of proof of identity and ownership of the shares on the terms stipulated by regulations.

Shareholders may choose one of the following four methods to participate in Shareholders' Meetings:

- attend the meeting in person by requesting an admission card;
- vote by correspondence;
- give a proxy to the Chairman of the Shareholders' Meeting; or

VOTING RIGHTS

Double voting rights

The Extraordinary Shareholders' Meeting of October 18, 1935 decided to include in the Company's by-laws, the grant of double voting rights, under the conditions provided by law, in relation to the portion of the share capital that they represent, to all fully paid-up shares for which evidence is provided that they have been registered in the name of the same shareholder for at least two years, as well as – in the event of a capital increase through capitalization of reserves, earnings or additional paid-in capital – to registered bonus shares granted to a shareholder in consideration of existing shares in respect of which he enjoys said rights. This statutory double voting right has been maintained since its creation in 1935 and coexists, in the same conditions, with the one created by the law 2014-384 of March 29,

Limitation on voting rights at Shareholders' Meetings

Principle of limitations on voting rights

The Extraordinary Shareholders' Meeting of September 30, 1992, decided to introduce into Danone's by-laws a clause limiting the voting rights, considering the weak participation rate of shareholders at Meetings. The purpose of the clause is to avoid having a shareholder exercise undue influence or even realize a "stealth" takeover of the Company. Hence, the by-laws provide that, at Shareholders' Meetings, no shareholder may cast more than 6% of the total number of voting rights attached to the Company's shares in his or her own right or through proxy (*mandataire*), in respect of single voting rights attached to shares which he or she holds directly and indirectly and of powers which have been granted to him or her. Nevertheless, if, additionally, he or she enjoys double voting rights in a personal capacity and/or in the capacity of agent, the limit set above may be exceeded by taking into account only the extra voting rights resulting therefrom. In such a case, the total voting rights that he or she represents shall not exceed 12% of the total number of voting rights attached to the Company's shares.

In accordance with Article 27.II of the Company's by-laws, this limitation applies when:

- the total number of voting rights taken into account is calculated as of the date of the Shareholders' Meeting and is brought to the attention of shareholders at the opening of the Shareholders' Meeting;

- give a proxy to any individual or legal entity of their choice.

The details concerning the participation at Shareholders' meetings as provided by laws and regulations can be found in the Notice of Meeting available on Danone's website: www.danone.com (Section Investors/Shareholders/Shareholders' meeting).

The Company's by-laws permit shareholders to participate in Shareholders' Meetings using electronic means, and a dedicated website has been specially created to that effect.

Moreover, the Board of Directors may decide that the vote occurring during the Shareholders' Meeting may be expressed by videoconference or any telecommunications method that makes it possible to identify the shareholders, subject to applicable legal and regulatory provisions.

2014, known as the "Florange Act", since neither Danone's Board of Directors nor its shareholders proposed its elimination when the legal double voting right was instituted for companies whose shares are admitted for trading on a regulated market.

Double voting rights cease in the event of a transfer or conversion into bearer shares, unless otherwise provided for by law. A double voting right may moreover be terminated by an Extraordinary Shareholders' Meeting's decision and after ratification by the special shareholders' meeting gathering all double voting right beneficiaries. A merger with another company shall not affect double voting rights, which can be exercised within the absorbing company if its by-laws have instituted this procedure.

- the number of voting rights held directly and indirectly refers particularly to those attached to shares held personally by a shareholder, shares held by a corporation he or she controls within the meaning of Article L.233-3 of the French Commercial Code and shares assimilated with shares held, as defined by the provisions of Articles L.233-7 *et seq.* of the French Commercial Code;
- in respect of voting rights used by the Chairman of the Shareholders' Meeting, those attached to shares for which a proxy form has been returned to the Company without naming a proxy and which, individually, do not violate the applicable limitations, are not taken into account.

Exceptions to limitations on voting rights

In accordance with Article 27.II of the Company's by-laws, the aforementioned limitations shall become null and void if any individual or corporate entity, acting alone or in concert with one or more individuals or legal entities, were to come into possession of at least two-thirds of the total shares of the Company as a result of a public tender offer for all the Company's shares. The Board of Directors shall formally acknowledge that the limitations have become null and void and shall complete the corresponding amendments to the by-laws.

In addition, in accordance with the general regulations of the French Financial Markets Authority, the effects of the limitations provided for in the preceding sections shall be suspended at the first Shareholders' Meeting following the close of a takeover bid if the bidder, acting alone or in concert, were to come into possession of more than two-thirds of the total shares or total voting rights of the company concerned.

Lastly, following adoption of the 16th resolution by the Shareholders' Meeting of April 22, 2010, the limitations on voting rights shall be suspended for a Shareholders' Meeting if the number of shares present or represented at such meeting reaches or exceeds 75% of the total number of shares carrying voting rights. In such event, the Chairman of the Board of Directors (or any other person who is presiding over the meeting in his absence) shall formally acknowledge the suspension of said limitation when the Shareholders' Meeting is opened.

Reasons for the limitation of voting rights for shareholders

The Board of Directors has, on several occasions, reviewed this clause limiting voting rights at Shareholders' Meetings and, notably following discussions with its shareholders, has concluded that this voting rights limitation is in the interest of all the Company's shareholders. Thus:

- considering the effective participation rate at Shareholders' Meetings (which remains below the average participation rate for shareholders' meetings of CAC 40 companies), this limitation prevents shareholders from influencing corporate decisions in a manner that would be disproportionate to the actual size of their shareholding, particularly in the event of a low quorum or when a simple majority is sufficient for the adoption of a corporate decision (with a quorum for Shareholders' Meetings of 50%, 25% of the votes could be sufficient to adopt or reject a corporate decision);
- considering Danone's disperse shareholding, in the absence of such a limitation mechanism, a shareholder could take *de facto* control of the Company "by stealth", *i.e.*, without being obliged to launch a public tender offer and offer existing shareholders the possibility of selling their shares in the Company under satisfactory conditions. The clause limiting voting rights is therefore clearly aimed at requiring any shareholder wishing to take control of the Company, at any time, to launch a takeover bid for all of the Company's shares, to offer a control premium, and, when required, to respect price conditions as set by the French Financial Markets Authority. In this regard, this provision

provides protection for all the shareholders and guarantees them the best valuation for their shares;

- this clause of the by-laws does not constitute an obstacle to a takeover bid on the Company, since the clause becomes automatically null and void for the first Shareholders' Meeting held subsequent to a takeover bid resulting in one or more shareholders acting in concert owning more than two-thirds of the Company's share capital or voting rights;
- the validity of clauses limiting voting rights has been recognized by the French Commercial Code, and their utility is illustrated by the fact that several other CAC 40 companies with a disperse shareholding have implemented a similar mechanism in their by-laws;
- the limitation clause does not affect, in any way, the economic rights of the shareholders that would be concerned by the measure insofar as such shareholders are eligible to receive the full dividend attached to the shares they own.

Like other CAC 40 companies, in 2007 the Shareholders' Meeting rejected a resolution aimed at removing this statutory clause limiting voting rights at a Meeting.

In 2010, following discussions with its shareholders, the Board considered it would be appropriate to amend the terms of the voting rights limitation mechanism in order to introduce the automatic suspension of the limitation process for any Shareholders' Meeting at which a sufficiently high quorum is achieved. Indeed, whereas this limitation appears appropriate and justified in the event of a low quorum, it appears superfluous in the event of a high quorum, since such a quorum would ensure all shareholders could express their opinion without the risk of distortion. For this reason, this limitation is suspended, in respect of any Meeting at which the number of shares whose shareholders are present or represented reaches or exceeds 75% of the total number of shares with voting rights. This suspension mechanism, based on the quorum, offers an additional guarantee to Danone's shareholders as it ensures that the voting rights limitation would be objectively activated.

In the event that a shareholder acquires a significant non-controlling interest in the Company's share capital, the quorum should automatically increase and would facilitate suspension of the clause, while ensuring that said shareholder was not able to influence proceedings at the Shareholders' Meeting in a manner disproportionate to his or her shareholding.

The quorum achieved at the Shareholders' Meeting of April 26, 2022, was 66.98%.

7.7 CROSSING OF THRESHOLDS, SHARES AND SHARE SALES

CROSSING OF THRESHOLDS

A shareholder is legally required to inform the Company and the French Financial Markets Authority whenever any of the following thresholds are crossed in either direction, within four trading days of when the threshold is crossed: 5%, 10%, 15%, 20%, 25%, 30%, one-third, 50%, two-thirds, 90% or 95% of the Company's share capital or voting rights (Article L. 233-7 of the French Commercial Code). In addition, any individual or legal entity that comes to acquire or ceases to hold in any manner whatsoever, within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, a fraction equivalent to 0.5% of the voting rights or a multiple thereof must, within five trading days of crossing such threshold, notify the Company of the total number of shares or securities giving future access to the capital and the total number of voting rights that said individual or

entity holds alone, or indirectly, or in concert, by registered mail with return receipt to the Company's registered office. If the threshold is crossed as a result of a purchase or sale in the open market, the notification period of five trading days begins with the date of trade and not the date of delivery.

In the event of failure to comply with this notification requirement, at the request of any holder or holders of 5% or more of the voting rights, the voting rights in excess of the fraction that should have been reported may not be exercised or delegated by the non-complying shareholder at any Shareholders' Meeting held during a period of two years as from the date on which the shareholder makes the corrective notification.

PURCHASES AND SALES OF COMPANY SHARES

There is no clause in the Company's by-laws giving preferential rights for the purchase or sale of Company shares.

7.8 SHARE OWNERSHIP STRUCTURE OF THE COMPANY AS OF DECEMBER 31, 2022 AND SIGNIFICANT CHANGES OVER THE PAST THREE YEARS

SHARE OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2022

It should be noted that double voting rights are granted to all fully paid-up shares held in registered form in the name of the same shareholder for at least two years (see section 7.6 *Shareholders' Meeting, voting rights*).

Shareholders having disclosed an ownership exceeding 1.5% of the Company's voting rights (based on reported crossings of statutory thresholds received by the Company)

Shareholders	Number of shares held	% of share capital	Number of gross voting rights	% of gross voting rights ^(a)	Number of net voting rights	% of net voting rights ^(b)
Artisan Partners ^(c)	47,556,481	7.0%	44,960,346	6.4%	44,960,346	6.8%
BlackRock	38,462,463	5.7%	38,462,463	5.5%	38,462,463	5.8%
The Capital Group Companies ^(d)	35,102,488	5.2%	35,102,488	5.0%	35,102,488	5.3%
Amundi group (including Lyxor)	25,960,946	3.8%	25,960,946	3.7%	25,960,946	3.9%
MFS ^(c)	27,320,869	4.0%	19,660,549	2.8%	19,660,549	3.0%
Employee shareholding – "Fonds Danone" company investment fund	10,437,763	1.5%	19,264,699	2.8%	19,264,699	2.9%
First Eagle Investment Management ^(c)	20,465,874	3.0%	19,052,383	2.7%	19,052,383	2.9%
Norges Bank	12,629,624	1.9%	12,629,624	1.8%	12,629,624	1.9%
Franklin Resources Inc.	11,223,278	1.7%	11,223,278	1.6%	11,223,278	1.7%
Treasury shares held by the Company	30,449,996	4.5%	30,449,996	4.3%	–	–
Treasury shares held by Danone Spain subsidiary	5,780,005	0.9%	5,780,005	0.8%	–	–
Others	410,448,145	60.7%	437,531,048	62.5%	437,531,048	65.9%
Total	675,837,932	100.0%	700,077,825	100.0%	663,847,824	100.0%

(a) The percentage of gross voting rights is calculated taking into account the treasury shares held by the Company and its subsidiaries, which are stripped of voting rights, as well as the double voting rights attached to shares held in registered form for more than 2 years.

(b) The number of net voting rights (or voting rights "exercisable in a Shareholders' Meeting") is calculated excluding shares stripped of voting rights.

(c) Artisan Partners, MFS and First Eagle Investment Management indicated to the Company that the number of voting rights (gross and net) they held in the Company is less than the number of shares that they hold, as certain of their customers retain the voting right attached to the shares managed by them.

(d) On 27 June 2022, according to the declaration of crossing of thresholds made to the French Financial Markets Authority (AMF).

As of December 31, 2022, a total of 24,239,893 shares had double voting rights, i.e. 3.6% of the Company's share capital. It should be noted that the largest holder of double voting rights is the employee savings fund (FCPE "Fonds Danone"), which holds 36.4% of the shares with double voting rights.

As of December 31, 2022, the portion of the Company's share capital held by shareholders in registered form on the Company share register

(*nominatif pur*) and in registered form on the books of a financial intermediary (*nominatif administré*) and pledged was not material.

To the Company's knowledge, no shareholder other than Artisan Partners, BlackRock and The Capital Group Companies held a stake of more than 5% in the Company's share capital or voting rights as of December 31, 2022.

Shares held by members of the Board of Directors and Executive Committee

See section 6.5 *DANONE shares held by the Board of Directors and the Executive Committee*.

SIGNIFICANT CHANGES IN THE COMPANY'S SHARE OWNERSHIP DURING THE PAST THREE FISCAL YEARS

Year ended December 31

Shareholders	2022			2021			2020		
	Number of shares	% of total shares	% of net voting rights ^(a)	Number of shares	% of net voting rights	% of net voting rights ^(a)	Number of shares	% of total shares	% of net voting rights ^(a)
Artisan Partners	47,556,481	7.0%	6.8%	40,268,876	5.9%	5.6%	11,399,196	1.66%	1.69%
BlackRock	38,462,463	5.7%	5.8%	39,246,864	5.7%	5.9%	42,295,309	6.2%	6.3%
The Capital Group Companies	35,102,488	5.2%	5.3%	-	-	-	-	-	-
Amundi group	25,960,946	3.8%	3.9%	28,056,004	4.1%	4.2%	23,500,862	3.4%	3.5%
MFS	27,320,869	4.0%	3.0%	37,826,194	5.5%	4.6%	63,789,281	9.3%	8.1%
Employee shareholding – “Fonds Danone” investment fund	10,437,763	1.5%	2.9%	9,638,831	1.4%	2.7%	9,002,865	1.3%	2.6%
First Eagle Investment Management	20,465,874	3.0%	2.9%	20,697,174	3.0%	3.0%	21,573,145	3.1%	3.0%
Norges Bank	12,629,624	1.9%	1.9%	12,610,897	1.8%	1.9%	15,145,141	2.2%	2.2%
Franklin Resources Inc.	11,223,278	1.7%	1.7%	8,715,356	1.3%	1.3%	470,585	0.1%	0.1%
CDC group	9,491,584	1.4%	1.4%	11,332,119	1.6%	1.7%	13,718,885	2.0%	2.0%
Comparfin S.A.	4,233,428	0.6%	1.3%	4,603,616	0.7%	1.4%	7,250,793	1.1%	1.8%
Treasury shares held by the Company	30,449,996	4.5%	-	43,811,594	6.4%	-	31,053,685	4.5%	-
Treasury shares held by Danone Spain subsidiary	5,780,005	0.9%	-	5,780,005	0.8%	-	5,780,005	0.8%	-
Other	410,448,145	60.7%	65.9%	433,810,315	63.1%	69.0%	443,777,721	64.6%	69.0%
Total	675,837,932	100%	100%	687,682,489	100%	100%	686,629,600	100%	100%

(a) This percentage excludes treasury shares held by the Company and its subsidiaries, which have been stripped of voting rights.

Significant changes during the past three fiscal years

During 2022, The Capital Group Companies, Inc. disclosed that it had successively passed above the threshold of 5% of the share capital and 5% of the voting rights [see disclosures No. 222C1641 and 222C1666]. The Capital Group Companies, Inc. indicated to the Company that it held 5.2% of its share capital and 5.3% of its voting rights as of June 27, 2022.

Between 2020 and 2022, the ownership interest held by Massachusetts Financial Services (“MFS”) in the Company’s share capital has decreased to represent 4.0% of the share capital as of December 31, 2022. Thus, as of December 31, 2022, MFS informed the Company that it held 27,320,869 DANONE shares (approximately 4.0% of the share capital), including 19,660,549 shares (approximately 2.9% of the share capital) for which MFS exercises voting rights and

7,660,320 shares (approximately 1.1% of the share capital) for which MFS clients have retained voting rights.

Since the end of 2020, Artisan Partners Limited Partnership has increased its stake in Danone’s share capital. Artisan Partners Limited Partnership indicated to the Company that it held 7% of its share capital and 6.8% of its voting rights as of December 31, 2022.

No other disclosures regarding the crossing of legal thresholds pertaining to the Company’s share capital or voting rights were published by the French Financial Markets Authority during fiscal year 2022.

To the best of the Company’s knowledge, no other significant changes in its shareholding structure have taken place during the past three fiscal years.

Employee shareholding

To the Company’s knowledge, the number of Company shares held directly or indirectly by employees of the Company and its affiliates was 12,071,784 shares, *i.e.*, 1.8% of the share capital (including 10,437,763 shares, *i.e.*, 1.5% of the share capital held by the FCPE “Fonds Danone”) as of December 31, 2022.

This number includes (i) shares that are subject to collective management or conditions prohibiting their disposal, either within the framework of a French Company Savings Plan (*Plan d’Épargne Entreprise*) or through French company investment funds (*Fonds Communs de Placement d’Entreprise - FPCE*) [the FCPE “Fonds Danone” and FPCEs of other Danone subsidiaries], (ii) shares held

following the delivery of Group performance shares, held in a registered form, (iii) shares granted to employees as part the “One Person, One Voice, One Share” program, and (iv) shares held in the framework of capital increases reserved to employees of the Danone Group’s foreign companies.

It is hereby recalled that in 2019, for the first time, as part of the “One Person, One Voice, One Share” program, Danone granted one free share to all its employees worldwide who had been employed by Danone for one year at the date of the grant, *i.e.*, 84,588 employees. In 2021 and 2022, an additional grant was implemented to the benefit of new employees who joined Danone since May 29, 2020, and

July 1st, 2021, and who were still employed by Danone at the date of the grant, *i.e.*, 9,438 and 6,708 employees respectively.

In addition, for the first time in 2022, pursuant to the authorization granted by the Shareholders' Meeting of April 26, 2022 under its 23rd resolution, the Board of Directors of Danone granted to approximately 1,700 employees (excluding members of the Executive

Identifiable holders of bearer shares

Under the terms of its by-laws and in accordance with the legislation and regulations, the Company may, at any time, ask the entity responsible for clearing shares (Euroclear France) for the name or company name, nationality, and address of the holders of shares or other securities conferring immediate or future voting rights at its

Committee) shares not subject to a performance condition but subject to a three-year continued presence condition in the Group, called "Fidelity Shares", for a total number of 522,916 shares (*i.e.*, approximately 0.08% of the share capital). These shares are to be delivered in three tranches, in 2023, 2024 and 2025.

Shareholders' Meetings, along with the number of securities held by each of them and, if applicable, any restrictions placed upon such securities. Euroclear France obtains the information requested from account-holding custodians affiliated to it, which are obliged to provide such information.

Distribution of shareholders based on the Company's survey in December 2022 of identifiable holders of bearer shares

	As a percentage of the share capital	
Institutional investors		78%
<i>of which</i>	<i>United States</i>	52%
	<i>France</i>	15%
	<i>United Kingdom</i>	9%
	<i>Switzerland</i>	5%
	<i>Germany</i>	4%
	<i>Rest of Europe</i>	9%
	<i>Rest of World</i>	5%
Individual investors and "Fonds Danone" FCPE		10%
Treasury shares		5%
Other		7%
Total		100%

7.9 MARKET FOR THE COMPANY'S SHARES

The Company's shares are listed on Euronext Paris (Compartment A – Deferred Settlement Service; ISIN Code: FR0000120644; ticker "BN").

Danone also maintains a sponsored Level 1 program of American Depositary Receipts (ADR), which are traded over-the-counter through the OTCQX platform under the symbol DANOY (each ADR representing one-fifth of a DANONE share). OTCQX is an information

platform for companies already listed on a qualified international stock exchange. It enables international companies to better access U.S. investors and to distribute information in the U.S. markets without the complexity and cost of an U.S. exchange listing.

DANONE shares are included in the CAC 40 and Eurostoxx 50 indexes.

7.10 FACTORS THAT MIGHT HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

In accordance with Article L.22-10-11 of the French Commercial Code, factors that might have an impact in the event of a tender offer are presented below:

(i) Structure of the Company's share capital

See section 7.8 *Share ownership structure of the Company as of December 31, 2022, and significant changes over the past three years.*

(ii) Voting rights restrictions set forth in the by-laws

The Company's by-laws provide for a system of limitation of voting rights, described in section 7.6 *Shareholders' Meeting, voting rights.* The Shareholders' Meeting of April 22, 2010, decided to include a mechanism for suspending this limitation if the number of shares present or represented at a Shareholders' Meeting reaches or exceeds 75% of the total number of shares carrying voting rights.

In addition, the Company's by-laws provide for a reporting obligation for anyone who would hold or cease to hold a fraction equal to 0.5% of voting rights or a multiple thereof, beginning when one of the thresholds is crossed. This mechanism is described in section 7.7 *Crossing of thresholds, shares and share sales.*

In the event of failure to comply with this notification requirement and upon the request of any holder or holders of 5% or more of the voting rights, the voting rights in excess of the fraction that should have been disclosed may not be exercised or delegated by the non-complying shareholder at any Shareholders' Meeting held

during a period of two years from the date on which the shareholder makes the corrective notification.

As of the publication date of this Universal Registration Document, the Company is not aware of any clause of agreements providing for preferential terms of purchase or sale concerning at least 0.5% of the capital or voting rights of the Company.

(iii) Direct or indirect holdings in the Company's share capital of which the Company is aware

See section 7.8 *Share ownership structure of the Company as of December 31, 2022, and significant changes over the past three years.*

(iv) Holders of securities providing special control rights on the Company and description of such rights

None.

(v) Control mechanisms provided for any employee shareholding program, when such control rights are not exercised by employees

Only the Supervisory Board of the "Fonds Danone" company investment fund has the authority to decide how to respond to a possible tender offer with respect to the DANONE shares held by the fund.

As an exception to this principle, holders of shares in the company investment fund may be consulted directly by referendum if the Supervisory Board has a split vote.

(vi) Main agreements between shareholders of which the Company is aware and that could impose restrictions on the transfer of shares and the exercise of voting rights

To the Company's knowledge, no agreement exists between shareholders that could impose restrictions on the transfer of the Company's shares and the exercise of voting rights.

(vii) Rules applicable to the appointment and replacement of members of the Board of Directors or to amendments of the by-laws

With the exception of the rules approved by the shareholders at the Shareholders' Meeting of June 26, 2020, concerning the appointment of the Directors representing employees (see section 6.1 *Governance*

bodies), there are no specific rules applicable to the appointment and replacement of members of the Board of Directors or to amendments of the by-laws.

(viii) Powers of the Board of Directors in the event of a public tender offer

Pursuant to the resolution approved by the Shareholders' Meeting of April 26, 2022, the Board of Directors is prohibited from implementing the Company share buyback program during a public tender offer involving the Company's shares. The Shareholders' Meeting of April 27, 2023 will be asked to renew this prohibition.

Moreover, in accordance with the decision of the Shareholders' Meeting of April 29, 2021, the Board of Directors cannot decide to issue shares and securities with or without preferential subscription rights (other than capital increases reserved for employees and grants of Group performance shares) during periods when the Company's shares are the subject of a public tender offer.

(ix) Main agreements signed by the Company that are amended or terminated in the event of a change of control of the Company

- Danone granted put options to certain non-controlling shareholders of its subsidiaries relating to their shares, which may be exercised during a public tender offer. The amount of such options is set out in Note 4.6 of the Notes to the consolidated financial statements.
- Certain joint-ventures agreements provide the possibility for the partner to purchase Danone's participation in the joint-venture in the event of a change of control of the Company. Hence, in 2005, the Company and the Arcor group signed an agreement governing relations between Danone and Arcor within the joint venture named Bagley LatinoAmerica, a Latin American leader in biscuits, in which the Company indirectly holds a 49% equity interest. In the event of a change of control of the Company, the Arcor group will have the right to have Danone repurchase all of its interest held in Bagley LatinoAmerica at its fair value.
- In addition, in 2016, Danone entered into a new shareholders' agreement with Al Faisaliah Holding that governs their relations within their jointly owned company Alsafi Danone Company Limited, a Saudi-based company selling fresh dairy products and fruit juice in the Middle East in which Danone holds an indirect 17% stake. In the event of a change of control in the Company without the consent of Al Faisaliah Holding, Al Faisaliah Holding could terminate the shareholders' agreement and exercise a call option on the shares held by Danone in Alsafi Danone Company Limited.
- Under the terms of contracts regarding the use of mineral springs, in particular Volvic and Evian in France, Danone has very longstanding and privileged relations with local municipalities in which these springs are located. It is difficult for the Company to assess with certainty the impact on these contracts of any change in its control.
- The Group performance shares (GPS) and the plans of shares subject to a presence condition (Fidelity Shares), that were put in place by the Company for the benefit of certain employees and its corporate officers, include specific provisions in the event of a change of control of the Company resulting from a public tender offer on the Company's securities, described in section 6.4 *Detailed information on long-term compensation plans.*
- Danone's syndicated facility agreement includes a change of control provision, which offers the lending banks an early redemption right in the event of a change of control of the Company, if it is accompanied by a downgrade of its rating by the rating agencies to sub-investment grade. It represents a principal amount of €2 billion.
- The Company's EMTN bond issuance program, its U.S. bond issuances in November 2016 and certain bilateral bank credit facility also include a similar mechanism in the event of a change of control of the Company (see Note 11.3 of the Notes to the consolidated financial statements).

(x) Agreements providing for indemnities to be paid to employees and corporate officers of the Company in the event that they resign, or their employment is terminated without cause or if their employment ends due to a public tender offer

See section 6.3 *Compensation and benefits of governance bodies*.

7.11 CHANGE OF CONTROL

To the Company's knowledge, no agreement exists which, if implemented, could, at a future date, lead to a change of control of the Company.

CROSS-REFERENCE TABLES	336
<i>Cross-reference table for the Annual Financial Report</i>	<i>336</i>
<i>Cross-reference table for the Management Report of the Company and Danone Group</i>	<i>339</i>

APPENDIX

CROSS-REFERENCE TABLES

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of this Universal Registration Document, the cross-reference table hereafter enables to identify the information, required in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general regulations of the French Financial Markets Authority, which constitute the annual financial report.

Annual Financial Report		Sections
1.	Company financial statements	4.2
2.	Consolidated financial statements	4.1
3.	Management Report (within the meaning of the French monetary and financial code) See the cross-reference table for the Management Report of the Company and Danone Group hereinafter	
4.	Statements of the persons responsible for the Annual Financial Report	1.3
5.	Statutory Auditors' report on the Company's financial statements and the consolidated financial statements	4.1, 4.2
6.	Report on the corporate governance (Article L.225-37 of the French Commercial Code)	6.1 to 6.5, 7

Cross-reference table for the provisions of Annexes 1 and 2 of the 2019/980 Delegated Regulation of the European Commission

This cross-reference table identifies the main information required by Annexes 1 and 2 of the 2019/980 Delegated Regulation of the European Commission dated March 14, 2019. This table refers to the sections of this Universal Registration Document on which the information related to each item is indicated.

Universal Registration Document		Sections
Section 1	Persons responsible, third party information, expert's reports and competent authority approval	
1.1	Identity of the person responsible	1.3
1.2	Statement of the person responsible	1.3
1.3	Identity of the person participating as an expert whose statement or report is included in the Universal Registration Document	N/A
1.4	Statement on the information provided by a third party	N/A
1.5	Statement on the competent authority	Financial Markets Authority insert
Section 2	Statutory auditors	
2.1	Identity	1.1
2.2	Change	N/A
Section 3	Risk factors	
3.1	Description of the risks	2.6
Section 4	Information about the issuer	
4.1	Legal and commercial name	1.1
4.2	Registration place and number, legal entity identifier ("LEI")	1.1
4.3	Incorporation date and term	1.1
4.4	Registered office, legal form, applicable legislation, country of incorporation, address and telephone number of the registered office, website	1.1
Section 5	Business overview	
5.1	Principal activities	
5.1.1	<i>Nature of operations and principal activities</i>	2.1 to 2.4, 3.1
5.1.2	<i>Development of new products and/or services</i>	2.3
5.2	Principal markets	2.1 to 2.3, 3.2
5.3	Important events in the development of the business	2.1 to 2.4, 3.1
5.4	Strategy and objectives	2.2, 2.3
5.5	Dependence of the issuer with regards to patents, licenses, contracts and manufacturing processes	N/A
5.6	Competitive position of the issuer	1.2 (Definition of "Danone's market shares and positions"), 2.1, 2.3, 2.4
5.7	Investments	
5.7.1	<i>Material investments made</i>	3.1, 3.3
5.7.2	<i>Material investments in progress</i>	3.1, 3.3, 5.2, 5.7
5.7.3	<i>Information relating to the joint ventures and undertakings likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses</i>	2.5, 4.1
5.7.4	<i>Environmental issues that may affect the use of the tangible fixed assets</i>	5.2, 5.7
Section 6	Organizational structure	
6.1	Brief description of the Group	2.5
6.2	List of the significant subsidiaries	2.5
Section 7	Operating and financial review	
7.1	Financial position	
7.1.1	<i>Development and performance of the business, position of the issuer, financial and non-financial Key Performance Indicators</i>	3.1 to 3.4, 3.6
7.1.2	<i>Likely future evolution and activities in the field of research and development</i>	2.4, 3.1, 3.5
7.2	Operating results	
7.2.1	<i>Significant factors materially influencing the operating income</i>	2.2, 2.3, 2.6, 3.2, 4.1
7.2.2	<i>Evolution of net sales</i>	2.1, 3.2, 4.1
Section 8	Capital resources	
8.1	Issuer's capital resources	3.4, 4.1
8.2	Sources and amounts of the cash flows	3.3, 4.1
8.3	Borrowing requirements and funding structure	3.4, 4.1
8.4	Restrictions on the use of capital resources	3.4, 4.1
8.5	Anticipated sources of funds	3.4, 4.1
Section 9	Regulatory environment	
9.1	Description of the regulatory environment and external factors materially influencing the operations	2.4, 2.6
Section 10	Trend information	
10.1	Most significant trends since the end of the last fiscal year	3.5
10.2	Events that are reasonably likely to have a material effect on the issuer's prospects	2.6, 3.5
Section 11	Profit forecasts or estimates	
11.1	Profit forecast or estimate	N/A
11.2	Principal hypothesis underlying the profit forecast or estimate	N/A
11.3	Statement on the preparation of the profit forecast or estimate	N/A

Universal Registration Document		Sections
Section 12 Administrative, management and supervisory bodies and senior management		
12.1	Information on the members of the board of directors and the senior management	6.1, 6.2
12.2	Conflicts of interests	6.1
Section 13 Compensation and benefits		
13.1	Compensation paid and benefits in kind	6.3, 6.4
13.2	Provisions for pension and retirement obligations	4.1
Section 14 Board practices		
14.1	Expiration date of the current terms of office	6.1, 6.2
14.2	Statement on services agreements relating to the members of the administrative, management and supervisory bodies	6.1
14.3	Information on the Audit Committee and the Nomination, Compensation and Governance Committee	6.1
14.4	Statement of compliance with a corporate governance regime	6.1
14.5	Potential material changes on the corporate governance	6.1
Section 15 Employees		
15.1	Number of employees	2.5, 4.1, 5.4
15.2	Shareholdings and stock-options held by the members of the board of directors and by the senior management	6.3, 6.4, 6.5
15.3	Agreements involving the employees in the capital of the issuer	5.4, 7.8
Section 16 Major shareholders		
16.1	Identification of the major shareholders	7.8
16.2	Voting rights	7.6
16.3	Control of the issuer	7.8
16.4	Arrangements that may result in a change of control	7.11
Section 17 Related party transactions		
17.1	Details of related party agreements	4.1, 6.6
Section 18 Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
18.1	Historical financial information	
18.1.1	<i>Audited historical financial information and audit report</i>	1.2, 4.1, 4.2
18.1.2	<i>Change of accounting reference date</i>	N/A
18.1.3	<i>Accounting standards</i>	4.1, 4.2
18.1.4	<i>Change of accounting framework</i>	4.1
18.1.5	<i>Financial statements</i>	4.2
18.1.6	<i>Consolidated financial statements</i>	4.1
18.1.7	<i>Date of latest financial information</i>	December 31, 2022
18.2	Interim and other financial information	
18.2.1	<i>Half yearly and quarterly financial information and interim financial information</i>	N/A
18.3	Auditing of historical annual financial information	
18.3.1	<i>Audit report on the historical financial information</i>	4.1, 4.2
18.3.2	<i>Other information audited by the auditors</i>	5.11, 6.6
18.3.3	<i>Financial information not extracted from audited financial statements of the issuer</i>	3.2 to 3.4, 3.6
18.4	Pro forma financial information	
18.4.1	<i>Pro forma financial information</i>	N/A
18.5	Dividend policy	
18.5.1	<i>Description of the issuer's policy on dividend</i>	7.5
18.5.2	<i>Amount of the dividend per share</i>	3.2, 7.5
18.6	Legal and arbitration proceedings	
18.6.1	<i>Significant governmental, legal or arbitration proceedings</i>	4.1
18.7	Significant change in the issuer's financial position	
18.7.1	<i>Significant change in the financial position</i>	3.5
Section 19 Additional information		
19.1	Share capital	
19.1.1	<i>Amount of issued and authorized capital</i>	7.1, 7.3
19.1.2	<i>Shares not representing capital</i>	N/A
19.1.3	<i>Shares held by the issuer or its subsidiaries</i>	7.2, 7.8
19.1.4	<i>Convertible securities, exchangeable securities or securities with warrants</i>	N/A
19.1.5	<i>Acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital</i>	N/A
19.1.6	<i>Options on the capital of Group members</i>	4.1
19.1.7	<i>History of share capital</i>	7.1
19.2	Memorandum and Articles of Association	
19.2.1	<i>Trade and Companies Register, purposes of the issuer</i>	1.1
19.2.2	<i>Rights, preferences and restrictions attaching to shares</i>	7.5, 7.6
19.2.3	<i>Provisions that may delay, defer or prevent a change of control</i>	7.10
Section 20 Material contracts		
20.1	Material contracts of the issuer or any member of the group	3.1
Section 21 Documents available		
21.1	Statement regarding the available documents	3.7

CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT OF THE COMPANY AND DANONE GROUP

The cross-reference table hereinafter enables to identify the main information of the Management Report of the Company and Danone Group required by the French Commercial Code.

Information required	Reference text	Sections
Situation and activity		
Analysis of changes in business, results and the financial situation during the last fiscal year	L.225-100-1, I 1° of the French Commercial Code	3.1 to 3.4, 4.1, 4.2
Key financial and non-financial performance indicators	L.225-100-1, I 2° of the French Commercial Code	Section "Key figures"
Main risks and uncertainties	L.225-100-1, I 3° of the French Commercial Code	2.6
Company's objectives, hedging policy and exposure to price, credit, liquidity and cash flows risks	L.225-100-1, I 4° of the French Commercial Code	4.1, 4.2
Financial risks resulting from the effects of the climate change and measures undertaken by the Company	L.22-10-35, 1° of the French Commercial Code	2.6, 4.1, 5.2
Internal control and risk management procedures	L.22-10-35, 2° of the French Commercial Code	2.6, 2.7
Research and development activities	L.232-1, II and L.233-26 of the French Commercial Code	2.4, 3.1
Major events occurred since the close of the fiscal year	L.232-1, II and L.233-26 of the French Commercial Code	3.5, 4.1
Company and Group foreseeable trends and outlook	L.232-1, II and L.233-26 of the French Commercial Code	3.5
Existing branches	L.232-1, II of the French Commercial Code	1.1
Acquisition of significant equity interests or control in companies headquartered in France	L.233-6 par. 1 of the French Commercial Code	N/A
Activities of the Company's subsidiaries	L.233-6 par. 2 of the French Commercial Code	2.1, 2.3, 3.1, 3.2
Table on the Company's financial results over the last five years	R.225-102 of the French Commercial Code	4.2
Information relating to suppliers and clients' terms of payment	L.441-14 and D.441-6 of the French Commercial Code	4.3
Corporate governance		
Board of Directors' Report on corporate governance	L.225-37 of the French Commercial Code	6.1 to 6.5, 7
Compensation policy for corporate officers	L.22-10-8 of the French Commercial Code	6.3
Compensation policy for directors	L.22-10-8 of the French Commercial Code	6.3
Report on compensation of corporate officers during the last fiscal year	L.22-10-9 of the French Commercial Code	6.3
Positions and responsibilities of the corporate officers	L.225-37-4 1° of the French Commercial Code	6.2
Agreements entered into between significant shareholders or corporate officers and controlled companies	L.225-37-4 2° of the French Commercial Code	N/A
Mode of exercise of the executive management and limits on the powers of the Chief Executive Officer	L.225-37-4 4° and L.22-10-10, 3° of the French Commercial Code	6.1
Composition and work of the Board of Directors	L.22-10-10, 1° of the French Commercial Code	6.1
Diversity policy applied to the members of the Board	L.22-10-10, 2° of the French Commercial Code	6.1
Application of the AFEP-MEDEF Corporate Governance code for listed companies	L.22-10-10, 4° of the French Commercial Code	6.1
Description of the procedure relating to agreements entered into in the ordinary course of business and at arm's length	L.22-10-10, 6° of the French Commercial Code	6.1
Attribution and retention of options by corporate officers	L.225-185 and L.22-10-57 of the French Commercial Code	6.3
Attribution and retention of free shares by corporate officers	L.225-197-1 II and L.22-10-59 of the French Commercial Code	6.3, 6.4
Summary of the Company's shares trading by corporate officers and related persons	223-26 of the general regulations of the French Financial Markets Authority and L.621-18-2 of the French Monetary and Financial Code	6.5
Share ownership and capital		
Information that may have an impact in the event of a takeover bid	L.22-10-11 of the French Commercial Code	7.10
Employees shareholding as of the end of the fiscal year	L.225-102 of the French Commercial Code	7.8
Acquisition and disposal by the Company of treasury shares	L.225-211 of the French Commercial Code	7.2
Delegations of authority relating to a share capital increase currently in force	L.225-37-4 3° of the French Commercial Code	7.3
Participation in Shareholders' Meeting	L.22-10-10, 5° of the French Commercial Code	7.6
Extra-financial performance		
Consolidated declaration of extra-financial performance	L.225-102-1, L.22-10-36 and R.225-105 of the French Commercial Code	5.1 to 5.6, 5.8, 5.10 2.1 to 2.4 (business model)
Vigilance plan	L.225-102-4 of the French Commercial Code	5.1 to 5.6, 5.9

Design and production

The graphic design and production have been performed by Caroline Pauchant with Adrien Labbe, Luce Sauret-Théry and Violaine Aurias.

Project team

The Danone project team of the Universal Registration Document is composed of Serge Mukwade with Paloma Colón Hidalgo, Claire Le Frene and Marion Renard.

Paper

The inner pages as well as the cover of the Universal Registration Document have been printed on Balance Silk 100% recycled and certified paper:

- FSC® Recycled [SGSCH-CoC-002122];
- ECF: Elemental Chlorine Free. No substances classified as carcinogenic, mutagenic or reprotoxic (CMR) are used as raw materials.

The paper manufacturer, Burgo Group, complies with the new European REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation, created to better protect human health and the environment from the risks posed by chemicals, promote alternative test methods and the free circulation of substances, and enhance competitiveness and innovation.

The paper manufacturing plant is certified:

- ISO 9001 (Quality Management international standard);
- ISO 14001 (Environmental Management international standard);
- ISO 50001 (Energy Management international standard);
- ISO 45001 (Workplace Health and Safety international standard);
- ISO 15593 (Food Safety international standard).

Printing

This document was printed on the presses of Snel, Z.I. des Hauts-Sarts – zone 3 – 21, rue Fond des Fourches – 4041 Vottem – Herstal – Belgium, which uses vegetable-based inks and solvent-free glue and has the following certifications:

- FSC® (Forest Stewardship Council);
- PEFC® (Programme for the Endorsement of Forest Certification Schemes chain-of-custody certified);
- IMPRIM'VERT®.



FINANCIAL COMMUNICATION CALENDAR 2023

February 22, 2023
2022 Full-Year Results

April 25, 2023
2023 First-Quarter Sales

Avril 27, 2023
2023 Shareholders' Meeting

July 26, 2023
2023 First-Half Results

October 26, 2023
2023 Third-Quarter Sales

ABOUT DANONE (www.danone.com)

Danone is a leading global food and beverage company operating in three health-focused, fast-growing and on-trend categories: Essential Dairy & Plant-Based products, Waters and Specialized Nutrition. With a long-standing mission of bringing health through food to as many people as possible, Danone aims to inspire healthier and more sustainable eating and drinking practices while committing to achieve measurable nutritional, social, societal and environment impact. Danone has defined its Renew strategy to restore growth, competitiveness, and value creation for the long-term. With 100,000 employees, and products sold in over 120 markets, Danone generated €27.7 billion in sales in 2022. Danone's portfolio includes leading international brands (*Actimel, Activia, Alpro, Aptamil, Danette, Danio, Danonino, evian, Nutricia, Nutrilon, Volvic, among others*) as well as strong local and regional brands (including *Aqua, Blédina, Bonafont, Cow & Gate, Mizone, Oikos* and *Silk*). Listed on Euronext Paris and present on the OTCQX market via an ADR (American Depositary Receipt) program, Danone is a component stock of leading sustainability indexes including the ones managed by Vigeo Eiris and Sustainalytics, as well as the Ethibel Sustainability Index, the MSCI ESG Indexes, the FTSE4Good Index Series, Bloomberg Gender Equality Index, and the Access to Nutrition Index. By 2025, Danone aims to become one of the first multinational companies to obtain global B Corp™ certification.

