UNIVERSAL REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT 2023

DANONE
ONE PLANET. ONE HEALTH

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DANONE
ONE PLANET. ONE HEALTH

UNIVERSAL REGISTRATION DOCUMENT 2023

THIS UNIVERSAL REGISTRATION DOCUMENT INCLUDES ALL THE ITEMS OF THE ANNUAL FINANCIAL REPORT

DANONE

A French corporation
(société anonyme) with share capital
of 169 443 282,00 euros

Registered office:
17, boulevard Haussmann, 75009 Paris

Paris trade and corporate register number: 552 032 534

This Universal Registration Document was filed with the French Financial Markets Authority (*Autorité des Marchés Financiers* or *AMF*) on March 12, 2024, 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 Universal Registration Document is a reproduction in PDF format, translated in English, of the official version of the Universal Registration Document established in XHTML, filed with the AMF on March 12, 2024 and available on the AMF website. This reproduction is available on Danone's website.

Chief Executive Officer Statement

Antoine de SAINT-AFFRIQUE

> **Strong full-year results, consistently delivering on Renew Danone**

"2023 was a year of consistent progress and strong delivery against our Renew Danone agenda. We put science back at the heart of what we do and further tied sustainability to business performance. We made significant progress in sharpening our portfolio. We further invested behind our brands, our innovations and our capabilities, progressively improving the quality of our growth, while creating value for all stakeholders.

In a context which remains challenging, the progressive improvement of our volume-mix, turning positive in Q4, the visible progress made by EDP Europe, and the continued strong momentum of our Medical Nutrition activity are encouraging signs, even if lots remains to be done.

Building on the positive momentum of 2023, we are starting this new financial year with confidence in our Renew strategy. We will continue to focus on consistent execution and delivery. We will keep progressively improving the resilience of Danone, further equipping it with the skills, science and tools it needs to be future fit. As we start projecting ourselves, we look forward to hosting a Capital Market Event in June 2024."

Antoine de SAINT-AFFRIQUE,
Chief Executive Officer

Key figures 2023

FINANCIAL INDICATORS

+7.0%
ORGANIC SALES GROWTH

+142 bps
MARGIN FROM OPERATIONS

97 bps
REINVESTMENTS

+3.4%
RECURRING EPS

€2.6 bn
FREE CASH FLOW

€2.10
DIVIDEND PER SHARE

SUSTAINABILITY INDICATORS

AAA (a)
AWARDED BY CDP FOR THE 5TH YEAR IN A ROW

83%
SALES COVERED BY B CORP™ CERTIFICATION

89%
SALES IN VOLUMES RATED ≥ 3.5 STARS BY THE HEALTH STAR RATING SYSTEM

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

Key financial figures

	Year ended December 31			
(in € millions except if stated otherwise)	2022	2023	Reported changes	Like-for-like changes (b)
Sales	**27,661**	**27,619**	**(0.2)%**	**+7.0%**
Recurring operating income (b)	**3,377**	**3,481**	**3.1%**	
Recurring operating margin (b)	***12.2%***	***12.6%***	***40 pb***	
Recurring net income – Group share (b)	2,205	2,283	3.5%	
Net income – Group share	**959**	**881**	**(8.1)%**	
Recurring EPS *(in €)* (b)	***3.43***	***3.54***	***3.4%***	
EPS *(in €)*	1.48	1.36	(8.0) %	
Free cash flow (b)	***2,127***	***2,633***	***23.8%***	
ROIC	**8.9%**	**9.5%**	**60 pb**	

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

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INFORMATION ABOUT THE ISSUER AND INFORMATION ON THE UNIVERSAL REGISTRATION DOCUMENT

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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 **Member of the Compagnie Régionale des Commissaires aux comptes de Versailles et du Centre**	**Mazars & Associés** **Member of the Compagnie Régionale des Commissaires aux comptes de Versailles et du Centre**
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 *Business highlights in 2023 and outlook for 2024* and from Danone's consolidated financial statements for fiscal year 2023 prepared in accordance with IFRS, which, together with the Notes to the consolidated financial statements for fiscal year 2023 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:

B Corp certification	International B Corp certification is awarded by the not-for-profit organization B Lab to for-profit companies demonstrating high social, societal and environmental performance in five impact areas: Governance, Employees, Community, Environment and Customers.
Category	All references to "Category" or "Categories" refer to one or more of Danone's Essential Dairy & Plant-Based, Specialized Nutrition or Waters activities.
CDP	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.
CNAO (China, North Asia, Oceania)	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 2023 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.
Danone's TSR (Total shareholder return)	Total shareholder return of the DANONE share, dividends reinvested.
Emerging countries	All references to "emerging countries" refer to countries other than mature countries where Danone is present.
Essential Dairy & Plant-Based (EDP)	All references to the "Essential Dairy & Plant-Based" or "EDP" Category refer to production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and beverages, and coffee creations.
Europe	Zone that refers to Europe, which includes Ukraine.
FS (Fidelity Shares)	DANONE shares subject to progressive continuous employment conditions described in section 6.4 Detailed information on long-term compensation plans.
Latam (Latin America)	Zone that includes Mexico, Brazil, Argentina and Uruguay.
Geographical zone	All references to "geographical zone" or "geographical zones" refer to one or more of Danone's Europe, Noram, CNAO, Latam and Rest of the World geographical zones.
GPS (Group performance shares)	DANONE shares subject to performance conditions described in section 6.4 Detailed information on long-term compensation plans.
GPU (Group performance units)	Multi-annual compensation described in section 6.4 Detailed information on long-term compensation plans.

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 for 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 (North America)	Zone that includes the United States and Canada.
Universal Registration Document	Danone's 2023 Universal Registration Document.
Rest of the World	Zone that includes AMEA (Asia, Middle East including Turkey, Africa) and CIS (Commonwealth of Independent States).
ROIC (Return on invested capital)	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 *Review of the Balance Sheet and Financial Security*).
Sales	Danone's consolidated net sales.
Specialized Nutrition (SN)	All references herein to the "Specialized Nutrition" Category or "SN" refer to production and distribution of formulas and complementary feeding for babies and young children, as well as food for medical purposes for children and adults with an underlying medical condition.
Société à Mission	All references to "*Société à Mission*" refer to the status provided for in French law which was adopted by the Company on June 26, 2020.
Waters	All references herein to the "Waters" Category refer mainly to plain water, flavored water and functional beverages.

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:

	2021		2022	
Incorporation by reference	**Universal Registration Document**	**Pages**	**Universal Registration Document**	**Pages**
Consolidated financial statements and the Statutory auditors' report for the fiscal year ended December 31	filed with the AMF on March 16, 2022 (filing number D.22-0109)	60 to 121	filed with the AMF on March 16, 2023 (filing number D.23-0099)	60 to 121
Annual financial statements and the Statutory auditors' report for the fiscal year ended December 31		122 to 142		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 42 to 56		3 and 42 to 58

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 12, 2024

"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

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2.1 PRESENTATION OF DANONE

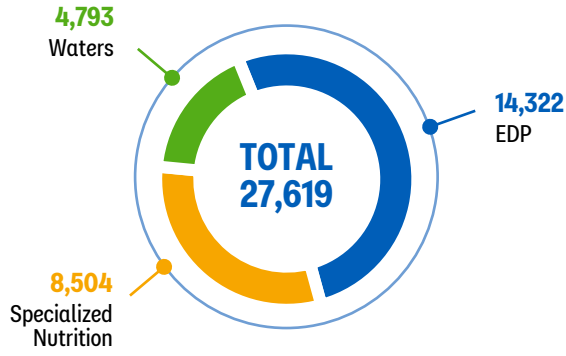
ACTIVITIES

Danone operates in growing, healthy and on-trend Categories of the food and beverages sector:

- Essential Dairy & Plant-Based (EDP) products (52% of the Group's Sales in 2023) – Essential Dairy mainly includes yogurts (classic and drinkable), coffee creations (coffee creamers and ready-to-drink coffee beverages) and desserts. Plant-Based products mainly include plant-based beverages and, plant-based alternatives to yogurts, but also new categories (plant-based ice creams, frozen desserts, coffee drinks and cheese);
- Specialized Nutrition (31% of the Group's Sales in 2023) – covering formulas and complementary feeding for babies and young children, as well as food for special medical purposes for children and adults. The medical nutrition for children includes nutrition products designed to meet the specific needs of children diagnosed with certain medical conditions (in particular certain allergies). The portfolio of adult medical nutrition includes oral nutritional supplements for patients suffering from malnutrition caused by illness as well as tube feeding for patients who can no longer feed themselves normally; and,
- Waters (17% of the Group's Sales in 2023) – which includes plain water, flavored water and functional beverages.

CONSOLIDATED SALES BY CATEGORY

(in € millions)



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. 4 worldwide for adult medical nutrition.

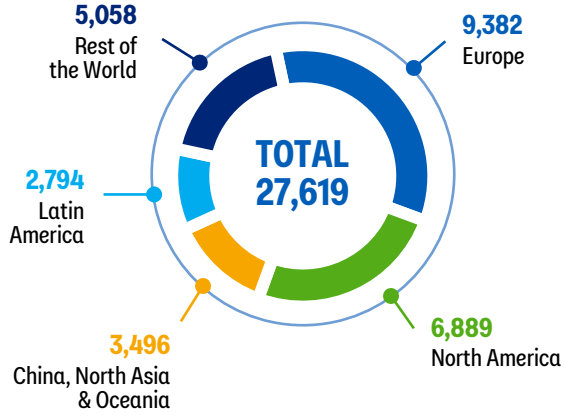
MAIN MARKETS

Danone operates in five geographical zones:

- Europe represented 34% of the Group's Sales in 2023, with France, Spain, Germany and the United Kingdom being the largest markets. Europe covers all Categories, from EDP to Waters and Specialized Nutrition.
- North America, which represented 25% of the Group's Sales in 2023, includes the United States and Canada. The largest businesses are Essential Dairy, including yogurts, milk and coffee related products, and Plant-Based products. Danone is also present in Specialized Nutrition and Waters.
- China, North Asia & Oceania represented 13% of the Group's Sales in 2023. The zone's biggest country is China, where Danone enjoys strong leadership positions in infant formula, medical nutrition, and Waters. The zone also includes Japan, where Danone sells Essential Dairy & Plant-Based products, as well as Australia and New Zealand for Specialized Nutrition.
- Latin America represented 10% of the Group's Sales in 2023, with the largest contributors being Mexico, Brazil and Argentina.
- The Rest of the World represented 18% of the Group's Sales in 2023. The zone notably includes:
  - Asia Pacific, where the leading country is Indonesia, and
  - Africa and the Middle East, where the largest markets are Turkey and Morocco.

CONSOLIDATED SALES BY GEOGRAPHICAL ZONE

(in € millions)



Top 10 countries in terms of sales

	Year ended December 31	
(%)	**2022**	**2023**
United States	22 %	22 %
China	10 %	11 %
France	8 %	8 %
Indonesia	6 %	6 %
Mexico	5 %	5 %
United Kingdom	5 %	5 %
Spain	4 %	4 %
Germany	3 %	4 %
Russia [(a)]	6 %	3 %
Brazil	3 %	3 %

(a) Includes the sales of the EDP Russia business from January 1, 2023 until the date of deconsolidation, i.e. July 16, 2023 (see Note 3 to the consolidated financial statements).

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

Top 10 customers

In 2023, Danone's top 10 customers worldwide (two of which are French) accounted for approximately 21% of its consolidated sales; the top five customers represented approximately 15% 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 & 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 2023, Danone is worldwide number one in Essential Dairy Products, number one in Plant-Based, number two in Waters, number two in early life nutrition and number four in adult medical nutrition;
- 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 high protein. For example, on the high protein platform, *Oikos* and *YoPro* brands sales kept growing at a fast pace in 2023;
  - 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 a favorable long-term trend (plain water will remain the healthiest hydration option) and of a balanced portfolio between safe tap-water markets – where it focuses on the premium segment only, and non-safe tap-water markets where it delivers safe-drinking water;
  - in Specialized Nutrition, Danone has a strong leadership providing milk 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 pediatrics and adult medical nutrition;

- a portfolio of iconic global and local brands, with:
  - a strong platform of global brands such as *Aptamil*, *Actimel*, *Activia*, *Danone*, *YoPro*, *Neocate,* *Nutricia* and *evian*, complemented by strong leading local brands;
  - a strong focus on health: 90.3% 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 one third of its sales in emerging markets and almost two thirds in mature markets;
- strong assets and capabilities around gut health, fermentation, dairy and plant-based protein, infant nutrition, cow's milk allergy or medical nutrition support for oncology and patients.

STRATEGIC PLAN "RENEW DANONE"

Danone Strategic Plan "Renew Danone", presented in March 2022, at a capital market event, by CEO Antoine de SAINT-AFFRIQUE kept progressing and started yielding results in 2023.

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:

- strengthening 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").

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 Danone" was designed to create the conditions for a sustainable and competitive growth.

Over the 2022-2024 period, focus is on ensuring 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 reconnects with sustainable value creation, with financial targets described in the section 3.5 *Outlook 2024*;

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 benefit from an increased support and focus, notably in terms of category management, advertising & promotion and Research and Innovation investment.

For example, the EDP Category performance improved over year 2023, delivering robust growth overall and sequentially improving volume/mix. This was notably made possible by the repositioning of the key brands and the review of product portfolio, that has led to the rationalization of roughly 20% of the least value-creative Stock Keeping Units (SKUs) in Dairy in Europe.

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.

"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 successful turnaround of *Mizone*, in China, deploying the renewed *Mizone* proposition, is a good illustration of this effort.

Finally, Danone (iii) is boosting 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. For example, in 2023, the Group has made significant investment to better seize the opportunities of the medical nutrition category, a business that has been consistently growing in double-digit territory. It notably has increased production capacity in Europe and expanded its portfolio in China, introducing oral nutrition solutions.

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;
- diversifying revenue base, notably by ensuring consistent presence across geographies, especially in the platforms where the Group has demonstrated a competitive advantage, such as Plant-Based (beyond Europe and the United States);
- 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 11% 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 between 2022 and 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. Most recently, Danone announced in January 2024 the sale of *Horizon Organic* and *Wallaby* businesses.

The Group will also consider bolt on acquisitions, with clear criteria in terms of added-value (e.g., market access, technology, channel, etc.). 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:

- rebuild strong capabilities, with (i) a greater focus on Research & Innovation and operations, (ii) transformed IT and data and (iii) more integrated shared-service centers;
- strengthen 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;
- reunite performance and purpose to build a more sustainable Danone, leveraging the Group pioneering role in the area (attested by ATNI – Access to Nutrition Initiative, 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 recent years 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 geographical zone, covering more than 20 markets and serving more than 500 million consumers and patients across all channels. It generated €9.4 billion net sales in 2023 (34% of Danone total net Sales), with a balanced portfolio in all categories: dairy products, plant-based beverages, yogurt & desserts, Waters, Specialized Nutrition which includes infant milk 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 geographical 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, Spain, Germany and the United Kingdom

Danone is market leader, in 2023, 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.

Europe zone is highly committed to sustainability and has a strong roadmap in place e.g., to increase the use of recycled PET in key water brands such as *evian* and *Volvic* or to remove sleeves on the *Actimel* products, making packaging easier to recycle and decreasing its carbon footprint.

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, always putting consumers & patients at the center. Leveraging the "Renew Danone" strategic framework, Europe's strategy mainly focuses on:

- the strengthening of Danone's competitiveness in core Categories pushing for innovation & superiority, starting with Dairy in immunity, gut health, and indulgence; alternatives to dairy proteins leveraging *Alpro* brand equity; Infant milk formula and medicalized solutions from infant to adult, building on the strength of Danone trusted brands and unique market access model;
- the selective expansion in attractive and growing segments such as High Protein for pleasure, health and performance or sparkling waters, while also continuing to expand in growing channels, in e-commerce or in away-from-home channels.

NORTH AMERICA

Market and Zone description

North America is Danone's second geographical zone contributing to 25% of total Sales in 2023 (€6.9 billion), composed of the United States and Canada. North America's scope spans leading or strong challenger positions across several Categories:

- Dairy: the business spans across yogurt, milk, and coffee related products;
  - Yogurt: the category which is 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 United States and Canada;
  - Coffee creations: the 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;

- Plant-Based: the 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 dairy-free offerings;
- Specialized Nutrition: the business in North America is led by the *Happy Family* brand – a market leader in the organic baby food and organic infant milk formula categories; Additionally, the *Nutricia* brand continues to expand in North America, anchored in pediatric specialties, tube feeding, faltering growth, and frailty;
- In Waters, Danone is present in North America through the *evian* brand.

North American consumers' fundamental demand drivers continue to be well served by Danone emphasizing a heightened desire for health and wellness, sustained at home eating, accelerated digital shopping and engagement and elevated social connectivity.

Strategy

In North America, Danone's strategy focuses on growing its consumer-centric leading brands across its priority segments (yogurt, coffee creations, plant-based beverages and food, Specialized Nutrition), and creating customer value in priority channels. Efforts are underpinned by ongoing efforts to strengthen and improve the key enablers, from mission and sustainability to cost competitiveness and winning growth capabilities and culture.

CNAO

Market and Zone description

The CNAO (China, North Asia & Oceania) geographical zone operates across four markets (China, Japan, Australia, and New Zealand). It generated €3.5 billion net Sales in 2023 (13% 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 geographical 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 a leading brand in the market, and the most successful global infant milk 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 Waters Category, 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 celebrated 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 functional beverages, occupying a leading position within the very large Waters 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 diversifying the portfolio by entering adjacent 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.

LATIN AMERICA

Market and Zone description

In LATAM (Latin America), the Group benefits from a portfolio of strong local and global brands that have a great consumer connection. In 2023, the geographical zone generated €2.8 billion net sales (10% of Danone's total net Sales) across all Categories mainly in Mexico, Brazil and Argentina.

Dairy and Plant-based products are distributed in all main countries of the zone (Mexico, Brazil, Argentina and Uruguay) with leadership position on high protein and kids products notably. Main brands available in Latin America are *Danone*, *Danonino*, *La Serenisima*, *Activia* and, *Danette*.

Specialized Nutrition is available for both infants and adults. In Argentina, Danone is number 1 player of both segments. Global brands are well deployed across markets with the distribution of *Aptamil*, *Nutrilon*, *Neocate* and *Nutridrink*.

Waters relies on powerful local brands such as *Bonafont* (number 2 in Mexico) or *Salus* in Uruguay, which stands as undeniable market leader with +70% market share. The Category plays an important role in countries where tap water is considered unsafe.

Strategy

Latin America is a key region for the Group, where Danone will keep focusing on profitable growth through the following levers:

- drive essential aspect and superiority of core business;
- accelerate on functional and kids propositions in Essential Dairy Products;
- expand channels;
- keep creating value whilst delivering on Danone Impact Journey.

REST OF THE WORLD

Market and Zone description

The Rest of the World geographical zone is made up of mostly emerging markets and approximately covers half of the world population. In 2023, the zone generated net sales of €5.1 billion (18% of Danone's total net Sales), across all Danone's Categories:

- in Specialized Nutrition with large presence in the zone and leading position in infant milk formulas in several countries and regions – Indonesia, Thailand, Malaysia, UAE, Turkey and, several countries in Africa;
- in Dairy, with presence in several countries across the African continent, where Danone is the leader in fresh dairy overall and in Turkey;
- in Waters, with leading positions notably in Indonesia, and Turkey.

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 *Danone*, *Danonino*, *Activia* and *Danette* (EDP), *AQUA* (Waters), *SGM* (Specialized Nutrition) in Indonesia; *Bebelac* in Indonesia, Turkey, Middle East and North Africa; *Dumex* in South-East Asia; *Ultramel* and *Nutriday* in South Africa; *Fan Milk* in West Africa; *Jamila* and *Salim* in Morocco; *Aptamil* in Turkey, Middle East, North Africa and India, etc.;
- continued ability to grow new platforms such as:
  - *HiQ* functional dairy beverages in Thailand,
  - indulgence with *Danette* in Africa,
  - *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, serving the fast-growing modern trade channel, hospitality as well as specialized channels like pharmacies. E-commerce is now developing across the geographical zone and Danone is leading this trend, enjoying strong e-commerce positions in South-East Asia for example.

The zone focuses its sustainability efforts on actions that are locally relevant and fully contributing to the Danone Impact Journey. Examples include (i) an affordable infant milks and cereals formula offering that help consumers tackle iron deficiency (ii) continued efforts to lead circularity in Indonesia and (iii) a commitment to develop a sustainable milk value chain (impacting thousands smallholder farmers in its milk collection network in Africa).

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 South-East Asia, India, Turkey, Africa, and Middle-East;
- 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 five 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);
- distribution to specialized distribution channels (hospitals, clinics, pharmacies and homecare).

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.

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.

More specifically, 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 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.

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.

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 to provide access to affordable healthy products.

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 players (retailers that run sell online on top of their core business in physical stores);
- pure players (companies selling exclusively online);
- 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.

Danone works with its customers to make the most of the growing share of grocery sales happening online. For example, exclusive online, taylor-made content is key to ensure consumer understanding and trust in Danone's products.

Away-from-home outlets

Danone products are distributed in away-from-home outlets (e.g., hotels, restaurants, coffees, travel, institutions such as schools or offices, etc.) which is the opportunity to expose Danone brands, recruit new consumers, embrace and develop habits of consumption. Danone partners both with major chained players and independent points of sale (usually leveraging local distributors as intermediaries).

Specialized distribution channels (hospitals, clinics, pharmacies and homecare)

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. In homecare, the medical nutrition products and services (e.g. nursing services, education and care) are provided directly to patients at home. Danone also maintains an ongoing relationship with healthcare professionals through its medical representatives, who meet with general practitioners and specialists (pediatricians, allergists, oncologists, geriatricians, nutritionists, dieticians, etc.), as well as pharmacists.

COMPETITION

The packaged food and beverage sector is highly competitive due to the large number of national and international players. Danone is confident that its strategy for profitable growth is strongly supported by the quality, taste, affordable cost and innovative nature of its products, and by its powerful brand image in the key areas of health, nutrition and societal and environmental responsibility.

Danone believes that strong local market positions are key to success in the food and beverage industry and strives to be the leader in each segment and in every country where it operates, while remaining compliant with competition law and regulations. This strategy enables it to build a long-lasting, balanced and constructive relationship with major distribution networks, by marketing key products yielding growth and profitability for both parties.

Category	Product range	Competitive environment
EDP	Fresh dairy products	Large multinational food and beverage companies (Nestlé, General Mills, Lactalis, Müller), many predominantly local companies specializing in certain product lines or markets (e.g. Chobani, Wimm-Bill-Dann, FrieslandCampina, Lala, Meiji, Arla, Fage), and private labels.
	Plant-based products and beverages	A few large international companies (Coca-Cola, Hain Celestial, Nestlé, Unilever), predominantly local companies specializing in certain product lines or markets (Blue Diamond, Califia Farms, Triballat, Ecotone, Oatly, Valsoia, Chobani, Upfield) and private labels.
	Coffee creations	A few large food and beverage multinationals (e.g. Nestlé), predominantly local companies specializing in certain product lines or markets (Hood, Chobani) and private labels.
Specialized Nutrition	Early life nutrition	Multinational early life nutrition companies (Abbott, Reckitt/Mead Johnson, Nestlé) and some local companies and/or companies specializing in certain product lines or segments (e.g. HIPP, Kendamil Biostime, a2 Milk, Yili, Feihe).
	Adult nutrition	Multinational clinical nutrition and pharmaceutical companies (Nestlé, Abbott, Fresenius) and some local companies specializing in certain product lines or segments (e.g. Nutrisens, Nualtra, Aymes).
Waters	Waters	International beverage companies (Coca-Cola, PepsiCo, Nestlé) and local companies (e.g. Mayora in Indonesia, Nongfu and China Resources in China, Neptune in France).

RESEARCH AND INNOVATION

Danone's mission is to bring health through food to as many as possible. Danone Research and Innovation owns the ambition to design superior products and solutions for consumers & patients at every life stage. Drawing strength from a legacy of over 100 years of solving consumer needs, Danone Research and Innovation is represented by one united team of 1,700 world-class experts innovating with over 800 new products annually across more than 50 countries. At Danone, products are designed and developed with the best user experience possible: delicious and convenient, affordable and sustainable in accordance with the Danone Impact Journey commitments.

Danone Research and Innovation is shaping the future of nutrition, backed by more than 150 scientific publications, 100 clinical studies and a portfolio of 5,000 patents.

Danone Research and Innovation focuses its scientific and technological assets on key topics considering new trends and insights on everyday nutrition and hydration, gut health, children growth, immunity and allergy, physical energy and performance, mental well-being & brain health and recovery.

To achieve this, Research and Innovation relies on:

- people, with more than 1,700 experts spread across:
  - one global Research and Innovation center on two locations (Paris-Saclay, France and Utrecht, Netherlands), leveraging their respective science & technological capabilities and 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 China),
  - 55 local Danone subsidiaries;
- consumer centricity: to offer superior and innovative solutions in terms of consumer and patient experience, nutritional quality, and respect for the environment, and to better meet their needs as well as market expectations;
- healthy portfolio: the nutritional quality of Danone's portfolio is regularly assessed according to schemes based on WHO guidelines with special attention to sugar. For more information on how Danone is offering consumers healthy products, see section 5.2 *Health through food*;
- being sustainable by design: ongoing sustainability program reviewing ingredients and packaging to continuously improve products and processes from quality, decarbonation and sustainability angle. Specifically, Research and Innovation focused on plant-based and alternative sources of proteins as well as innovative and efficient technologies to reduce carbon footprint and making the packaging circular;
- Cooperation initiatives and partnerships with the academic and scientific world, especially with top universities, academic research centers worldwide, suppliers, industry players and start-ups.

Further details about Research and Innovation's strategy and activities are available on Danone's website www.danone.com.

PRODUCTION SITES AND EQUIPMENT

Danone has production facilities in its principal markets around the world. The Group's general policy is to own its production facilities. Danone's many production facilities are widely dispersed internationally, except for those producing Specialized Nutrition products, which are more concentrated. As of December 31, 2023, Danone had 153 production sites.

Danone also rents some facilities, notably offices and warehouses.

The production sites are inspected regularly to assess potential improvements to quality, environmental protection, safety and productivity.

RAW MATERIALS PURCHASING

Danone's raw material needs consist primarily of:

- materials needed to produce food and beverage products, mainly milk, fruits and sugar. 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 prepared fruit products;
- product packaging materials, in particular plastics and cardboard. 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 to manage its costs but also to make it a source of value creation and competitive differentiation.

Since fluctuations in the price of its main raw materials can impact 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 (reduction in production waste, lighter packaging, more effective use of milk subcomponents in its products, reduction of energy consumption and shift toward renewable energies) and take advantage of pooled purchasing, for example through centralized management of ingredient and packaging purchases;
- Market Risk Management (MRM) purchasing policy defining the rules for securing the physical supply and for setting prices with suppliers and/or on financial markets when they exist. The global procurement team monitors exposures and implements the purchasing policy for each raw materials category, with support from the Finance MRM team for the price setting strategy.

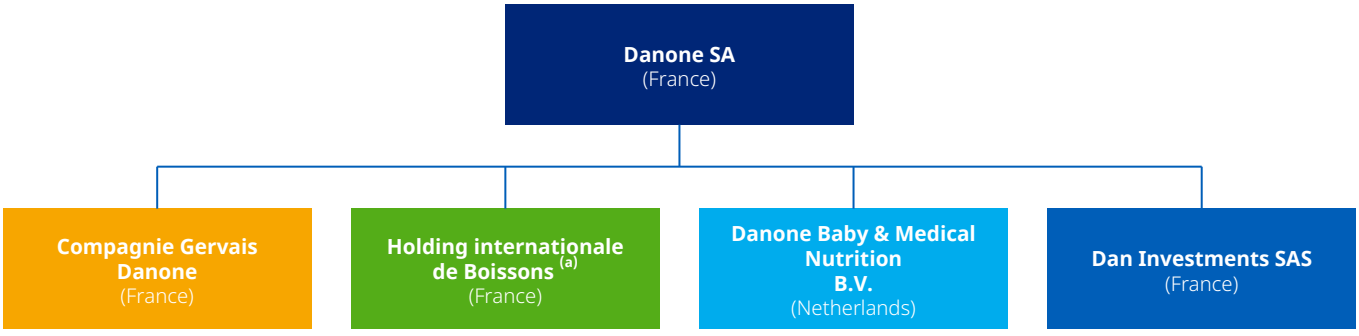
REGULATORY ENVIRONMENT

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, 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.

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, 2023



(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 [(a)]	■ Essential Dairy & Plant-Based (EDP)
■ North America [(b)]	■ Specialized Nutrition
■ China, North Asia & Oceania [(c)]	■ Waters
■ Latin America [(d)]	
■ Rest of the World [(e)]	

(a) Europe incl. Ukraine
(b) United States and Canada
(c) China, Japan, Australia and New Zealand
(d) Mexico, Brazil, Argentina and Uruguay
(e) Rest of the World including Asia-Pacific, Africa and Middle East

PARENT COMPANY DANONE SA

Danone SA is the parent company of the 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 1,042 employees in 2023.

SUBSIDIARIES

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

MAIN LISTED COMPANIES

	As of December 31, 2023	
	Category	Listing market
Fan Milk PLC [(a)]	EDP	Ghana (Africa)

(a) Fully consolidated company.

2.6 RISK FACTORS

IDENTIFICATION AND CONTROL POLICY OF STRATEGIC RISKS

Like any group, 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.

Part of both the Group Finance Direction and the Sustainability & Strategy & Business Development Direction, 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 takes the form of a risk mapping hierarchy based on their likelihood of occurrence and their estimated impact on the Group, as described hereafter.

Methodology

This risk mapping is prepared and updated bi-annually by the Group Strategic Planning 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 functions;
- 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.

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 financial director of the country. These meetings happen at least once a year in all Country Business Units (CBUs) of the Group.

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 of Danone. 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 type 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 and exposure to geopolitical economical and societal instability
	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	Sanitary crisis
Operational risks	**medium**	Cybersecurity
	medium	Food safety & product quality issues
	medium	Shortage of talent
	medium	Business transformation

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

DESCRIPTION OF MAIN RISK FACTORS

Strategic risks

Description	Management measures
strong **Over reliance on principal markets and exposure to geopolitical, economical and societal instability**	
In 2023, Danone's top-5 markets (United States, China, France, Indonesia and Mexico) accounted for 52% 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, geopolitical tensions, sanitary 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. 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 articulated around three activities: infant milk formula, medical nutrition and beverages. Within Specialized Nutrition, infant milk formula products sold to Chinese consumers are mostly manufactured in factories located outside China. Changes in public policies or regulation, such as a 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.	One of Danone's key priorities is to further build out the resilience of the Group, both at company and country-level. With this in mind, Danone has elaborated a strategy building on: ■ strong positions in the markets in which it operates with special attention to the principal markets; ■ local synergies across categories and channels, enabled by the Group operating model; ■ 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. In parallel, Danone has developed a reporting system to monitor its activity and the potential impact of economic conditions in countries where it is present. Specifically regarding the resilience of Danone's model in China, the company has: ■ actively refocused its infant milk formula on controlled channels, and away from uncontrolled channels; ■ accelerated growth in the medical nutrition segment and invested in the turnaround of the *Mizone* beverage business in order to balance the revenue exposure. 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 nutrition offering.

Description	Management measures
strong **Packaging** Packaging is essential for Danone's business as it allows food and beverages protection, an increased shelf-life, and a reduction of food waste. Danone's total packaging represented 1.39 million tons in 2023, out of which plastic represented 0.69 million tons. However, there is a global focus on plastics because of its associated risks on nature, human rights, and quality & food safety. As a result, pressures from regulators, retailers, NGOs, and consumers around plastics are moving at an unprecedented pace. In many countries, packaging design and packaging waste management is now regulated through measures related to reduction, including reuse, recyclability, and use of recycled material, on top of Extended Producer Responsibility (EPR) framework. For example, the EU Directive 2019/904 on single-use plastics requires ban of plastic spoons and straws, minimum of recycled material in plastic beverages bottles, on top of tethered caps implementation, reduction of specific plastic food container through reuse, increased EPR fees and/or recyclability requirements. These requirements shall progressively apply in the European Union, through transposition in Member States legislations. In this context, Danone is transitioning towards a circular and low carbon packaging system, which could result in a cost increase related, for instance, to packaging redesign, alternative materials usage, or recycled materials integration. In the event where: ■ Danone would not deliver its Danone Impact Journey ambition and notably reduce sufficiently its use of virgin fossil-based plastics; ■ Reuse and Recycling systems and infrastructure do not realize the required scale up; Danone could be exposed to the following risks: (i) reputational risks, (ii) challenges on its license to operate, in relation to regulatory measures, retailers packaging restrictions that can induce additional costs, (iii) consumer preferences evolution impacting the demand for the Group's products.	Danone strives to offer nutritious, high-quality food and drinks in packaging that is 100% circular and low carbon. This means all the packaging is designed to be safely reused, recycled, or composted and ensuring the material stays in the economy and does not become waste or pollution. The Group fully embraced the ambition of a circular economy of packaging when it joined Ellen MacArthur Foundation's (EMF) New Plastics Economy initiative in 2017, and signed the 2018 Global Commitment on Plastics, spearheaded by EMF. Since then, Danone has been working 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: virgin plastic reduction, reuse, recyclability rate, and recycled content. Between 2018 and 2023, Danone has reduced 8% its use of plastic packaging and 16% its use of virgin fossil-based plastic. 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 (i) other industry players across the value chain and (ii) 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 United Nations Treaty on Plastics as this is an important opportunity in unlocking and accelerating the Group own progress on plastics circularity. Building on challenges faced and the learnings gathered over the last years, while acknowledging the need to reduce greenhouse gas emissions related to packaging, in 2023, as part of our new sustainability strategy, Danone Impact Journey, the Group updated and reaffirmed its commitment to: ■ have 100% of its packaging to be reusable, recyclable, or compostable by 2030; ■ halve the use of virgin fossil-based packaging by 2040, with 30% reduction by 2030, accelerating reuse and recycled materials; ■ lead the development of effective collection systems to recover as much plastic as the Group uses by 2040. Danone shares its packaging vision and commitments with its suppliers and business partners, asking them to align with its approach to co-build a transparent circular economy. This approach is integrated into the Danone Sustainability Principles (DSP) added to contract clauses between Danone and its direct suppliers. To achieve its objectives, Danone translates its commitments into action plans in each country where it operates, following the waste hierarchy principles underpinned in Ellen MacArthur Foundation New Plastics Economy, the European Single Use Plastic Directive, and the upcoming European Packaging and Packaging Waste Regulation (PPWR), through 3 overarching objectives: ■ reduce plastic production; ■ improve circulation of plastics that cannot be eliminated; ■ recover what is not circulated, tackling leakage, and improving livelihoods for waste pickers. For more information on Danone's packaging, its packaging policy and targets, see section 5.3 *Nature*.

Description	Management measures
strong **Fast changes in consumer preferences** The fast evolution of consumers' preferences and habits requires constant innovation and adaptation of Danone's product range and overall supply chain. Purchases are more and more driven by the diversification of tastes, eating and drinking habits as well as the increasing health, social and environmental awareness, in a context where pressure on purchasing power and increased polarization of the world is driving increased scrutiny of consumers on the products they buy. Consumers seek products that: ■ are of high nutritional quality, including presence or absence of certain ingredients (for example sugar, protein, additives); ■ enable packaging circularity (see packaging risk above); ■ have a known social or environmental impact, with sustainable sourcing of ingredients; ■ are transparent on their origin, on their nutritional quality and, on companies behind the brand (strong trend on local); ■ are affordable. Government authorities and retailers are also paying increasing attention to health, social and environmental concerns of consumers, principally on (i) health benefits including nutritional quality of products, (ii) local provenance, (iii) labeling of the nutritional quality and/or environmental footprint of products and packaging, as well as (iv) food waste. 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, Danone could incur losses and its activities, results and reputation could be negatively impacted.	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. Moreover, Danone has developed a portfolio focused on healthy Categories - 90.3% of the volumes sold in 2023. 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 in Health Star Rating (HSR) at portfolio level. On top, in line with its purpose as a *Société à Mission*, 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 *Société à Mission* objectives. Its Research and Innovation capabilities allow Danone to offer a wide variety of products to respond to different diets, consumption needs and situations. As an illustration, Danone has recently launched the first ever hybrid dairy and plant-based baby milk formula, in response to parents' desire for vegetarian and flexitarian options for their baby. 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). Through its ambition towards the B Corp™ certification, Danone also aims to develop brands with a positive impact, and commits to the highest social and environmental standards. For more information on product content and footprint, water stewardship, plastic packaging and sustainable sourcing, see section 5.3 *Nature, Policy*. For more information on the Danone initiative for sustainable development Journey, see section 5.3 *Nature, Identifying the risks related to climate change*.

Description	Management measures
medium **Retail shift** After the new dynamics and channel shifts of the retail environment fostered by Covid-19, 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 the discounters channel – especially in Europe & the United States, as well as growth of convenience and pharmacy channels; ■ a deceleration but still dynamic growth of e-commerce post Covid. 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); ■ optimizing processes (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 share, 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: ■ Enhancing Consumer Value proposition through (i) evolving portfolio to address price sensitivity (e.g. addition of entry packs in relevant channels and categories); (ii) segmenting pricing and promotions (backed by upgraded tools and upskilling of teams); (iii) enabling increased competitiveness of products (e.g., design to superior value); (iv) enhancing brand equity and therefore consumer willingness to pay *via* increased A&P behind its brands; ■ Driving its commercial strategy, including: • embedding sustainability / One Planet One Health agenda in brands' purpose as well as portfolio development and activation strategies, enabling distinctive ways to bring value to customers and shoppers, • building a more granular understanding of shopper expectations, with the aim to develop relevant commercial plans (e.g. portfolio & activation) by key channel. This will help to maximize the full potential of Danone core portfolio while betting on fewer, bigger innovations, and activate Categories in a more relevant manner, • developing capabilities in all channels with an acceleration on growing ones such as discounters, away-from-home and e-commerce, • implementing in-store and online execution excellence programs (integrating the specificities of each channel & category, focusing on levers with highest impact), • progressing several supply chain initiatives, working 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, • specific action plans to be relevant in the inflationary context, such as (i) ensuring the relevance of portfolio to address price sensitivity, (ii) optimizing pricing and promotions (backed by upgraded tools and upskilling of teams) based on external public sources associated to shoppers, consumers & retailers and (iii) working on competitiveness of products.

External environment risks

Description	Management measures

strong **Raw materials and energy price volatility & availability**

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.

Danone's raw materials can be broadly divided in two Categories: milk & milk ingredients on the one hand and other food and ingredients needed to produce food and beverage products on the other hand (including soybean & nuts, fruits & vegetables, sugar & sweeteners, oils & fats etc.).

Some of the key drivers of supply and demand imbalances are:

- 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.

Variations in supply and demand at global or regional levels expose Danone to potential:

- 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;

which could negatively impact the sales, margin and results of Danone.

In the current geopolitical context, energy prices face as well 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.

Danone's supply policy and exposure to principal raw materials risks, including milk, are described in Note 7.7. to the consolidated financial statements.

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:

- reduce single sourcing;
- diversify its geographical sourcing.

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.

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:

- 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 *Other elements related to Danone's activity and organization*;
- and regarding gas and electricity supply risk:
  - permanent and temporary dual-energy sourcing measures for high-risk countries & sites;
  - improved energy efficiency (cutting energy consumption by 30% by 2025), as per Danone Impact Journey commitments; 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 milk formulas and medical nutrition products, the protection of the environment, sustainability claims, nutritional content of food products, packaging, marketing practices, intellectual property, taxation, international trade sanctions, integrity, human rights, data privacy and antitrust. 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 and since 2018, overseas factory audit has been required prior to the registration of infant milk formula; ■ 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 16.4. 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 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
medium **Impact of climate change on value chain**	
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. Climate change also affects water availability which can impact Danone's operations as well as subsidiaries' relationships with local stakeholders. The transition towards regenerative agricultural practices, efforts to maintain ingredients' availability as well as the climate efficiency of operations are key to adapt Danone's business model to this environmental change building resilience, efficiency and consumer preference. Overall, Danone considers this risk as low in the short term but high in the long term.	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. 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 December 2023, Danone has replaced its Climate Policy (2016) by the Climate Transition Plan, updating its climate roadmap to match its 1.5°C ambition. This plan is instrumental in helping Danone meet its 2030 targets. It offers an overview of the work the Group will continue to develop over the coming years, with a commitment to regular updates. 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 section 5.3 *Nature*.

Description	Management measures
medium **Currency volatility** 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 sometimes indexed in foreign currencies. Lastly, Danone also develops export activities. 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. As of December 31, 2023, the main currencies exposed to transactional currency risk were Chinese yuan, the British pound, the Mexican peso, the Canadian dollar, the Indonesian rupiah and the US dollar. Information regarding operational currency risk is presented in Note 14.3. to the consolidated financial statements.	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. Danone hedges its highly probable commercial transactions so that, as of December 31, its residual exposure of the following fiscal year is significantly reduced.

Description	Management measures
medium **Sanitary crisis** While the spread of the the Covid-19 has remained controlled in 2023, Danone, as a global Group, remains exposed to sanitary crises and epidemics. A new sanitary crisis outbreak could mean: ■ 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 touristic and travel channels; ■ impact on consumers' income and purchasing power leading to trading down buying behaviors; and therefore, a decline in sales and profitability of Danone.	Building on Covid-19 crisis learnings, Danone's actions to adapt to sanitary crises include: ■ 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
medium **Cybersecurity** 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. 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: ■ hacking of physical facilities (plants, security systems, electric doors etc.); ■ leakage of the Group's confidential data; ■ cyber fraud & ransomware attacks. Remote and hybrid working still prevails and the risk associated with increased connectivity and digitalization very much remains. Geopolitical tensions have shown that hybrid warfare is the new reality and that cybersecurity and geopolitics have close links. At the same time a more stringent regulatory compliance landscape is emerging for cybersecurity such as the NIS2 directive, for which the member states must adopt and publish the measures necessary to comply for organizations by October 2024. 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.	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 continues to align the cybersecurity controls to the U.S. Commerce Department's National Institute of Standards and Technology's (NIST) industry framework to structure these efforts. Danone is accelerating its efforts in cyber risk mitigation and investing significantly through a multi-year transformation program: ■ an appropriate cybersecurity organization has been established, including governance. Danone is building out capabilities through a multiyear Cybersecurity Transformation Program, the progress of which is reviewed annually by an external party; ■ the Group Cyber Risk Policy Framework continues to be updated to define the ways of working that are supported by the leadership and continues to be communicated to the whole organization, supported by training and awareness; ■ end-user awareness is underpinned by mandatory training of Danone employees to create a global cybersecurity culture; ■ Danone keeps increasing cyber security capabilities to protect the Group against information technology and industrial site attacks with: • a 24/7 Security Operations Center for IT and Industrial to continue to protect Danone and ensure timely detection and response to incidents, • risk assessment of key technology implementation projects and improving security protection of key infrastructure, • focus on mitigating supply chain cybersecurity risks, • visibility of threats and management of vulnerabilities.

Description	Management measures
medium **Food safety & product quality issues** Because of its activities, Danone is exposed to the risk (genuine or merely perceived or alleged) of products being contaminated and unsafe for consumers or patients, potentially leading to a sanitary crisis. 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. Because food science, regulations and analytical methods are evolving very quickly and because media cover can exacerbate some issues, the number of topics that may trigger food safety controversies and may be directly associated to Danone's brands is rising. The materialization of the risks described above may lead to a decrease in the Group's sales, significant recall costs, as well as individual or collective claims, fines and/or judicial decisions, which may negatively impact its reputation, consumers' trust, products demand, and preference. Recurrent contaminations of food products and their impact on consumers and business performance regularly show the importance of food safety and quality for all Food Business operators.	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. On a day-to-day basis, Danone designs, sources, manufactures and delivers products that meet regulatory requirements and the highest quality and food safety standards. To fulfil its mission and respect its commitments, Danone ensures the following: ■ maintain and deploy a Quality Management System based on the highest international (ISO, GFSI, etc.) and internal standards to guarantee application of a single benchmark for all Danone products and technologies, wherever they are sold or produced, with an obsession of continuous improvement thanks to robust internal/external audit programs; ■ maintain scientific capabilities at the leading edge, leveraging internal expertise as well as external connections and partnerships; ■ apply efficient processes to anticipate, assess and manage risks (trends analysis, identification of emerging/evolving risks and management of non-conformities with avoidance of reoccurrence); ■ apply robust analytical governance and develop capabilities for internal and external laboratories; ■ develop excellence programs (e.g., with raw materials and packaging suppliers); ■ develop and spread a culture of quality across the organization. For more information on Danone's food safety policy, see section 5.2 *Health through food, Ensuring quality and food safety*.

Description	Management measures
medium **Shortage of talent**	
In 2023, Danone employed nearly 100,000 employees in over 55 countries with an overall turnover of 19%. 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.	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. Danone is launching several initiatives in 2023 to further strengthen its employee value proposition, for example a new learning strategy, a holistic health and well-being program, a refreshed people conversation cycle and multiple digital tools to improve the employee experience such as a new applicant system that enhances the experience of the applicants. 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, a new set of leadership behaviors (called Danone Behaviors) has been launched this year taking into account the feedback provided by over 60,000 Danoners. A comprehensive change management plan has been put in place, including a 1.5-day training for all executives and directors and an engaging e-learning that has already been taken by 20,000 employees. For more information on Danone's values and Human Resources policies, see section 5.4 *People & Communities*, *Danone's employees*.

Description	Management measures
medium **Business Transformations** Danone is now well advanced in the process of its ambitious transformation journey, including a new organization, transformation of its operations notably through end-to-end integrated approaches, and a digital & data agenda. The objective is to position Danone in line with new market and operating trends, prompted by consumer preferences and competitive dynamics. These transformations, however, 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 (i) the implementation with the right prioritization, (ii) the appropriate tracking of delivery on business cases and the relevant pace of change, as well as (iii) transformation processes and means. This governance notably includes: ■ two specific transformation offices, respectively in charge of the execution of the Finance & Operations transformation and of the IT & Data transformation; ■ a tightened governance for CapEx authorization with a CapEx committee, allocating annual budgets according to business cases and monitoring returns at different stage gates.

2.7 CONTROL ENVIRONMENT

RISK MANAGEMENT

Danone's risk identification and management system is organized around complementary processes:

- identification and management of strategic risks, as well as coordination of risk mapping and monitoring of the risk universe, led by 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* below);
- identification and management of risks related to the preparation and processing of financial and accounting information (see section *Financial and accounting information* below);
- 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 Sustainability Strategy, Water and Biodiversity Department and the Food Quality and Safety Department,
  - the Security Department's contribution to the identification of threats against Danone's employees and assets,
  - identification of potential crises by the Crisis Management Department and preparation by the affected entities based on the mapping created for each geographical zone,
  - short decision-making channels and input from the operating units in strategic discussions to facilitate risk reporting.

ORGANIZATION OF THE FINANCE FUNCTION

In 2023, the Finance function is organized around:

- central functional departments:
  - Corporate Finance, Control and Finance Digital Transformation 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,
  - Sustainable Finance;
- 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;
- operational finance departments for the geographical zones and key operating activities, responsible for managing and steering the business. Each geographical zone has an operational finance department, which is itself organized by region, with one unit per country or group of countries (Country Business Unit).

INTERNAL CONTROL

Internal control objectives

Internal control is implemented 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 procedure introduced by France's Sapin II law;
- compliance with applicable laws and regulations;
- the reliability of financial information.

In 2023, Danone continued to roll out data analysis tools to its operating subsidiaries.

Key internal control stakeholders

General Management

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

Internal Control central Department

The Internal Control and Internal Audit teams form part of the same department but have distinct roles, ensuring that the two functions remain independent. They report to the Corporate Finance, Control and Data & Tech Department.

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 internal control priorities and presenting the results within Danone;
- supporting and overseeing the international network of internal controllers through coordination, communication and training initiatives alongside Danone Business Services.

Network of local internal controllers

At Danone, internal control is carried out by a network of local internal controllers who generally report to the Danone Business Services finance directors. Their main functions are:

- testing control points to assess internal control and documenting this work, based on instructions issued by the Internal Control Department;
- presenting internal control results to subsidiaries' management committees and monitoring action plans;
- actively contributing to all transformation projects to ensure internal control and risk management are taken into account;
- and, more generally, coordinating the internal control system with regard to all stakeholders.

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 61 risk areas covered by 106 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 fraud.

Scope

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

Assessment scope

The depth of internal control at each subsidiary is based on the subsidiary's size and risk level.

Assessment methodology

Internal control assessments are based on the testing of control points by local internal controllers, rather than on self-assessment questionnaires. Since the control framework is centered around risk management, the local internal controllers assess the degree of exposure to these risks for each of the control points within the assessment scope. The procedures for testing and assessing degrees of risk exposure are set out in guidelines and specific instructions issued by the Internal Control Department. In addition, this assessment by the subsidiaries is subject to regular internal audits (see below).

Reporting on assessments

The results of the internal control assessments conducted at each subsidiary are reported to the Internal Control Department in July and January each year through a tool used by all subsidiaries, along with an action plan for each control point (see section *Review of assessments* below).

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 are used to periodically identify any discrepancies between central assessments and those carried out by subsidiaries, which are then reported to the management of the geographical zones and key functions. In 2023, the Internal Audit Department conducted 29 internal audits at subsidiaries or cross-company functions, based on the plan approved by the Audit Committee. The Internal Audit teams carry out all their audits using a data extraction and analysis tool that enables them to apply a risk-based approach. At the end of 2023, Danone's Internal Audit Department had its external certification renewed by France's independent body IFACI (*Institut Français de l'Audit et du Contrôle Internes*), following a second follow-up audit.

Following each internal audit, the management of each subsidiary devises an action plan to correct any weaknesses identified in the internal audit report. The implementation of these action plans is monitored by the operational and functional managers, under the supervision of the Internal Audit Department. In 2023, two follow-up audits were conducted in order to monitor action plans launched in 2022 and specific reporting was carried out for all other matters.

The Treasury and Financing, Tax and Insurance, Data & Tech, Sustainability, Legal/Compliance, Food Safety, Quality, Industrial, Safety, Organization, Human Resources and Crisis Management departments arrange audits and periodic inspections at the subsidiary level, in addition to the general internal audits.

Internal Control monitoring

Monitoring of indicators

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

Annual objectives

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

Review of assessments

Internal control assessments are reviewed at all levels of Danone's organization. The internal control results are first presented to each subsidiary's management committee, which reviews areas of vulnerability, discusses their severity, sets the level of priority and monitors the implementation of action plans.

The internal control results are also presented individually 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 subsidiary assessment processes, the results thereof and the actions being taken to improve the effectiveness of the internal control system.

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 stakeholders. In addition to DANgo, all internal control methodology (instructions, test scripts, methodology guides) is available on Danone's intranet for internal controllers. The community of internal controllers also share internal control information and best practices on Danone's social network.

Coordination of the community of local internal controllers

The Internal Control Department oversees, trains and coordinates the network of internal controllers as a whole but also by region and by operational process to ensure that key messages and best practices are shared effectively. It also organizes an annual workshop attended by the key local internal controllers from each of the Danone Business Services (see section *Financial and accounting information* below) as well as special training sessions on relevant topics such as integrity, sustainability and the use of data analytics.

FINANCIAL AND ACCOUNTING INFORMATION

Production of financial and accounting information

The Finance function is responsible for organizing the production process for Danone's financial and accounting information based on the following pillars:

- maintenance and coordination of single sets of finance and internal control guidelines, accessible to all Finance function employees via (i) the central tool containing 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 finance function;
- development and delivery of internal training programs, meetings to share information and best practices attended regularly by the main finance managers (particularly from Danone Business Services and corporate functions) and organization of regular training sessions on specific accounting topics;
- information sharing: each quarter, all members of the finance function are given access to a website where the Chief Financial Officer comments on the Group's quarterly activity, year-to-date financial results and main challenges.

Financial planning process

Financial information is prepared using a rigorous and comprehensive financial planning process that includes:

- financial indicators used to monitor performance. These indicators are reviewed regularly to ensure their relevance;
- a three-year strategic plan specifying key financial targets for each year;
- rolling 12-month forecasts performed quarterly for all financial indicators and monthly for certain indicators;
- monthly reports;
- monthly performance review meetings attended by the finance teams and the general managers of the geographical zones;
- quarterly strategy monitoring meetings involving the finance teams and general managers of the geographical zones.

The overall financial planning process is overseen by the Controlling Department, while the geographical zones' finance departments are responsible for monitoring performance, capital expenditure and operating cash flow. Members of the corporate functions visit the operating units on a regular basis to monitor performance, review procedures, hold pre-closing meetings, conduct *ad hoc* audits, review progress on internal control improvement plans, follow up on action plans and give training in accounting standards.

Financial and accounting information production processes

Financial and accounting information is produced according to the control practices and procedures defined in the DANgo framework, which sets out a large number of controls relating to the quality of financial and accounting information.

Each operating unit prepares a detailed monthly financial report and an exhaustive half-yearly consolidation package for the consolidated financial statements. The Country Business Units and Danone Business Services are jointly responsible for the production and content of their financial statements and the related internal control. Written confirmation of compliance with Danone's procedures and with financial reporting standards 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 relevant Danone Business Service, in the form of a representation letter regarding the interim and annual financial accounts closing process, including all aspects of risk management, internal control and corporate law.

The Consolidation, Reporting & Standards Department is responsible for consolidating the reports and consolidation packages, posting elimination and consolidation entries, and conducting 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" procedure) based on the specific risks and transactions identified for preparing the interim and annual consolidated financial statements, respectively;
- (i) preparatory meetings with the finance teams of the main subsidiaries and the relevant Danone Business Service based on the specific transactions and risks identified; and (ii) presentation to the Audit Committee of specific transactions that took place during the period, the main accounting options adopted and the potential significant developments introduced by changes to IFRS (see section 6.1 *Governance bodies*);
- during the accounts closing process: analysis and validation of the most material line items of the consolidated financial statements (intangible assets, income tax, equity, provisions, liabilities, etc.).

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 operating performance, ensuring the safeguarding of assets and monitoring the segregation of duties. The audits conducted independently by the Internal Audit Department provide appropriate oversight. In particular, the internal audits conducted within the Country Business Units and Danone Business Services are aimed primarily at verifying the quality of accounting and financial information. Lastly, detailed audits are conducted on the key controls used in the preparation of financial information (particularly published disclosures) at the subsidiaries and at Danone's head office 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 appropriate to ensure the reliability of 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 geographical zones' finance departments ensure that the action plans established subsequent to internal and/or external audits and work on key controls have been implemented correctly. Each geographical zone's finance director and each function manager is responsible for improving the system for preparing and processing financial information;
- 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 according to the risks identified.

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, 2023, the activities supported by Themis accounted for 89% of Danone consolidated Sales.

Consolidation and reporting software

Monthly financial reports and, more generally, the financial information used to manage and control the operating units' activities 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 carefully documented.

2.8 INSURANCE AND RISK COVERAGE

For risks other than those relating to the financial market, Danone has taken out a global insurance coverage policy that is based on stringent risk assessments and uses insurance products from worldwide markets, depending on availability and local regulations. This risk coverage is therefore consistent for all entities 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 policies are "all risks" and based on the broadest guarantees available on the market. Deductibles vary but 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 capacity. These programs were renewed on January 1, 2022 for a term of two years and represented a total cost of €40 million in 2023. The increase in the premium mainly reflects an increase in the amounts insured and inflation.

Insurance programs for “traditional” risks, which need to be managed locally, such as coverage for vehicle fleets, guarantees for the transportation of goods, occupational accidents (in countries in which these accidents are covered by private insurance) and some country-specific insurance programs, are negotiated and managed in accordance with local practices and regulations, within the framework of specific guidelines provided and controlled by the Group. Total premiums came to approximately €22 million in 2023.

Lastly, insurance programs for potentially significant special risks, which need to be managed centrally, such as corporate officer liability, fraud, and other risks (product recalls, credit risk, environmental risk and cyber risk) are negotiated according to market capacity, based on scenarios estimating the probable impact of any claims. The total cost of this category of coverage amounted to €4 million in 2023.

In addition, in order to optimize its insurance costs and properly control its risks, Danone has taken out 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 mainly concerns (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 some transportation risks; and (ii) for the French subsidiaries, payouts for death, long-term disability, and education. 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 reserves are determined by independent actuaries.

3

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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;*
- *margin from operations;*
- *recurring operating income;*
- *recurring operating margin;*
- *other non-recurring financial income and expense;*
- *non-recurring income tax;*
- *recurring effective tax rate;*
- *non-recurring results from associates;*
- *recurring net income;*
- *recurring EPS;*
- *free cash flow;*
- *net financial debt;*
- *net debt / EBITDA ratio and ROIC.*

Danone also uses references that are defined in section 1.2 Information about the Universal Registration Document*.*

3.1 BUSINESS HIGHLIGHTS IN 2023

HIGHLIGHTS OF 2023 (AS DETAILED IN THE MAIN PRESS RELEASES ISSUED RELATING TO FISCAL YEAR 2023)

- On January 18, 2023, Danone announced the strengthening of its governance in order to sharpen the delivery of its Renew Danone strategy. The changes made took effect from February 1, 2023, and the new organizational structure is reflected in the Group's interim consolidated financial statements as of December 31, 2023;
- On February 6, 2023, Danone inaugurated its new international Daniel Carasso Research & Innovation Center on Paris-Saclay to accelerate research on the future of nutrition. This research center is dedicated to the development and innovation of Danone's "fresh dairy and plant-based products" and "natural mineral water". In line with Danone's One Planet, One Health vision, this B Corp™ labeled facility has been designed to limit its impact on the environment, making it the first-ever European research center to hold the low carbon label;
- On February 22, 2023, Danone reframed its sustainability journey, through the Danone Impact Journey, articulated around 3 pillars: Health, Nature and People & communities. For each pillar, Danone defines a new set of priorities which are translated into mid to long-term objectives, focusing on where the company can deliver the most value with and through our ecosystem of partners;
- On May 15, 2023, Danone successfully issued a €800 million bond with a 8-year maturity and a 3.47% coupon. The settlement took place on May 22, 2023, and the bonds are listed on Euronext Paris;
- On July 16, 2023, Danone has taken note of the decision of the Russian authorities aiming at placing Danone Russia under the temporary external administration of the Russian federal agency Rosimushchestvo. On July 18, 2023, the Russian authorities indicated that the board of Directors and CEO of Danone Russia (EDP) had been changed. These changes took place without the knowledge of, or approval by, Danone. As a consequence, Danone no longer retains control of its EDP operations in Russia, although it remains their legal owner. Danone has reflected the accounting impacts of the lack of control over the EDP business in the 2023 consolidated financial statements, see Note 3 to the consolidated financial statements;
- On November 6, 2023, Danone successfully issued a €800 million bond with a 6-year maturity and a 3.706% coupon.The settlement took place on November 13, 2023, and the bonds are listed on Euronext Paris;
- On December 20, 2023, Danone published its Climate Transition Plan, detailing its roadmap to reach its 2030 1.5°C science-based targets and setting its pathway to achieve Net-Zero emissions by 2050 across its entire value chain;
- On January 2, 2024, Danone announced it has signed an agreement to sell its premium organic dairy activity in the U.S. to Platinum Equity, a US-based investment firm. The sale is part of Danone's portfolio review and asset rotation program the company announced in March 2022, as part of its "Renew Danone" strategy;

- On February 6, 2024, Danone has been recognized, for the fifth year in a row, for leadership in corporate transparency and performance in climate change, forests, and water security by global environmental non-profit organization CDP. Out of the 21,000 companies scored in 2023, Danone is one of the only 10 companies that achieved a place on the A List for the three environmental areas covered by CDP: climate change, forest preservation and water security.

OTHER ACTIVITIES IN 2023

Acquisitions, disposal of shares in companies in fully consolidated companies

2023 fiscal year

				Ownership interest as of December 31	
(%)	**Zone (Country)**	**Category**	**Transaction date [(a)]**	**2022**	**2023**
MAIN COMPANIES CONSOLIDATED FOR THE FIRST TIME IN 2023					
Dumex Baby Food Co., Ltd.	CNAO (China)	Specialized Nutrition	March	–	100.0%
Centrum Medyczne Promedica Spolka Cywilna Piotr Compala, Halina Compala-Kusnierz	Europe (Poland)	Specialized Nutrition	March	–	100.0%
MAIN CONSOLIDATED COMPANIES IN WHICH THE GROUP'S OWNERSHIP INTEREST HAS CHANGED					
Harmless Harvest	North America (United States)	Waters	March	51.0%	100.0%
Hunan Eurbest Nutritional Food	CNAO (China)	Specialized Nutrition	August	96.5%	100.0%
MAIN COMPANIES NO LONGER FULLY CONSOLIDATED AS OF DECEMBER 31					
JSC Danone Russia [(b)]	Rest of the World (Russia)	EDP	July	100.0%	100.0%

(a) Month in the 2023 fiscal year.
(b) Related to EDP Russia following deconsolidation on July 16, 2023 (see Note 3 to the consolidated financial statements).

On December 6, 2023, Danone announced its intention to sell the French company Michel et Augustin. The company had been fully consolidated in Danone's financial statements since April 1, 2019. The associated assets and liabilities were reclassified as held for sale as of December 31, 2023, in accordance with IFRS 5.

Main changes in investments in associates

2023 fiscal year

No material transactions affecting investments in equity-accounted companies were carried out in full-year 2023.

2023 sustainability footprint

2023 environmental footprint

See section 5.3 *Nature*.

Inclusive diversity and B Corp™ performance

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

Governance and financial statements

See sections 6.1 *Governance bodies*, 6.2 *Positions and Responsibilities of the Directors*, and 3.4 *Balance sheet and financial security review.*

Research and Innovation

Product Superiority Program acceleration

- Over the past 18 months, Danone has set up a task force and has accelerated its superiority program across all regions and Categories. Danone has doubled the number of consumer tests from 74 in 2021, 150 in 2022 and reached 264 in 2023. Today, a majority of Danone's top Stock Keeping Units (SKUs) have superior scores compared to competition (blind test methodology).
- Design to Superior Value program (DTSV) stands for "design review to improve value", is a holistic and global methodology to support consumer centric led renovations. This methodology is used now in several geographies and categories. It aims at maintaining the key product and packaging attributes which are valued by the users while improving the costs all along the product life cycle management.

Inauguration of new international Daniel Carasso Research & Innovation center on Paris-Saclay

On February 6, 2023, Danone inaugurated its new international Daniel Carasso Research & Innovation Center on Paris-Saclay to accelerate research on the future of nutrition. This research center dedicated to the development and innovation of Danone's "fresh dairy and plant-based products" and "natural mineral water" focuses its research on five main areas:

- consumers and patients: to continue to provide innovative solutions that meet needs and uses throughout life;
- a product portfolio focused on health and taste: to promote a varied, tasty, high-quality diet for all ages;
- science and technology: to advance research on nutrition, hydration, immunity, microbiota, fermentation, animal and plant proteins;
- tomorrow's packaging: to develop suitable packaging that guarantees food safety and meets the major environmental challenges of our industry;
- digital and data: to collect more data and analyze it more efficiently to develop numerical services, to constantly improve product traceability, to remain at the cutting edge of technology.

In line with Danone's One Planet, One Health vision, this B Corp™ labeled facility has been designed to limit its impact on the environment, making it the first-ever European research center to hold the low carbon label.

Essential Dairy and Plant-Based Products 2023

The EDP Reporting Categories' Research and Innovation teams continued to innovate in 2023 by expanding the product ranges to include:

- products high in protein, that are leveraging key R&I expertise and technologies (fermentation, ambient, filtration) have been launched in various geographies with different flavors and formats;
- dairy-based products: *Oikos* in Japan, *YoPro* in Brazil and Spain, *GetPro* and *Hipro* in Europe and Egypt. Subranges have been created as well to answer specific consumer needs *YoPro Energy Boost* in Brazil, and high protein dairy products to maintain and grow muscles in Europe;

The high protein trend has been expanded as well to plant-based products in Europe and North America. For example, *Alpro* drinkable high protein, *Alpro* yogurt alternative with no added sugar, *Silk* Greek yogurt alternative in tube format, *Silk* oat and almond beverages with protein.

- products low in sugar like *Light'n Fit Zero* cups and drinks, *Two Good smoothies, So Delicious Dairy Free* plant based alternative yogurt in the US have been launched leveraging ultrafiltration technology;
- products supporting gut health with *Alpro* plant based alternative yogurt launched in the United Kingdom and *Activia* fermented milk in Brazil, a symbiotic value proposition for consumers thanks the combinations of probiotic and prebiotics fibers, with low in lactose and 20% less total sugar vs local market;
- products supporting immunity, such as *Actimel* (enriched with vitamins D, B6 and B12) were launched in Europe;
- indulgent products with *Danette* drinkable in Turkey or *Alpro* coconut plant-based yogurt alternatives in Europe;
- affordable and accessible products, like *Al Baraka*, *Danone* and *Dango*, in Egypt.

Danone conducted research on gut biology, gut microbiome, probiotics, and their impact on health. In particular, the Research and Innovation teams in France, partnered with *Le French Gut* to characterize the gut microbiota of up to 100,000 adult volunteers living in France, to better understand the relation between gut and health through diet. Also, the Danone Open Science Research Center (OSRC) in Shanghai was announced as the certificated "large enterprises (Group) Open Innovation center" (GOI), making this a significant recognition from the Chinese Government. Danone Research and Innovation is thus approved to apply for support including subsidies (reimbursement). This new support for Group Open Innovation centers from the Chinese Government, has been possible thanks to the Danone "Open Innovation" Research and Innovation approach.

Waters 2023

In 2023, the Waters Reporting Categories' Research and Innovation team focused their efforts on:

- renovation for superiority: overhauling the beverage ranges under the *Sirma*, *Bonafont* and *Volvic* brands to offer less sugary and more natural flavored versions. For example, *Volvic* ranges with improved taste propositions was launched in Germany. In China, *Mizone Electrolyte*, an isotonic sports drink launched with enriched minerals and vitamins, to complement the existing superior range;
- focused innovations with the launch of *ZYWIEC ZDROJ* spring water enriched with minerals and vitamins in Poland;
- development of non-plastic packaging; expanding the use of large formats, increased levels of recycled PET bottles and/or launching plastic alternatives. For instance, *evian* in France and *Bonafont* in Mexico launched a label-free bottle. The design has been created to achieve a circular packaging solution; it is recyclable and made with 100% recycled plastic excluding cap, whilst being label-free.

Danone-Aqua Positive Water Impact program in Indonesia promotes water stewardship through the sustainable use of groundwater giving time for nature to replenish more than the water extracted, creating a positive water balance.

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 2023

In 2023, the Specialized Nutrition Reporting Categories' 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 Europe, *Aptamil* Dairy and Plants Blend formula was launched, designed for those families who want to incorporate more plant-based choices into their lifestyle for health and for the planet. Another launch worth noticing is *Aptamil* pre-measured tabs to support parents and babies;

- in China, *Fortimel* was launched. Designed to meet the nutritional needs of patients recovering after surgery or non-communicable diseases like cancer and stroke and complements. The new range, which will be produced in China, brings together Danone's longstanding expertise in medical nutrition and insights into the preferences and needs of Chinese patients;
- specialized pediatric products: *Neocate SYNEO* (纽康特星诺), as an important product in *Neocate* family, has been launched in the Chinese market. Danone also launched in Spain a new probiotic supplement, *Almimama*. It supports breastfeeding by helping to reduce the incidence of mastitis, according to findings from a clinical study;
- in Europe, Danone launched *Fortini Mix*, a medical nutrition drink with ingredients with real fruit and vegetable sources, tailored for pediatric patients;
- *Flocare* range of innovative medical devices launched *Infinity III* in Europe to facilitate tube feeding for patients and their families. In the US, Danone launched *Nutricia Pepticate* to support parents and babies;
- in Latin America, Danone launched *Pregomin Plus*, a hypercaloric extensively hydrolyzed allergy infant formula in Brazil for infants who face allergy and growth challenges at the same time; *Ketoblend* in Argentina, a unique blend specially designed for culinary preparations.

These product launches were supported by continuous innovative work in life science:

- in 2023, 108 articles related to gut health, immunity, growth, brain health among other health topics have been published;
- an activation campaign on *Gut Microbioma* and the link with diet and lifestyle has been realized. 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			
(in € millions except if stated otherwise)	2022	2023	Reported changes	Like-for-like changes [(a)]
Sales	**27,661**	**27,619**	**(0.2%)**	**+7.0%**
Recurring operating income [(a)]	**3,377**	**3,481**	**3.1%**	
Recurring operating margin [(a)]	***12.2%***	***12.6%***	***40 pb***	
Non-recurring operating income and expenses [(a)]	(1,234)	(1,438)	(205)	
Operating income	2,143	2,042	(4.7%)	
Operating margin	7.7%	7.4%	(35) pb	
Recurring net income – Group share [(a)]	**2,205**	**2,283**	**3.5%**	
Non-recurring net income – Group share	(1,246)	(1,402)	(156)	
Net income – Group share	959	881	(8.1%)	
Recurring EPS *(in €)* [(a)]	**3.43**	**3.54**	**3.4%**	
EPS (in €)	1.48	1.36	(8.0%)	
Free cash flow [(a)]	**2,127**	**2,633**	**23.8%**	
Cash flow from operating activities	2,964	3,442	16.1%	

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

SALES

Consolidated sales

In 2023, consolidated sales stood at €27,619 million, up +7.0% on a like-for-like basis, with price up +7.4% and volume/mix down -0.4%. Volume/mix improved progressively throughout the year, to turn positive in Q4 (+0.8%).

On a reported basis, sales decreased by -0.2%, reflecting notably a negative impact from forex (-4.3%), driven by the depreciation of the majority of currencies against the euro. Reported sales were also penalized by a negative effect from scope (-3.4%), while hyperinflation contributed positively to reported sales (+1.8%).

Sales by Zones

	Year ended December 31			
(in € millions except percentage)	2022 [(a) (c)]	2023 [(a) (d)]	Sales growth [(e)]	Volume Mix / Growth [(e)]
Europe [(b)]	8,871	9,382	5.9%	(3.3%)
North America	6,712	6,889	5.8%	0.2%
China, North Asia & Oceania	3,428	3,496	10.1%	8.6%
Latin America	2,805	2,794	9.8%	(1.3%)
Rest of the World	5,846	5,058	7.2%	(1.8%)
TOTAL	**27,661**	**27,619**	**7.0%**	**(0.4%)**

(a) Net sales to third parties.

(b) Including net sales of €2,324 million generated in France in 2023 (€2,134 million in 2022). See Note 7.2. to the Consolidated financial statements.

(c) As part of the new organization, 2022 sales were reallocated in line with the redefinition of operating segments.

(d) As part of the changes in the geography-led organization, 2023 sales were reallocated in line with the redefinition of operating segments (see Note 2.1 to the Consolidated financial statements).

(e) Like-for-like.

Europe

Sales

Europe posted sales growth of +5.9% in 2023 on a like-for-like basis, driven by +9.2% growth in price and a -3.3% decrease in volume/mix.

Main Markets

In EDP, the portfolio transformation started to deliver results, and the performance improved sequentially throughout the year, led by *Actimel*, *Danone*, *YoPro* and *Alpro*. Specialized Nutrition delivered resilient growth in a soft category while Waters registered double-digit like-for-like sales growth, driven notably by *evian*, *Volvic* and *Zywiec Zdroj*.

North America

Sales

North America posted +5.8% sales growth in 2023 on a like-for-like basis, driven by +5.6% growth in price and a +0.2% growth in volume/mix.

Main Markets

North America delivered a strong performance in 2023, led by coffee creations and yogurts, and in particular by *International Delight*, *Stok* and *Oikos*. In plant-based, Danone is working on restoring its short-term competitiveness, while progressing in the restaging of its portfolio.

China, North Asia & Oceania

Sales

China, North Asia & Oceania posted sales growth of +10.1% in 2023 on a like-for-like basis, driven by +1.5% growth in price and a +8.6% growth in volume/mix.

Main Markets

China, North Asia & Oceania registered strong competitive growth in 2023. In China, *Aptamil* registered strong growth in infant nutrition, coupled with further market share gains, while *Nutrison* and *Neocate* posted double-digit growth in Adult Nutrition and Pediatric Specialties respectively. In Waters, *Mizone* is confirming its turnaround, growing double-digits, led by volume and market share gains. Outside China, EDP registered double-digit growth in Japan, led by functional brands.

Latin America

Sales

Latin America posted sales growth of +9.8% on a like-for-like basis, driven by +11.1% growth in price, while volume/mix declined by -1.3%.

Main Markets

The performance was driven by all geographies and categories, and notably driven by *Oikos*, *YoPro* and *Bonafont*. In Brazil, Danone is progressing on the transformation of its business model, towards the more value-added parts of its portfolio.

Rest of the World

Sales

Rest of the World registered sales growth of +7.2% on a life-for-like basis, driven by price growth of +9.0%, while volume/mix decreased by -1.8%.

Main Markets

The performance was driven by all categories in 2023. In particular, Specialized Nutrition was led by a sustained momentum across Asia and Middle East, while Waters posted a solid performance, notably in Indonesia. In Africa, Danone is progressing in fixing its dairy business model, while building more structural resilience.

Sales by categories

	Year ended December 31					
(in € millions except percentage)	2022	2023	LFL Sales growth [(a)]	Volume Mix / Growth [(a)]	Share of sales delivered by categories in 2022	Share of sales delivered by categories in 2023
EDP	14,799	14,322	6.6%	(1.4%)	54%	52%
Specialized Nutrition	8,319	8,504	6.7%	0.6%	30%	31%
Waters	4,543	4,793	9.1%	0.8%	16%	17%
TOTAL	**27,661**	**27,619**	**7.0%**	**(0.4%)**	**100%**	**100%**

(a) Like-for-like.

RECURRING OPERATING INCOME AND RECURRING OPERATING MARGIN

Consolidated recurring operating income and recurring operating margin

Danone's recurring operating income reached €3.5 billion in 2023.

Recurring operating margin stood at 12.6%, up +40 basis points (bps) compared to last year. This increase was mainly driven by the improvement of margin from operations, up +142 bps: topline drivers, including volume, mix and price, had a combined positive impact of *circa* +590 bps, partially offset by the still strong negative impact of input-cost inflation net of productivity, at *circa* -450 bps.

Besides, Danone continued to step-up its reinvestments in brands, product superiority and capabilities, which had a negative effect of -97 bps in 2023. Finally, Scope, Forex and others had a positive impact on Recurring operating margin of +13 bps, partially offset by Overheads before reinvestments, that had a negative effect of -18 bps.

Cost of goods sold totaled €14,535 million in 2023 (€14,922 million in 2022), or 52.6% of consolidated sales (53.9% in 2022).

Selling expense totaled €6,288 million in 2023 (€6,294 million in 2022), or 22.8% of consolidated sales, broadly in line with 2022.

General and administrative expense totaled €2,748 million in 2023, or 9.9% of consolidated sales (9.5% in 2022). Research and Development costs totaled €398 million in 2023, up compared to 2022 (€339 million) (see section 3.1 *Business highlights in 2023*).

Other income and expense stood at €(170) million in 2023 (€(92) million in 2022).

Recurring operating income and recurring operating margin by zone

	Year ended December 31				
	Recurring operating income		Recurring operating margin		Reported changes
(in € millions except percentage and bps)	2022	2023	2022	2023	
Europe	1,084	1,076	12.2%	11.5%	-75 bps
North America	679	699	10.1%	10.1%	3 bps
China, North Asia & Oceania	1,037	1,052	30.2%	30.1%	-15 bps
Latin America	55	123	1.9%	4.4%	247 bps
Rest of the World	522	530	8.9%	10.5%	155 bps
TOTAL	**3,377**	**3,481**	**12.2%**	**12.6%**	**40 bps**

Recurring operating income and recurring operating margin by categories

	Year ended December 31				
	Trading operating income		Trading operating margin		Reported changes
(in € millions except percentage and bps)	2022	2023	2022	2023	
EDP	1,207	1,224	8.2%	8.5%	39 bps
Specialized Nutrition	1,799	1,772	21.6%	20.8%	-79 bps
Waters	370	485	8.2%	10.1%	197 bps
TOTAL	**3,377**	**3,481**	**12.2%**	**12.6%**	**40 bps**

NET FINANCIAL INCOME (EXPENSE)

Market risks exposure and management policy

See Note 12 of the Notes to the consolidated financial statements.

Net financial income (expense)

	Year ended December 31	
(in € millions)	2022	2023
Interest income on cash, cash equivalents and short term investments	155	341
Interest expense on financial debt	(308)	(513)
Cost of net financial debt	**(153)**	**(172)**
Other financial income	51	60
Other financial expense	(208)	(245)
Other financial income or expense	**(158)**	**(185)**
NET FINANCIAL INCOME (EXPENSE)	**(311)**	**(357)**

Net financial costs increased by €46 million to €(357) million, reflecting an increase in interest rates.

EFFECTIVE TAX RATE

Recurring income tax rate remained at 27.2%, in line with the prior year.

RECURRING NET INCOME – GROUP SHARE AND RECURRING EPS

Recurring net income reached €2,364 million in 2023 (€2,275 million in 2022).

Other operating income and expense reached €(1,438) million in 2023, vs €(1,234) million in the prior year, due to the deconsolidation , *i.e.* July 16, 2023 of EDP Russia and the impairment, in accordance with IFRS 5, the assets and liabilities held for sale, following the signing of an agreement to sell the US premium organic dairy activities.

Share of profit of equity-accounted companies

Share of profit of equity-accounted companies stood at €36 million, improving from €(32) million last year, which reflected the impairment related to the disposal of the remaining minority investments in Mengniu partnerships.

Net income from non-controlling interests

Recurring minority interest stood at €81 million, up from €70 million in 2022.

Recurring net income – Group share

Recurring net income – Group share was €2,283 million in 2023, up +3.5% vs last year.

Recurring EPS was €3.54 per share, up +3.4% vs last year. Reported EPS decreased by -8.0% to €1.36 per share.

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

	Year ended December 31					
	2022			2023		
(in € millions except percentage)	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Trading operating income	**3,377**	**–**	**3,337**	**3,481**	**–**	**3,481**
Other operating income and expense	–	(1,234)	(1,234)	–	(1,438)	(1,438)
Operating income	**3,377**	**(1,234)**	**2,143**	**3,481**	**(1,438)**	**2,042**
Cost of net debt	(153)	–	(153)	(172)	–	(172)
Other financial income and expense	(138)	(20)	(158)	(135)	(49)	(185)
Income before taxes	**3,086**	**(1,253)**	**1,832**	**3,173**	**(1,487)**	**1,686**
Income tax	(841)	64	(778)	(864)	95	(768)
Effective tax rate	27.3 %	– %	42.4 %	27.2 %	– %	45.6 %
Net income from fully consolidated companies	**2,244**	**(1,190)**	**1,054**	**2,309**	**(1,392)**	**917**
Net income from associates	31	(63)	(32)	55	(19)	36
Net income	**2,275**	**(1,252)**	**1,023**	**2,364**	**(1,411)**	**953**
■ **Group share**	**2,205**	**(1,246)**	**959**	**2,283**	**(1,402)**	**881**
■ Non-controlling interests	70	(6)	64	81	(9)	72
Diluted EPS *(in €)*	**3.43**	**–**	**1.48**	**3.54**	**–**	**1.36**

Bridge from EPS to Recurring EPS

	Year ended December 31			
	2022		2023	
	Recurring	Total	Recurring	Total
Net Income – Group share *(in € millions)*	**2,205**	**959**	**2,283**	**881**
Coupon relating to hybrid financing net of tax *(in € millions)*	(13)	(13)	(8)	(8)
NUMBER OF SHARES				
■ Before dilution	639,050,821	639,050,821	641,030,818	641,030,818
■ After dilution	639,484,607	639,484,607	641,738,674	641,738,674
EPS *(in €)*				
■ Before dilution	3.43	1.48	3.55	1.36
■ After dilution	3.43	1.48	3.54	1.36

ADDITIONAL INFORMATION ON CONSOLIDATED INCOME STATEMENT

Bridge from reported to like-for-like figures

(in € millions except percentage)	2022	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	2023
Sales	27,661	+7.0%	(3.4%)	(5.6%)	+1.8%	(0.2%)	27,619

IAS 29: impact on reported data

Danone has applied IAS 29 to Argentina in its financial statements as from the year ended December 31, 2018, to Iran as from the year ended December 31, 2020, to Turkey as from the year ended December 31, 2022 and to Ghana as from the year ended December 31, 2023.

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.

(in € millions except percentage)	2023
Sales	(198)
Sales growth	(0.7%)
Recurring Operating Income	(55)
Recurring Net Income – Group share	(64)

Breakdown by quarter of full-year 2023 sales after application of IAS 29

Full-year 2023 sales correspond to the addition of:

- Q4 2022 reported sales;
- Q1, Q2 and Q3 2023 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, 2023 and translation into euros using December 31, 2023 closing rate) and provided in the table below for information (unaudited data).

(in € millions)	Q1 2023 [(a)]	Q2 2023 [(b)]	Q3 2023 [(c)]	Q4 2023	2023
Europe	2,248	2,429	2,392	2,313	9,382
North America	1,714	1,704	1,747	1,725	6,889
China, North Asia & Oceania	824	954	896	822	3,496
Latin America	639	727	724	704	2,794
Rest of the World	1,480	1,392	1,095	1,092	5,058
TOTAL	**6,904**	**7,205**	**6,854**	**6,655**	**27,619**

(a) Results from the application of IAS 29 until December 31, 2023 to Q1 sales of entities of hyperinflation countries.
(b) Results from the application of IAS 29 until December 31, 2023 to Q2 sales of entities of hyperinflation countries.
(c) Results from the application of IAS 29 until December 31, 2023 to Q3 sales of entities of hyperinflation countries.

DIVIDEND PAID IN RESPECT OF 2023 FISCAL YEAR

At the Annual Shareholders' Meeting on April 25, 2024, Danone's Board of Directors will propose a dividend of €2.10 per share in respect of the 2023 fiscal year, up +5.0% compared to last year, and back to 2019 record-level. Assuming this proposal is approved, the ex-dividend date will be May 3, 2024, and dividends will be payable on May 7, 2024.

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 €2,633 million in 2023, increasing from €2,127 million in 2022, reflecting the significant increase in cash-flow from operating activities. Capex stood at €847 million.

FREE CASH FLOW

Transition from operating cash flow to free cash flow

	Year ended December 31	
(in € millions)	2022	2023
Cash-flow from operating activities	**2,964**	**3,442**
Capital expenditure	(873)	(847)
Disposal of tangible assets & transaction fees related to business combinations [(a)]	37	38
FREE CASH-FLOW	**2,127**	**2,633**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31	
(in € millions)	**2022**	**2023**
Net income	**1,023**	**953**
Share of profit (loss) of equity-accounted companies, net of dividends received	53	(13)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,863	1,611
Net change in provisions and non-current liabilities	(241)	(52)
Change in deferred taxes	40	(46)
(Gains) losses on disposal of property, plant and equipment and financial investments	78	(7)
Expense related to share-based payments and Company Savings Plans	25	61
Cost of net financial debt	154	170
Net interest paid	(152)	(181)
Net change in interest income (expense)	2	(11)
Other items with no cash impact [(a)]	44	669
Cash flows provided by operating activities, before changes in net working capital	**2,886**	**3,165**
(Increase) decrease in inventories	(667)	41
(Increase) decrease in trade receivables	(424)	74
Increase (decrease) in trade payables	879	324
Change in other receivables and payables	289	(162)
Change in working capital requirements	77	277
Cash flows provided by operating activities	**2,964**	**3,442**
Capital expenditure [(b)]	(873)	(847)
Proceeds from the disposal of property, plant and equipment [(b)]	30	15
Net cash outflows on purchases of subsidiaries and financial investments [(c)]	(100)	(162)
Net cash inflows on disposal of subsidiaries and financial investments [(c)]	206	177
(Increase) decrease in long-term loans and other long-term financial assets	(12)	(17)
Cash flows provided by (used in) investment activities	**(749)**	**(834)**
Increase in share capital and additional paid-in capital	51	69
Purchase of treasury shares (net of disposals)	–	–
Net issuance of undated subordinated notes	–	(750)
Interest expense and redemption premium on undated subordinated notes	(18)	(18)
Dividends paid to Danone shareholders [(d)]	(1,238)	(1,279)
Buyout of non-controlling interests	*(91)*	*(118)*
Dividends paid to non-controlling interests	*(80)*	*(62)*
Contribution from non-controlling interests to capital increases	*17*	*0*

	Year ended December 31	
(in € millions)	**2022**	**2023**
Transactions with non-controlling interests	(153)	(181)
Net cash flows on hedging derivatives [(e)]	4	0
Bonds issued during the period	600	1,597
Bonds redeemed during the period	(1,682)	(1,852)
Net cash flows from other current and non-current financial debt	(1,032)	577
Net cash flows from short-term investments	1,535	(220)
Cash flows provided by (used in) financing activities [(f)]	**(1,934)**	**(2,057)**
Effect of exchange rate and other changes [(g)]	112	(503)
INCREASE IN CASH AND CASH EQUIVALENTS	**392**	**49**
Cash and cash equivalents as of start of period	**659**	**1,051**
Cash and cash equivalents as of end of period	**1,051**	**2,363**
Net cash and cash equivalents as of December 31 [(h)]	**721**	**1,099**
ADDITIONAL INFORMATION		
Income tax payments during the year	(716)	(730)

(a) Mainly includes the impact of recycling translation adjustments related to EDP Russia business following the deconsolidation on July 16, 2023 (see Note 3 to the consolidated financial statements).
(b) Relates to property, plant and equipment and intangible assets used in operating activities.
(c) Acquisition/disposal of companies' shares. In the case of fully consolidated companies, this comprises cash and cash equivalents as of the acquisition/disposal date.
(d) Portion paid in cash.
(e) Derivative instruments used to manage net debt.
(f) Including €37 million relating to the change in bank overdrafts as of December 31, 2022.
(g) Effect of reclassification with no impact on net debt.
(h) Bank overdrafts amounted to €330 million as of December 31, 2022.

3.4 BALANCE SHEET AND FINANCIAL SECURITY REVIEW

CONDENSED CONSOLIDATED BALANCE SHEET

	As of December 31	
(in € millions)	**2022**	**2023**
Non-current assets	33,128	31,570
Current assets	12,153	12,916
Total assets	**45,281**	**44,486**
Equity - Group share	**17,923**	**16,176**
Non-controlling interests	69	46
Non-current liabilities	15,160	14,436
Current liabilities	12,130	13,828
Total equity and liabilities	**45,281**	**44,486**
Net debt	10,107	10,221
Net financial debt	9,785	9,865

FINANCING STRUCTURE AND FINANCIAL SECURITY

Liquidity risk exposure and management policy

See Note 12 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 2023

	Year ended December 31		
	2023		
(in millions of currency)	**Currency**	**Nominal**	**Maturity**
NEW FINANCING			
Euro bond	EUR	800	2029
Euro bond	EUR	800	2031
REPAYMENTS AND REDEMPTIONS			
Hybrid bond	EUR	750	2023
Euro bond	EUR	500	2023
USD bond	USD	1500	2023

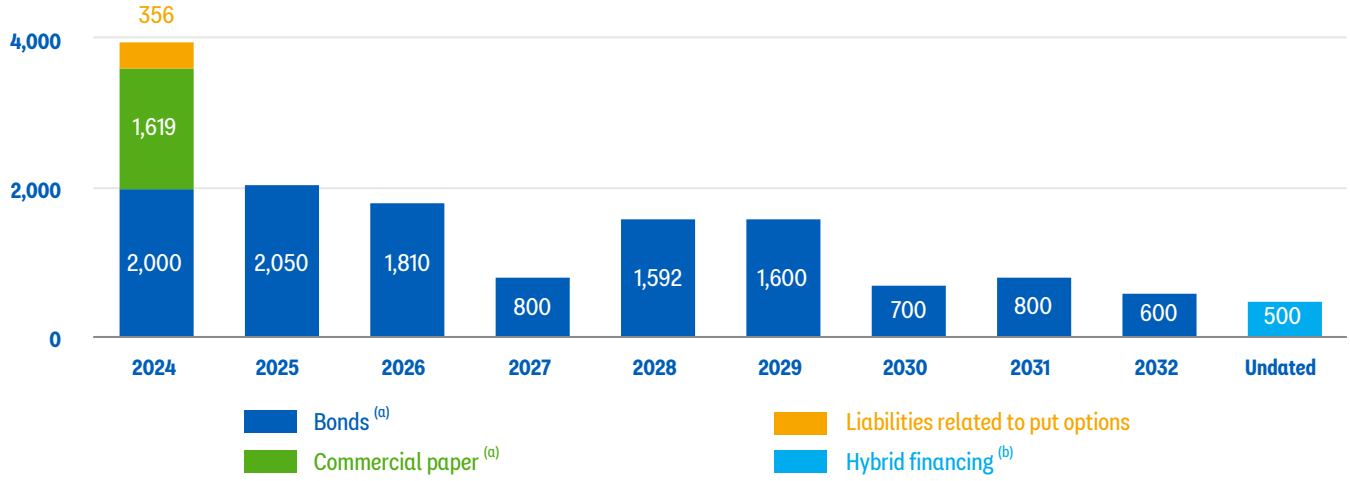
Main financial debt repayment schedule

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)



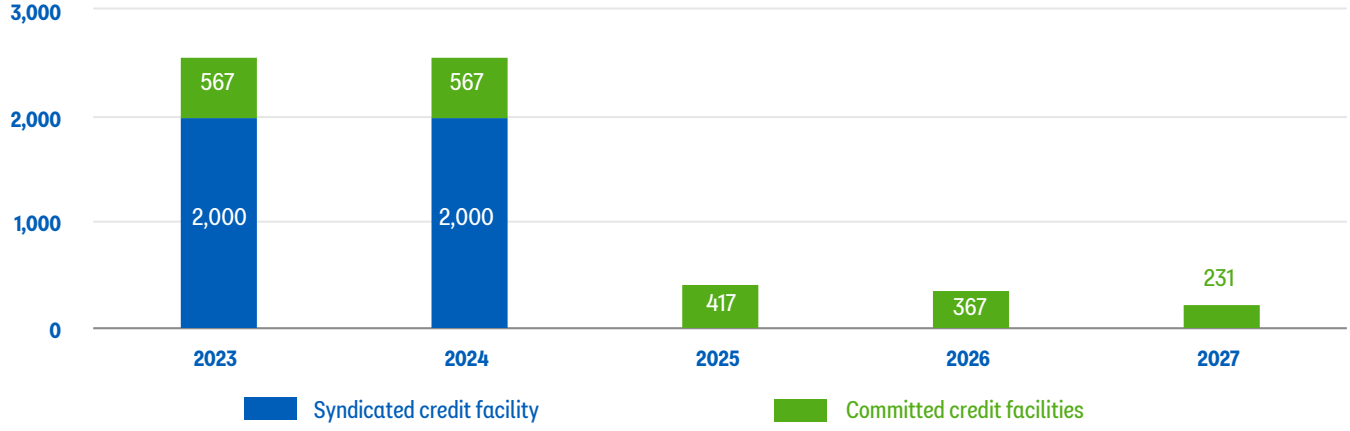
(a) Includes the value of derivatives hedging bonds and commercial paper.
(b) Including €500 million with a call date in 2026.

Sources of financing available at any time

Financing available at any time is carried on the Company's books and comprises committed credit facilities and a syndicated credit facility.

AS OF DECEMBER 31

(in € millions)



Company rating

	As of December 31			
	2022		2023	
	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

(in € millions)	2022	2023
As of January 1	**354**	**323**
New options and options recognized previously in accordance with IFRS 9	–	–
Options exercised [(a)]	(81)	(67)
Changes in the present value of outstanding options	50	100
AS OF DECEMBER 31 [(b)]	**323**	**356**

(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	
(in € millions)	**2022**	**2023**
Non-current financial debt [(a)]	11,238	10,739
Current financial debt [(a)]	3,298	4,270
Short-term investments	(3,631)	(3,638)
Cash	(1,051)	(2,363)
Bank overdrafts	330	1,264
Derivatives - assets - Non-current [(b)]	(18)	(34)
Derivatives - assets - Current [(b)]	(60)	(16)
NET DEBT	**10,107**	**10,221**

(a) Consists of €879 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	
(in € millions)	**2022**	**2023**
Net debt	**10,107**	**10,221**
Liabilities related to put options granted to non-controlling interests — Non-current	(59)	–
Liabilities related to put options granted to non-controlling interests — Current	(263)	(356)
Financial debt excluded from net debt	**(322)**	**(356)**
NET FINANCIAL DEBT	**9,785**	**9,865**

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 2023 fiscal year was 2.8x:

(in € millions except ratio)	2022	2023
Net debt as of December 31	**10,107**	**10,221**
Operating income	2,143	2,042
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,863	1,611
EBITDA of the year	**4,006**	**3,654**
NET DEBT/EBITDA OF THE YEAR [(a)]	**2.5x**	**2.8x**

(a) Notably includes the impact of recycling translation adjustments related to EDP Russia business following the deconsolidation on July 16, 2023 (see Note 3 to the consolidated financial statements). Excluding the recycling translation adjustments, the net debt / EBITDA ratio of the year would be 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 9.5% in 2023:

(in € millions except percentage)	2021	2022	2023
Recurring operating income	3,337	3,377	3,481
Recurring income tax rate	27.4%	27.3%	27.2%
Tax on recurring operating income	(914)	(922)	(947)
Recurring income from associates	7	31	55
Operating income	**2,429**	**2,486**	**2,588**
Intangible assets	24,053	24,239	23,093
Property, plant and equipment	6,843	6,752	6,441
Goodwill and other tangible and intangible assets	**30,896**	**30,991**	**29,534**
Investments in associates	771	576	416
Other financial investments	688	808	839
Short-term loans	8	3	3
Investments in non-consolidated companies and other financial investments	**1,466**	**1,387**	**1,259**
Assets held for sale net of liabilities	**238**	**191**	**286**
Deferred taxes net of deferred tax assets	(612)	(848)	(743)
Provisions for retirement and other long-term benefits	(1,105)	(772)	(904)
Other non-current provisions and liabilities	(1,823)	(1,565)	(1,303)
Provisions and other net liabilities	**(3,540)**	**(3,185)**	**(2,950)**
Working capital	**(1,166)**	**(1,284)**	**(1,686)**
Invested capital of the year	27,894	28,100	26,443
Average invested capital	**28,066**	**27,997**	**27,271**
ROIC	**8.7%**	**8.9%**	**9.5%**

SHAREHOLDERS EQUITY

Change in shareholders equity – Group share

	Year ended December 31	
(in € millions)	**2022**	**2023**
As of January 1	**17,273**	**17,923**
Net income	959	881
Other comprehensive income	274	(125)
Dividends paid [(a)]	(1,238)	(1,279)
Cumulative translation adjustments	436	(638)
Other	219	(586)
AS OF DECEMBER 31	**17,923**	**16,176**

(a) Impact on the Group share of the equity, the impact of the dividends paid on the consolidated equity amounting to € (1,341) million in 2023 (€ (1,318) million in 2022).

OFF-BALANCE SHEET COMMITMENTS

Commitments given as of December 31, 2023 relating to operating activities

		Amount of financial flows for the period				
(in € millions)	**Total**	**2024**	**2025**	**2026**	**2027**	**2028 and after**
Commitments to purchase goods and services [(a)]	(5,986)	(2,931)	(833)	(375)	(261)	(1,586)
Capital expenditure commitments	(184)	(146)	(34)	0	0	(3)
Guarantees and pledges given	(4)	(4)	–	–	–	–
Other	(86)	(57)	(13)	(9)	(4)	(3)
TOTAL	**(6,260)**	**(3,138)**	**(880)**	**(384)**	**(266)**	**(1,593)**

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

3.5 OUTLOOK 2024

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 December 31, 2023.

OUTLOOK FOR 2024

2024 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, 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;
- 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).

Like-for-like changes in recurring operating margin are not disclosed anymore as the indicator is not constitutive of the Group guidance nor is used by the Group to comment the results.

Since January 1, 2023, all countries with hyperinflationary economies are taken into account in like-for-like changes as follows: net sales growth in excess of around 26% per year (a three-year average at 26% would generally trigger the application of hyperinflationary accounting as defined in IFRS) is now excluded from the like-for-like net sales growth calculation.

Margin from operation is defined as the Gross margin over Net sales ratio, where Gross margin corresponds to the difference between Net sales and Industrial costs excluding reengineering initiatives and Logistics / Transportation costs.

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 share of profit of equity-accounted companies include items that, because of their significant or unusual nature, cannot be viewed as inherent to the companies' recurring activity and thereby distort the assessment of their recurring performance and trends in that performance. These items mainly relate to:

- capital gains and losses on disposal of Investments in equity-accounted companies,
- impairment of goodwill, and
- non-recurring items, as defined by Danone, included in the share of profit of equity-accounted companies.

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

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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	
(in € millions, except earnings per share in €)	**Notes**	**2022**	**2023**
Sales	7.1, 7.2	**27,661**	**27,619**
Cost of goods sold		(14,922)	(14,535)
Selling expense		(6,294)	(6,288)
General and administrative expense		(2,637)	(2,748)
Research and Development expense		(339)	(398)
Other income (expense)	7.3	(92)	(170)
Recurring operating income		**3,377**	**3,481**
Other operating income (expense)	8.1	(1,234)	(1,438)
Operating income		**2,143**	**2,042**
Interest income on cash equivalents and short-term investments		155	341
Interest expense		(308)	(513)
Cost of net financial debt	12.7	(153)	(172)
Other financial income	13.3	51	60
Other financial expense	13.3	(208)	(245)
Income before tax		**1,832**	**1,686**
Income tax	10.1	(778)	(768)
Net income from fully consolidated companies		**1,054**	**917**
Share of profit (loss) of equity-accounted companies	6.5, 6.6	(32)	36
NET INCOME		**1,023**	**953**
Net income – Group share		**959**	**881**
Net income – Non-controlling interests		64	72
Earnings per share – Group share	15.4	**1.48**	**1.36**
Diluted earnings per share – Group share	15.4	**1.48**	**1.36**

Consolidated statement of comprehensive income

	Year ended December 31	
(in € millions)	**2022**	**2023**
Net income – Group share	**959**	**881**
Translation adjustments	368	(638)
CASH FLOW HEDGE DERIVATIVES		
Gross unrealized gains and losses	31	(45)
Tax effects	(8)	17
Other gains and losses, net of tax	**–**	**–**
ITEMS THAT MAY BE SUBSEQUENTLY RECYCLED TO PROFIT OR LOSS	**391**	**(666)**
INVESTMENTS IN OTHER NON-CONSOLIDATED COMPANIES		
Gross unrealized gains and losses	(20)	(15)
Tax effects	5	2
ACTUARIAL GAINS AND LOSSES ON RETIREMENT COMMITMENTS		
Gross gains and losses	347	(118)
Tax effects	(81)	35
ITEMS NOT SUBSEQUENTLY RECYCLABLE TO PROFIT OR LOSS	**251**	**(96)**
Total comprehensive income – Group share	**1,601**	**118**
Total comprehensive income – Non-controlling interests	35	69
TOTAL COMPREHENSIVE INCOME	**1,636**	**187**

Consolidated balance sheet

		As of December 31	
(in € millions)	**Notes**	**2022**	**2023**
ASSETS			
Goodwill		17,938	17,340
Brands		5,843	5,256
Other intangible assets		458	498
Intangible assets	11.1 to 11.3	24,239	23,093
Property, plant and equipment	7.5	6,752	6,441
Investments in equity-accounted companies	6.1 to 6.7	576	416
Investments in other non-consolidated companies		341	324
Long-term loans and financial assets		468	515
Other financial assets	13.1, 13.2	808	839
Derivatives – assets [(a)]	14.2, 14.3	18	34
Deferred taxes	10.2	735	746
Non-current assets		**33,128**	**31,570**
Inventories	7.4	2,619	2,341
Trade receivables	7.4	3,272	2,919
Other current assets	7.4	1,315	1,259
Short-term loans		3	3
Derivatives – assets [(a)]	14.2, 14.3	60	16
Short-term investments	12.1, 12.5	3,631	3,638
Cash		1,051	2,363
Assets held for sale [(b)]	4, 5.2, 6.6	202	376
Current assets		**12,153**	**12,916**
TOTAL ASSETS		**45,281**	**44,486**

(a) Derivative instruments used to manage net debt.
(b) As of December 31, 2023, this concerns assets relating to the organic dairy business in the United States and to Michel et Augustin.

(in € millions)	Notes	As of December 31 2022	2023
EQUITY AND LIABILITIES			
Share capital		169	169
Additional paid-in capital		5,188	5,256
Retained earnings and other [(a)]	12.3	17,916	16,845
Translation adjustments		(3,398)	(4,036)
Accumulated other comprehensive income		(382)	(507)
Treasury shares	15.2	(1,569)	(1,552)
Equity – Group share		**17,923**	**16,176**
Non-controlling interests	5.6	69	46
Consolidated equity		**17,992**	**16,222**
Financing	12.1 to 12.4	10,806	10,447
Derivatives – liabilities [(b)]	14.2, 14.3	373	293
Liabilities related to put options granted to non-controlling interests	5.6	59	–
Non-current financial debt		11,238	10,739
Provisions for retirement obligations and other long-term benefits	9.3	772	904
Deferred taxes	10.2	1,583	1,489
Other provisions and non-current liabilities	16.2, 16.3	1,565	1,303
Non-current liabilities		**15,160**	**14,436**
Financing	12.1 to 12.4	3,357	5,154
Derivatives – liabilities [(b)]	14.2, 14.3	8	23
Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control	5.6	263	356
Current financial debt		3,628	5,533
Trade payables	7.4	4,899	4,779
Other current liabilities	7.4	3,591	3,425
Liabilities directly associated with assets held for sale [(c)]	4, 5.2	11	90
Current liabilities		**12,130**	**13,828**
TOTAL EQUITY AND LIABILITIES		**45,281**	**44,486**

(a) "Other" corresponds to undated subordinated notes totaling €500 million.
(b) Derivative instruments used to manage net debt.
(c) As of December 31, 2023, these concern liabilities relating to the organic dairy business in the United States and to Michel et Augustin.

Consolidated statement of cash flows

		Year ended December 31	
(in € millions)	**Notes**	**2022**	**2023**
Net income		**1,023**	**953**
Share of profit (loss) of equity-accounted companies, net of dividends received	6.5, 6.6	53	(13)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	7.5, 11.3	1,863	1,611
Net change in provisions and non-current liabilities	16.2, 16.3	(241)	(52)
Change in deferred taxes	10.2	40	(46)
(Gains) losses on disposal of property, plant and equipment and financial investments		78	(7)
Expense related to share-based payments and Company Savings Plans	9.4, 9.5	25	61
Cost of net financial debt	12.7	154	170
Net interest paid		(152)	(181)
Net change in interest income (expense)		2	(11)
Other items with no cash impact [a]	3	44	669
Cash flows provided by operating activities, before changes in net working capital		**2,886**	**3,165**
(Increase) decrease in inventories		(667)	41
(Increase) decrease in trade receivables		(424)	74
Increase (decrease) in trade payables		879	324
Change in other receivables and payables		289	(162)
Change in working capital requirements	7.4	77	277
Cash flows provided by operating activities		**2,964**	**3,442**
Capital expenditure [b]	7.5	(873)	(847)
Proceeds from the disposal of property, plant and equipment [b]	7.5	30	15
Net cash outflows on purchases of subsidiaries and financial investments [c]	5.2, 5.4, 6.3	(100)	(162)
Net cash inflows on disposal of subsidiaries and financial investments [c]	5.2, 6.3, 6.6	206	177
(Increase) decrease in long-term loans and other long-term financial assets		(12)	(17)
Cash flows provided by (used in) investment activities		**(749)**	**(834)**
Increase in share capital and additional paid-in capital		51	69
Purchase of treasury shares (net of disposals)	15.2	–	–
Net issuance of undated subordinated notes	12.4	–	(750)
Interest expense and redemption premium on undated subordinated notes	12.4	(18)	(18)
Dividends paid to Danone shareholders [d]	15.5	(1,238)	(1,279)
Buyout of non-controlling interests	5.6	*(91)*	*(118)*
Dividends paid to non-controlling interests		*(80)*	*(62)*
Contribution from non-controlling interests to capital increases		*17*	*0*
Transactions with non-controlling interests		(153)	(181)
Net cash flows on hedging derivatives [e]		4	0
Bonds issued during the period	12.3, 12.4	600	1,597
Bonds redeemed during the period	12.3, 12.4	(1,682)	(1,852)
Net cash flows from other current and non-current financial debt	12.3	(1,032)	577
Net cash flows from short-term investments	12.5	1,535	(220)
Cash flows provided by (used in) financing activities [f]		**(1,934)**	**(2,057)**
Effect of exchange rate and other changes [g]		112	(503)

(in € millions)	Notes	Year ended December 31 2022	2023
INCREASE IN CASH AND CASH EQUIVALENTS		**392**	**49**
Cash and cash equivalents as of start of period		**659**	**1,051**
Cash and cash equivalents as of end of period		**1,051**	**2,363**
Net cash and cash equivalents as of December 31 [(h)]		**721**	**1,099**
ADDITIONAL INFORMATION			
Income tax payments during the year		(716)	(730)

(a) Mainly includes the impact of recycling translation adjustments related to EDP Russia business following the deconsolidation on July 16, 2023 (see Note 3 to the consolidated financial statements).

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

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

(d) Portion paid in cash.

(e) Derivative instruments used to manage net debt.

(f) Including €37 million relating to the change in bank overdrafts as of December 31, 2022.

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

(h) Bank overdrafts amounted to €330 million as of December 31, 2022.

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

Consolidated statement of changes in equity

			Changes during the period								
(in € millions)	Notes	As of January 1, 2023	Other comprehensive income	Capital increase	Other transactions involving treasury shares	Expense related to share-based payments and Company Savings Plans [(b)]	Dividends paid to Danone shareholders	Interest on undated subordinated notes, net of tax	Other transactions with non-controlling interests	Other changes	As of December 31, 2023
Share capital		**169**	–	–	–	–	–	–	–	–	**169**
Additional paid-in capital		**5,188**	–	68	–	–	–	–	–	–	**5,256**
Retained earnings and other [(a)]	15	**17,916**	881	–	–	61	(1,279)	(768)	(138)	173	**16,845**
Translation adjustments		**(3,398)**	(638)	–	–	–	–	–	–	–	**(4,036)**
Gains and losses related to hedging derivatives, net of tax		**(165)**	(28)	–	–	–	–	–	–	–	**(194)**
Gains and losses on assets recognized at fair value through other comprehensive income, net of tax		**26**	(13)	–	–	–	–	–	–	–	**13**
Actuarial gains and losses on retirement commitments not recyclable to profit or loss, net of tax	9	**(243)**	(83)	–	–	–	–	–	–	–	**(326)**
Other comprehensive income		**(382)**	**(125)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(507)**
DANONE treasury shares	15.2	**(1,569)**	–	–	17	–	–	–	–	–	**(1,552)**
Equity – Group share		**17,923**	**118**	**69**	**17**	**61**	**(1,279)**	**(768)**	**(138)**	**173**	**16,176**
Non-controlling interests		**69**	69	–	–	–	(62)	–	(26)	(3)	**46**
Consolidated equity		**17,992**	**187**	**69**	**17**	**61**	**(1,341)**	**(768)**	**(164)**	**170**	**16,222**

(a) "Other" corresponds to undated subordinated notes totaling €500 million.
(b) See Notes 9.4 and 9.5 to the consolidated financial statements.

			Changes during the period								
(in € millions)	Notes	As of January 1, 2022	Other comprehensive income	Capital increase	Other transactions involving treasury shares	Expense related to share-based payments and Company Savings Plans [(b)]	Dividends paid to Danone shareholders	Interest on undated subordinated notes, net of tax	Other transactions with non-controlling interests	Other changes	As of December 31, 2022
Share capital		**172**	–	–	(3)	–	–	–	–	–	**169**
Additional paid-in capital		**5,934**	–	51	(797)	–	–	–	–	–	**5,188**
Retained earnings and other [(a)]	15	**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	9	**(509)**	266	–	–	–	–	–	–	–	**(243)**
Other comprehensive income		**(656)**	**274**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(382)**
DANONE treasury shares	15.2	**(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) "Other" corresponds to undated subordinated notes totaling €1.25 billion.
(b) See Notes 9.4 and 9.5 to the consolidated financial statements.

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NOTE 1. ACCOUNTING PRINCIPLES

Note 1.1. Basis of preparation

The consolidated financial statements of Danone (the "Company") and its subsidiaries (together, the "Group") as of and for the year ended December 31, 2023 were approved by its Board of Directors on February 21, 2024 and will be submitted for approval to the Shareholders' Meeting on April 25, 2024.

The consolidated financial statements and the notes to the consolidated financial statements are presented in euros. Unless otherwise mentioned, amounts are stated in millions of euros and rounded to the nearest million. Generally speaking, the values presented are rounded to the nearest unit. Consequently, the rounded amounts may differ slightly from the reported totals. 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 changes	1.4
Classification of investments in the process of being sold	5.2
Determination of the amount of rebates, discounts and other deductions relating to agreements with customers	7.1
Measurement of deferred tax assets	10.3
Measurement of the recoverable amount of intangible assets	11.3
Determination of the amount of other provisions and non-current liabilities	16.2, 16.3

These assumptions, estimates and appraisals are made on the basis of the information available and the conditions in force at the end of the financial period presented. Actual amounts may differ from those estimates, particularly in the wider macroeconomic context of the Ukraine-Russia conflict (see Note 3 to the consolidated financial statements).

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. This applies particularly to 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, 2023

The following amendments apply to reporting periods beginning on or after January 1, 2023:

- IFRS 17 "*Insurance Contracts*";
- IAS 1 "*Presentation of Financial Statements – Disclosure of Accounting Policies*";
- IAS 8 "*Definition of an Accounting Estimate*";
- IAS 12 "*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*";
- IAS 12 "*International Tax Reform – Pillar II Model Rules*".

This new standard and these amendments had no material impact on the consolidated financial statements for the year ended December 31, 2023.

Main standards, amendments and interpretations published by the IASB whose application is not mandatory in the European Union as of January 1, 2023

Danone did not choose to early adopt any such standards, amendments or interpretations in its consolidated financial statements for the year ended December 31, 2023, and does not expect them to have a material impact on its results or financial position.

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 for 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 as from the year ended December 31, 2020, to Turkey as from the year ended December 31, 2022 and to Ghana as from the year ended December 31, 2023.

Argentina

In 2023, Danone used (i) the consumer price index (CPI) to remeasure its income statement items, cash flows and non-monetary assets and liabilities, the amounts of which increased by 210% versus 2022 and (ii) a EUR/ARS exchange rate of 893.2 (188.8 in 2022) to translate its income statement. The application of IAS 29 resulted in a €(83) million impact on consolidated equity and non-monetary assets net of non-monetary liabilities as of December 31, 2023 (negative impact of €18 million as of December 31, 2022), and had the following main impacts on the 2023 consolidated income statement:

- a €198 million decline in consolidated sales and a €59 million decrease in recurring operating income (decrease of €16 million and of €61 million, respectively, in 2022);
- a €6 million negative impact on the net monetary position recognized in "Other financial expense" (negative impact of €5 million in 2022);
- a €99 million expense in "Net income – Group share" (€113 million expense in 2022).

Turkey

In 2023, Danone used (i) the consumer price index (CPI) to remeasure its income statement items, cash flows and non-monetary assets and liabilities, the amounts of which increased by 65% versus 2022 and (ii) a EUR/TRY exchange rate of 32.6 (20.0 in 2022) to translate its income statement. The application of IAS 29 resulted in a €150 million impact on consolidated equity and on non-monetary assets net of non-monetary liabilities as of December 31, 2023 (€121 million as of December 31, 2022) and had the following main impacts on the 2023 consolidated income statement:

- a €0.4 million decrease in consolidated sales and a €2.7 million increase in recurring operating income;
- a €34.9 million negative impact on the net monetary position, recognized in "Other financial expense";
- a €33 million expense in "Net income – Group share".

Ghana

In accordance with the criteria set out in IAS 29, Ghana has been classified as a hyperinflationary economy since December 2023. Danone has applied IAS 29 to Ghana with effect from January 1, 2023. Information in respect of previous periods has not been restated. Danone does not consider the application of IAS 29 to Ghana to have had a material impact on the 2023 financial statements.

Iran

The application of IAS 29 to Iran did not have a material impact on the 2023 financial statements.

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 did not identify any significant impacts for 2023 as described in Note 11.3 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, 2023, 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, 2023;
- in 2023, the Group did not identify any significant impacts resulting from the commitments made in this respect on the value of its property, plant and equipment. In particular, the implementation of the action plans necessary to adapt production tools does not call into question their useful lives.

On February 22, 2023, Danone also unveiled its new roadmap (Danone Impact Journey), detailing its objectives and commitments for combating climate change, such as its ambition to reduce its methane emissions by 2030, as announced in its press release of January 17, 2023.

As of December 31, 2023, the Group has projected in its business plans the assumptions relating to the impacts of the Danone Impact Journey roadmap. As described in Note 11.3 to the consolidated financial statements, no additional impairment losses were recorded for the 2023 financial year as a result of including these impacts in the impairment tests.

Note 1.5. Application of IFRS Interpretations Committee decisions

Danone has not identified any standards or interpretations applicable to the consolidated financial statements, as published by the IFRS IC (International Financial Reporting Standards Interpretations Committee), for the year ended December 31, 2023.

NOTE 2. SIGNIFICANT EVENTS OF THE YEAR

Note 2.1. Changes in the geography-led organization

On January 18, 2023, Danone announced the strengthening of its leadership team to sharpen the delivery of its "Renew Danone" strategy. The changes made took effect from February 1, 2023, and the changes in the organizational structure are therefore reflected in the Group's consolidated financial statements as of December 31, 2023.

In 2023, 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.

Impacts on the consolidated financial statements

Operating segments

In order to reflect changes in the geography-led organization, the Group changed its operating segments as defined by IFRS 8. It now has the following four operating segments along with one aggregated segment:

- Europe, which now includes Ukraine (previously included in the Rest of the World segment);
- North America, comprising the United States and Canada (unchanged);
- China, North Asia & Oceania (unchanged);
- Latin America (previously included in the Rest of the World segment);
- The Rest of the World, including the AMEA (Asia, Middle East including Turkey, Africa) and CIS regions.

The Group has maintained its category-based reporting for sales, recurring net income and recurring operating margin for EDP, Specialized Nutrition (SN) and Waters.

It has been monitoring its business on the basis of these new operating segments since January 1, 2023. In order to provide a meaningful comparison, all segment information for the previous period has been restated (see Note 7.2 to the consolidated financial statements).

Cash-generating units (CGUs)

In accordance with IAS 36 "*Impairment of Assets*", Danone carried out an analysis to ensure that each CGU or group of CGUs to which goodwill is allocated:

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes; and
- is not larger than an operating segment as defined by IFRS 8 "*Operating Segments*" before aggregation.

Following the strengthening of its governance and the reorganization of its operating segments (see Note 10.3 to the consolidated financial statements as of December 31, 2022), the Group reviewed the definition of its CGUs and groups of CGUs to which goodwill was allocated as from January 1, 2023. This analysis did not lead to any changes to its CGUs or groups of CGUs.

Note 2.2. Other significant events

	Notes
Impact of the Ukraine-Russia conflict on Danone	3
Sale of the assets related to the US premium organic dairy activities	4

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

Note 3.1. Background

Danone's position in Russia

- On October 14, 2022, 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.
- On July 16, 2023, Danone took note of the decision of the Russian authorities, aiming at placing Danone Russia under the temporary external administration of Russian federal agency Rosimushchestvo.
- On July 18, 2023, the Russian authorities indicated that the Board of Directors and Chief Executive Officer of Danone Russia (EDP) had been changed. These changes took place without the knowledge of, or approval by, Danone.

Note 3.2. Impacts on the 2023 consolidated financial statements

As a consequence, Danone no longer retains control of its EDP operations in Russia, although it remains their legal owner.

Danone has reflected the accounting impacts of the lack of control over the EDP business in the 2023 consolidated financial statements, which resulted in a loss of €706 million, mainly comprising net assets for around €219 million and recycling of cumulative translation adjustments for €487 million.

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 €(661) million as of December 31, 2023 for the Specialized Nutrition business. As of December 31, 2022, the currency translation adjustments accumulated within consolidated equity amounted to a negative €(634) million for the Specialized Nutrition business. These translation adjustments have been accumulated since Danone acquired its Russian operations.

As of December 31, 2023, Danone has cash and cash equivalents for the Specialized Nutrition business in Russia. The Group considers that these amounts are not material. These amounts can be immediately mobilized and are required to finance the Group's current operations in the country. Some cross-border transactions are subject to administrative authorizations.

NOTE 4. SALE OF THE ASSETS RELATED TO THE US PREMIUM ORGANIC DAIRY ACTIVITIES

Note 4.1. Background

On January 2, 2024, Danone announced it had signed an agreement to sell its premium organic dairy activity in the United States to Platinum Equity, a US-based investment firm.

The sale is part of Danone's portfolio review and asset rotation program announced in March 2022, as part of its "Renew Danone" strategy.

In 2023, as in 2022, the US premium organic dairy activities, comprising the Horizon Organic and Wallaby businesses, accounted for around 3% of Danone's global sales. These activities are part of the Noram operating segment.

Note 4.2. Impacts on the 2023 consolidated financial statements

Following the signature of this agreement, the completion of which is subject to the customary conditions precedent, the non-current assets and liabilities relating to the US organic dairy activity met the IFRS 5 "held for sale" criteria as of the date on which the 2023 financial statements are authorized for issue.

In accordance with IFRS 5, the assets and liabilities held for sale, comprising brands, industrial assets, and current assets and liabilities, have therefore been measured at the lower of their carrying amount and fair value under the terms of the sale agreement, less costs to sell. The portion of the carrying amount that exceeds this fair value less costs to sell was written down, representing an amount of €426 million. The corresponding impairment loss was recognized in "Other operating income (expense)" in the year (see Note 8.1 to the consolidated financial statements).

NOTE 5. FULLY CONSOLIDATED COMPANIES AND NON-CONTROLLING INTERESTS

Note 5.1. 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 involvement with the investee, and (iii) whether it uses its power over the investee to affect the amount of those returns.

Under full consolidation, all of the investee's assets, liabilities and income statement items are recognized in the Group's consolidated financial statements, after eliminating any intercompany transactions, and the portion of net income and equity attributable to owners of the Company (Group share) is shown separately from the portion relating to other shareholders' interests (non-controlling interests). All material intercompany transactions between consolidated entities (including dividends) and all intercompany balances are eliminated in the consolidated financial statements.

Business combinations: acquisitions resulting in control; partial disposals resulting in loss of control

The accounting treatment of acquisitions resulting in control and partial disposals resulting in a loss of control is described below.

- when control is obtained, the incidental transaction costs are recognized in the income statement under "Other operating income (expense)" and presented in the statement of cash flows within cash flows from operating activities in the year in which they are incurred. Price adjustments (earn-outs) are initially recognized at fair value as part of the purchase price with any subsequent changes in value recognized in the income statement under "Other operating income (expense)". All payments relating to such price adjustments are presented in the statement of cash flows within cash flows from operating activities;
- when control is obtained (or lost), the revaluation of the previously held interest (or the residual interest) at fair value is recognized in the income statement under (i) "Other operating income (expense)" if control is lost, (ii) "Share of profit (loss) of equity-accounted companies" if the acquisition results in control of an entity previously accounted for by the equity method, and (iii) "Other financial income" or "Other financial expense" if the acquisition results in control 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 in the fair value of the assets and liabilities of the acquired entity, or at their fair value. In the latter case, goodwill is then increased by the amount 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

Acquisitions or disposals of interests in controlled companies that do not result in a gain or loss of control are recognized directly in equity under "Retained earnings" as transfers between the Group share of consolidated equity and non-controlling interests. The income statement is not affected 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 5.2. Main changes during the period

2023 fiscal year

				Ownership interest as of December 31	
(%)	**Zone (Country)**	**Category**	**Transaction date [a]**	**2022**	**2023**
MAIN COMPANIES CONSOLIDATED FOR THE FIRST TIME IN 2023					
Dumex Baby Food Co., Ltd.	CNAO (China)	Specialized Nutrition	March	–	100.0%
Centrum Medyczne Promedica Spolka Cywilna Piotr Compala, Halina Compala-Kusnierz	Europe (Poland)	Specialized Nutrition	March	–	100.0%
MAIN CONSOLIDATED COMPANIES IN WHICH THE GROUP'S OWNERSHIP INTEREST HAS CHANGED					
Harmless Harvest	North America (United States)	Waters	March	51.0%	100.0%
Hunan Eurbest Nutritional Food	CNAO (China)	Specialized Nutrition	August	96.5%	100.0%
MAIN COMPANIES NO LONGER FULLY CONSOLIDATED AS OF DECEMBER 31					
JSC Danone Russia [b]	Rest of the World (Russia)	EDP	July	100.0%	100.0%

(a) Month in the 2023 fiscal year.

(b) Related to EDP Russia following deconsolidation on July 16, 2023 (see Note 3 to the consolidated financial statements).

On December 6, 2023, Danone announced its intention to sell the French company Michel et Augustin. The company had been fully consolidated in Danone's financial statements since April 1, 2019. The associated assets and liabilities were reclassified as held for sale as of December 31, 2023, in accordance with IFRS 5.

2022 fiscal year

				Ownership interest as of December 31	
(%)	**Zone (country)**	**Category**	**Transaction date [a]**	**2021**	**2022**
MAIN COMPANIES CONSOLIDATED FOR THE FIRST TIME IN 2022					
Hunan Eurbest Nutritional Food	CNAO (China)	Specialized Nutrition	March	–	96.5%
MAIN CONSOLIDATED COMPANIES IN WHICH THE GROUP'S OWNERSHIP INTEREST HAS CHANGED					
Aguas Danone de Argentina	Latin America (Argentina)	Waters	April	100.0%	51.0%
MAIN COMPANIES NO LONGER FULLY CONSOLIDATED AS OF DECEMBER 31					
				–	–

(a) Month in the 2022 fiscal year.

Note 5.3. Fully consolidated companies

The list of directly and indirectly fully consolidated companies along with equity-accounted companies included in the scope of consolidation as of December 31, 2023, is available on Danone's website (www.danone.com).

Note 5.4. Accounting for acquisitions resulting in control in 2023

The business combinations carried out in 2023 were not material.

Note 5.5. Finalization of the accounting for acquisitions resulting in control in 2022

The finalization of the accounting for the business combinations carried out in 2022 did not give rise to material adjustments.

Note 5.6. Non-controlling interests

Main companies in terms of consolidated net income and net assets that are 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, 2023.

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, under which the option holders are entitled to sell part or all of their investment in those 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. The offsetting entry for the liability arising from these obligations is:

- a reduction in the carrying amount of the non-controlling interests;
- a reduction in 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 French Financial Markets Authority (*Autorité des Marchés Financiers – AMF*) in November 2009.

Change during the period

(in € millions)	2022	2023
As of January 1	354	323
New options and options recognized previously in accordance with IFRS 9	0	0
Options exercised [(a)]	(81)	(67)
Changes in the present value of outstanding options	50	100
AS OF DECEMBER 31 [(b)]	**323**	**356**

(a) Carrying amount at the end of the previous reporting period for options exercised.
(b) In most cases, the strike price is determined based on net sales and discounted cash flows.

NOTE 6. INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Note 6.1. Accounting principles

Accounting treatment

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

Upon the acquisition of investments accounted for using the equity method, the purchase price of the shares is allocated to the identifiable assets acquired and liabilities assumed carried at fair value. The difference between the purchase 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 the "Share of profit (loss) of equity-accounted companies" are:

- the Group's share of the profits or losses of these companies, calculated on the basis of estimates;
- gains or losses on disposals of shareholdings in these companies;
- the revaluation reserve resulting from a loss of influence where there is no disposal of shares;
- any impairment charged against these investments.

Impairment review

The Group reviews the measurement of its investments in equity-accounted companies when events or circumstances indicate that they may be impaired. With regard to listed shares, a significant or prolonged fall in their stock price below their historical stock price constitutes an indication of impairment.

An impairment loss is recognized within "Share of profit (loss) of equity-accounted companies" when the recoverable amount of the investment falls below its carrying amount.

Note 6.2. Main equity-accounted companies in terms of consolidated net assets and net income

On May 6, 2022, Danone announced that it had reached an agreement with Mengniu to sell its stake in the Inner Mongolia Dairy joint venture and in Yashili, and to acquire 100% of Dumex Baby Food Co., Ltd., a Chinese manufacturer of infant milk formula owned by Yashili (see Note 6.6 to the consolidated financial statements).

No other material transactions affecting investments in equity-accounted companies were carried out in 2023.

Note 6.3. Main changes during the period

2023 fiscal year

No material transactions affecting investments in equity-accounted companies were carried out in full-year 2023.

2022 fiscal year

					Ownership interest as of December 31	
(%)	Notes	Zone (country)	Category	Transaction date [(a)]	2021	2022
MAIN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD FOR THE FIRST TIME IN 2022						
Aguas de Origen		Latin America (Argentina)	Waters	December	–	50%
MAIN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD IN WHICH THE GROUP'S OWNERSHIP INTEREST HAS CHANGED						
–		–	–		–	–
MAIN COMPANIES NO LONGER ACCOUNTED FOR USING THE EQUITY METHOD AS OF DECEMBER 31						
Yashili [(b)]	6.6	CNAO (China)	EDP	August	25%	25%

(a) Month in the 2022 fiscal year.

(b) Equity-accounted shares in Yashili were reclassified as held for sale as of December 31, 2022.

Note 6.4. Carrying amount and change during the period

		2022			2023		
(in € millions)	Notes	Net goodwill	Group share in net assets and net income	Total	Net goodwill	Group share in net assets and net income	Total
As of January 1		**210**	**561**	**771**	**162**	**414**	**576**
Acquisitions, influence acquired during the year and capital increase		8	23	32	32	19	**51**
Disposals, influence lost during the year and decreases in ownership interest		(6)	8	2	(4)	(8)	**(12)**
Reclassification within assets held for sale	6.6	–	(170)	(170)	–	–	**–**
Share of profit (loss) of equity-accounted companies before impact of disposals, revaluation and other	6.5	–	31	31	–	20	**20**
Dividends paid		–	(22)	(22)	–	(23)	**(23)**
Translation adjustments		(4)	7	4	(29)	(198)	**(226)**
Impairment		(47)	(22)	(69)	–	–	**–**
Adjustment of the Group's share in net assets		–	(2)	(2)	3	27	**31**
AS OF DECEMBER 31		**162**	**414**	**576**	**165**	**251**	**416**

Note 6.5. Share of profit (loss) of equity-accounted companies

		Year ended December 31	
(in € millions)	Notes	2022	2023
Share of profit (loss) of equity-accounted companies before impact of disposals, revaluation and other		31	20
Impairment	6.6	(69)	–
Gains (losses) on disposal, revaluation and other	6.6	6	16
TOTAL		**(32)**	**36**

Note 6.6. Agreement with Mengniu to sell its minority stake in the Inner Mongolia Dairy (Fresh dairy, China) joint venture and in Yashili (Specialized Nutrition, China) in 2022, and to acquire Dumex in 2023

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% minority stake in Mengniu finalized on May 13, 2021. This sale had generated a disposal gain of €586 million, recorded under "Share of profit (loss) of equity-accounted companies" in the 2021 interim consolidated financial statements.

On May 6, 2022, Danone announced that it had reached an agreement with Mengniu to sell it 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 the stake in Yashili

Danone's 25% stake in Yashili, which was previously accounted for using the equity method, was classified as assets held for sale in accordance with IFRS 5 as of December 31, 2022. The disposal of the shares concerned was finalized on March 9, 2023. The equity-accounted shares of Yashili were remeasured as of December 31, 2022, on the basis of the sale price agreed with Mengniu. This remeasurement resulted in a €68 million impairment loss, recognized in "Share of profit (loss) of equity-accounted companies" in the 2022 consolidated financial statements.

As of December 31, 2023, the gain on disposal amounted to €24 million after recycling of accumulated currency translation adjustments and disposal costs.

Acquisition of 100% of Dumex Baby Food Co., Ltd.

On March 2, 2023, Danone acquired 100% of the shares in Dumex Baby Food Co., Ltd.

As of December 31, 2023, the transaction price paid amounted to RMB 485 million, or €64 million.

Impairment review as of December 31, 2023

As of December 31, 2023, the carrying amount of the stake in Dumex Baby Food Co., Ltd. was tested for impairment based on the future cash flow projections set out in the 2024-2028 business plan prepared by the company's management.

The test led to the recognition of a €48 million impairment loss in the 2023 consolidated financial statements, recorded in "Other operating income (expense)".

Note 6.7. Impairment review of other investments in equity-accounted companies

Impairment review as of December 31, 2023

Following the impairment review of other investments in equity-accounted companies, the Group did not recognize any impairment.

Impairment review as of December 31, 2022

Following the impairment review of other investments in equity-accounted companies, the Group did not recognize any impairment.

NOTE 7. INFORMATION CONCERNING RECURRING OPERATING ACTIVITIES

Note 7.1. 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. Sales 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 initiatives invoiced by customers. These amounts are estimated when 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 for the production activity) and certain logistics costs.

Selling expense

Selling expense mainly comprises marketing expenses, consumer promotions and personnel costs for staff directly engaged in product sales, and logistics and transportation costs.

General and administrative expense

General and administrative expense mainly comprises 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 11 to the consolidated financial statements).

Note 7.2. Operating segments

General principles

Since the changes in the geography-led organization in 2023 (see Note 2 to the consolidated financial statements), 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 based on the following five geographical zones (corresponding to the four new operating segments and an aggregated segment in accordance with IFRS 8):

- Europe, which now includes Ukraine (previously included in Rest of the World);
- North America, comprising the United States and Canada (unchanged);
- China, North Asia & Oceania (unchanged);
- Latin America (previously included in the Rest of the World segment);
- Rest of the World, comprising the AMEA (Asia, Middle East including Turkey, Africa) and CIS regions.

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 are the only indicators 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	
(in € millions, except %)	2022 [c]	2023 [d]	2022 [e]	2023	2022 [e]	2023
Europe [b]	8,871	9,382	1,084	1,076	12.2%	11.5%
North America	6,712	6,889	679	699	10.1%	10.1%
China, North Asia & Oceania	3,428	3,496	1,037	1,052	30.2%	30.1%
Latin America	2,805	2,794	55	123	1.9%	4.4%
Rest of the World	5,846	5,058	522	530	8.9%	10.5%
GROUP TOTAL	**27,661**	**27,619**	**3,377**	**3,481**	**12.2%**	**12.6%**

(a) Net sales to third parties.
(b) Including net sales of €2,324 million generated in France in 2023 (€2,134 million in 2022).
(c) As part of the new organization, 2022 sales were reallocated in line with the redefinition of operating segments.
(d) As part of the changes in the geography-led organization, 2023 sales were reallocated in line with the redefinition of operating segments (see Note 2.1 to the consolidated financial statements).
(e) Taking into account the reallocation among categories of certain central costs following the redefinition of 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	
(in € millions, except %)	2022	2023	2022	2023	2022	2023
EDP	14,799	14,322	1,207	1,224	8.2%	8.5%
Specialized Nutrition	8,319	8,504	1,799	1,772	21.6%	20.8%
Waters	4,543	4,793	370	485	8.2%	10.1%
GROUP TOTAL	**27,661**	**27,619**	**3,377**	**3,481**	**12.2%**	**12.6%**

(a) Net sales to third parties.

Other information

Top ten countries contributing to sales

	Year ended December 31	
(%)	2022	2023
United States	22%	22%
China	10%	11%
France	8%	8%
Indonesia	6%	6%
Mexico	5%	5%
United Kingdom	5%	5%
Spain	4%	4%
Germany	3%	4%
Russia [a]	6%	3%
Brazil	3%	3%

(a) Includes the sales of the EDP Russia business from January 1, 2023 until the date of deconsolidation, i.e. July 16, 2023 (see Note 3 to the consolidated financial statements).

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

	As of December 31	
(in € millions)	**2022**	**2023**
Europe [(a)]	11,440	11,545
North America	10,864	9,778
China, North Asia & Oceania	5,614	5,317
Latin America	673	719
Rest of the World	2,400	2,176
GROUP TOTAL	**30,991**	**29,534**

(a) Including €2,347 million in France as of December 31, 2023 (€2,341 million as of December 31, 2022).

Note 7.3. Other components of recurring operating income

Other income (expense)

	Year ended December 31	
(in € millions)	**2022**	**2023**
Miscellaneous taxes [(a)]	(53)	(38)
Restructuring costs [(b)]	(8)	(15)
Capital gains on disposals of property, plant and equipment and intangible assets	2	4
Other [(c)]	(33)	(120)
TOTAL	**(92)**	**(170)**

(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 7.4. 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 in which Danone is in talks with customers. Impairment provisions for expected losses are recognized to the extent of the losses expected over the life of the receivable.

Translation of transactions denominated 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 the reporting date, trade receivables and trade payables denominated in foreign currencies are translated using the exchange rates applicable at that date. Foreign exchange gains and losses arising from transactions in foreign currencies are recognized under "Other income (expense)" in the income statement. When they are hedged, the hedging impact is recognized in the same item as the hedged component. As a result, all such transactions are recognized at the hedged spot rate, with swap points recognized under "Other financial income" or "Other financial expense".

Carrying amount

	As of December 31	
(in € millions, except %)	**2022**	**2023**
Goods purchased for resale	63	89
Raw materials and supplies	1,044	849
Semi-finished goods and work-in-progress	244	287
Finished goods	1,303	1,218
Non-refundable containers	197	181
Impairment provisions	(233)	(283)
Inventories, net	**2,619**	**2,341**
Trade and other receivables from operations	3,370	3,042
Impairment provisions	(98)	(123)
Trade receivables, net	**3,272**	**2,919**
State and local authorities	867	887
Derivatives – assets [(a)]	84	38
Other	364	334
Total other current assets	**1,315**	**1,259**
TOTAL CURRENT ASSETS	**7,206**	**6,519**
Trade payables	(4,899)	(4,779)
Year-end discounts payable to customers	(1,594)	(1,440)
State and local authorities	(329)	(372)
Personnel costs, including social security charges	(1,113)	(1,143)
Derivatives – liabilities [(a)]	(49)	(69)
Other	(506)	(401)
Total other current liabilities	**(3,591)**	**(3,425)**
TOTAL CURRENT LIABILITIES	**(8,490)**	**(8,205)**
Working capital	**(1,284)**	**(1,686)**
As a percentage of consolidated sales	(4.6%)	(6.1%)

(a) Fair value of derivatives used to hedge operating currency and commodity risks, most of which are set up for a period 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. Customer payment terms are generally 30 days and the Group's main customers operate predominantly in the mass-market retail sector where credit risk is considered low.

Due to the large number of customers located in diverse geographical zones and the fact that its main customers are in the mass-market retail sector, and despite the current economic situation, the Group does not believe that it is exposed to significant credit risk or dependent to a material extent on any single customer.

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

(%)	2022	2023
PERCENTAGE OF CONSOLIDATED SALES MADE TO THE GROUP'S LARGEST CUSTOMERS		
Largest Danone customer	5.9%	7.0%
Five largest Danone customers	12.9%	15.1%
Ten largest Danone customers	18.9%	21.2%
PERCENTAGE OF PAST DUE TRADE RECEIVABLES NOT YET FULLY IMPAIRED [(a)]	**10.0%**	**5.2%**

(a) More than 30 days past due.

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

The amounts concerned are not material as of both December 31, 2023 and December 31, 2022.

Carrying amount of trade receivables and payables

	As of December 31	
(in € millions)	2022	2023
Trade receivables	3,370	3,042
Impairment provisions	(98)	(123)
Carrying amount of trade receivables	**3,272**	**2,919**
Discounts granted to customers [(a)]	(1,594)	(1,440)
CARRYING AMOUNT OF TRADE RECEIVABLES NET OF DISCOUNTS GRANTED	**1,678**	**1,479**

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

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:

- to be used and to function as a payment tool;
- for approved invoices only;
- for payment by Danone in accordance with the invoice terms, namely due dates, in accordance with applicable regulations and practices;
- at no cost to Danone.

The amounts to be paid under these programs are not reclassified. They remain commitments to suppliers and are carried as operating liabilities under "Trade payables" until they are paid by Danone, at which time the commitment is closed out.

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

Note 7.5. Property, plant and equipment, capital expenditure and leases (right-of-use assets)

Accounting principles

Property, plant and equipment acquired

Property, plant and equipment are recognized at acquisition or 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;
- machinery and equipment, furniture: 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 based on 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 their:

- 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 revised amount.

Leased assets

IFRS 16 *"Leases"* requires lessees to use a single 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 various headings within consolidated net income, while the interest expense relating to the lease liability is shown within interest expense.

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

- financing activities, for the portion corresponding to the repayment of the lease liability;
- operating activities, for 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. This is calculated separately for each currency and maturity based on the internal financing rate plus a credit spread for Danone SA bond issues, taking into account a linear repayment profile.

The lease term used is the non-cancelable 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 considered 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 corresponding lease expense is recognized in the income statement as incurred;
- distinguishes between the lease and non-lease components and accounts for them accordingly.

Carrying amount and change during the period

(in € millions)	2022 Land and buildings	2022 Machinery and equipment	2022 Other and assets in progress	2022 Total	2023 Land and buildings	2023 Machinery and equipment	2023 Other and assets in progress	2023 Total
CARRYING AMOUNT								
As of January 1	**2,772**	**2,727**	**1,344**	**6,844**	**2,859**	**2,583**	**1,310**	**6,752**
Capital expenditure [a]	47	104	655	806	35	88	585	708
Disposals	(3)	(5)	(4)	(12)	(2)	(3)	(2)	(7)
Reclassification of assets held for sale	(0)	(1)	(0)	(1)	(21)	(17)	0	(38)
Changes in consolidation scope	17	(1)	(2)	14	(38)	(29)	(9)	(76)
Translation adjustments	23	26	7	56	(58)	(71)	(13)	(142)
Impairment [a] [b]	(25)	(155)	(20)	(200)	(12)	(37)	(12)	(60)
Depreciation charges [a]	(161)	(470)	(134)	(766)	(161)	(426)	(140)	(727)
Impacts of the above on right-of-use assets (gross) [c]	83	23	77	183	73	23	83	179
Impacts of the above on right-of-use assets (depreciation and impairment) [c]	(123)	(23)	(71)	(216)	(116)	(20)	(58)	(194)
Other [d]	229	358	(542)	45	159	415	(528)	46
AS OF DECEMBER 31	**2,859**	**2,583**	**1,310**	**6,752**	**2,717**	**2,508**	**1,216**	**6,441**
Of which right-of-use assets [c]	*643*	*155*	*194*	*992*	*565*	*139*	*215*	*919*
Of which gross amount	*5,238*	*8,965*	*2,438*	*16,641*	*5,165*	*8,472*	*2,422*	*16,059*
Of which depreciation and impairment	*(2,379)*	*(6,382)*	*(1,127)*	*(9,889)*	*(2,448)*	*(5,964)*	*(1,206)*	*(9,618)*

(a) Excluding right-of-use assets.
(b) And accelerated depreciation.
(c) Right-of-use assets pursuant to IFRS 16 "Leases".
(d) Corresponds mainly to the effects of applying IAS 29 (see Note 1.3 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 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.

Impairment is recognized when the recoverable amount of an asset is lower than its carrying amount.

Capital expenditure during the period

	Year ended December 31	
(in € millions, except %)	**2022**	**2023**
Related cash flows	(873)	(847)
As a percentage of sales	*3.2%*	*3.1%*

Note 7.6. Off-balance sheet commitments relating to operating activities

Commitments given in 2023

		Amount of financial flows for the period				
(in € millions)	**Total**	**2024**	**2025**	**2026**	**2027**	**2028 and after**
Commitments to purchase goods and services [(a)]	**(5,986)**	(2,931)	(833)	(375)	(261)	(1,586)
Capital expenditure commitments	**(184)**	(146)	(34)	0	0	(3)
Guarantees and pledges given	**(4)**	(4)	–	–	–	–
Other	**(86)**	(57)	(13)	(9)	(4)	(3)
TOTAL	**(6,260)**	**(3,138)**	**(880)**	**(384)**	**(266)**	**(1,593)**

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

Commitments given in 2022

		Amount of financial flows for the period				
(in € millions)	**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.

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 7.7. Financial risks associated with operating activities

Details of the Group's financial risk management policy and its organization are provided in Notes 14.1 and 14.3 to the consolidated financial statements.

Currency risk

Risk identification

The Group mainly operates on a local basis and 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, the EDP category. Similarly, some raw materials are billed or indexed in foreign currencies, in particular in the Waters and EDP categories. The Group also develops certain export businesses. The sales and operating margin of some subsidiaries are therefore exposed to fluctuations of foreign exchange rates against their functional currency.

Risk monitoring and management

Details of the Group's policy for managing the currency risk arising on its operations are provided in Note 14.3 to the consolidated financial statements, *Management of currency risk arising on operating activities*.

Exposure

Pursuant to its forex risk management policy, the Group's residual exposure (after hedging) is not significant over the hedging period. As of December 31, 2023, the main hedged currencies in terms of value included the Chinese yuan, the British pound, the Mexican peso, the Canadian dollar, the Indonesian rupiah and the US 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 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 part of its business and in particular its raw material supplies, not only in order to manage its costs but also to make them a source of value creation and differentiation relative to its competitors. However, trends in prices for its principal raw materials may affect the structure of Danone's earnings.

Risk monitoring and management

Danone manages cost volatility through operating 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 the centralized management of purchases other than milk for the EDP and Specialized Nutrition categories. Danone has implemented a purchasing policy (Market Risk Management – MRM) which is detailed in Note 14.3 to the consolidated financial statements, in paragraph *Management of commodity price risk*.

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 2023 fiscal year)

	Year ended December 31	
	2022	2023
(in € millions)	Income (expense)	Income (expense)
5% INCREASE		
Liquid milk, milk powder and other milk-based ingredients	(188)	(194)
Plastics, including PET/rPET	(75)	(72)
5% DECREASE		
Liquid milk, milk powder and other milk-based ingredients	188	194
Plastics, including PET/rPET	75	72

NOTE 8. INFORMATION AND EVENTS CONCERNING NON-RECURRING OPERATING ACTIVITIES

Note 8.1. 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, thereby distorting the assessment of its recurring operating performance and trends in that performance. 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 operations or transformation plans;
- costs related to major external growth transactions;
- costs related to crises and major disputes;
- in connection with IFRS 3 and IAS 27, (i) acquisition costs related to acquisitions of companies resulting in control, (ii) revaluation gains or losses accounted for following a loss of control, and (iii) changes in earn-outs subsequent to acquisitions resulting in control.

Other operating income (expense) in 2023

The net other operating expense of €(1,438) million in 2023 consisted mainly of the following items:

(in € millions)	Notes	Related income (expense)
Local First plan	8.2	(88)
Sale of the assets related to the US premium organic dairy activities	4	(426)
Impact of deconsolidation of EDP Russia businesses	3	(706)
Impairment of intangible assets	11.3	(95)

Other operating income (expense) in 2022

The net other operating expense of €(1,234) million in 2022 consisted mainly of the following items:

(in € millions)	Notes	Related income (expense)
Local First plan	8.2	(227)
Transformation of Danone's operations		(184)
Impairment of intangible assets	11.3	(658)

Note 8.2. Local First plan for Danone's organization

In 2023, Danone continued to implement the Local First plan launched in 2021. Other operating expenses in respect of the plan amounted to €88 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 €202 million, of which €146 million corresponds to payments made during the period and €55 million to a reassessment of the assumptions underlying the provision for employee-related measures.

NOTE 9. NUMBER OF EMPLOYEES, PERSONNEL COSTS AND EMPLOYEE BENEFITS

Note 9.1. Number of employees at fully consolidated companies

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

	As of December 31	
	2022	2023
TOTAL NUMBER OF EMPLOYEES	**96,166**	**88,843**
BY GEOGRAPHICAL ZONE		
Europe	27%	30%
North America	6%	7%
China, North Asia & Oceania	9%	10%
Latin America	24%	25%
Rest of the World	34%	28%
TOTAL	**100%**	**100%**

Note 9.2. Personnel costs of fully consolidated companies

	Year ended December 31	
(in € millions)	2022	2023
Salaries and social security charges [(a)]	(4,348)	(4,337)
Retirement obligations – defined-benefit plans [(b)]	(40)	(34)
Expenses relating to Group performance shares (GPS) and to fidelity shares	(18)	(25)

(a) Salaries after social security charges. Also comprises contributions in respect of defined-contribution retirement plans.
(b) Service cost.

Note 9.3. 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 servicing and administrating the funds, 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 under 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 present 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 "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 present value of retirement commitments. Actuarial gains and losses resulting from experience adjustments and changes in the actuarial assumptions that are used to calculate retirement obligations net of the related assets (including the difference between the expected and actual returns on plan assets) are recognized in full within "Other comprehensive income".

Income and expenses recognized in relation to defined-benefit plans correspond mainly to:

- the cost of services provided during the year and in previous years (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 expense".

French Social Security Financing Act and impact on the 2023 consolidated financial statements

The French Social Security Financing Act, promulgated on April 14, 2023 and published in the *Journal Officiel* on April 15, 2023 following validation by the French Constitutional Council raises the legal retirement age in France from 62 to 64 for employees covered by the statutory pension system, corresponding to an increase in the contribution period from 42 to 43 years. This reform constitutes a plan amendment within the meaning of IAS 19 and should therefore be immediately recognized as a past service cost in the income statement.

This reform did not have a material impact on the IAS 19 provisions recognized by Danone as of December 31, 2023, as the assumed retirement ages used for France are all above 64.

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 "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	
(in € millions)	**2022**	**2023**
Defined-benefit retirement plans	745	873
Other long-term benefits	27	31
TOTAL	**772**	**904**

Defined-benefit retirement plans and other post-employment benefits

Carrying amount of gross obligations

	As of December 31	
(%)	**2022**	**2023**
Retirement plan for senior managers	32%	34%
Other	13%	13%
France	45%	48%
Indonesia	13%	13%
Germany	10%	9%
Belgium	7%	8%
United States	8%	6%
Ireland	5%	5%
Other [(a)]	12%	11%
TOTAL	**100%**	**100%**

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

Main benefit obligation for the Group

The Group's main defined-benefit retirement plan obligations relate to the retirement plan for senior managers in France. This retirement plan, which was set up in 1976 as a means of retaining key managers, may also include certain senior executives who were "Group senior managers" as of December 31, 2003, at which date the plan was closed to new beneficiaries. As of December 31, 2023, 64 Group senior managers 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 items corresponding: (i) with respect to a first category of senior executives, to the full amount of retirement benefits 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 acquired due to the implementation of a Company non-contributory supplementary retirement plan. The pension may represent up to 65% of a beneficiary's final salary.

If an employee leaves Danone before the age of 55 or dies before retirement, all benefits under this plan are lost. If the employee is laid off after the age of 55, the plan benefits are preserved, subject to the beneficiary not taking up any salaried position at a later date.

Other obligations

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

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

	As of December 31					
	2022			2023		
(in € millions)	Retirement plan for senior managers	Other plans	Total	Retirement plan for senior managers	Other plans	Total
Vested rights with projected salaries	400	828	1,228	469	869	**1,338**
Fair value of plan assets	(112)	(371)	(483)	(99)	(366)	**(465)**
Vested rights net of fair value of plan assets	**288**	**457**	**745**	**370**	**503**	**873**
Impact of asset ceiling	–	–	–	–	–	**–**
OBLIGATIONS FOR WHICH PROVISIONS HAVE BEEN RECORDED IN THE BALANCE SHEET	**288**	**457**	**745**	**370**	**503**	**873**

The total amount of contributions/benefits to be paid out in 2024 in connection with these plans is estimated at €55 million.

Actuarial assumptions

Methodology

The Group defines actuarial assumptions by country and/or subsidiary. The discount rates used in 2023 were obtained by reference to the yield on investment-grade (AA-rated) bonds of private issuers with terms equivalent to that of the commitment in the corresponding currency area. The credit 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	
	Retirement plan for senior managers	
(%, except for ages, expressed in years)	2022	2023
Discount rate	4.0%	3.3%
Expected return on plan assets	4.0%	3.3%
Salary growth rate	3.0%	3.0%
Retirement age	60-66	60-66

DISCOUNT RATE SENSITIVITY ANALYSIS

	Year ended December 31	
	Retirement plan for senior managers	
	2022	2023
(in € millions)	Increase (decrease)	Increase (decrease)
50 bps increase	(30)	(36)
50 bps decrease	34	40

Changes in carrying amount of provisions

	2022				2023			
(in € millions)	Vested rights	Plan assets	Impact of asset ceiling	Obligations provisioned	Vested rights	Plan assets	Impact of asset ceiling	Obligations provisioned
As of January 1	**1,633**	**(559)**	**–**	**1,074**	**1,228**	**(483)**	**–**	**745**
Service cost	40	–	–	**40**	31	–	–	**31**
Effect of discounting	34	–	–	**34**	54	–	–	**54**
Expected return on plan assets	–	(9)	–	**(9)**	–	(19)	–	**(19)**
Other	(1)	2	–	**1**	(20)	16	–	**(4)**
Expense for the year	73	(7)	–	**66**	66	(2)	–	**63**
Payments made to retirees	(58)	31	–	**(27)**	(63)	32	–	**(32)**
Contributions to plan assets	–	(15)	–	**(15)**	–	(16)	–	**(16)**
Changes in demographic assumptions	1	–	–	**1**	(2)	–	–	**(2)**
Changes in economic assumptions	(476)	–	–	**(476)**	97	–	–	**97**
Experience adjustments	57	69	–	**126**	18	3	–	**21**
Actuarial gains and losses	(419)	69	–	**(349)**	113	3	–	**116**
Translation adjustments	–	(4)	–	**(4)**	(4)	1	–	**(3)**
Other	(1)	1	–	**–**	–	–	–	**–**
AS OF DECEMBER 31	**1,228**	**(483)**	**–**	**745**	**1,339**	**(465)**	**–**	**873**

Defined-benefit retirement plan assets

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

Plan assets under the retirement plan for senior managers

	As of December 31	
	Retirement plan for senior managers	
(in € millions, except %)	2022	2023
Fair value of plan assets	**(112)**	**(99)**
MAIN CLASS OF PLAN ASSETS		
Bonds [(a)] [(b)]	90%	90%
Equities [(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) These 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 9.4. 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 1,950 senior managers and senior executives, as well as to the corporate officers. Since 2022, it has also granted fidelity shares to around 1,950 senior managers and senior executives.

General principles applicable to Group performance shares

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 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.

General principles applicable to fidelity shares

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	
(in number of shares)	2022	2023
As of January 1	**1,810,772**	**2,595,903**
Maximum number [(a)]	1,880,387	2,822,688
Shares granted during the year	1,514,921	1,598,442
Maximum number [(a)]	1,708,681	1,799,394
Shares lapsed or canceled during the year [(b)]	(533,216)	(613,313)
Shares delivered during the year	(196,575)	(320,822)
As of December 31	**2,595,903**	**3,260,209**
Maximum number [(a)]	*2,822,688*	*3,631,605*

(a) In the event that the continuous employment and performance conditions are fully met, where applicable.
(b) For the GPS granted in 2021, the Board of Directors must examine the level of achievement of the performance condition relating to sales growth in the second quarter of 2024. For the purposes of the 2023 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' lapse 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 expense is spread over the vesting period. It is allocated in line with its function to various headings in the consolidated income statement.

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

- based on non-market conditions (such as, for example, those relating to sales growth, the level of free cash flow generation and environmental performance), the expense recognized in respect of shares that lapse due to the failure to achieve said performance conditions is written back in the income statement for the period in which it is probable those shares will lapse;
- based on market conditions (such as, for example, conditions linked to the achievement of a level of Total Shareholder Return), the measurement of the related expense takes into account the probability of achieving these conditions, as assessed at the grant date. This expense cannot be subsequently written back.

GPS and fidelity shares are also taken into account in the calculation of the diluted number of shares as described in Note 15.4 to the consolidated financial statements.

Valuation as of the grant date

	Year ended December 31	
(in € per share, except number of shares)	**2022**	**2023**
Number of shares granted	1,514,921	1,598,442
Of which based on non-market performance conditions	655,021	781,547
Of which based on market performance conditions	352,704	260,516
Of which fidelity shares	507,196	556,379
Fair value of shares granted based on non-market performance conditions [(a)]	47.5	50.7
Fair value of shares granted based on market performance conditions [(a)]	32.7	32.8
Fair value of fidelity shares granted [(a)]	51.0	52.6
Average DANONE share price	52.5	55.3

(a) Fair value as of the grant date.

Expense recognized, including taxes

	Year ended December 31	
(in € millions)	**2022**	**2023**
Group performance shares (GPS) and fidelity shares	(18)	(25)
TOTAL EXPENSE	**(18)**	**(25)**

Note 9.5. 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. Since 2019, Danone has also carried out capital increases reserved for employees of its foreign companies, on the basis of the authorization granted by the Shareholders' Meeting ("One Share" program). The purchase price of the shares corresponds to 70% of the average DANONE share price over the 20 trading 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 various headings in the consolidated income statement.

Capital increases reserved for employees

In 2023, these capital increases for employees represented a total amount of €68,563,994.28.

NOTE 10. INCOME TAX

Note 10.1. Income tax

Income before tax and tax expense

	Year ended December 31	
(in € millions, except tax rate in percentage)	**2022**	**2023**
Income before tax	**1,832**	**1,686**
Current tax (expense) income	(738)	(814)
Deferred tax (expense) income	(40)	46
Current and deferred tax (expense) income	**(778)**	**(768)**
Effective tax rate	42.4%	45.6%
Amount (paid) received during the year	(716)	(730)

Tax rate and tax systems

French tax system

Danone forms a tax group with most 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 consolidation arrangements exist in other countries, in particular in the United States, the Netherlands, the United Kingdom, Germany and Spain.

Effective tax rate

In 2023, the Group's effective tax rate was 45.6%, higher than in 2022.

As is the case with Danone's business activity (see breakdown of sales by country in Note 7.2 to the consolidated financial statements), Danone's current and deferred tax expense is also relatively well distributed across several countries.

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

		Year ended December 31	
(in percentage)	**Notes**	**2022**	**2023**
Country tax rate in France		25.8%	25.8%
Difference between French and foreign tax rates [(a) (b)]		(3.6%)	(1.8%)
Tax on dividends and royalties		3.6%	4.4%
Permanent differences		3.3%	1.7%
Tax loss carryforwards [(c)]	10.3	9.0%	4.9%
Tax rate adjustments and unallocated taxes		(1.3%)	0.6%
Impact of capital gains and losses on disposal and asset impairment [(d)]		6.1%	11.3%
Other differences		(0.4%)	(1.3%)
EFFECTIVE TAX RATE		**42.4%**	**45.6%**

(a) Foreign tax rates corresponds to various countries, none of which generates a significant difference with the country tax rate in France.
(b) Includes the impact of differences between French and foreign tax rates on capital gains and losses on disposal and asset impairment.
(c) This comprised the impacts of the non-recognition and impairment of deferred tax assets in certain Latin American countries and France in 2023, as well as in 2022.
(d) In 2023, this mainly relates to the non-deductibility of goodwill impairment and the recycling of the cumulative translation adjustments related to EDP Russia following the deconsolidation (see Notes 3, 4 and 11.2 to the consolidated financial statements).

Note 10.2. 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.

Temporary differences are reflected in the consolidated financial statements as deferred tax assets or liabilities systematically in the case of equity-accounted companies 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**	**2022**	**2023**
BREAKDOWN BY TYPE OF DEFERRED TAX			
Property, plant and equipment and intangible assets		(1,722)	(1,594)
Tax loss carryforwards	10.3	120	74
Provisions for retirement obligations and other long-term benefits		184	212
Employee profit-sharing provisions		20	17
Restructuring provisions	16.3	72	36
Other		477	512
Net deferred taxes		**(849)**	**(743)**
Deferred tax assets		734	746
Deferred tax liabilities		(1,583)	(1,489)
NET DEFERRED TAX LIABILITIES		**(849)**	**(743)**

Changes during the period

(in € millions)	**Notes**	**2022**	**2023**
As of January 1		**(612)**	**(849)**
Changes recognized in other comprehensive income		(97)	76
Changes recognized in profit or loss		(40)	46
Changes in consolidation scope	6.3	(20)	(28)
Other [(a)]		(80)	11
As of December 31		**(849)**	**(743)**

(a) Consists notably of currency effects.

Note 10.3. 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 the end of each reporting period, the Group reviews the unused tax losses and the amount of deferred tax assets recognized in 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)	**2022**	**2023**
TAX LOSSES CARRYFORWARDS – RECOGNIZED PORTION		
Recognized tax loss carryforwards [(a) (b)]	448	289
Tax savings [(c)]	120	74
TAX LOSSES CARRYFORWARDS – UNRECOGNIZED PORTION		
Tax loss carryforwards and tax credits not yet used [(a)]	1,469	2,044
Potential tax savings	396	543

(a) Basis amount.
(b) In 2023, as in 2022, these mainly result from the French tax consolidation group.
(c) These correspond to deferred tax assets arising on tax loss carryforwards.

Consumption horizon

Most of the tax losses as of December 31, 2023 can be carried forward indefinitely. The probable consumption horizon in which these tax losses will be utilized is less than ten years.

Note 10.4. International tax reform – Pillar II

Accounting principles

In accordance with the amendment to IAS 12 "*Income Taxes*", Danone is in the process of implementing Pillar II. The tax reform amendment introduces a temporary exception to the accounting for deferred taxes arising from the implementation of the GloBE (GLobal anti-Base Erosion) rules, applicable until a new decision is issued by the IASB.

Impacts on the 2023 consolidated financial statements

As of December 31, 2023, based on its assessment of the tax exposure arising from the implementation of the Pillar II model rules, the Group does not expect the reform to have a material impact on its results of operations or financial position.

The Group is continuing to incorporate Pillar II rules into its procedures and processes, and expects to finalize this in fiscal year 2024.

NOTE 11. INTANGIBLE ASSETS

Note 11.1. Accounting principles

Goodwill

When control of a company is acquired, the fair value of the consideration given to the seller is allocated to the assets acquired 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 assets acquired and the liabilities and contingent liabilities assumed represents goodwill. When the option of recognizing non-controlling interests at fair value is applied, the amount of non-controlling interests is added to goodwill. Goodwill is recognized under the dedicated asset heading in the consolidated balance sheet.

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 at the reporting 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, at 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 that are largely independent from those generated by other CGUs.

Brands with indefinite useful lives

Acquired brands that are separately identifiable, of significant value, supported by advertising expenditure and have indefinite useful lives, are recorded under "Brands" in the consolidated balance sheet. The value of these brands is generally estimated with the assistance of valuation specialists, taking into account various factors including brand awareness and contribution to earnings. Such brands, which are legally protected, are not amortized but are tested for impairment annually or more frequently if there is any indication of impairment (see below).

Other brands

Other acquired brands that are deemed to have finite useful lives are presented under "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 of the recognition criteria set out in IAS 38 "*Intangible Assets*" are met before the products are launched on the market. They are amortized over the term of their legal protection as granted to the Group at the date the corresponding products are launched on the market. Development costs are generally expensed as incurred (see Note 7.1 to the consolidated financial statements).

Technologies, development costs and other intangible assets

The following elements are recognized in the balance sheet under "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 recognition as an intangible asset under IAS 38 "*Intangible Assets*" (see above);
- other acquired intangible assets, which are recognized at their acquisition cost. They are amortized on a straight-line basis over their estimated useful 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 11.2. Carrying amount and change during the period

		2022				2023			
(in € millions)	Notes	Goodwill	Brands [a]	Other intangible assets	Total	Goodwill	Brands [a]	Other intangible assets	Total
CARRYING AMOUNT									
As of January 1		**17,871**	**5,805**	**377**	**24,053**	**17,938**	**5,843**	**459**	**24,239**
Changes in consolidation scope	5.2	40	83	68	190	71	–	(1)	70
Capital expenditure		–	–	100	100	–	–	130	130
Disposals		–	–	(1)	(1)	–	–	(1)	(1)
Translation adjustments		426	83	(5)	504	(440)	(150)	(11)	(601)
Impairment	8.1, 11.3	(400)	(151)	(25)	(575)	(47)	(48)	(3)	(98)
Reclassification of assets held for sale [b]		–	–	–	–	(181)	(448)	–	(629)
Amortization charges		–	(2)	(104)	(106)	–	–	(107)	(107)
Other [c]		–	25	49	74	–	59	32	91
AS OF DECEMBER 31		**17,938**	**5,843**	**459**	**24,239**	**17,340**	**5,256**	**498**	**23,093**
Of which amortization		–	*(24)*	*(1,129)*		–	*(7)*	*(1,157)*	

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

(b) As of December 31, 2023, this concerns assets relating to the organic dairy business in the United States and to Michel et Augustin.

(c) Corresponds mainly to the effects of applying IAS 29 (see Note 1.3 to the consolidated financial statements).

Note 11.3. 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. Such events or circumstances are linked to significant, unfavorable and lasting changes that affect the economic environment or 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 exceeds 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 are allocated is the higher of (i) fair value net of costs to sell, generally estimated on the basis of earnings multiples, and (ii) value in use, assessed with reference to the expected discounted future 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, except in the case of certain brands for which the Group has a third-party valuation. In the case of brands selected on the basis of quantitative and qualitative criteria, the Group re-estimates the royalty rate of the brands concerned in accordance with a method applied each year based on brand parameters such as brand awareness, profitability and market share.

The cash flows used to determine the 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 business plans of the CGUs or groups of CGUs, which are drawn up by management on the basis of the information available at that date. The periods applied for the CGUs and groups of CGUs span 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 operating assumptions used to calculate the terminal value are in line with the final year of the 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 the expected medium-term rate of inflation in its geographical zone (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 a premium added for certain CGUs or groups of CGUs to take into account the risk factors affecting certain countries.

Impairment tests carried out as of December 31, 2023

For the purposes of impairment testing as of December 31, 2023, the Group projected in its business plans the effects on its various businesses of the items listed below, according to its best estimates based on (i) the information available at that date with respect to external items, and (ii) the initiatives and projects to be implemented by the Group in accordance with its plans at that same date:

- stabilization in inflation of raw material (milk and dairy ingredients), packaging and logistics costs over the medium-term;
- impacts of the Danone Impact Journey roadmap – unveiled on February 22, 2023 and detailing the Group's objectives and commitments regarding the fight against climate change – on the operating margin of the CGUs or groups of CGUs tested, such as its ambition to reduce its methane emissions by 2030;
- an after-tax discount rate of between 7.2% and 12.8% and a long-term growth rate of between 0% and 5.2% for the main intangible assets with indefinite useful lives.

The Group's business plans also take into account risks related to climate change and its potential impacts through sensitivity analyses of net sales and operating margin in the exposed geographical zones. These analyses did not indicate any impairment.

No impairment came to light as a result of implementing these scenarios in the impairment tests.

Carrying amount of goodwill and brands with indefinite useful lives

	As of December 31	
(in € millions)	**2022**	**2023**
Europe CGU	5,179	5,258
Noram CGU	6,914	6,522
China, North Asia & Oceania CGU	4,985	4,733
Other CGUs [(a)]	860	827
Goodwill	17,938	17,340
Brands with indefinite useful lives [(b)]	5,842	5,255
Carrying amount of goodwill and brands with indefinite useful lives [(c)]	**23,780**	**22,595**

(a) Comprising eight CGUs.
(b) Consisting of several brands, the most significant being Nutricia, International Delight, Silk and Alpro.
(c) After taking into account impairment for the year.

Goodwill allocated to the Europe CGU, the Noram CGU and the China, North Asia & Oceania CGU

As of December 31, 2023, the recoverable amount exceeded the carrying amount by the following amounts:

(in € billions)	
Europe CGU	6
Noram CGU	2
China, North Asia & Oceania CGU	≥ 10

Sensitivity analysis for the key value in use assumptions

	Year ended December 31	
(in € billions, except %)	Impact on recoverable amount	Annual decrease so recoverable amount equals carrying amount
SALES – (50) BPS DECREASE [(a)]		
Europe CGU	(1)	4%
Noram CGU	(0.5)	3%
China, North Asia & Oceania CGU	(1)	9%
RECURRING OPERATING MARGIN – (100) BPS DECREASE [(b)]		
Europe CGU	(2)	3%
Noram CGU	(1)	2%
China, North Asia & Oceania CGU	(1)	> 10%
LONG-TERM GROWTH RATE – (50) BPS DECREASE		
Europe CGU	(1)	
Noram CGU	(1)	
China, North Asia & Oceania CGU	(1)	
DISCOUNT RATE – 50 BPS INCREASE		
Europe CGU	(1)	
Noram CGU	(1)	
China, North Asia & Oceania CGU	(1)	

(a) Decrease applied each year to sales growth rate assumptions, including in the final year, based on 2024 projections.
(b) Decrease applied each year to recurring operating margin assumptions, including in the final year, based on 2024 projections.

Goodwill allocated to the other CGUs

As of December 31, 2023, CGUs other than the Europe, Noram and China, North Asia & Oceania CGUs represented in total 5% of the carrying amount of the goodwill allocated to these CGUs.

Brands with indefinite useful lives

The Group's main brands are Nutricia, International Delight, Silk and Alpro. As of December 31, 2023, they represented more than 60% of the carrying amount of the Group's brands with indefinite useful lives. The other brands are located in diverse geographical zones and different countries and concern all categories, none of which individually represented more than 10% of the carrying amount of the Group's brands with indefinite useful lives as of December 31, 2023.

Impairment review of the main brands with indefinite useful lives

As of December 31, 2023, 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 derived from those applied to the groups of CGUs concerned. These tests did not result in the recognition of any impairment.

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

- 50 bps decrease in sales (decrease applied each year to sales growth assumptions, including in the final year, based on 2023 projections);
- 50 bps decrease in the royalty rate;
- 50 bps decrease in the long-term growth rate;
- 50 bps increase in the discount rate.

Impairment review of other brands with indefinite useful lives

As of December 31, 2023, impairment tests carried out on brands with indefinite useful lives other than Nutricia, International Delight, Silk and Alpro required a partial or full writedown, totaling €(48) million, to be recognized against three brands – not material taken alone – in light of the new assumptions made in their strategic plan. Danone also assessed the sensitivity of the impairment loss to changes in the key assumptions in respect of the main brands concerned. Taken individually, none of the following assumptions would require additional impairment:

- 50 bps decrease in sales (decrease applied each year to sales growth assumptions, including in the final year, based on 2023 projections);
- 50 bps decrease in the royalty rate;
- 50 bps decrease in the long-term growth rate;
- 50 bps increase in the discount rate.

As of December 31, 2022, following the impairment tests of the other brands with indefinite useful lives, the Group recognized impairment against three brands in the EDP reporting entity in an aggregate amount of €62 million.

NOTE 12. FINANCING AND FINANCIAL SECURITY, NET DEBT AND COST OF NET DEBT

Note 12.1. 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 hedge: changes in the fair value of the hedged component of the debt is recognized in the consolidated balance sheet with the offsetting entry recognized in "Other financial income" or "Other financial expense", thereby neutralizing changes in the fair value of the derivative instrument;
- cash flow hedge: changes in the fair value of the effective portion of the derivative hedging the debt is recognized in the consolidated balance sheet, with the offsetting entry recognized in consolidated equity and recycled to profit or loss when the hedged item (i.e., the interest flows relating to the hedged debt) itself impacts consolidated net income.

Hybrid financing

Since the contractual terms of the undated subordinated notes 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 shown in "Cash flows provided by (used in) financing activities", with the related tax included in "Cash flows provided by operating activities".

Short-term investments

Short-term investments comprise:

- marketable securities, which are 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, with changes in fair value recognized under "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 the reporting date, trade receivables and trade payables denominated in foreign currencies are translated using the exchange rates applicable at that date, with changes recognized in the income statement. Foreign exchange gains and losses arising from the translation of intercompany loans classified as net investments in foreign operations and that are used to hedge long-term investments (borrowings or other instruments) in the same currency are recognized in consolidated equity under "Translation adjustments" and recycled when the hedged asset is sold.

Note 12.2. Liquidity risk and management policy

Risk identification

Danone does not use debt in either a recurring or 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 its debt at a level that enables 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 existing financing in a company prior to Danone's acquisition of control, Danone is exposed to liquidity risk involving limited amounts in those countries. More generally, in the event 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 it may not be able to access such financing on satisfactory terms, which could have an adverse impact on its financial position.

Danone's ability to access financing and its borrowing costs 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 in those ratings 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 requirements and cash flow generation; and (vi) ensuring that it is not subject to any covenants.

In those countries where centralized financing is not available, when medium-term financing is unavailable and/or in the case of existing financing in a company prior to Danone's acquisition of control, 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 as a whole, given that the level of operating cash flow is generally sufficient to finance its operations and organic growth.

Use of financing sources

The Group's policy consists of keeping its financing sources available and managing them at 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 dividends to Danone shareholders, and (ii) alternatively, its commercial paper and EMTN programs or its syndicated credit facility to optimize its borrowings costs while ensuring its financial security, such that the maturity and currency of the financing raised may vary without changing the level of consolidated net debt or the Group's financial security.

Note 12.3. Financing structure and changes during the period

Financing classified as debt

(in € millions)	As of December 31, 2022	Bonds issued	Bonds redeemed	Net flows from other financing arrangements	Impact of accrued interest	Impact of changes in exchange rates and other non-cash impacts[(c)]	Reclassification of non-current portion to current items	Changes in consolidation scope	As of December 31, 2023
FINANCING MANAGED AT COMPANY LEVEL									
Bonds – non-current portion	10,036	1,597	–	–	–	90	(2,000)	–	9,722
Bonds – current portion	1,906	–	(1,852)	–	–	(53)	2,000	–	2,000
Commercial paper [(a)]	786	–	–	833	–	–	–	–	1,619
Total	**12,727**	**1,597**	**(1,852)**	**833**	**–**	**36**	**–**	**–**	**13,341**
LEASE LIABILITIES									
Non-current portion	730	–	–	–	–	153	(189)	(6)	687
Current portion	203	–	–	(224)	–	28	192	(7)	192
Total	**933**	**–**	**–**	**(224)**	**–**	**181**	**3**	**(13)**	**879**
OTHER FINANCING ARRANGEMENTS [(b)]									
Non-current portion	40	–	–	2	–	–	(5)	–	37
Current portion [(d)]	463	–	–	94	(13)	783	112	(95)	1,343
Total	**503**	**–**	**–**	**96**	**(13)**	**783**	**107**	**(95)**	**1,381**
TOTAL	**14,162**	**1,597**	**(1,852)**	**705**	**(13)**	**1,000**	**110**	**(108)**	**15,601**

(a) As of December 31, 2022 and 2023, these were included in current financial debt.
(b) Subsidiaries' bank financing.
(c) In terms of lease liabilities, this corresponds mainly to new financing in the period.
(d) As of December 31, 2022 and 2023, bank overdrafts totaled €330 million and €1,264 million, respectively.

On April 24, 2023, Danone announced its intention to exercise the redemption option on the outstanding €750 million of its 2017 hybrid bond issue. The bonds were redeemed on June 23, 2023 (see the *Consolidated statement of changes in equity*).

On May 15, 2023, Danone announced that it had successfully issued an €800 million bond with an eight-year maturity and a 3.47% coupon.

On June 28, 2023, Danone redeemed €500 million worth of bonds issued in 2013.

On November 2, 2023, Danone redeemed 1,500 million dollars' worth of bonds issued in 2016.

On November 6, 2023, Danone announced that it had successfully issued an €800 million bond with a six-year maturity and a 3.706% coupon.

Financing classified as equity

In 2017, Danone launched a hybrid undated bond issue totaling €1.25 billion. The issue consists of a euro-denominated undated bond, paying an initial coupon of 1.75%, with a first call date on June 23, 2023, and has been recognized in equity in accordance with IAS 32 "*Financial Instruments: Presentation*".

In September 2021, Danone redeemed the hybrid financing ahead of maturity for an amount of €0.5 billion, and at the same time reissued hybrid financing in the form of undated securities for the same amount, denominated in euros, paying an annual coupon of 1% and with a first call on December 16, 2026.

On April 24, 2023, Danone announced its intention to exercise the redemption option on the outstanding €750 million of its 2017 hybrid bond issue. The bonds were redeemed on June 23, 2023 (see the *Consolidated statement of changes in equity*).

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 12.4. Group financing and financial security managed at Company level

Structure of Group financial security

	As of December 31			
	2022		2023	
(in € millions)	Committed amount	Amount used	Committed amount	Amount used
BANK FINANCING [(a)]				
Syndicated credit facility [(b)]	2,000	–	2,000	–
Committed credit facilities [(c)]	972	–	567	–
Bank loans	–	–	–	–
CAPITAL MARKETS FINANCING [(a)]				
EMTN financing [(d)]	NA	8,661	NA	9,912
Hybrid financing	NA	1,250	NA	500
Bonds issued on the US market [(d)]	NA	3,280	NA	1,810
Short-term debt instruments	NA	786	NA	1,619

(a) The Group's financial structure and financial security are managed at Company level.
(b) Revolving syndicated credit facility maturing in February 2025.
(c) Portfolio of back-up facilities entered into with major credit institutions, with maturities ranging from 2025 to 2028.
(d) Bonds issued by the Company are disclosed on Danone's website.

Main financing transactions in 2023

	Year ended December 31		
	2023		
(in millions of currency)	Currency	Nominal	Maturity
NEW FINANCING			
Euro bond	EUR	800	2029
Euro bond	EUR	800	2031
REPAYMENTS AND REDEMPTIONS			
Hybrid bond	EUR	750	2023
Euro bond	EUR	500	2023
USD bond	USD	1,500	2023

Main financing transactions in 2022

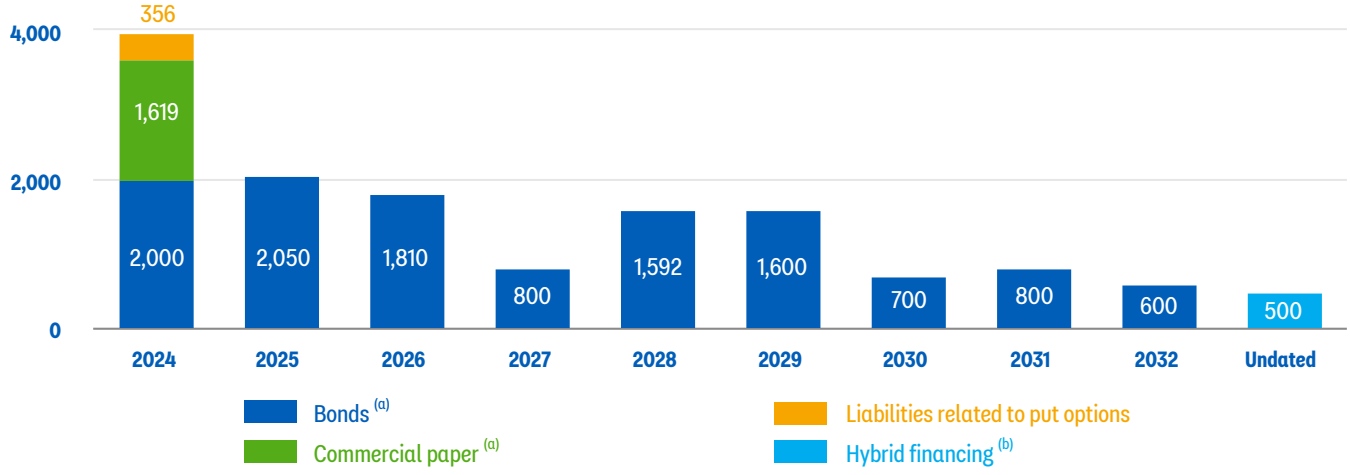
	Year ended December 31		
	2022		
(in millions of currency)	Currency	Nominal	Maturity
NEW FINANCING			
Euro bond	EUR	600	2032
REPAYMENTS AND REDEMPTIONS			
Euro bond	EUR	1,000	2022
USD bond	USD	702	2022
USD bond	USD	148	2022

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 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 €500 million with a call date in 2026.

Projected cash outflows related to the contractual payment of interest on financial assets and liabilities managed at Company level, including premiums to be paid on derivatives based on the assumption of non-renewal

(in € millions)	2024 cash flows	2025 cash flows	2026 cash flows	2027 cash flows	2028 cash flows and beyond
Interest on debt (a)	(190)	(171)	(160)	(107)	(299)
Cash flows on derivatives (a) (b) (c)	(89)	(71)	(71)	(71)	(112)

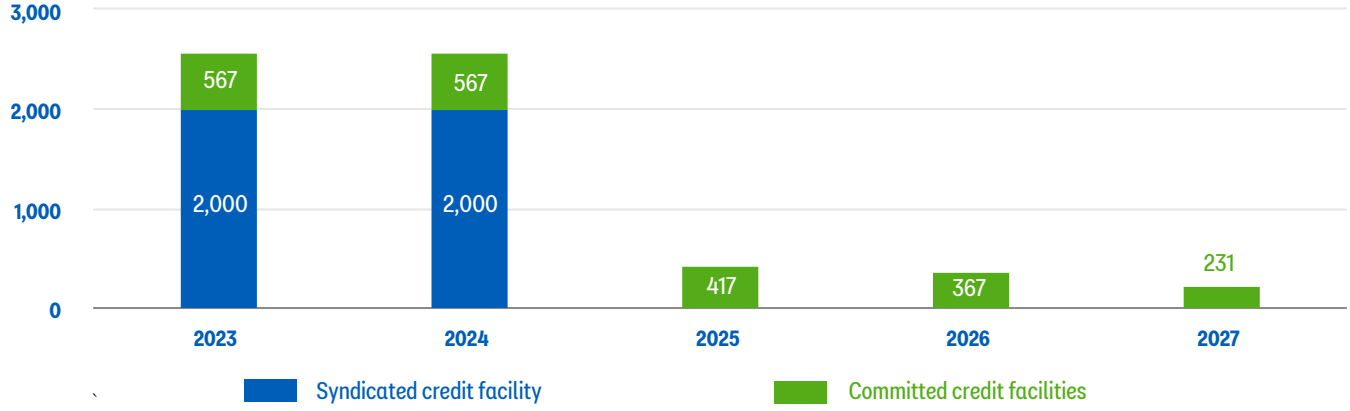
(a) The floating interest rates are calculated on the basis of the rates applicable as of December 31, 2023.
(b) Net contractual flows, including premiums payable and net flows payable or receivable relating to the exercise of options in the money at year-end.
(c) Concerns derivative instruments used to manage net debt, assets and liabilities.

Sources of financing available at any time

Financing available at any time is carried on the Company's books and comprises committed credit facilities and a syndicated credit facility.

AS OF DECEMBER 31

(in € millions)



Company rating

	As of December 31			
	2022		2023	
	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 12.5. Cash and short-term investments

Carrying amount

	As of December 31	
(in € millions)	2022	2023
Money market funds	2,082	1,646
Bank deposits, negotiable debt instruments and other short-term investments	1,550	1,992
TOTAL SHORT-TERM INVESTMENTS	**3,631**	**3,638**
Cash	1,051	2,363
TOTAL CASH AND CASH EQUIVALENTS	**4,682**	**6,001**

Counterparty risk in respect of short-term investments

The Group invests primarily in money market funds (*organisme de placement collectifs*) or short-term money market funds, which are highly liquid, diversified and not rated. Bank deposits, negotiable debt instruments and other short-term instruments are contracted with leading financial institutions.

Note 12.6. Net debt

	As of December 31	
(in € millions)	**2022**	**2023**
Non-current financial debt [(a)]	11,238	10,739
Current financial debt [(a)]	3,298	4,270
Short-term investments	(3,631)	(3,638)
Cash	(1,051)	(2,363)
Bank overdrafts	330	1,264
Derivatives - assets - Non-current [(b)]	(18)	(34)
Derivatives - assets - Current [(b)]	(60)	(16)
NET DEBT	**10,107**	**10,221**

(a) Consists of €879 million in lease liabilities following the application of IFRS 16 "Leases".
(a) Used solely to manage net debt.

Changes in net debt in 2023

Danone's net debt totaled €10,221 million as of December 31, 2023, an increase of €114 million compared to December 31, 2022. It included €356 million of put options granted to non-controlling interests, €33 million higher than as of December 31, 2022.

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.

Note 12.7. Cost of net financial debt

Accounting principles

Cost of debt comprises mainly interest charges (calculated at the effective interest rate) on current and non-current financing and the impact of the derivatives relating to said financing.

Interest income and cash equivalents comprise mainly interest received and, if applicable, the impact of measuring short-term investments and cash at fair value through profit or loss.

The related cash flows are presented within "Cash flows provided by operating activities".

Cost of net financial debt in 2023

Cost of net financial debt stood at €(172) million at end-2023, compared with €(153) million at end-2022, reflecting an increase in interest rates.

Note 12.8. Financial risks associated with net debt and financing activities

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 accordance with IFRS 9, interest rate fluctuations may also impact the Group's consolidated results of operations and consolidated equity.

Risk monitoring and management

The Group has implemented a policy to monitor and manage interest rate risk, as detailed in Note 14.3 to the consolidated financial statements in the section discussing management of the cost of net debt.

Exposure

Breakdown of net debt between fixed and floating rates

As of December 31, 2023 and December 31, 2022, all consolidated net debt was at fixed rates.

Sensitivity of the cost of net debt to changes in short-term interest rates

In 2023 as in 2022, 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 interest rate sensitivity analysis reflects the following factors:

- financial debt net of short-term investments and cash excluding financial liabilities arising on put options granted to non-controlling interests, as these do not bear interest;
- 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: under its risk pooling policy, the Group manages multi-currency financing and liquidities.

Risk monitoring and management

The management policy regarding financial currency risk is detailed in Note 14.3 to the consolidated financial statements, in the section *Management of currency risk arising on financing activities and translation risk on net assets*.

Exposure

In light of the Group's policy of managing currency risk arising on financing activities, its residual exposure is not material.

NOTE 13. OTHER FINANCIAL ASSETS, OTHER FINANCIAL INCOME AND EXPENSE

Note 13.1. 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 management's intention in either (i) profit or loss under "Other financial income" or "Other financial expense" or (ii) consolidated equity under "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, on prices used in put or call options negotiated with third parties or on 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 in consolidated equity under "Accumulated other comprehensive income" and recycled to profit or loss on their disposal under "Other financial income" or "Other financial expense".

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 13.2. Other financial assets

Main changes during the period

The Group did not carry out any material transactions in either 2023 or 2022.

Carrying amount

	As of December 31	
(in € millions)	**2022**	**2023**
Investments in other non-consolidated companies	341	324
Bonds and money market funds [(a)]	108	114
FPS Danone Communities	13	15
Other [(b)]	336	377
Other financial assets	457	506
Long-term loans	11	10
Other financial assets	**808**	**839**

(a) Bonds and money market funds held to cover certain "damage and personal protection" risk provisions.
(b) "Other" mainly comprises deposits with uncertain maturity dates pursuant to the applicable regulations of certain countries in which the Group operates.

Note 13.3. Other financial income and expense

Accounting principles

Other financial income and 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 currency risk arising on operations and the acquisition/disposal of companies and equity investments, and the ineffective portion of derivatives classified as hedges 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 in connection with 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 at fair value through profit or loss;
- gains or losses on the net monetary position resulting from the application of IAS 29.

NOTE 14. FINANCIAL RISK MANAGEMENT ORGANIZATION AND DERIVATIVES

Note 14.1. Financial risk management organization

As part of its normal business, the Group is exposed to financial risks, especially foreign currency, financing and liquidity risks (see Note 12.2 to the consolidated financial statements), interest rate and counterparty risks, equity securities 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, then (iii) executing financial transactions locally or centrally in line with applicable regulations and monetary frameworks, and (iv) using derivative instruments only as part of hedges for accounting purposes.

Through its Treasury and Financing Department, which is part of the Group Finance Department, the Group has 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. The Internal Control and Internal Audit Departments review the risk 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 – MRM). Exposures are monitored and the policy implemented by the central purchasing team for each raw material category. This team negotiates forward purchase agreements mainly with suppliers. Forward purchase agreements are reviewed by the Market Risk Management Committee at the end of each annual reporting period.

Note 14.2. Accounting principles

Derivatives are recognized in the consolidated balance sheet at their fair value:

- derivatives used to manage net debt and hedge of net investments in foreign operations are recognized in derivative assets or liabilities;
- forex and commodity derivatives related to operations are recognized as (i) other accounts receivable in "Derivatives – assets" or as (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 flow 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 when the hedged item itself is recognized in profit or loss.
- Changes in the time value of instruments qualified as fair value or net investment hedges (swap points, currency option premium and basis spread of cross-currency swaps) or of forex 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 forex 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. Note that derivatives designated as future cash flow hedges are recognized in accordance with the transaction-related principle (hedging of transactions included in forecasts).

Changes in the fair value of the ineffective portion of derivatives qualified as hedging instruments and changes in the fair value of derivatives that do not meet the criteria for classification as hedging instruments are recognized directly in profit or loss for the period under operating income or financial income, depending on their nature.

Note 14.3. Derivatives

Group policy

Management of currency risk arising on operating activities

The Group's policy is to hedge its highly probable commercial transactions such that, as of December 31, its residual exposure in respect of the entire next fiscal year is significantly reduced. However, when the hedging conditions in certain currencies deteriorate (less availability, higher cost, etc.), the Group may have to limit the hedging of its highly probable commercial transactions in its foreign currencies, either by not hedging or only partially hedging its exposure. The Group uses forward currency contracts and currency options to reduce its exposure.

Execution of the hedging policy for currency risk arising on operations consists of providing the necessary hedging 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, 2023, the Group's residual exposure after hedging of currency risks on its highly probable commercial transactions is significantly reduced for 2023, with the main unhedged currency the Turkish lira.

Management of currency risk arising on financing activities and translation risk on net assets

The Group's policy consists of maintaining debt and/or the 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 with regard to hedging instruments.

As part of these policies, the Group therefore uses currency swap contracts (forex swaps or cross-currency swaps).

Management of the cost of net debt

In connection with its management of net debt, 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 are plain vanilla instruments. Interest rate derivatives are contracted to manage interest rate risk and may or may not be eligible for hedge accounting in accordance with IFRS 9.

Hedges of 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 commodity price volatility risk

The Group has implemented a commodity purchasing policy (Market Risk Management – MRM), 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. Exposures are monitored and this policy implemented by the central purchasing team for each raw material category, assisted by the Finance MRM team as concerns the price setting strategy.

The impact of a price change in the two main raw material categories on the cost of the Group's annual purchases is presented in Note 7.7 to the consolidated financial statements.

Portfolio of derivatives

Notional and fair value amounts

	As of December 31					
	2022			2023		
(in € millions)	Notional	Fair value	Of which recognized in equity	Notional	Fair value	Of which recognized in equity
Used to manage currency risk arising on operations	**(2,181)**	**38**	**39**	**(2,258)**	**(17)**	**(17)**
Cash flow hedge – currency options [(a)]	(109)	1	1	(197)	(1)	(1)
Cash flow hedge – forward currency contracts [(a)]	(2,072)	37	37	(2,061)	(16)	(16)
No hedge accounting applied	–	(1)	–	–	–	–
Used to manage commodity risk	**112**	**(6)**	**(6)**	**136**	**(21)**	**(21)**
Used to manage net debt	**6,244**	**(312)**	**32**	**7,285**	**(261)**	**(42)**
Fair value hedge	3,050	(371)	–	3,050	(223)	–
Cash flow hedge	2,389	62	33	3,795	(32)	(40)
Net investment hedge	100	(1)	(1)	90	(2)	(2)
No hedge accounting applied	705	1	–	350	(4)	–
TOTAL	**4,175**	**(280)**	**64**	**5,163**	**(299)**	**(81)**

(a) Pursuant to IFRS 9, the intrinsic value and time value of the operational forex instruments designated as cash flow hedges are recognized in equity.

Additional information

Management of currency risk arising on operating activities

Net notional amount of derivative instruments for the main currencies hedged

	As of December 31					
	2022			2023		
(in € millions)	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)]	(852)	–	(852)	(895)	(44)	(939)
GBP [(c)]	(609)	(39)	(647)	(630)	(90)	(720)
MXN [(c)]	(171)	–	(171)	(152)	–	(152)
CAD [(c)]	(126)	(36)	(162)	(131)	(40)	(171)
IDR [(c)]	(148)	–	(148)	(125)	–	(125)
BRL [(c)]	(94)	–	(94)	(101)	–	(101)
AUD [(c)]	(93)	(22)	(115)	(68)	(21)	(89)
HKD [(c)]	(73)	(10)	(83)	(5)	–	(5)
USD [(c)]	363	(2)	361	306	(2)	304
Other [(c)]	(270)	–	(270)	(261)	–	(261)
TOTAL	**(2,072)**	**(109)**	**(2,181)**	**(2,061)**	**(197)**	**(2,258)**

(a) Spot portion of notional amount, based on closing rates.
(b) Spot portion of notional amount, including in- and out-of-the-money options.
(c) Transactions denominated against the euro or other currencies.

Sensitivity of equity and net income to changes in fair value

A change in the fair value of the derivative instruments hedging currency risk arising on operations, resulting from 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 primarily be recognized in the consolidated income statement in 2023.

Gains and losses related to changes in fair value recognized in profit or loss

Gains and losses recognized in profit or loss relate to the following items:

- the ineffective portion, during the year, of changes in the fair value of instruments classified as cash flow hedges: the amounts were not material in either 2023 or in 2022;
- the effective portion deferred in equity in the previous year of instruments classified as cash flow hedges and recycled to profit or loss during the year: the amount recycled in both 2023 and 2022 corresponded to the portion of hedges recorded in equity as of December 31 of the previous year, with most of the hedges maturing in less than one year.

Management of currency risk arising on 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 resulting from 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 exchange rates of the financial instruments are offset by changes in the exchange rates on loans and borrowings in hedged currencies or on net investments in foreign operations.

Management of net debt

Sensitivity of equity and net income to changes in fair value

A change in the fair value of interest rate derivatives resulting from 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 instruments eligible to be used as hedges of future cash flows;
- in profit or loss for the ineffective portion of instruments eligible to be used as hedges of future cash flows or as fair value hedges, and for a change in the fair value of instruments not qualifying as hedges.

In both 2023 and 2022, 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 changes in fair value recognized in profit or loss

Gains and losses recognized through profit or loss are related to:

- the ineffective portion, during the year, of changes in the fair value of instruments classified as cash flow hedges;
- the effective portion deferred in equity the previous year of instruments classified as future cash flow hedges and recycled to profit or loss during the year.

The corresponding amounts were not material in either 2023 or 2022.

Management of commodity price volatility risk

As of December 31, 2023, the commodities portfolio consisted of diesel, plastic, dairy, sugar and soy derivatives in accordance with the Group's management policy, and all of the hedging instruments were classified as future cash flow hedges.

Note 14.4. 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. In the ordinary course of its operations, the Group has financial institutions as counterparties, mainly to manage its cash and its currency 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 position.

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.

The Group's banking policy is designed to apply deposit limits per counterparty and prioritize counterparties' credit rating quality by concentrating its transactions among first-tier counterparties that (i) are rated at least BBB+; (ii) have international branch networks; and (iii) provide it with financing. In order to manage its short-term surpluses, the Group mainly invests in either money market funds (*organisme de placement collectif*) or short-term money market funds, which are not rated. These funds are liquid and diversified. Other short-term investments are made in accordance with the Group's banking policy as described above.

Lastly, 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 12.4 to the consolidated financial statements.

Exposure related to derivative instruments

	As of December 31	
(as a percentage of the total fair value as of December 31) [(a)]	2022	2023
COUNTERPARTY RATING (STANDARD & POOR'S)		
AAA, AA and A	91%	80%
BBB, BB and B	9%	20%
Unrated	–	–

(a) When positive, total fair value 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.

Fair value associated with derivatives counterparty risk

The fair value associated with derivatives counterparty risk is calculated on the basis of historical default probabilities resulting from the calculations of a leading rating agency, to which a recovery rate is applied. As of December 31, 2023 and December 31, 2022, the impact associated with the adjustment required by IFRS 13 was not material.

Note 14.5. Equity securities risk

		As of December 31	
(in € millions)	Notes	2022	2023
RISK ON COMPANY SHARES			
Treasury shares	15.2	1,569	1,552
RISK ON OTHER SHARES			
Investments in equity-accounted companies	6	576	416
Assets held for sale	4, 5.2, 6.6	202	376
Investments in other non-consolidated companies	13.2	341	324

Note 14.6. Reconciliation of the consolidated balance sheet by class and accounting category

(in € millions)	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Carrying amount	Fair value	Level in the fair value hierarchy [(c)]
As of December 31, 2023						
FINANCIAL ASSETS						
Investments in other non-consolidated companies	46	277	–	324	324	1-3
Long-term loans and financial assets	128	–	387	515	515	1-3
Derivatives - assets [(a)]	10	40	–	50	50	2
Trade receivables [(b)]	2,919	–	–	2,919	2,919	-
Other current assets [(b)]	1,230	29	–	1,259	1,259	-
Short-term loans	–	–	3	3	3	-
Money market funds	1,646	–	–	1,646	1,646	1
Other short-term investments	–	–	1,992	1,992	1,992	2
Cash	2,363	–	–	2,363	2,363	1
Total	**8,342**	**346**	**2,382**	**11,071**	**11,071**	
FINANCIAL LIABILITIES						
Financing	2,860	–	12,741	15,601	15,504	2
Derivatives - liabilities [(a)]	240	76	–	316	316	2
Trade payables [(b)]	–	–	4,779	4,779	4,779	-
Other current liabilities [(b)]	–	67	3,358	3,425	3,425	-
TOTAL	**3,100**	**144**	**20,878**	**24,121**	**24,024**	

(a) Derivative instruments used to manage net debt.
(b) The carrying amount approximates the fair value given the short-term nature of these items.
(c) Level of the hierarchy used to assess fair value.

Fair value hierarchy under IFRS 7 "*Financial instruments – Disclosures*"

Level	Fair value is based on:
1	(Unadjusted) prices listed on active markets for identical assets and liabilities.
2	Inputs other than listed prices as per level 1, which are directly or indirectly observable for the asset or liability concerned. For asset and liability derivative instruments recognized at fair value, the Group uses measurement techniques that include inputs observable on the market, notably for interest rate swaps, forward currency purchases and sales, and currency options. The model integrates diverse data such as spot and forward exchange rates and the yield curve.
3	Inputs relating to the asset or liability that are not based on observable data on active markets.

NOTE 15. DANONE SHARES, DIVIDEND AND EARNINGS PER SHARE

Note 15.1. Accounting principles

DANONE shares held by the Company and its fully consolidated subsidiaries are recognized as a reduction in consolidated equity under "Treasury shares" and are measured at cost.

Note 15.2. DANONE treasury shares

CHANGES IN TERMS OF TRANSACTIONS AND USE ACCORDING TO THE COMPANY'S OBJECTIVE

		Changes during the period			
(in number of shares)	Position as of December 31, 2022	Buybacks	Sales/ transfers	Delivery of shares	Position as of December 31, 2023
Shares allocated to external growth transactions	30,059,360	–	–	–	30,059,360
Shares allocated to employee shareholding plans	390,636	–	(7,933)	(320,822)	61,881
Shares allocated for cancellation	–	–	–	–	–
Shares held by the Company	**30,449,996**	**–**	**(7,933)**	**(320,822)**	**30,121,241**
Shares held by Danone Spain	5,780,005	–	–	–	5,780,005
SHARES HELD BY THE GROUP	**36,230,001**	**–**	**(7,933)**	**(320,822)**	**35,901,246**

Note 15.3. Outstanding DANONE shares

		As of December 31					
		2022			2023		
(in number of shares)	Notes	Share capital	Treasury	Outstanding	Share capital	Treasury	Outstanding
As of January 1		**687,682,489**	**(49,591,599)**	**638,090,890**	**675,837,932**	**(36,230,001)**	**639,607,931**
Capital increase	9.5	1,313,758	–	1,313,758	1,935,196	–	1,935,196
Changes in treasury shares	15.2	(13,158,315)	13,361,598	203,283	–	328,755	328,755
As of December 31		**675,837,932**	**(36,230,001)**	**639,607,931**	**677,773,128**	**(35,901,246)**	**641,871,882**

Note 15.4. Earnings per share – Group share

Accounting principles

Earnings per share correspond to net income – Group share adjusted for hybrid financing (adjustment of earnings used to calculate earnings per share for the coupon payable 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 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 positive) of the following three items:

- 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 reporting date;
- increase in the average number of fidelity shares allocated to approximately 1,950 senior managers and senior executives;
- reduction in the number of shares that could theoretically vest as determined under the treasury stock method specified by IAS 33 "*Earnings per share*".

Earnings per share

		Year ended December 31	
(in € per share, except for number of shares)	Notes	2022	2023
Net income - Group share		**959**	**881**
Coupon relating to hybrid financing, net of tax		(13)	(8)
Adjusted net income - Group share		**945**	**873**
NUMBER OF OUTSTANDING SHARES			
As of January 1		**638,090,890**	**639,607,931**
Effects of changes during the year	15.3	1,517,041	2,263,951
As of December 31		**639,607,931**	**641,871,882**
AVERAGE NUMBER OF OUTSTANDING SHARES			
■ Before dilution		639,050,821	641,030,818
Dilutive impact			
Group performance shares and fidelity shares		433,786	707,856
■ After dilution		639,484,607	641,738,674
EARNINGS PER SHARE – GROUP SHARE			
■ Before dilution		1.48	1.36
■ After dilution		1.48	1.36

Note 15.5. Dividend

Distributable reserves of the parent company Danone

For each subsidiary or equity-accounted company, legally distributable reserves may differ from 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 net income for the year and the distributable reserves of the parent company Danone.

Payment of the 2023 dividend

The Shareholders' Meeting on April 27, 2023 in Paris approved the dividend proposed relating to the 2022 fiscal year of €2.00 per share in cash.

NOTE 16. OTHER PROVISIONS AND NON-CURRENT LIABILITIES AND LEGAL AND ARBITRATION PROCEEDINGS

Note 16.1. 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 the "current" portion of provisions on the "Other provisions" line within non-current assets as the amounts concerned are not material; it does not disclose information on provisions recognized if it deems such disclosure would seriously harm its position as regards the resolution of the matter in respect of which the provision has been recognized.

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 the use/non-use of the provision, respectively.

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 the likelihood that they will materialize, 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 materialize. The liabilities must be recognized on the basis of their most probable value or a weighted average of the values under various scenarios.

Note 16.2. Other provisions and non-current liabilities

	As of December 31	
(in € millions)	**2022**	**2023**
Other provisions	1,074	882
Other non-current liabilities [(a)]	491	421
TOTAL [(b)]	**1,565**	**1,303**

(a) These relate to uncertain income tax positions.
(b) The amount corresponding to the current portion of provisions totaled €155 million as of December 31, 2023 (€298 million as of December 31, 2022).

Note 16.3. Changes in "Other provisions"

		Changes during the period						
(in € millions)	**As of January 1, 2023**	**Changes in consolidation scope**	**Increase**	**Reversal of provisions used**	**Reversal of provisions not used**	**Translation adjustments**	**Other**	**As of December 31, 2023**
Tax and territorial risks [(a)]	105	(3)	19	(1)	(1)	(4)	(2)	111
Employee-related and commercial disputes and other provisions	557	(2)	100	(28)	(27)	(6)	(32)	563
Restructuring provisions [(b)]	412	(3)	45	(173)	(67)	(3)	(3)	208
TOTAL	**1,074**	**(8)**	**164**	**(203)**	**(95)**	**(13)**	**(37)**	**882**

(a) These concern risks not relating to income tax, which are presented in "Other non-current liabilities".
(b) Including a €202 million reversal in respect of the Local First plan.

Changes in other provisions in 2023 were as follows:

- increases resulted primarily from lawsuits arising against the Company and its subsidiaries in the normal course of business;
- reversals of used provisions were booked when the corresponding payments were made. Reversals of provisions not used related mainly to reassessments and situations where some risks ceased to exist. Several provisions were concerned, none of which is material taken individually.

As of December 31, 2023, provisions for tax risks, territorial (not related to income taxes) risks 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 (provisions accrued in 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 does not consider that it is subject to known risks that could, taken individually, have a material impact on its financial position or profitability.

Note 16.4. 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 underpriced 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 US 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 in these actions and maintains that its products are safe. Nurture Inc. is vigorously defending its interests in each of these proceedings.

No provision has been recognized in this respect in the consolidated financial statements for the year ended December 31, 2023 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 of operations and financial position.

In general, the Company and its subsidiaries are parties to legal proceedings arising in the ordinary course of business, in particular with competition authorities and other authorities in certain countries.

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

NOTE 17. RELATED PARTY TRANSACTIONS

Note 17.1. Accounting principles

The main related parties are the Group's equity-accounted companies, the members of the Executive Committee and the members of the Board of Directors.

Note 17.2. Transactions with equity-accounted companies

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 2022, the amounts pertaining to 2023 are not material.

Note 17.3. Compensation and benefits granted to members of the Executive Committee and Board of Directors

Compensation paid

	Year ended December 31	
(in € millions)	**2022**	**2023**
Compensation paid to corporate officers and members of the Executive Committee [(a)]	28.6	44.4
Compensation of Directors	0.8	0.9
TOTAL [(b)]	**29.4**	**45.3**
Carrying amount of shares subject to performance conditions granted during the year [(c)]	14.4	14.8

(a) Annual and multi-year fixed and variable compensation (gross amount excluding employer contributions), of which the variable portion totaled €13.2 million in 2023 (€12.5 million in 2022).

(b) Increase in compensation paid in 2023 mainly due some non-recurring payments.

(c) The carrying amount represents the full estimated value as of the grant date in accordance with IFRS 2, assuming that the performance conditions have been satisfied.

Danone's commitment to corporate officers and Executive Committee members with respect to their retirement plans

The provisions set aside in respect of the defined-benefit retirement plan represented Danone's commitment as of December 31, 2023 as calculated in accordance with IFRS, i.e., a total of €42.4 million for Executive Committee members. Chief Executive Officer Antoine de SAINT-AFFRIQUE is not eligible for this plan as it has been closed to new beneficiaries since 2003.

Loans and guarantees

In both 2023 and 2022, no loan or guarantee was granted or established by the Company or its subsidiaries on behalf of Executive Committee members.

NOTE 18. SUBSEQUENT EVENTS

To the Company's knowledge, no material events occurred after February 21, 2024, the date on which the 2023 consolidated financial statements were approved by the Board of Directors.

NOTE 19. FEES PAID TO STATUTORY AUDITORS AND TO MEMBERS OF THEIR NETWORKS

	Mazars & Associés				Ernst & Young Audit			
(in € millions, except %)	2022		2023		2022		2023	
Statutory audit of the individual and consolidated financial statements	4.0	86%	4.2	68%	6.0	82%	5.7	84%
Non-audit services	0.6	14%	2.0	32%	1.3	18%	1.1	16%
TOTAL [(a)]	**4.6**	**100%**	**6.2**	**100%**	**7.3**	**100%**	**6.8**	**100%**

(a) Fees invoiced in foreign currencies have been translated into euros on the basis of the annual average exchange rates used by Danone.

In 2023, fees paid to the Statutory Auditors of the parent company and its French subsidiaries in respect of the audit or review of the individual and consolidated financial statements totaled €2.6 million (€2.5 million in 2022), of which €0.9 million payable to Mazars & Associés (€0.9 million in 2022) and €1.7 million to Ernst & Young Audit (€1.6 million in 2022). Fees for non-audit services for the year ended December 31, 2023 totaled €2.7 million (€1.6 million in 2022), of which €1.8 million payable to Mazars & Associés (€0.6 million in 2022) and €0.8 million to Ernst & Young Audit (€1.0 million in 2022) and included in particular fees for due diligence, tax services and agreed-upon procedures in respect of disposals of companies' shares, along with fees for tax services related to reorganization projects.

Fees paid to Statutory Auditors' networks for non-audit services provided to certain foreign subsidiaries of Danone totaled €0.4 million (€0.4 million in 2022), of which €0.2 million payable to Mazars & Associés (€0.0 million in 2022) and €0.2 million to Ernst & Young Audit (€0.4 million in 2022), and included in particular fees for tax services relating notably to the review of technical documentation and/or technical analyses of tax positions adopted by certain foreign subsidiaries.

NOTE 20. EXEMPTION OPTION RELATING TO AUDIT OF INDIVIDUAL FINANCIAL STATEMENTS FOR CERTAIN SUBSIDIARIES

Companies included in Danone SA's consolidated financial statements for the year ended December 31, 2023, exercising exemption options in respect of that year, which are to be disclosed in the consolidated financial statements pursuant to local regulations

Country and exemption	Company (company number)
Germany Exemption option relating to the audit of individual financial statements pursuant to section 264 (3) of the German Commercial Code (HGB)	Milupa GmbH
Ireland Exemption option relating to the publication of individual financial statements pursuant to section 357 (1) of the Companies Act 2014	Nutricia Infant Nutrition Limited (384474), Danone Europe Limited (407825), 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, 2023.

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, 2023 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 statutory auditors for the period from January 1, 2023, 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.821-53 and R.821-180 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 net of discounts and rebates granted to customers

RISK IDENTIFIED	OUR RESPONSE
As of December 31, 2023, total net sales were recorded for an amount of € 27,619 million in the consolidated financial statements. As indicated in Note 7.1 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. 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.	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 procedures and controls implemented relating to the estimation of trade discounts and rebates process, for the controls that we considered to be key, we assessed, in the main operating entities, their design and implementation, and tested their operating effectiveness on the basis of a sample of contracts. We also performed substantive procedures to assess the amounts to be refunded to customers being reasonably 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) assessing if assumptions used, where applicable, were reasonable with regard to actions taken or specific situations and customary trade practices, (iii) comparing the projections used for previous periods with the associated landing point to assess the realization of past objectives. We also assessed the appropriateness of the information provided in the Notes to the consolidated financial statements.

Goodwill, brands and invested capital in respect of the Premium Organic Dairy activities in the United States and the Essential Dairy and Plant-based ("EDP") activity in Russia.

RISK IDENTIFIED	OUR RESPONSE
As of December 31, 2023, goodwill and brands amount to €17,340 million and €5,256 million respectively. During 2023, the Group recognized a €95 million impairment loss on goodwill and brands, excluding the impairment related to Premium Organic Dairy activities in the United States. The group also accounted for a loss of €706 million on EDP business in Russia due to the deconsolidation resulting from the loss of control as reported in the Note 3 of the consolidated financial statements. Moreover, a loss of €426 million on premium organic dairy activities in the United States classified as assets held for sale was accounted for, as reported in the Note 4 of the consolidated financial statements. Those assets are subject to impairment tests, at least once a year in the case of goodwill and brands with indefinite useful lives and whenever events or circumstances indicate that they may be impaired. Impairment tests are carried out on all tangible and intangible assets of the CGUs and groups of CGUs. 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 the Note 11.3 to the consolidated financial statements. The cash flows used to determine the 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 business plans of the CGUs or groups of CGUs, which are drawn up by management. In 2023, as indicated in the Note 11.3 to the consolidated financial statements, management updated its business plans according to its best estimate based on (i) the information available from external elements, and (ii) the initiatives and projects that will be implemented by the Group including the impacts of the Danone Impact Journey roadmap – unveiled on February 22, 2023 and detailing the Group's objectives and commitments regarding the fight against climate change. 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 for brands. Given the sensitivity of these estimates, we considered the measurement of goodwill, brands and invested capital to be a key audit matter.	We examined the compliance of the methodology applied by the group with the accounting standards in force. We gained an understanding of the processes implemented by the management to allocate the goodwill to CGUs or groups of CGUs, and confirmed that the allocation of assets to CGUs or groups of CGUs correctly reflected the actual organization of the Group and the management of the CGUs. For a sample of CGUs or groups of CGUs and brands identified on the basis of quantitative and qualitative factors, we have: ■ reconciled the net book value of the net assets attached to the CGUs or group of CGUs tested or the brands tested with the accounting data of your Group; ■ examined the methods and main assumptions used to determine the recoverable value, including: • forecasted cash flows: we assessed the reasonableness of the business growth and market share hypotheses 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, we appreciated the consistency of the rates used with market analyses. We appreciated the reasonableness of the considerations taken into account by Danone in its alternative scenario to assess the risks linked to climate change and the way in which the actions arising from the Danone Impact Journey roadmap were integrated into the strategic plans. We also performed our own sensitivity calculations, to corroborate the analyzes carried out by management. Regarding the invested capital for EDP Russia business, we have examined the consequences of the loss of control following the decree issued by Russian authorities on July 16, 2023. For the Noram CGU, we have examined the impact of the ongoing sale process of the premium organic dairy activities in the United States notably : ■ (i) the measurement of the assets and liabilities classified as held for sale, composed of brands, industrial assets, and current assets and liabilities, at fair value under the terms of the sale agreement, less costs to sell; ■ (ii) the consistency of forecasted cash flows of remaining Noram business after carve-out of flows related to the premium organic dairy activities. We also assessed the appropriateness of the information relating to goodwill, brands and invested capital presented in the Notes to the consolidated financial statements.

Assessment of liabilities for uncertain income tax positions and tax risks

RISK IDENTIFIED	OUR RESPONSE
Danone operates in many different tax jurisdictions throughout the world. Consequently, the company and its subsidiaries may be subject to inspections or questioning from local tax authorities. The situations for which outflows of resources are considered probable give rise to liabilities measured on the basis of facts known in each relevant jurisdiction involved, in application of IFRIC 23 interpretation. As indicated in the Notes 16.2 and 16.3 of the consolidated financial statements, liabilities for uncertain income tax positions and tax risks, including territorial risks, amount to €421 million and €111 million as of December 31, 2023 respectively. The assessment of liabilities for uncertain income tax positions and tax risks constitutes a key audit matter given the judgment required to assess the probable outflows of resources related to uncertain tax positions.	We assessed the compliance of liabilities for uncertain tax income positions and tax risks recognized with the Group's accounting policies and the IFRS framework as adopted in the European Union. We gained an understanding of the procedures implemented within the Group to identify the main tax risks, as well as management's assessments of these risks. We also gained an understanding of the opinions of main laws firms and experts accompanying the Group, 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 assess the probable outflows related to uncertain tax positions. We also assessed the appropriateness of the information provided in the notes of the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information 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 Group's information given in the Board of Directors' management report, it being specified that, in accordance with Article L. 823-10 of this 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 December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, 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 to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

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) are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Danone by the annual general meeting held on April 26, 2022 for cabinet MAZARS & ASSOCIES and on April 28, 2016 for cabinet ERNST & YOUNG Audit.

As at December 31, 2023, cabinet MAZARS & ASSOCIES and cabinet ERNST & YOUNG Audit were in the 2nd year and 8th year of total uninterrupted 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 taken on the basis of these consolidated financial statements.
As specified in Article L. 821-55 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, if any, significant deficiencies 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 they are set in particular by Articles L. 821-27 to L. 821-34 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*) for statutory auditors. 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 5, 2024

The Statutory Auditors

French original signed by

MAZARS & ASSOCIES		**ERNST & YOUNG Audit**	
Achour MESSAS	Gonzague SENLIS	Gilles COHEN	Alexandre CHRÉTIEN

4.2 PARENT COMPANY FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF DANONE SA

Income statement

		Year ended December 31	
(in € millions)	**Notes**	**2022**	**2023**
Sales		699	890
Other income		73	130
Total operating income	3	**772**	**1,020**
Personnel costs	4	(282)	(322)
Other operating expense	5	(677)	(873)
Total operating expense		**(959)**	**(1,195)**
Net operating income (expense)		**(187)**	**(175)**
Income from equity interests		1,707	2,645
Interest on loans and receivables and similar income		198	214
Interest on borrowings and similar expense		(239)	(444)
Other financial income (expense)		(96)	11
Net financial income	6	**1,570**	**2,426**
Net income before non-recurring items and tax		**1,383**	**2,251**
Net non-recurring income (expense)	7	**(74)**	**(47)**
Income tax	8	45	76
NET INCOME FOR THE YEAR		**1,353**	**2,280**

Balance sheet

Assets

		Year ended December 31			
		2022	2023		
(in € millions)	Notes	Net amount	Gross amount	Depreciation, amortization and provisions	Net amount
Intangible assets		140	392	(189)	203
Property, plant and equipment		18	53	(34)	18
Equity interests		27,778	27,946	(192)	27,753
Other financial assets		4,762	4,614	–	4,614
Long-term financial assets	9	32,540	32,560	(192)	32,367
Non-current assets		**32,698**	**33,005**	**(416)**	**32,588**
Short-term loans and receivables	10	306	372	(5)	366
Marketable securities	11	33	18	–	18
Cash		–	–	–	–
Current assets		**339**	**390**	**(5)**	**384**
Deferrals and prepaid expense		178	81	–	81
TOTAL ASSETS		**33,215**	**33,476**	**(421)**	**33,054**

Equity and liabilities

		Year ended December 31	
(in € millions)	Notes	2022	2023
Share capital		169	169
Share premium		4,989	5,057
Revaluation adjustment		4	4
Other reserves		3,790	3,790
Retained earnings		5,029	5,091
Net income for the year		1,353	2,280
Regulated provisions		21	21
Equity	12	**15,355**	**16,413**
Other equity	14	1,250	500
Provisions for risks and charges	13	83	125
Bonds	14	12,390	12,022
Other financial debt	14	788	1,619
Other liabilities	15	3,217	2,345
Deferrals and accrued expense		132	30
TOTAL EQUITY AND LIABILITIES		**33,215**	**33,054**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The financial statements of the parent company Danone ("the Company") for the year ended December 31, 2023 were approved by Danone's Board of Directors on February 21, 2024 and will be submitted for approval to the Shareholders' Meeting on April 25, 2024. Danone and its consolidated subsidiaries constitute "the Group".

Unless otherwise mentioned, amounts are stated in millions of euros and rounded to the nearest million. Generally speaking, the values presented in the parent company financial statements and in the notes thereto are rounded to the nearest unit. Consequently, the rounded amounts may differ slightly from the reported totals. Ratios and variances are calculated on the basis of the underlying amounts and not on the basis of the rounded amounts.

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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 regulation 2014-03 issued by the French accounting standards-setter, the ANC. The main accounting methods used are presented below.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at cost (including acquisition-related costs) and are amortized or depreciated on a straight-line basis over their 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

Long-term financial assets

Long-term 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 influence or control the issuing company. Investments that do not meet this definition are classified as "Other financial assets". Equity interests are recognized at 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 the present value of future cash flows;
- revalued equity.

Assumptions, estimates or appraisals used to determine the recoverable amount are made on the basis of information available and conditions prevailing at the year-end, which may differ from those available on the date on which the financial statements are issued, particularly in a volatile economic and financial environment. Impairment provisions are recognized within "Other financial income (expense)", with the exception of reversals of impairment in connection with disposals of equity interests, which are recognized within "Net non-recurring income (expense)". Gains or losses on disposals of equity interests are recognized within "Net non-recurring income (expense)".

"Other financial assets" consist mainly of a portion of DANONE treasury shares held pursuant to authorizations given by the Shareholders' Meeting (see below) 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 cover Group performance share plans under which shares are allocated to certain Danone employees and corporate officers.

They are recognized at 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 determined individually for each plan for the shares allocated to cover Group performance share plans.

DANONE shares recognized within "Other financial assets"

In the case of DANONE shares recognized within "Other financial assets" that are not to be canceled, an impairment provision is recognized when their recoverable amount (determined based on the average share price for the last month of the fiscal year) falls below their carrying amount.

DANONE shares recognized within "Marketable securities"

Coverage of Group performance shares for which it is probable that performance conditions will not be met

In the case of treasury shares allocated to cover plans under which the shares are not likely to vest (because it is probable that the performance conditions will not be met), a provision for impairment is recognized when the market value of the shares (determined based on the average share price for the last month of the fiscal year) is less than their carrying amount.

Coverage of Group performance shares for which it is probable that performance conditions will be met

In the case of treasury shares allocated to cover plans under which the share are likely to vest (because it is probable that the performance conditions will be met), no provision for impairment is recognized. However, where necessary, a provision for risks and charges is recognized in respect of these plans, equal to the carrying amount of the shares allocated to said plans. The amount of the provision is pro rated over the vesting period and a corresponding entry is recognized in "Personnel costs" in the income statement.

Loans and receivables

Loans and receivables are stated at their nominal amount. 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 euros calculated at the closing rate. The differences resulting from translation at this rate are recorded in the balance sheet within "Deferrals and prepaid expense" and "Deferrals and accrued expense". A provision for risks is recognized for non-hedged unrealized exchange losses.

Cash and current accounts with Danone Finance Internationale denominated in foreign currencies are remeasured at the closing rate, with any changes in value recognized within financial income and expense.

Marketable securities

Marketable securities comprise a portion of the shares held in treasury as well as other investments made by the Company.

Their gross value corresponds to their acquisition cost excluding acquisition-related costs. For each category of securities, when the market value is lower than the acquisition cost, a provision for impairment is recognized for the difference. For further information about treasury shares reclassified as "Marketable securities", see the above section *DANONE shares recognized as "Marketable securities"*.

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. They may be denominated in euros or in 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 issuance costs are recognized 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".

Derivatives

Danone hedges a portion of its bonds denominated in foreign currencies using 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 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 entered into by the Company qualify as hedging instruments, the corresponding gains 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 in respect of 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. SIGNIFICANT EVENTS OF THE YEAR

Partial redemption of the hybrid bond

Danone redeemed an amount of €750 million on its hybrid bond on June 23, 2023, the call date. Following the transaction, the principal amount outstanding on the existing hybrid bond is €500 million.

Other

Danone received dividends totaling €2.6 billion during the year, mainly from its subsidiaries in the Specialized Nutrition business.

NOTE 3. OPERATING INCOME

Sales mainly comprise amounts rebilled to direct and indirect subsidiaries for services rendered by the Company to those subsidiaries. They totaled €890 million in 2023 (€699 million in 2022).

Other income totaled €130 million in 2023 (€73 million in 2022) and mainly comprised capitalized production costs and reversals of provisions for risks and charges relating to the coverage of Group performance share plans.

NOTE 4. PERSONNEL COSTS AND COMPENSATION OF MEMBERS OF 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 security charges as well as costs relating to Group performance share plans set up for certain Danone employees and corporate officers.

Company's share of the compensation paid to members of the Board of Directors and the Executive Committee

	Year ended December 31	
(in € millions)	**2022**	**2023**
Compensation paid to corporate officers and members of the Executive Committee [(a)]	17	28
Compensation paid to non-executive members of the Board of Directors [(b)]	1	1
TOTAL	**18**	**29**

(a) Recognized in "Personnel costs".
(b) Recognized in "Other operating expense".

NOTE 5. OTHER OPERATING EXPENSE

Other operating expense mainly comprises fees paid to external service providers as well as service charges and rents. It represented a total of €(873) million in 2023 (€(677) million in 2022).

NOTE 6. NET FINANCIAL INCOME

Net financial income totaled €2,426 million in 2023 (€1,570 million in 2022).

Income from equity interests

Income from equity interests consists of dividends received from the Company's equity interests. In 2023, dividends totaled €2,645 million (€1,707 million in 2022), received mostly from subsidiaries in the Specialized Nutrition business.

Interest on loans and receivables and similar income

In 2023, interest on loans and receivables and similar income comprised mainly (i) interest received on loans and receivables granted to certain direct or indirect subsidiaries (€150 million, mainly in the United States), (ii) interest received from cross-currency swaps (€24 million), (iii) interest on interest rate swaps (€38 million), and (iv) interest on capital gains generated by the mutual fund (SICAV) portfolio (€2 million).

Interest on borrowings and similar expense

	As of December 31	
(in € millions)	**2022**	**2023**
Bonds [(a)]	199	203
Derivatives used to hedge bonds [(b)]	12	90
Current account with Danone Finance International [(a)]	28	103
Short-term borrowings from indirect subsidiaries [(a)]	–	–
Commercial paper [(a)]	1	47
TOTAL	**239**	**444**

(a) Interest paid and accrued in respect of the year.
(b) Interest linked to IRSs (interest rate swaps) and CCSs (cross currency swaps).

NOTE 7. NET NON-RECURRING INCOME (EXPENSE)

In 2023, Danone recorded a net non-recurring expense of €(47) million, mainly reflecting expenses relating to the deconsolidation of activities in Russia and to the Local First plan. In 2022, it recorded a net non-recurring expense of €(74) million, which consisted mainly of expenses relating to the Local First plan.

NOTE 8. INCOME TAX

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 2023

As of December 31, 2023	
BLEDINA	DAN INGREDIENTS UNIT
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 saving (or additional expense) – representing the difference between the tax expense recorded by the different subsidiaries of the tax group and the tax expense resulting from the calculation of the earnings of the tax group as a whole – are recognized in the income statement under "Income tax".

In 2023, the tax group recorded a tax loss. As of December 31, 2023, tax loss carry-forwards accumulated within the tax group in France amounted to €(1,173) million, compared with €(1,076) million as of December 31, 2022.

Other information

In accordance with Article 39.4 of the French Tax Code (*Code général des impôts*), in 2023 the Company added back an amount of €0.4 million to its taxable income in respect of passenger vehicle depreciation and rental. No further amounts were added back to taxable income as a result of applying Article 39.5 of the French Tax Code in 2023.

As of December 31, 2023, items likely to result in a reduction of future tax liabilities consisted mainly of accrued expenses and provisions totaled €(89) million. These items would reduce future tax expenses by €23 million.

NOTE 9. LONG-TERM FINANCIAL ASSETS

Carrying amount and change during the period

(in € millions)	As of December 31, 2022	Changes during the period			As of December 31, 2023
		Increase [b]	Decrease	Reclassification, translation [a]	
GROSS AMOUNT					
Equity interests	27,946	–	–	–	27,946
Long-term loans and receivables	3,258	25	(114)	(103)	3,066
DANONE treasury shares	1,542	–	–	–	1,542
Other	4	–	–	–	5
Other financial assets	4,805	25	(114)	(103)	4,614
Total	**32,751**	**25**	**(114)**	**(103)**	**32,560**
Provisions [b]	(211)	(25)	43	–	(192)
NET AMOUNT	**32,540**	**–**	**(71)**	**(103)**	**32,367**

(a) Corresponds to impacts of changes in foreign exchange rates on loans.
(b) Consists mainly of provisions for impairment of "Equity interests".

Equity interests

Equity interests held in portfolio as of December 31, 2023

(in € millions, except %)	Share capital [a]	Other equity [a] [c]	% share ownership	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	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	78	100%	1,602,357	43	43	–	684	33	33
COMPAGNIE GERVAIS DANONE	9,338	697	100%	370,575,203	9,755	9,755	–	–	(861)	–
DAN INVESTMENTS	37	–	100%	1,829,763	82	25	–	–	(27)	–
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	3
HOLDING INTERNATIONALE DE BOISSONS	324	805	100%	161,768,722	1,116	1,116	–	–	(21)	–
DAN INGREDIENTS UNIT [d]	–	–	100%	38,227	–	–	–	–	–	–
FOREIGN INVESTMENTS										
DANONE ASIA PTE LTD	593	(238)	88%	979,032,009	469	469	–	–	222	136
DANONE BABY AND MEDICAL NUTRITION BV	1,305	13,671	100%	5,221,575,800	13,575	13,575	–	–	1,004	2,400
DANONE FINANCE NETHERLANDS	8	1	100%	800,000	94	26	–	–	–	–
DANONE SINGAPORE HOLDINGS PTE LTD	75	(6)	61%	82,769,847	49	49	–	–	22	11
FPS DANONE COMMUNITIES	24	(4)	72%	20,859	16	15	–	–	–	–
NUTRICIA LLC	–	14	70%	4,445,000	153	94	–	196	30	–
AFFILIATES (AT LEAST 10% TO 50% OF THE SHARE CAPITAL HELD BY THE COMPANY)										
DANONE ROTSELAAR SP	185	1,211	23%	21,988	400	400	–	331	166	30
DANONE FINANCE INTERNATIONAL	965	4,971	33%	4,034,154	2,012	2,004	2,000	–	99	33
TOTAL					**27,946**	**27,753**				**2,645**

(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.
(d) Acquisition of control of Dan Ingredients Unit during the year.

NOTE 10. SHORT-TERM LOANS AND RECEIVABLES

As of December 31, 2023, this balance sheet item comprised €366 million in loans and receivables due to the Company within less than one year, including tax receivables totaling €105 million, trade receivables totaling €115 million, derivatives totaling €23 million and other receivables totaling €123 million.

NOTE 11. MARKETABLE SECURITIES

Carrying amount and change during the period

(in € millions)	As of December 31, 2022	Changes during the period				As of December 31, 2023
		Increase	Decrease (delivery)	Reallocation	Reclassification	
DANONE SHARES						
DANONE shares covering Group performance shares [(a)]	20	–	(17)	–	–	3
Total	**20**	**–**	**(17)**	**–**	**–**	**3**
SICAV	13	2	–	–	–	15
TOTAL	**33**	**2**	**(17)**	**–**	**–**	**18**

(a) Portion of DANONE treasury shares recognized within "Marketable securities" (see Note 1 to the parent company financial statements).

NOTE 12. EQUITY

Carrying amount and change during the period

(in € millions)	As of December 31, 2022		Changes during the period				As of December 31, 2023
	Before allocation	After allocation [(b)]	Net income	Capital decrease	Capital increase	Other	Before allocation
Share capital	169	169	–	–	1	–	169
In number of shares [(a)]	*675,837,932*	*675,837,932*	–	–	*1,935,196*	–	*677,773,128*
Share premium	4,989	4,989	–	–	68	–	5,057
Legal reserve	25	25	–	–	–	–	25
Other reserves	3,769	3,769	–	–	–	–	3,769
Retained earnings	5,029	5,091	–	–	–	–	5,091
Net income for the year	1,353	–	2,280	–	–	–	2,280
Regulated provisions	21	21	–	–	–	–	21
TOTAL	**15,355**	**14,064**	**2,280**	**–**	**68**	**–**	**16,413**

(a) Ordinary shares with a par value of €0.25.

(b) Following approval at the Shareholders' Meeting of April 27, 2023, of the 2022 net income available for allocation, a total of €1,291 million was allocated to the dividend, and the balance to retained earnings.

NOTE 13. PROVISIONS FOR RISKS AND CHARGES

Carrying amount and change during the period

		Changes during the period				
(in € millions)	As of December 31, 2022	Reclassification [(a)]	Increase	Reversal, used provision	Reversal, unused provision	As of December 31, 2023
Provisions in respect of stock option and Group performance share plans	48	–	110	(23)	(24)	111
Restructuring provisions [(b)]	28	(4)	9	(9)	(17)	7
Other provisions	8	–	1	–	(1)	7
TOTAL	**83**	**(4)**	**120**	**(32)**	**(42)**	**125**

(a) Reclassification within 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

	As of December 31	
(in € millions)	2022	2023
Hybrid financing	1,250	500
Nominal amount	12,330	11,960
Accrued interest	60	62
TOTAL	**13,640**	**12,522**

Disclosures regarding bonds issued by the Company are available on Danone'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 the right to demand early repayment in the event that a change in control of the Company results in a rating downgrade below investment grade.

2023 transactions

	Year ended December 31		
	2023		
(in millions of currency)	Currency	Nominal	Maturity
NEW FINANCING			
Euro bond	EUR	800	2029
Euro bond	EUR	800	2031
REPAYMENTS AND REDEMPTIONS			
Euro bond	EUR	500	2023
Dollar bond	USD	1,500	2023

Breakdown by type of interest rate (after hedging where applicable) and changes during the period

(in € millions)	As of December 31, 2022	Changes during the period				As of December 31, 2023
		New borrowings	Repayment	Change in accrued interest	Revaluation	
FIXED RATE PORTION						
Bonds	12,330	1,600	(1,905)	–	(65)	11,960
Accrued interest	60	–	–	2	–	62
FLOATING RATE PORTION						
Bonds	–	–	–	–	–	–
Accrued interest	–	–	–	–	–	–
TOTAL	**12,390**	**1,600**	**(1,905)**	**2**	**(65)**	**12,022**

Breakdown by currency

(in € millions except nominal amounts in foreign currency, in currency millions)	As of December 31, 2023		
	Nominal amount in foreign currency	Historical amount	Carrying amount
BONDS IN EUROS OR IN CURRENCIES HEDGED IN EUROS			
Euro	10,150	10,150	10,150
US dollar	2,000	1,832	1,810
BONDS IN CURRENCIES NOT HEDGED IN EUROS			
None	–	–	–
TOTAL	**–**	**11,982**	**11,960**

Portfolio of cross-currency swaps hedging certain foreign-currency denominated bonds

(in € millions except nominal amounts in foreign currency, in currency millions)	As of December 31, 2023	
	Nominal amounts in foreign currency	Historical value in €
Euro – US dollar	1,000	913
TOTAL		**913**

Other financial debt

Breakdown by type of interest rate and changes during the period

		Changes during the period				
(in € millions)	As of December 31, 2022	New borrowings	Repayment	Change in accrued interest	Revaluation	As of December 31, 2023
FIXED RATE PORTION						
Loan from Danone Finance International	–	–	–	–	–	–
FLOATING RATE PORTION						
Commercial paper [(a)]	788	831	–	–	–	1,619
Short-term loan from ING	–	–	–	–	–	–
Other	–	–	–	–	–	–
TOTAL	**788**	**831**	**–**	**–**	**–**	**1,619**

(a) Net changes.

Maturity of Bonds and other financial debt

	As of December 31	
(in € millions)	2022	2023
Less than 1 year	2,754	3,681
Between 1 and 5 years	6,724	6,260
More than 5 years	3,700	3,700
TOTAL	**13,178**	**13,641**

Composition of net debt

	As of December 31	
(in € millions)	2022	2023
Bonds	12,390	12,022
Other financial debt	788	1,619
Amounts owed by the Company to certain subsidiaries and affiliates [(a)]	2,757	1,865
TOTAL DEBT	**15,935**	**15,506**
Marketable securities	33	18
Cash	–	–
Total cash and cash equivalents	**33**	**18**
TOTAL NET DEBT	**15,902**	**15,488**

(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	
(in € millions)	**2022**	**2023**
Amounts owed by the Company to certain subsidiaries and affiliates	2,757	1,865
Trade payables	97	133
Unrealized foreign exchange gains	–	–
Accrued expenses	363	327
Other	–	20
TOTAL	**3,217**	**2,345**

Composition of accrued expenses

	As of December 31	
(in € millions)	**2022**	**2023**
Services provided	154	105
Personnel costs	145	134
Social security charges	52	57
Tax liabilities	–	3
Financial debt	11	27
TOTAL	**363**	**327**

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	
(in € millions)	**2022**	**2023**
SUPPLEMENTARY BENEFITS IN ADDITION TO DEFINED-BENEFIT RETIREMENT PLANS [(a)]		
Gross commitments	471	540
Commitments net of retirement plan assets	326	406

(a) Commitments measured using the actuarial method.

These net commitments are presented off-balance sheet (see Note 17 to the parent company financial statements). The main commitment is 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	
	Retirement plan for senior managers	
(in € millions)	2022	2023
Gross commitments	400	469
Commitments net of retirement plan assets	288	370

Main actuarial assumptions

	Year ended December 31	
	Retirement plan for senior managers	
(%, except for ages, expressed in years)	2022	2023
Discount rate	4.0%	3.3%
Expected return on plan assets	4.0%	3.3%
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	
(in € millions)	2022	2023
SUPPLEMENTARY BENEFITS IN ADDITION TO DEFINED-BENEFIT RETIREMENT PLANS [(a)]		
Gross commitments	32	42

(a) Commitments measured using the actuarial method.

Severance pay for Executive Committee members

Severance pay for members of the Executive Committee in certain cases of termination of their terms of office or functions was set at twice the gross compensation (fixed, variable, and benefits in kind) they received over the 12 months preceding the date of termination.

NOTE 17. OFF-BALANCE SHEET COMMITMENTS

Main commitments given directly and indirectly by the Company

	As of December 31	
(in € millions)	**2022**	**2023**
Put options held by non-controlling interests over the Company's direct and indirect equity interests [(a)]	323	356
Post-employment benefits [(b)]	326	406
Rents	104	92
Services provided	21	91
Derivatives [(c)]	5,463	6,853
Security interests [(d)]	2,000	2,000
Guarantees	1	1
TOTAL	**6,238**	**9,799**

(a) Commitments given directly or indirectly by the Company (see section "Put options over the Company's direct and indirect equity interests below for more details").
(b) Net commitments in respect of defined-benefit retirement plans (see Note 16 to the parent company financial statements).
(c) €6,853 million, corresponding to the nominal amount of cross-currency swaps and interest rate swaps.
(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 non-controlling interests in certain direct or indirect equity interests, 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, 2023.

Other commitments

The Company and certain of its subsidiaries are parties to various legal and arbitration proceedings arising in the ordinary course of business. 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.

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 its subsidiaries.

NOTE 18. HEADCOUNT

Average number of Company employees during the year

	Year ended December 31			
(in number, except %)	**2022**		**2023**	
Executives and managers	843	84%	892	86%
Supervisors and technicians	99	10%	83	8%
Office workers	63	6%	66	6%
TOTAL	**1,004**	**100%**	**1,042**	**100%**

NOTE 19. RELATED PARTY TRANSACTIONS

The main related parties are the Group's equity-accounted companies, the members of the Executive Committee and the members of the Board of Directors.

Transactions with equity-accounted 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 members of the Executive Committee and Board of Directors are provided in Note 4 to the parent company financial statements. Details of retirement commitments made by Danone to corporate officers and Executive Committee members are provided in Note 16 to the parent company financial statements. Related party agreements are described in section 6.6 *Related party agreements and commitments*.

NOTE 20. SUMMARY OF SHARES HELD IN PORTFOLIO

Shares in subsidiaries and affiliates

	As of December 31	
(in € millions)	**2022**	**2023**
Gross amount	27,946	27,946
Provisions for impairment	(167)	(192)
CARRYING AMOUNT	**27,778**	**27,753**

DANONE treasury shares

	As of December 31			
	2022		**2023**	
(in € millions, except number of shares)	**Number of shares**	**Carrying amount**	**Number of shares**	**Carrying amount**
Treasury shares classified as "Long-term financial assets" [(a)]	30,059,360	1,499	30,059,360	1,542
Treasury shares classified as "Marketable securities" [(a)]	390,636	20	61,881	3
TOTAL	**30,449,996**	**1,519**	**30,121,241**	**1,545**

(a) See classification in Note 1 to the parent company financial statements.

NOTE 21. EARNINGS AND OTHER SIGNIFICANT INFORMATION RELATING TO THE LAST FIVE YEARS

	2019	2020	2021	2022	2023
CAPITAL AT YEAR-END					
Share capital *(in €)*	171,530,202	171,657,400	171,920,622	168,959,483	169,443,282
Number of shares issued	686,120,806	686,629,600	687,682,489	675,837,932	677,773,128
OPERATIONS AND EARNINGS FOR THE YEAR					
(in € millions)					
Sales before tax	593	622	635	699	890
Net income before tax, depreciation, amortization and provisions	431	1,877	3,807	1,412	2,259
Income tax [(a)]	79	73	47	45	76
Net income after tax, depreciation, amortization and provisions	471	1,931	3,674	1,353	2,280
Dividends paid [(b)]	1,441	1,272	1,249	1,291	1,423
EARNINGS PER SHARE					
(in € per share)					
Earnings per share after tax but before depreciation, amortization and provisions	0.74	2.84	5.60	2.15	3.45
Earnings per share after tax, depreciation, amortization and provisions	0.69	2.81	5.34	2.00	3.36
Dividend per share	2.10	1.94	1.94	2.00	2.10
PERSONNEL					
Average number of employees for the year	919	990	1,008	1,004	1,042
Payroll expense *(in € millions)*	200	169	160	178	218
Amounts paid in respect of employee benefits (social security, social benefit schemes, etc.) *(in € millions)*	95	91	94	104	104

(a) Income (expense).

(b) Amount relating to the 2023 fiscal year estimated as of December 31, 2023 based on the number of treasury shares held on that date by the Company. The 2022 dividend corresponds to the amount actually paid during the 2023 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, 2024, the date on which the Board of Directors approved the parent company financial statements for the year ended December 31, 2023.

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, 2023.

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, 2023 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, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) N° 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 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
As of December 31, 2023, equity interests amounted to €27 753 million out of a balance sheet total of €33 054 million. As indicated in Note 1 to the financial statements of the parent company Danone, section *Financial fixed assets*, they are subject to impairment when their asset value is lower than their carrying value. Asset value is determined by management based on a variety of criteria, including market value, value in use based on discounted forecast cash flows and restated equity. The assumptions, estimates or assessments used to determine the asset value shall be established on the basis of information or situations existing at the date of preparation of the accounts, which may, where appropriate, prove to be different from reality, in particular in a context of economic and financial volatility. Estimating the asset value of these securities thus requires the exercise of management's judgment in its choice of the elements to be considered according to the holdings concerned, as well as, for the determination of the value in use, the estimation of the future performance of the entities concerned and the discount and long-term growth rates. Given the materiality of equity securities to the company's balance sheet and the judgment required to estimate their asset value, we considered the valuation of equity securities to be a key issue of the audit.	Our work mainly consisted in the following, for a sample of equity interests determined based on qualitative and quantitative criteria: ■ Gain an understanding of the procedures for implementing the impairment tests carried out by the management; ■ Verify, on the basis of the information provided to us, that the estimate of the asset values of equity securities determined by management is based on an appropriate justification of the valuation methodology and figures used; ■ For valuations based on historical data: • 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 forecasted data: • obtaining the forecasted operating cash flows for the activities of the entities concerned and reconciling them with the forecasted data provided in the latest strategic plans; • examining the reasonableness of the assumptions made 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. We also examined the information provided in Notes 1 and 9 to the financial statements of the parent company Danone.

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.

In accordance with French law, we report to you that the information relating to payment times referred to in Article D.441-6 of the French Commercial Code (*Code de commerce*) is fairly presented and consistent with the financial statements.

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 equity and control acquisitions, 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 December 17, 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 April 28, 2016 for ERNST & YOUNG Audit and on April 22, 2022 for MAZARS & Associés.

As of December 31, 2023, the MAZARS & ASSOCIES firm was in the second year of its mission without interruption and the ERNST & YOUNG Audit firm was in the eighth year.

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. 821-55 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. 821-27 to L. 821-34 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 5, 2024

The Statutory Auditors

French original signed by

MAZARS & ASSOCIES		ERNST & YOUNG Audit	
Achour MESSAS	Gonzague SENLIS	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, 2023					
	Invoices received, unpaid and overdue as of the reporting date					
(in € millions unless stated otherwise)	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	52					**470**
Total amount of invoices concerned (including taxes)	5.0	5.8	3.7	0.2	4.2	**13.9**
Percentage of total purchases for the year (excluding taxes)	0.7%	0.8%	0.5%	0.0%	0.6%	**1.8%**
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						689
Total amount of excluded invoices						5.5
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					
	Invoices issued, unpaid and overdue as of the reporting date					
(in € millions unless stated otherwise)	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	155					**1,079**
Total amount of invoices concerned (including taxes)	5.5	-0.1	2.1	0.0	37.4	**39.4**
Percentage of total purchases for the year (excluding taxes)						
Percentage of sales for the year (excluding taxes)	0.6%	–%	0.2%	–%	4.2%	**4.4%**
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

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

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5.1 INTRODUCTION

A consistent, deeply rooted and impact-focused sustainability journey

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

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

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

- Recognizing the importance and co-dependence of Health through Food, Nature and People & Communities;
- Hardwiring sustainability into the business, from a strategic, operational and financial perspective;
- Putting impact, and Danone's ability to meaningfully impact the food systems and the ecosystems it operates in, at the heart of what the Group does.

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

Key highlights from Danone's 2023 sustainability journey

- In February 2023, the Group reframed its sustainability roadmap - the Danone Impact Journey.
- Danone announced it was targeting a 30% absolute reduction in methane emissions from fresh milk used in its dairy products by 2030, from a 2020 baseline, becoming the first major food company to align its targets with the Global Methane Pledge. The Group also became the first corporation to join the Global Methane Hub's Enteric Fermentation R&D Accelerator, which aims to create new scalable and practical solutions for dairy farmers to reduce methane emissions.
- In October 2023, Danone published its Affordability and Accessibility approach: *Reaching as Many People as Possible: Our efforts to make healthy products affordable and accessible,* as part of its actions to offer healthy food and drinks that are safe and accessible, whether physically or in terms of price.
- 68% of Danone's employees and 82.5% of its global sales are now covered by B Corp certification, marking significant progress toward Danone's ambition to accelerate its roadmap and become the largest certified multinational.
- Danone is one of the only ten companies in the world to be recognized, for the fifth year in a row, by CDP for its environmental leadership on the three assessed fields of climate change, forest preservation and water security, by once again achieving AAA status.
- Danone accelerated its well-being roadmap by launching a new program called Be Well, which is designed to support all Danone employees to be at their healthiest. Be Well is in line with the Group's belief that people and teams are the most important asset. The program is built around three key action areas: nutrition, mental wellness, and physical well-being.

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

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

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

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

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

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

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

A consistent set of principles to drive business sustainability

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

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

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

- impact people's health locally, thanks to a portfolio of healthier products, with brands encouraging better nutritional choices, and by promoting better dietary habits;
- preserve and renew the planet's resources, by supporting regenerative agriculture, protecting the water cycle and strengthening the circular economy of packaging, across its entire ecosystem, in order to contribute to the fight against climate change;
- entrust Danone's people to create new futures: building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Group, both locally and globally;
- foster inclusive growth, by ensuring equal opportunities within the Group, supporting the most vulnerable partners in its ecosystem and developing everyday products accessible to as many people as possible.

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

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

B Corp ambition

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

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

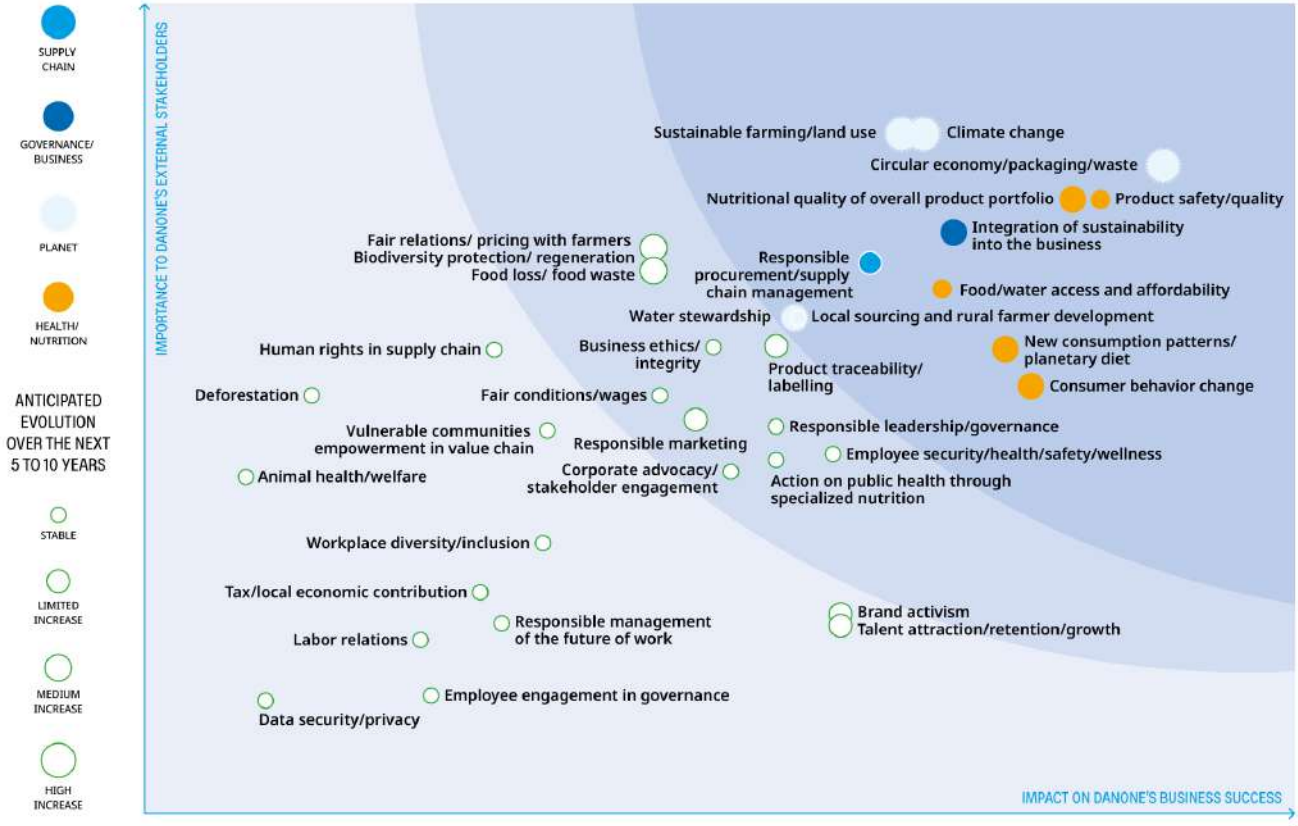
In 2023, 68% of employees and 82.5% of global sales were covered by B Corp certification, marking significant progress. These achievements reflect Danone's ambition and efforts to be fully certified at global level by 2025. In achieving this, Danone will become the largest B Corp in the world, leading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

Materiality analysis to highlight main externalities

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

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

[1] *The French "Société à Mission" status is defined by Article L.210-10 of the French Commercial Code (Code de commerce), introduced by the May 22, 2019 law, commonly known as the "PACTE" law. It requires companies adopting this status to: define a purpose ("raison d'être") and write it into the company's by-laws, include in its by-laws social and environmental objectives aligned with that purpose, create a mission committee responsible for monitoring progress toward these objectives, appoint an independent third party to verify that the mission is carried out: goals achieved, consistent trajectories and adequate means implemented.*



This materiality analysis is the result of a global consultation with more than 380 internal and external stakeholders, including more than 230 external and local stakeholders (national authorities, NGO representatives, academics, experts, suppliers, investors, etc.). Stakeholders shared their views on issues that Danone needs to prioritize as a business today, and over the next five to ten years.

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

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

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

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

- **identify risks through research** on risks affecting its activities and value chain over the short, medium and long term;
- **work with its experts** to assess the most significant risks based on its activities, probability of occurrence, and potential impacts on its stakeholders (employees, shareholders, business partners and communities) and its results;
- **identify and consolidate Danone's top 13 sustainability risks**;
- **have the list of risks and material topics monitored and reviewed by several governance bodies**: the Sustainability Integration Committee (now replaced by the Global Impact Steering Committee and the Global Engagement Committee), and the Social Responsibility Committee (now called the CSR Committee).

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

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

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

5.2 HEALTH THROUGH FOOD

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

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

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

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

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

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

Governance

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

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

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

OFFER TASTIER AND HEALTHIER FOOD AND DRINKS

Definition

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

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

Policies, action plans and outcomes

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

Improving the nutritional quality of the portfolio through product development

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

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

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

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

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

PROMOTE HEALTHIER CHOICES

Transparency through labelling

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

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

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

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

Responsible communication

Definition

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

Governance

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

Responsible Marketing Policy is overseen globally by the Vice President Public Affairs reporting to the General Secretary, who is a member of the Executive Committee.

Policies

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

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

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

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

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

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

Action plans

Responsible communication and marketing to children

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

- Marketing communications can only be used for products that achieve the nutrition criteria outlined in the Pledge on Marketing to Children. These criteria take precedence over any voluntary local standards that are less stringent. The details of the measures taken, including with respect to the use of influencers and licensed characters on packaging and at points of sale, are set out in the Danone Pledge on Marketing to Children (see Danone's website for more information);
- Through its brands, Danone encourages and promotes healthy hydration habits and endeavors to make plain water more appealing to children. The Group does not direct any marketing communications for aquadrinks to children under the age of 13;
- More generally, Danone is further committed to complying in all of its communications to consumers with the Codes of the International Chamber of Commerce, which includes no undermining of parental authority, no suggestion of a sense of urgency, no encouragement of pester power or unhealthy lifestyles and no misleading of children using fantasy.

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

Outcomes

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

Marketing of breast milk substitutes

Definition

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

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

Governance

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

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

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

Policies

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

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

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

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

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

Action plans

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

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

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

Outcomes

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

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

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

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

PROVIDE POSITIVE NUTRITION AND HYDRATION FOR HEALTHIER LIFE

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

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

- providing positive nutrition through fortification;
- developing impact-oriented projects to expand Danone's contribution to reducing iron deficiency anemia and to support women's choice of breastfeeding;
- and increasing access to safe drinking water.

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

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

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

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

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

- understanding local realities: through data on health and nutrition in the countries where the Group operates, and through data about local consumption and pricing dynamics;
- developing distribution channels and supporting projects to enhance the accessibility of healthy products.

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

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

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

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

INVEST IN NUTRITION AND HYDRATION SCIENCE AND RESEARCH

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

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

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

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

ENSURING QUALITY AND FOOD SAFETY

Definition

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

Governance

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

The SVP QFS is accountable for:

- establishing, maintaining, and managing the Danone Quality Management System (QMS);
- anticipating QFS risks and defining preventive actions and mitigation options;
- delivering scientific and regulatory evaluations to enable informed business decisions;
- defining and deploying across the organization the Danone QFS standards, policies and positions, as well as the end-to-end processes applicable in the value chain;
- driving the development and implementation of new capabilities (resources, trainings, information systems);
- assessing the compliance and effectiveness of the whole system and monitoring the QFS performance;
- strengthening Danone's culture of quality across the organization.

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

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

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

- implementing Danone's QFS requirements and applicable Food Safety regulations;
- managing and escalating QFS non-conformities according to internal applicable rules (i.e., product non-conformities management procedure, or crisis management policy);
- defining and implementing appropriate corrective and preventive actions;
- and monitoring QFS compliance and performance reviews.

Policies

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

- Danone's QFS Commitments based on the four pillars (be trusted, be preferred, be efficient, and be proud);
- Danone QFS Manual, which describes the way the Group operates;
- Danone's Food Safety Policy, which was updated in 2023, and refers to the Danone Food Safety Management System (FSMS), which is embedded in the global QMS and aligned with ISO 22000 and FSSC 22000 operating guidelines.

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

A strong process for anticipating and measuring risks:

- A risk anticipation process, involving corporate, business, regional teams and subsidiaries, functions based on an end-to-end approach, identifying new QFS developments (science, analytical methods, regulations, and standards) by leveraging internal and external competencies and connections;
- A risk assessment performed by the Danone Food Safety Center's qualified experts, using the most advanced science risk assessment approaches, which allow informed business decisions;
- Danone goes above and beyond local and international regulations by defining its own QFS requirements based on the latest science and highest international standards and in line with evolving consumer/customer needs and expectations. These standards guarantee application of a single benchmark for all the products and technologies wherever they are sold or produced.

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

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

- QFS audits at manufacturing sites (Danone factories, third party manufacturers) and supplier production sites aiming to prevent and mitigate risks by verifying compliance with internal standards and obtaining external certification through recognized/equivalent schemes;
- QFS end-to-end key performance indicators reported monthly or quarterly;
- QFS quarterly and annual performance reviews of results, projects, and priorities.

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

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

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

Action plans

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

- overall governance of the QFS function, with the aim of:
  - enhancing end-to-end efficiency, with the QFS corporate departments gathered in the same global organization under the responsibility of the SVP QFS,
  - increasing independence, by placing the Food Safety auditing system under the accountability of the Chief Research, Innovation, Quality and Food Safety Officer;
- risk anticipation, with the Public Positions and Policies Committee led by the VP QFS Standards and Risk Management, which has delivered positions on key topics (Precision Fermentation, Per-and polyfluoroalkyl substances and Ultra-Processed Foods). The Committee is also analyzing the further development of the Group's positions on Plastics and Health, Endocrine Active Substances, and Food Additives use including Sweeteners;
- reshaping and harmonization of cross-category standards with a "risk-based approach", and the delivery of numerous methods and tools to enable safe innovation and manufacturing (work in this area goes beyond the revision/creation of standards and general procedures on management of QFS in design, consumer feedback management and Culture of Quality management);
- measures to make FS Audit governance and respective accountabilities more effective in remedying any non-conformities identified and strengthening of the auditors' teams and skills;
- the global Product Non-Conformity (PNC) Management program, with the implementation of a best-in-class management platform to record and track corrective and preventive action plans (CAPAs) on product non-conformities, and the establishment of a global forum to enhance PNC management processes and learning;
- data and digital roadmap deliveries: data analytics studies and data product development, with the launch of digital solutions (for product non-conformity management and quality inspections in stores), as well as the continuous deployment of laboratory information management systems as well as traceability and consumer service capabilities;
- reinforcement of ties with the scientific and regulatory ecosystem as well as governmental and industry partners, such as:
  - food safety collaborations with the best experts (for instance, one scientific publication has already been issued, with three more in advanced stages for submission late 2023 and early 2024) and 14 speeches/presentations have been given externally at scientific seminars, workshops and conferences;
  - the Annual Scientific Advisory Board (SAB) made up of world-renowned experts.

Outcomes

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

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

5.3 NATURE

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NATURE STRATEGY

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

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

Governance

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

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

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

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

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

These teams work closely with:

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

Environmental risk and management systems

Environmental management systems and tools

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

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

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

GREEN audit program

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

This allows the Group to monitor and control atmospheric emissions (greenhouse and refrigerant gases) and discharges into water (wastewater) and soil (treatment plant sludge and waste generated by livestock at some subsidiaries) resulting from its activities, as well as measure noise pollution generated by its production sites. The GREEN framework includes an assessment of the water-related risks, the methodology for which was reviewed and updated in 2020 by the Water Cycle team (see section 5.3 *Nature* section *Preservation of water resources).*

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

	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
SITES HAVING UNDERGONE A GREEN AUDIT			
Number of sites	123	111	108
Percentage of sites	71%	64%	71%
Percentage of production covered by a GREEN audit	88%	81%	86%
COMPLIANCE WITH GREEN STANDARDS			
Number of compliant sites	105	96	93
Percentage of compliant sites	85%	86%	86%
Percentage of compliant production	93%	93%	91%

Responsible communication

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

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

Policy

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

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

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

Implementation

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

FIGHT AGAINST CLIMATE CHANGE

Governance

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

- the Group Deputy CEO in charge of Finance, Technology & Data who plays a pivotal role in measuring, controlling, and reporting climate-related issues, focusing on assessing and managing climate risks and opportunities. He is responsible for ensuring that Danone's economic value creation aligns with its mid- and long-term sustainability goals, including reducing GHG emissions in line with the 1.5°C target;
- the Chief Procurement and Cycles Officer (CPO), as part of Operations, who is in charge of managing climate-related risks and opportunities within Danone's procurement strategy. Given that procurement-related categories account for nearly 80% of Danone's total emissions, the CPO's role is key.

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

- the Global Impact Steering Committee, which is responsible for overseeing the execution of the Danone Impact Journey, particularly the eight climate-related programs; and
- the Global Engagement Committee, which handles reporting, governance and internal and external engagement.

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

Identifying the risks related to climate change

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

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

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

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

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

(a) The significance of the potential financial impact has been assessed on the basis of the reduction in the Group's profit margin if the risk were to occur.

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

Policies and action plans

Climate Transition Plan

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

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

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

Action plans – reduction of emissions

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

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

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

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

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

Scopes 1 & 2 energy and industrial

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

Direct operations | Re-Fuel Danone

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

Scopes 1 & 3 FLAG

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

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

Regenerative agriculture and farm efficiency

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

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

Ingredient supplier engagement

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

Removing deforestation and conversion from Danone's supply chain

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

Scope 3 energy and industrial

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

Packaging

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

Logistics

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

Co-manufacturing

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

Cross-cutting action plans

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

Incentives linked to climate performance indicators

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

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

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

Danone will follow SBTi guidelines regarding:

- abatement within the value chain to residual emission levels in line with a 1.5°C world by no later than 2050;
- mitigation beyond the value chain to contribute to global decarbonization during the transition period;
- neutralization of all residual emissions (or "removals") from 2050 onwards.

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

Focus – Training and awareness programs

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

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

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

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

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

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

Outcomes

ENERGY EFFICIENCY AND RENEWABLE ENERGIES

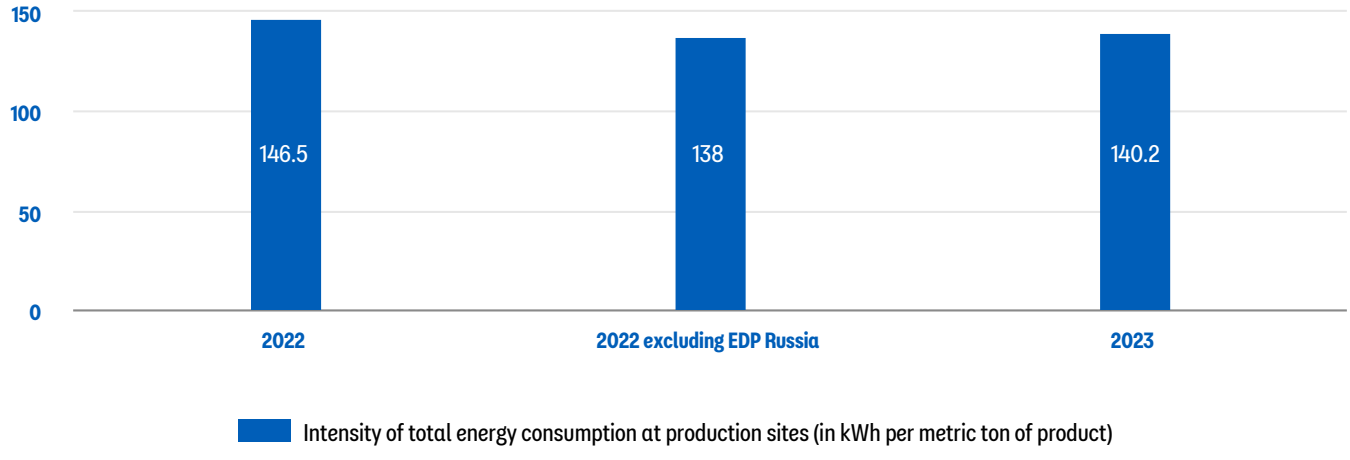
	Year ended December 31		
(in MWh)	**2022**	**2022 excluding EDP Russia**	**2023**
Thermal energy [(a)]	3,160,015	2,892,330	2,820,486
Electricity [(a)]	1,972,672	1,837,447	1,768,571
TOTAL	**5,132,687**	**4,729,777**	**4,589,057**
Energy consumption intensity *(in kWh per metric ton of product)*	146.5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

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

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

INTENSITY OF TOTAL ENERGY CONSUMPTION AT PRODUCTION SITES

(in kWh per metric ton of product)



RENEWABLE ENERGY USE

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

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

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

Greenhouse gas emissions

Danone measures the greenhouse gas emissions of its entire value chain (scopes 1, 2 and 3) based on the international GHG Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development (Greenhouse Gas Environment scope, see section 5.8 *Methodology note*).

Greenhouse gas emissions on scopes 1 and 2

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

Danone set its scope 1 and 2 energy and industrial emissions target according to the GHG Protocol "market-based" method in order to reflect the share of renewables in its energy mix (Greenhouse Gas Environment scope, see section 5.8 *Methodology note*).

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

	Year ended December 31					
Scope 1 and 2 energy and industrial emissions, market-based *(in $ktCO_2$)* [(a)]	2020	2020 excluding EDP Russia	2022	2022 (hors EDP Russie)	2023	2030 science-based target
Scope 1	668	601	666	611	573	
Scope 2	479	443	276	258	256	
TOTAL SCOPES 1 & 2 ENERGY AND INDUSTRIAL EMISSIONS	**1,147**	**1,044**	**942**	**869**	**829**	
Absolute energy and industrial emissions evolution, scopes 1 and 2, market-based since 2020				-16.8%	-20.7%	-46.3%

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

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

Scope 1 FLAG emissions *(in $ktCO_2eq$)* [(a)]	2020	2020 excluding EDP Russia	2022	2022 excluding EDP Russia	2023
Scope 1 FLAG	186	169	165	147	216

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

Greenhouse gas emissions on scope 3

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

	Year ended December 31		
(in $ktCO_2eq$) [(a)]	2022	2022 excluding EDP Russia	2023
Purchased goods and services	18,708	17,210	16,589
Upstream transportation and distribution of goods	336	313	303
Downstream transportation and distribution of goods	2,132	2,022	2,059
Use of sold products	733	677	714
End-of-life treatment of sold products	840	817	692
Fuel and energy related activities	252	235	206
Waste generated by operations	99	96	51
TOTAL SCOPE 3	**23,100**	**21,370**	**20,614**

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

Greenhouse gas emissions on scopes 1, 2 and 3

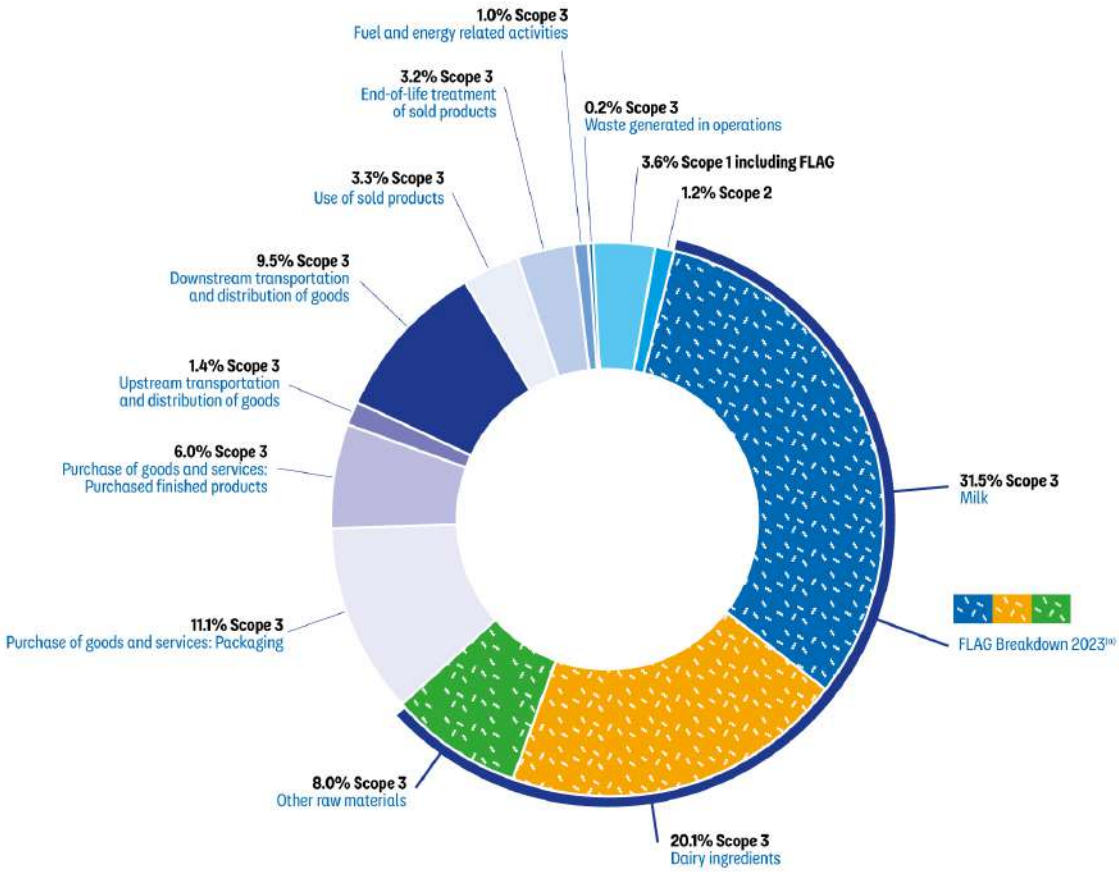
	Year ended December 31		
Greenhouse gas emissions inventory *(in $ktCO_2eq$)* [(a)]	2022	2022 excluding EDP Russia	2023
Scope 1 including FLAG	831	758	789
Scope 2 [(b)]	276	258	256
Scope 3	23,100	21,370	20,614
TOTAL SCOPES 1, 2 AND 3	**24,207**	**22,386**	**21,659**

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

Danone's total emissions from its value chain in 2023 for scopes 1, 2 and 3 decreased by 0.7 million tCO_2eq compared to 2022 (excluding EDP Russia), mainly due to the results of volume effect, reporting improvement and supplier engagement.

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

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



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

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

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

(in $ktCO_2eq$) [(a)]	2020	2020 excluding EDP Russia	2022	2022 excluding EDP Russia	2023	2030 science-based target
Scope 1 FLAG	186	169	165	147	216	
Scope 3 FLAG	15,608	13,699	14,314	12,944	12,888	
TOTAL FLAG	**15,794**	**13,868**	**14,479**	**13,091**	**13,104**	
Absolute total FLAG emissions evolution since 2020			**-8.3%**	**-5.6%**	**-5.5%**	**-30.3%**
Scope 3 energy and industrial	7,298	7,011	7,347	7,073	6,351	
Absolute scope 3 energy and industrial emissions evolution since 2020			**0.7%**	**0.9%**	**-9.4%**	**-42.0%**

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

Methane emissions of dairy category fresh milk

In 2023, Danone announced a global action plan aiming for a 30% reduction in absolute methane emissions of dairy category fresh milk by 2030, using 2020 as the baseline. This initiative, focusing on the methane emissions linked to its dairy products, positions Danone as the first food and beverage Group to align its targets with the Global Methane Pledge. Danone expects to remove 1.2 million tCO_2eq of methane emissions by 2030.

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

- **The Environmental Defense Fund (EDF):** Danone has launched a strategic partnership with EDF to support its methane reduction ambitions. Danone and EDF are working together in areas such as improved science, data and reporting standards, innovative financing models to help farmers of all sizes, and catalyzing industry and policy leadership through advocacy.
- **The Global Methane Hub (GMH):** The GMH is an international alliance of more than 20 leading philanthropies and organizations that have committed to supporting the development and implementation of tangible methane reduction solutions by 30% by 2030. Danone became the first Group to join the GMH's Enteric Fermentation R&D Accelerator which aims to create new scalable and practical solutions for dairy farmers to reduce methane emissions. The Accelerator, which has already raised $200M in funding, will invest in breakthrough research and innovation to create new scalable and practical solutions for livestock farmers.
- **Dairy Methane Action Alliance (DMAA)**: Danone, together with other global dairy companies (Bel Group, General Mills, Kraft Heinz, Lactalis USA and Nestlé), announced at COP28 the launch of the DMAA, under the leadership of the Environmental Defense Fund (EDF). DMAA aims to mobilize others in the dairy industry, drive pre-competitive collaboration and send a clear market signal that the future of dairy is low-methane. The DMAA members will work together to drive harmonization in measurement and reporting, support enabling policies and tackle other methane reduction challenges in the dairy industry.

METHANE EMISSIONS OF DAIRY CATEGORY FRESH MILK

(in $ktCO_2eq$) [(a)]	2020	2022	2023	2030 Methane pledge
Methane emissions of dairy category fresh milk	4,091	3,494	3,548	
Absolute methane emissions reduction vs 2020		14.6%	13.3%	30%

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

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

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

External recognition

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

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

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

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

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

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

Danone's disclosures related to climate change are in line with the recommendations of the TCFD. The following table reconciles the main information included in this Universal Registration Document with disclosures related to these recommendations.

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

REGENERATIVE AGRICULTURE

Definition

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

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

Policies

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

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

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

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

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

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

Action plans and outcomes

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

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

- The Cool Farm Tool (in 15 countries) and CAP2ER (in France) to monitor the greenhouse gas footprint of the purchased milk, now covering in total 91% of our direct milk collection volumes from farms. Danone has already achieved great progress, including 500 ktons in reductions between 2020 and 2023 thanks to our on-farm action plans,
- Danone's environmental regenerative agriculture scorecard, and
- Danone's animal welfare assessment (see each sub-section below).

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

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

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

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

Protecting soils, water and biodiversity

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

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

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

- In 2017, Danone France implemented the Les 2 Pieds sur Terre project in collaboration with with Danone Produits Frais France, Les Près Rient Bio, IDELE (National French Livestock Institute), and MiiMOSA. The project aims to support dairy farmers to reduce their carbon footprint and regenerate soil. Since its launch in 2017 till the end of the year 2023, the project has reached the following outcomes:
  - 92% of dairy farmers supplying Danone France in 2023 have made a carbon assessment of their farm. Overall, the program has financed more than 2,800 carbon assessments.
  - 53% of dairy farmers supplying Danone France in 2023 have conducted a comprehensive evaluation of their soil's regenerative practices.
  - 600 individual supports have been provided by external technicians (from the dairy counselling ecosystem) to dairy farmers, in order to design a Carbon roadmap at farm level that identifies the ways and practices to reduce the dairy carbon footprint.

  The project has achieved a 10% reduction in greenhouse gas emissions in kg CO_2 eq. per liter of milk collected between 2016 and 2022.
- Danone France has also worked on the Pachamama project, to support French fruit, vegetable and cereal farmers in applying and sharing regenerative agriculture practices that respect soil health and biodiversity. By the end of 2023, the project had reached 38 pilot farms, held 67 training sessions on regenerative agriculture and shared external expertise with 375 farmers and technicians.
- In 2017, Danone North America launched a Regenerative Agriculture Program, built in collaboration with farmers who supply milk for various Danone North America brands such as *Oikos*, *Two Good*, and more. The program aims to increase soil organic matter, improve yields, reduce chemical use, restore biodiversity, and enhance soil water holding capacity to provide farms with improved, long-term economic resilience. As of 2023, the Program has scaled to over 94 farms and 149,808 acres. Danone North America partners with Sustainable Environmental Consultants to continue deploying their R3 tool - "Robust, Resilient and Reliable" - to help farms understand the potential return on investment of regenerative agriculture practices. Since 2023, Danone North America has worked with a set of value chain partners to expand this program. This is being supported by a $70 million grant that was awarded to Danone North America by the U.S. Department of Agriculture to support the Climate Smart Commodities Initiative. The program has arrived at 80% enrollment for fresh milk dairy suppliers and 90% enrollment of almond suppliers.
- In 2021, Danone Brazil launched the Flora Project to implement regenerative practices for different dairy production models, such as rotational grazing with tree shading, no-tillage, cover crops and manure management. The project started in 2021 with 22 hectares and in 2023 the Flora Project covered around 1,400 hectares with regenerative practices, contributing to the farms seeing improvements in soil health, biodiversity, feed autonomy and forage quality.
- To accelerate the transition of its Plant based portfolio in Europe, in 2022, Danone started to define programs for soybean, almond, and oat with local authorities and suppliers. In parallel, Danone also engaged through its iconic plant-based brand *Alpro* to be part in Science Based Targets for Nature (SBTN) pilot group together with key food businesses and retailers, leading the way in preparing to set the first science-based targets for nature. This global alliance develops a systemic approach for companies and cities to holistically assess and prioritize their environmental impacts on nature across freshwater, land, ocean, biodiversity and climate.

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

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

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

Developing sustainable relationships with farmers

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

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

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

In 2022, Danone also organized an EU farm tour as part of the global project Farming for Generations, where farmers and field technicians from Danone Poland, Germany and Romania received a visit from one of the most advanced farmers from the Danone North America portfolio and shared their respective challenges and best practices. The learnings were shared with more than 50% of farmers in Danone Poland and Danone Romania. In 2023, the Group continued to share these learnings throughout its network to support the scaling up of regenerative agriculture best practices.

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

- in Africa, Danone has deployed projects to support more than 12,000 smallholder dairy farmers across Morocco, Egypt and Algeria. In Morocco, the H'lib Bladi project was launched in 2015 with the goal of developing sustainable dairy production for smallholder farmers. The project has successfully onboarded almost 2,000 farmers. In 2022, Danone revisited this project ahead of its 2023 scale-up by expanding the goal to train 10,000 farmers. In 2014, Danone Algeria joined forces with local government and the German government Fund for Climate and Social Impact Projects (GIZ) to launch the H'lib Dzair project. The project aimed to: provide Algerian smallholders with individual training and mentoring as well as financial support to improve their livelihoods and reduce their ecological footprint; help restructure the Algerian dairy distribution system, to enable smallholders to access higher markets, improving their earnings and ability to reinvest in their farm operations. Since then, more than 1,400 smallholder farmers have been empowered, resulting in a wide range of benefits, including a 5% reduction in carbon footprint in one year by adopting best practices (from 2.80 to 2.63kg CO_2eq./kg FPCM, 2020-2021), 97% of farmers reporting improved living and working conditions and an 85% increase in income of farmers who joined the program at the start. In 2023, the project received the Innovation Dairy Award for Innovation in Sustainable Farming Practices (Socio-Economic Category) at the International Dairy Federation (IDF) World Dairy Summit.
- Danone Mexico, Danone Ecosystem, the Inter-American Development Bank, Technoserve and local partners launched the Margarita project in 2010 and have since supported more than 500 smallholder farmers in transitioning to regenerative dairy practices. Support has covered measures to improve herd management and productivity, including connected collars that monitor cow rumination and movements.

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

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

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

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

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

Respecting animal welfare

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

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

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

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

- freedom from hunger and thirst by ready access to fresh quality water and a diet that maintains full health and vigor;
- freedom from discomfort by an appropriate environment, including shelter and comfortable resting areas;
- freedom from pain, injury and disease by prevention or rapid diagnosis and treatment;
- freedom to express normal behavior, by providing sufficient space, proper facilities and company of the animals' own kind;
- freedom from fear and distress by ensuring conditions and care that avoid mental suffering.

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

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

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

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

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

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

PRESERVATION OF WATER RESOURCES

Definition

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

- understanding exposure to water-related risks through a water risk and water footprint assessment done for Danone's production sites and sourced ingredients, using the Water Risk Filter, the World Resources Institute Aqueduct and the Water Footprint Network tools;
- developing mitigation and adaptation plans leveraging a different set of actions: regenerative agriculture and water stewardship projects for its supply chain, water efficiency within its production sites and nature, technology and collective action-based solutions in the ecosystems around its production sites;
- developing a cost-benefit analysis to prioritize interventions based on the economic, societal, and environmental values they can generate.

Policies

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

- preserving water resources in watersheds in which Danone operates and in the broader supply chain;
- rethinking circularity within and around production sites;
- providing access to safe drinking water for vulnerable people and communities.

Risk identification

In 2023, the Water Sustainability team carried out the water risk assessment process for its operations, taking into account the physical, regulatory and reputational risks, to provide (i) a detailed and structured picture of all watershed and production site risks, and (ii) the baseline for defining priorities and action plans. The methodology behind this risk assessment as well as the development of local mitigation plans follow various steps, such as:

1. **Watershed risk assessment**. This uses the Water Risk Filter tool developed by the WWF to identify watersheds located in areas with physical risks related to water, including water stress, flooding, low water quality, and negative impacts on ecosystem services;
2. **Operational water risk assessment.** On this basis, each production site fills out a WWF Water Risk Filter questionnaire to identify the local physical, regulatory and reputational water-related risks it faces;
3. **Local design of action plans and roadmaps.** Danone has set up a specific tool called SPRING that guides each production site team in (i) defining and implementing water stewardship projects and (ii) adopting the most suitable practices to mitigate local water risks.

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

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

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

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

Preserving and restoring water resources in agriculture and watersheds

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

Rethinking circularity in and around Danone's production sites

PRIORITIES UNDER THE 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
By 2030: ■ *implement a holistic "4Rs" strategy - reduce, reuse, recycle and reclaim - in 100% of production sites.* *In areas of physical water stress identified by the Water Risk Assessment, by 2030 Danone will:* ■ *reduce water consumption intensity by 50% compared to 2015 or achieve a best-in-class water ratio (m_3/ton);* ■ *maximize water reclaim in and around Danone's production sites to reach 100% locally reclaimable water to protect the water cycle.*	In 2021, the Group reviewed its internal Clean Water Standards (CWS) to align them with the wastewater treatment plant capacities and with various country regulations. In 2023, 77.8% of its facilities were compliant with the CWS (vs. 76.1% in 2022). The production sites implemented improvement plans to achieve these standards. In 2020, Danone boosted its approach by adding the fourth pillar, Reclaim, to its "3Rs" Strategy (Reduce, Reuse, Recycle). In order to consolidate these efforts across all production sites and in line with the water policy commitments, the 4R roadmaps and action plans are being deployed to optimize water usage and reinforce second life for water. In 2023, 95% of its facilities had a 4R action plan, compared to 86% in 2022. Related to the Water Ratio Reduction in sites at physical water risk – Danone achieved 60.6% of its target -50% in 2023 versus 55.6% in 2022. In addition, Danone has been working for more than 20 years to use water more efficiently in its operations by prioritizing a collaborative approach. Two production sites carried out extensive 3R programs in 2021 and 2022, reducing, reusing, and recycling water in several areas of production. In 2023, this enabled the Ferrières en Bray plant to save 107 million liters of water versus 2022, while Mount Crawford saved close to 7 million liters of water over the same period. Related to the fourth R – Reclaim, Danone built 11 Reclaim units in 2023. These units further purify the production sites' treated wastewater, allowing it to be reused inside these sites. The production sites at which Reclaim units were built included: ■ **Wevelgem, Belgium:** At this plant-based production site, the Reclaim unit opened in 2021. In 2022, it produced 700 million liters of reclaimed water from treated wastewater, enabling a plant water intake reduction of 50%, and a water discharge volume reduction of 70% compared to 2020 without reclaim. The 2023 performances of the Reclaim unit are stable, with 540 million liters of reclaimed water produced. ■ **Feng Run, China:** At this beverage production site, the Reclaim unit opened in 2022. It was designed to reclaim up to 50 million liters of water to be used in cooling towers, gardening and cleaning. In 2023, 20.25% of water were reclaimed, allowing future growth to maximize the facility's usage. ■ **Mount Crawford, USA:** At this dairy production site, the Reclaim unit opened in 2023. It was designed to produce up to 200 million liters of reclaimed water, currently used for cooling towers. In 2023, 7 million liters were produced. ■ Finally, two new Reclaim units were in the design phase in France in 2023, one in Ferrières en Bray and another in Volvic, both aiming to reuse around 200 million liters of treated wastewater from utilities and process water, as this practice is expected to be permitted by French regulations from 2024.

Providing access to safe drinking water for vulnerable people and communities

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

Outcomes

Water use in operations

(in thousands of m^3)	Year ended December 31 2022	2022 excluding EDP Russia	2023
WATER DRAWN FROM THE SURROUNDING AREA [(a)]			
River water	2,810	2,516	2,486
Municipal water	20,985	19,243	18,408
Well water	43,088	41,494	40,090
TOTAL WATER DRAWN VOLUME	**66,883**	**63,253**	**60,985**

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

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

- 46% went into finished products, mainly at bottling sites, or was used for by-products;
- 54% was used in industrial processes, with details given in the table below.

(in thousands of m^3)	Year ended December 31 2022	2022 excluding EDP Russia	2023	2030 target
WATER RELATED TO THE PRODUCTION PROCESS [(a)]				
Consumption *(in thousands of m^3)*	37,376	33,984	32,945	
Intensity of consumption *(in m^3 per metric ton of product)*	1.07	0.99	1.01	
% OF PRODUCTION SITES AT PHYSICAL RISKS HAVING REDUCED BY 50% THEIR WATER INTENSITY FROM 2015 BASELINE, OR REACHED THE BEST-IN CLASS PERFORMANCE LEVEL	**56%**	**56%**	**61%**	**100%**

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

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

Discharged wastewater quality and chemical oxygen demand (COD)

In all its production sites, Danone applies strict concentration limits to all wastewater discharges into the environment. These limits are based on Clean Water Standards (CWS) and are measured using applicable methods. Net chemical oxygen demand (COD), i.e. the amount of oxygen required to oxidize organic and mineral compounds in water, is used to measure the quality of wastewater discharges from production sites after any on- or off-site treatment. Danone's assessment of off-site treatment effectiveness is based on certain assumptions (see section 5.8 *Methodology note*).

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

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

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

FORESTS AND NATURAL ECOSYSTEMS

Definition

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

Tackling deforestation and conversion of natural ecosystems

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

Renewed Forest Policy

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

The new policy sets out the following three core pillars:

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

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

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

Action plans and outcomes

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

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

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

Upstream supply chain transparency and risk mitigation through certification

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

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

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

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

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

  In 2022, an external commodities consultancy (3Keel) helped Danone to reinforce its traceability process for the other forest-risk commodities (soybeans, cocoa, paper and board). The purpose is to assess supplier performance in delivering traceable and verified DCF commodities, obtain traceability information to determine the closest, or actual (where possible) location of commodity production, identify suppliers who are not compliant with Danone's policy and work with them to achieve transparent verified DCF supply chains;
- **soybeans** used in plant-based products: in Europe (Alpro) and in North America, 100% of soybeans come from areas with little or no risk of deforestation and land conversion. In addition, 100% of soy used for the Alpro brand is ProTerra segregated certified;
- **animal feed (embedded soy)**: Danone estimates that soy accounts for less than 5% of the feed consumed by the dairy cows in its supply chain. In order to identify the deforestation risks accurately, Danone has been conducting country by country assessment of soy feed volume and origin through its Cool Farm Tool. At the end of 2023, Danone has analyzed soy sourcing for 91% of its milk volumes (milk sourcing coverage has been changed by the exclusion of Russia from Danone's scope and the inclusion of Turkey in the scope assessed with Cool Farm tool). Within these milk volumes, 52% of soy consumed is from low-risk origin, 8% is certified, and 40% is at risk of potential deforestation as Danone is lacking of visibility regarding the origin. Of that 40% total soy volume, the Group compensates 37% by purchasing RTRS (Round Table on Responsible Soy) credits. Countries being assessed for the first time are not required to purchase RTRS credits in order to budget for the coming year or to compensate the volumes at risk in another way.

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

i. increasing traceability systemically;

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

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

- **paper and board**: In 2023, Danone worked with its suppliers to implement and prioritize traceability and ensure a Deforestation and Conversion Free (DCF) supply chain, in particular by reinforcing its processes. At the date of this report, 2023 data was still being collected. Danone expects to have maintained 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. The exact numbers will be confirmed in the first half of 2024 in Danone's Forest Annual Update.
- **cocoa**: based on 2023 volumes, Danone estimates to have sourced 75-80% of certified cocoa within one or more certification programs (e.g Rainforest Alliance, Organic, Fairtrade) and is actively working to increase sourcing of certified cocoa in 2024. In 2023, Danone worked with its suppliers to implement and prioritize traceability and ensure a Deforestation and Conversion Free (DCF) supply chain, in particular by reinforcing its processes.

Positive Impact Projects: investing in forests and natural ecosystems

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

- In 2021, Danone worked with the Livelihoods Fund for Family Farming (L3F) to launch a ten-year project to help 2,500 smallholder palm oil farmers achieve a sustainable transition in Sumatra, Indonesia. The project aims to build a transparent and deforestation-free supply chain thanks to locally adapted agroforestry models, regenerative agriculture and biodiversity enhancement. Collectively, the project will help regenerate 8,000 hectares of palm farms in degrading land areas, while restoring an additional 3,500 hectares of local biodiversity over ten years. This is delivered through a partnership between Danone, Mars and L'Oréal and is implemented locally by Musim Mas (lead processor of palm oil) and SNV (entrusted project implementer working closely with palm oil smallholders).
- Danone has supported the Siak Pelalawan Landscape Program (SPLP) since its launch in 2018. This private sector-driven initiative aims to achieve sustainable palm oil production in the Siak and Pelalawan districts of Riau, Indonesia. With more than 200 villages, the districts spread over two million hectares. Danone supports Goal 2 of the program, namely: improve the livelihoods of palm oil farmers and communities in at least 50 high priority villages in the districts by 2025. To date, SPLP has supported 39 villages and trained 3,460 farmer communities on sustainable land use establishing a systemic enabling condition directly from the grassroots to protect the remaining natural ecosystems and create sustainable livelihood.
- In Mindanao in the Philippines, Danone is supporting a ten-year project to implement a new, sustainable supply chain, where independent coconut smallholders can couple quality production with better income. The project was launched by L3F and is setting up a new supply chain which provides the farmers with the skills, infrastructure and material to produce high quality coconuts and enjoy better access to the market, and improve their revenues. Since 2018, the 1,000 farmers involved in the project have been trained on regenerative agriculture to improve their farms' productivity while improving soil health. Five years after the project launch, productivity has increased by 50% in farms that have adopted mulching and regenerative agriculture practices. The project is implementing a direct sourcing scheme, with the smallholders selling their crop directly to a leading coconut manufacturer through farmer-owned cooperatives. The cooperatives rely on networks of village-level farmers' associations to harvest the coconut and collect it through a unique collection point to the manufacturer, which in turn sells the processed coconut to Danone.
- The Regenerative Coconuts Agriculture Project (ReCAP) in Thailand, started in 2020. Danone Ecosystem Fund, Harmless Harvest, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH teamed up to improve coconut farming practices. The surge in demand of the "Nam Hom", an aromatic variety of coconut from Thailand, has led to mono-cropping and heavy chemical agriculture practices that cause many environmental problems ranging from soil erosion to loss of biodiversity. This condition also makes the farming community's income more vulnerable to coconut price fluctuation. The project adopts regenerative agriculture principles to address the challenge focusing on helping farmers access high quality compost, adopt diverse vegetation and beekeeping to increase biodiversity as well as implement non-chemical pest management. The project has trained 432 farmers with 27 master trainer graduates and helped establish accessible high quality compost via six suppliers, also in collaboration with the Thai government. The project's impact is promising, with soil organic matter increasing by 1.15% on average.

Collaborative initiatives

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

Managing grievances and alerts related to raw materials

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

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

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

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

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

Focus on SBTN

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

CIRCULAR ECONOMY: PACKAGING AND WASTE

Circular and low carbon packaging system

Context

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

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

Governance

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

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

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

Partnerships and collective initiatives

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

- Ellen MacArthur Foundation (EMF), through initiatives such as the New Plastics Economy and the Global Commitment on Plastics, spearheaded by EMF in collaboration with the United Nations Environment Programme;
- The Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA), of which Danone is a member, working to set standards and align industry practices to improve plastic collection, reuse and recycling;
- And, in 2022, Danone joined the Business Coalition for a Global Plastics Treaty, led by EMF and the World Wide Fund for Nature (WWF), that brings together businesses and financial institutions committed to supporting the development of an ambitious, effective, and legally binding UN treaty to end plastic pollution.

Identification of risks

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

- license to operate risks in relation to regulatory measures, retailers' packaging restrictions that can induce additional costs;
- consumer preferences evolution impacting the demand for the Group's products;
- environmental risks linked with plastic usage and plastic pollution generated affecting water, air, soil, fauna, flora, climate, throughout the plastic's life cycle;
- risks related to human health and rights of workers and of local communities, particularly affecting vulnerable populations in or near extraction, processing, treatment, and recycling infrastructures. Risk of non-compliance with international conventions on human rights in the plastic value chain, particularly for workers in the collection and recycling sector.
- risk of harm to human health related to the production and use of certain plastics and additives which could, from the migration of sensitive substances, generate risks for human health along the life cycle of plastics. In this highly regulated field, Danone through its internal programs, qualifies, buys and uses plastic materials that respect and even go beyond all relevant regulatory measures to ensure consumer safety.

Packaging Policy

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

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

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

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

Commitments

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

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

- 100% reusable, recyclable, compostable by 2030;
- halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 compared to 2020 baseline excluding EDP Russia, accelerating reuse and recycled materials;
- lead the development of effective collection systems to recover as much plastic Danone uses by 2040.

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

Actions plans and outcomes

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

1. Reduce packaging usage;
2. Improve the circulation of packaging that cannot be eliminated;
3. Recover what is not circulated by fighting against dumping in nature, while improving the living conditions of workers in the collection and recycling sector.

1. Reduce packaging usage

In 2023, Danone achieved the following results:

- Total packaging volumes: 1,393,759 tons, including 693,156 tons of plastic;
- Absolute reduction of 8% (excluding EDP Russia) in the use of plastic packaging between 2018 and 2023;

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

- **Eliminating problematic or unnecessary packaging**
  - Plastic spoons: Danone eliminated or replaced almost 30 million between 2018 and 2023, with full elimination achieved in Europe;
  - Elimination of sleeves on *Danacol* products since 2022 and *Actimel* bottles since the end-of 2023 in Europe, reducing a total of 1,000 metric tons of plastic.
- **Replacing plastic packaging with alternative materials.** The Group intends to offer consumers plastic-free options that are economically viable, tailored to local needs, and ensures, through life-cycle analysis, that the alternative solution is environmentally beneficial. These include:
  - Danone has a natural mineral water offering in glass bottles and metal cans;
  - Danone plans to offer alternative paper-based solutions in Europe for its plant-based products category.
- **Reducing packaging through lightweighting and design optimization**
  - Leading water brands including *évian*, *Volvic*, *Fontvella*, *Lanjarón* and *Zywiec Zdroj* have reduced weight by more than 10% since 2019 (for 1.5L products);
  - Danone also markets large formats for Waters (6L and 8L). The plastic in the *Volvic* 8L format, for example, weighs 25% less per liter than the 1.5L format.

2. Improve circulation of packaging that cannot be eliminated

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

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

- **Danone is committed to developing reuse models**
  - Around 50% of Danone's water volumes are sold in reusable packaging (mainly reusable jugs of *Bonafont* in Mexico, *AQUA* in Indonesia and *Hayat* & *Sirma* in Turkey).
  - Danone deploys iconic returnable glass offers for its Waters category for HoReCa (Hotels, Restaurants, Catering) and is working towards expanding in several countries including France, Spain, and Indonesia;
  - Danone has a sizeable coffee creamers business in US delivered in bulk for AFH (Away from Home) consumption;
  - Danone has launched more than 15 reuse pilots (completed or on-going) in Waters, Essential Dairy & Plant-Based, and Specialized Nutrition working with supply chain partners such as Terracycle Loop, Uzaje and LemonTri, and retailers such as Carrefour and Tesco. The outcomes of these pilots have informed Danone for both bulk, filling solutions and returnable models.
- **Danone is actively participating in co-creating the future of reuse:**
  - In France, Danone is working closely with CITEO on a ReUse program to establish a unified and nationwide operational reuse system for food packaging;
  - The Group forges and enters into cross-sector partnerships for its categories across its primary markets. For example, in 2023, Danone was one of the founding members of the Coalition Défi Vrac with companies such as Bel, Lesieur et Famille Michaud;
  - The Group continues to work with platforms such as the advisory group of the Ellen MacArthur Foundation's Scaling Returnable Packaging project and the Consumer Goods Forum's Reuse/Refill working group, engaging in pre-competitive discussions and initiatives on the subject;
  - Danone supports policies aimed at addressing current challenges concerning the expansion of reuse models, such as the lack of scalable business models, infrastructure and sector collaborations;
  - Danone will be committed to supporting consumer engagement on reuse (e.g., the *évian* refillable water system on court for Wimbledon 2023 contributed to raise consumer's awareness).
- **Danone is re-designing packaging to ensure recyclability**

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

Some examples of efforts deployed in 2023 include:

- Adapting packaging design to ensure an efficient sorting, for example using new inks to improve the recyclability of black beverage cartons such as *Alpro* drinks;
- Re-designing *Badoit* bottles from green to clear PET to support closed loop recycling;
- Danone is also supporting the development of recyclability principles to achieve full circularity, participating in industry alliances (Ceflex, CGF Golden Design Rules) and these guidelines are introduced into the packaging development process;
- For Essential Dairy & Plant-Based cups made either of PS or PET, Danone's goal is to achieve 100% recyclable cups. In this regard, Danone is working with value chain partners to create recycling streams, for instance: PET25 coalition in France with CITEO or PET Recycling Coalition in US (since 2022);
- In Brazil, a pilot project called "Recicla PS" started in 2023 in partnerships, such as with Yattó (start-up specialized in hard recycling materials) to create a new recycling stream for Dairy cups.

- **Danone is reducing virgin fossil-based packaging by using recycled materials from responsibly managed sources**
  - In 2023, the Group achieved 14.6% recycled materials on average in its plastic packaging (versus 11.9% in 2022);
  - Danone used on average 23.8% recycled PET (rPET) in the Waters category (compared with 21% in 2022), and 31.3% (vs. 26.4% in 2022) recycled PET. in countries where local standards and regulations allow it. Danone complies, in all countries where it operates, with regulations defining the use of recycled materials. Some countries, like China, do not allow the use of recycled materials.
  - Danone is continuing to launch 100% rPET bottles. Since end-2021, all Danone's main water brands have at least one format in 100% recycled materials (where legally authorized);
  - Danone is expanding recycled materials to cups, launching PET cups containing 30% rPET in France and Belgium, and in 2023 Danone signed its first contract in United States to offtake food-grade recycled high density polyethylene (HDPE) to incorporate it into Danone's beverages offer;
  - Danone is also actively supporting breakthrough technologies to enable the recycling of hard-to-recycle packaging, partnering with companies as LOOP INDUSTRIES and Eastman.

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

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

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

- Danone is co-financing collection of water by paying Extended Producer Responsibility (EPR) fees in markets where EPR is legislated. For water bottles, Danone plays an active role in advocating for Deposit Return Systems (DRS) and runs pilots to prove their efficiency to decision makers (e.g., in Poland);
- In the US, Danone is a founding member of Circular Action Alliance (CAA), a Producer Responsibility Organization (PRO) selected to implement EPR in Colorado and California. Danone also invested $5 million in Closed Loop Partners' Closed Loop Infrastructure Fund (CLIF);
- The Group's actions also include engaging with local partners, notably in Europe and North America, to create sustainable recycling streams for Essential Dairy and Plant-Based cups.
- Danone will continue to support well-designed EPR/DRS schemes.

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

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

- In 2020, Danone led the formation of Indonesia Packaging Recovery Organization (IPRO), a voluntary Producer Responsibility Organisation (PRO) in Indonesia, in collaboration with five other companies;
- In 2018, Danone is committed to invest $15 million to the Circulate Capital Ocean Fund (CCOF) in South and South-East Asia as part of Water brand *AQUA*'s pledge (Indonesia) to recover more plastic than used by 2025. CCOF has committed more than $62.1 million to date. In 2022, its portfolio companies had an impact on an additional amount of approximately 81,579 tons of plastic leakage prevented and created more than 1,792 safe and stable additional jobs in the collection and recycling sectors;
- In 2023, Danone joined the Circulate Capital initiative for Latin America and the Caribbean and committed an additional $15 million to addressing plastic pollution and scaling the recycling value chain in the region and in particular in Mexico and Brazil;
- With support of grants enabled by the Danone Ecosystem Fund, Danone's collection and recycling partners are collecting more than 25 kilotons of plastic every year globally.

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

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

The global results for several projects include:

- More than 486,100 metric tons of recyclable materials and more than 73,100 tons of PET were collected in eight countries from 2009 to 2023;
- In 2023, more than 10,600 people gained independence thanks to the nine projects implemented since the launch of Danone Ecosystem. This process of empowerment has created a ripple effect, positively impacting more than 2.86 million people.

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

- Around 300 workers in the collection and recycling sectors benefiting from a micro-credit service, and 2,896 gaining access to social benefits adapted to their needs;
- Worker communities in the collection and recycling sectors receiving training to prevent child labor;
- More than 40,000 tons of waste being collected since 2020 from households, businesses, and public spaces.

Offtake of recycled materials to create an after-use economy

- Managing recycled materials is key to creating an after-use economy as it helps to reduce the amount of waste that ends up in landfills and nature, and to improve the working and living conditions of waste pickers. Closing the loop is Danone's priority to reduce the carbon footprint and conserve natural resources. Moreover, it can help to create new jobs and stimulate economic growth.
- In the Waters Category, Danone met its target of achieving an average of 25% recycled PET (rPET) in 2020 and aims to reach an average of 50% by 2025 in countries where local standards and regulations allow it, thus doubling its volumes of recycled materials versus 2020. The Group has already committed to long-term contracts with its suppliers to achieve its objectives, providing them with sufficient visibility with a view to encouraging them to invest in innovative technologies, collection, and recycling infrastructure;
- Danone is extending recycled materials to cups, launching PET cups containing 30% rPET in France and Belgium. In addition, in 2023 Danone signed its first contract in the United States to offtake food-grade recycled high-density polyethylene (HDPE) to incorporate it into its beverages offer.

Waste management

Danone monitors waste production and recovery by implementing practices such as recycling, reuse, composting and waste-to-energy. The Group's production sites seek to maximize the recovery rate for their waste through on-site sorting and staff training. To that end, these sites enter into agreements with subcontractors that can recover the various types of waste generated.

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

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

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

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

Reducing food waste

Definition

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

Policies

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

Targets

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

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

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

Action plans

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

- **in Danone's own operations**: the teams use expert waste assessments to identify key losses. The Battle Against Waste toolkit (a selection of proven best practices) is then reviewed to identify which practices can be scaled. Each production site works cross-functionally in order to track and reduce food waste and loss within operations. Any unavoidable food waste is preferentially sent to recovery streams with higher valorization, in line with Sustainable Development Goal 12.3;
- **in Danone's value chain**: redistributing any surplus food to specialist charities in order to support vulnerable communities. Danone has a global partnership with the Global Foodbanking Network (GFN) to facilitate redistribution and recovery. In addition, all Essential Dairy and Plant-Based products, where safe to do so, are transitioning from "Use By" to "Best Before" date labelling, to reduce food waste in households. Danone is accompanying this date labelling transition with consumer education campaigns in partnership with Too Good to Go and local retailers.

Results

	Year ended December 31					
	Production sites [a] [b]			Production sites and supply chain [b] [c]		
	2022	2022 excluding EDP Russia	2023	2022	2022 excluding EDP Russia	2023
FOOD WASTE MANAGEMENT						
Total quantity of food waste generated *(in metric ktons)*	230	222	215	295	295	274
Ratio of total quantity of food waste per metric ton of product sold *(in kg/tons)*	28.0	30	30.2	35.2	35.3	37.7
Ratio of total quantity of food waste recovered per metric ton of product sold *(in kg/tons)*	25.5	27.5	27.9	29.3	31.1	33.3
Proportion of waste recovered	91.2%	92.0%	92.0%	83.0%	81.0%	88.0%
Ratio of total quantity of food waste non-recovered per metric ton of product sold *(in kg/tons)*	-	-	-	6.0	6.0	4.5
Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016, on a like-for-like basis [d]	**-**	-	**-**	**-34.1%**	**-33.5%**	**-41.3%**
Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials *(in kg/tons)* - SDG 12.3	-	**-**	-	21.2	22.0	20.3
Reduction in the total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials - SDG 12.3, since 2020 on a like-for-like basis [d]	**-**	**-**	**-**	**-13.5%**	**-14.2%**	**-19.8%**

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

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

5.4 PEOPLE & COMMUNITIES

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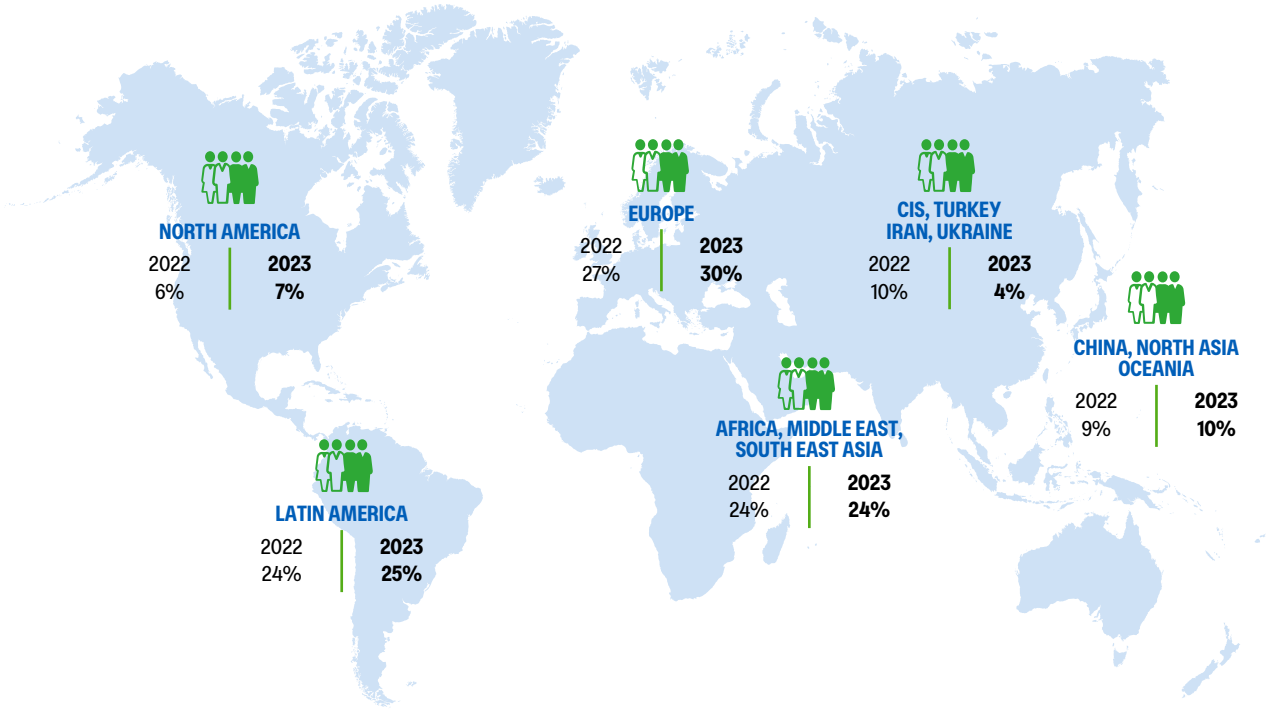
DANONE'S EMPLOYEES

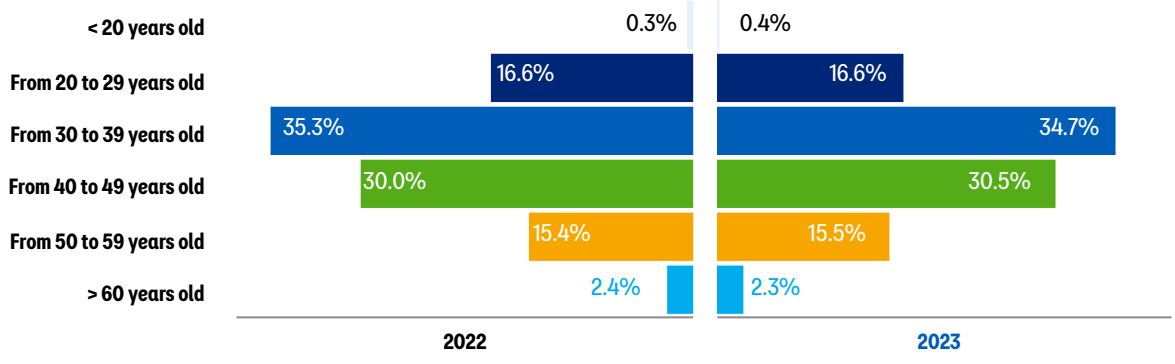
Danone's employment approach

Employees

BY GEOGRAPHIC ZONE



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



Percentage of women in the organization

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

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

Conditions and organization of Danone's working time

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

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

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

Human Resources

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

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

Culture

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

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

- increase awareness of the Danone HOPE Values (Humanism, Openness, Proximity & Enthusiasm). These are the four fundamental values that each Danone employee should use as a moral compass to make the right decisions, not only on everyday topics, but also on strategic decisions that might have a big impact on the future of the Group;
- launch a new set of Danone Behaviors, critical to achieving the "Renew Danone" strategy objectives:
  - *Put Danone first: Consumers, patients and customers are at the center of what we do: we exist for them and we need to act and work as one team to meet their needs,*
  - *Lead with people: We grow as leaders by developing others,*
  - *Keep it simple: We deal with complexity by bringing focus and a pragmatic approach,*
  - *Be accountable: We are decisive and fact-based,*
  - *Walk the talk: We do what we say, acting as role models.*

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

Diversity, Equity and Inclusion (DEI)

Definition

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

Governance

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

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

Policy

DEI policy

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

- "Global DEI Policy", which sets standards of equity and fairness;
- "Global Parental Policy", which sets common foundations for both primary and secondary caregivers;
- "Anti-harassment and Discrimination Policy", an extension of the "Global DEI Policy", reinforcing Danone's commitment to a workplace free of harassment and discrimination.

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

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

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

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

Disability

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

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

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

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

Parental policy

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

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

- pre-natal support, including modified working conditions and nutrition counseling during pregnancy;
- extended parental leave for both men and women, including 18 weeks for a primary birth parent, 14 weeks for a legally adoptive primary parent and 10 working days for a secondary parent;
- post-natal support, including job protection measures and return-to-work support, flexible working conditions and breastfeeding support by providing lactation rooms for mothers at all sites that employ more than 50 women.

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

Action plans

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

- International Women's Day: the Group organized events and activities under the theme "Embracing Equity";
- International Pride Day: in addition to several events organized by local Employee Resource Groups, Danone held a global live-streamed townhall in its Amsterdam offices to raise awareness of how to create a safe and inclusive workplace. This was supported by leaders who actively participated in the event;
- Inclusive Diversity Week: a full week with local and global events to celebrate diversity and increase awareness on this topic;
- International Day of Persons with Disabilities: global live-streamed event focused on "Leadership and Inclusion" by leveraging Danone's partnership with the 2024 Paralympic Games. A Paralympic athlete participated as a guest speaker and Danone employees learned more about the meaning of disability in the workplace, with some local projects showcased.

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

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

Outcomes

External recognition

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

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

Focus - Engagement

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

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

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

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

Workplace safety: the WISE² program

Definition

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

Governance

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

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

Policies

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

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

Action plans

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

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

Danone encourages its employees to identify and report risks and accidents through a participatory system open (i) to all Danone employees; (ii) on some sites, to workers employed through agencies, trade workers and subcontractors. In cases of major risks or accidents, special procedures and a system for escalating reports have been established according to the management levels.

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

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

Outcomes

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

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

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

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

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

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

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

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

Since 2014, Danone has included the promotion of health and well-being in the workplace in its WISE[2] program. Danone has set out a systematic approach built around five pillars: (i) ensuring a good work rhythm, (ii) making daily work meaningful, (iii) promoting healthy ways of working, (iv) managing employees with kindness and authenticity, and (v) promoting a healthy lifestyle and environment. Practical guides encourage the subsidiaries and sites to implement these pillars. In 2023, Danone accelerated its well-being program, leveraging all initiatives through the Be Well program focused on sport, nutrition and mental health. Some subsidiaries have implemented initiatives that call for:

- the right to disconnect;
- visits by psychologists and social workers and committees to detect situations of workplace isolation;
- training of management to detect and prevent employee stress.

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

- regularly training and updating Human Resources and foster healthy managerial practices and activities to protect the health and well-being of employees in a changing context;
- ensuring that all sites are covered by employee assistance programs.

Employee Learning and Development

Definition

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

Governance

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

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

Policies, action plans and outcomes

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

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

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

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

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

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

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

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

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

Compensation and benefits

Definition

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

Policies

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

Action plans and outcomes

Compensation - Global Incentive Plan

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

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

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

Employee profit-sharing and share ownership

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

Danone also promotes share ownership for its employees:

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

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

Retirement commitments, retirement indemnities and personal protection

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

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

Health benefits - for employees

Definition

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

Policies

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

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

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

Action plans

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

Outcomes

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

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

Social dialogue

Definition

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

Governance

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

Social relations at Danone are based on:

- **Social dialogue meetings:**
  - the Information and Consultation Committee, supported by its own Steering Committee, whose members include representatives from Danone management and union representatives;
  - bi-annual meetings between the International Union of Food Workers (IUF) and the Human Resources Department, its executives and the managers of the main regions to build a common ambition and monitor compliance with and implementation of the agreements.
- **Board and Committees involved in Social Dialogue:**
  - the Board of Directors' CSR Committee, which monitors the implementation of action plans and initiatives, is regularly updated on any Social Dialogue topics (see section 5.1 *Introduction*);
  - France's Work Council and the Information and Consultation Committee (acting as Danone's European Work Council) appoint two Directors representing employees to sit on the Board of Directors. A member of the Danone SA's Work Council also participates in Board of Directors' meetings in an advisory capacity (see section 6.1 *Governance bodies*).

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

Policies

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

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

- Since 2003, Danone has been a member of the UN Global Compact, which incorporates the International Labour Organization's (ILO) fundamental conventions. These conventions are formalized, implemented and brought to the attention of Danone employees and suppliers.
- The ILO conventions formulate seven fundamental labor principles that are covered in an agreement signed by Danone and the IUF. These principles are the basis of Danone's responsible sourcing programs (see section 5.4 *People & Communities,* section *Sustainable sourcing and human rights for workers in the value chain*).
- Danone communicates its commitments to all employees through its Code of Business Conduct (see section 5.5 *Responsible business conduct*).

FutureSkills Initiative

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

Action plans

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

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

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

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

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

Outcomes

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

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

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

Employee security

Definition

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

Governance

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

- **International Security:** responsible for (i) designing and deploying global security guidelines (the responsibility of implementation sits with the local entity), (ii) mitigating security risks linked to international mobility in coordination with the local entity, and (iii) supporting all teams in protecting the Group's property, plant and equipment and intangible assets against malicious acts;
- **Operations Security:** responsible for protecting the supply chains and investigating suspected food fraud and food defense cases;
- **Risk Analysis/Protective Intelligence:** responsible for drafting guidelines and forward-looking reports, country risk analyses, and security and business monitoring;
- **Cybersecurity:** responsible for mitigating Danone's cyber exposure to ensure Danone complies with the latest international cyber standards and actively repels any cyber threats. The CSO advises the Group Deputy Chief Executive Officer in charge of Finance, Technology & Data and is a member of Danone's Cyber Board that defines Danone's cyber strategy.

Policies

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

Action plans and outcomes

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

Anticipation and Information

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

Prevention and Protection

- ISO 31030 audit: to fully assess Danone's Travel Risk Management (TRM) program in respect of this international voluntary norm setting the best practices in terms of TRM;
- Digital pre-validation procedure for trips to challenging environments: a unique and easy procedure to assist Danone employees preparing a trip to high-risk environments by providing them with crucial security information and practicalities to minimize their risk exposure during travel. This digital tool is linked to a two-step HR and Security decision workflow to ensure accountability and traceability.

Response and Incident Management

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

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

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

Respecting and promoting human rights in Danone's operations

Definition

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

Policies

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

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

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

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

Action Plan - Implementation

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

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

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

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

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

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

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

SUSTAINABLE SOURCING AND HUMAN RIGHTS FOR WORKERS IN THE VALUE CHAIN

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

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

Definition

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

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

Governance

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

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

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

Policies

Sustainability Principles

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

The DSPs include:

- ten social principles including the criteria set by the International Labour Organization (ILO): no child labor, no forced labor, no harassment or abuse, reasonable working hours, decent wage, no discrimination, freedom of association and the right to collective bargaining, safe and healthy working conditions, diversity and inclusion, rights of communities and indigenous people;
- seven environmental principles: biodiversity, deforestation, circularity (waste and plastics), water (including not negatively impacting communities' access to water), climate change and greenhouse gas emissions, environmental management and animal welfare;
- principles of business ethics for fair, lawful transactions that reflect the provisions of Danone's Code of Conduct for Business Partners.

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

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

Environmental commitments

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

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

Human rights commitments

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

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

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

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

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

Risk Assessment

Human rights and environmental risk mapping

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

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

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

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

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

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

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

Focus on the agricultural supply chain

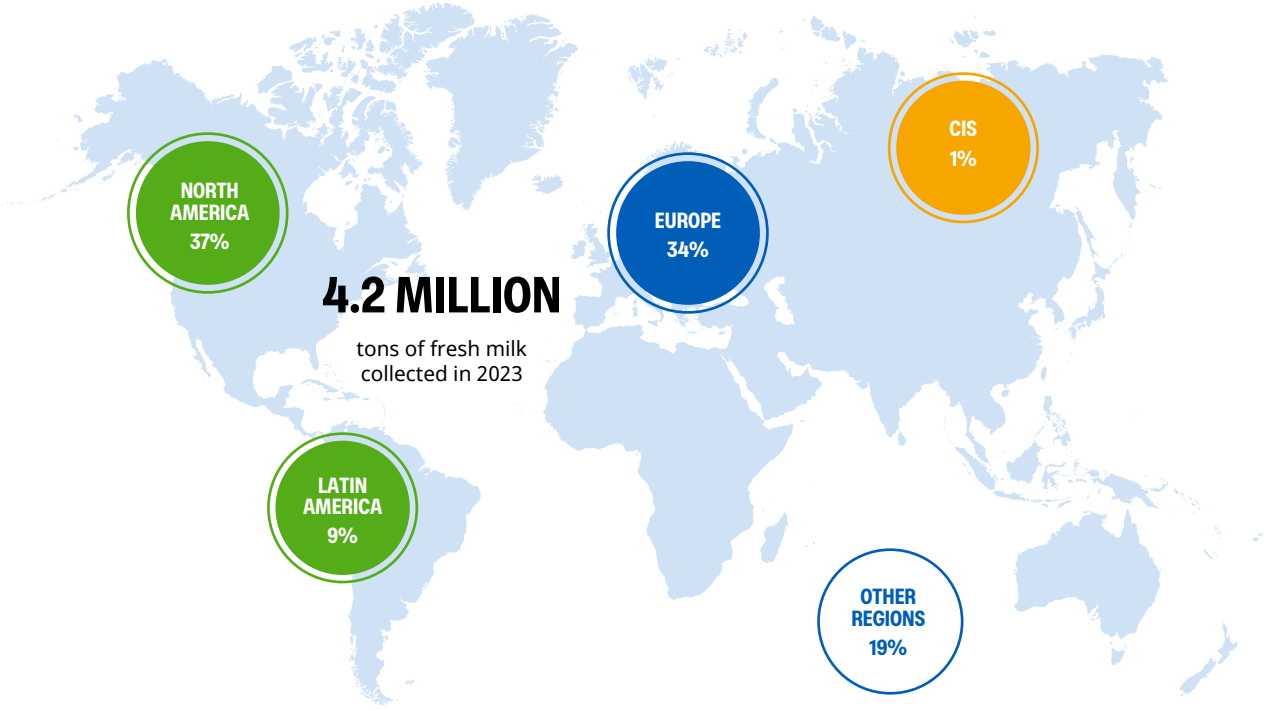
Raw ingredient supply chains may have different structures, from the simplest ones with only one intermediary (as in milk sourcing), to complex supply chains involving several intermediaries including traders.

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

- section 5.3 *Nature,* for elements related to the Regenerative Agriculture framework;
- section 5.3 *Nature,* for elements related to forest commodities such as palm oil and cocoa through traceability processes and certifications;
- section 5.4 *People & Communities* for Danone's sourcing of fresh milk as well as other Tier 1 suppliers.

Direct sourcing of fresh milk

BY GEOGRAPHIC AREA



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

Sourcing strategy

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

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

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

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

Action plans and outcomes

Danone supports dairy farmers by providing them with training and technical support to transform their practices while ensuring the viability of their business models. For example, the Farming for Generations (F4G) alliance, which was created in 2019 and in which Danone participates, identified 75 best practices and innovations across various dairy farming models, farm sizes and geographic areas. In total 2,600 farms have already taken notice of the practices and taken action. Danone will continue to scale up regenerative agriculture practices using findings from the F4G program. Through the Sustainable Dairy Partnership, the Group has continued to work for a more sustainable dairy industry by supporting the prevention of deforestation, the protection of human rights and animal welfare and compliance with local legislation. In addition to these collaborative actions, specific tools and methodologies have been deployed and monitored by Danone's Agriculture cycle:

- **MilQSat**: an initiative co-developed by the Essential Dairy and Plant-Based Category and its partner farmers to assess the performance of farmers from whom Danone purchases milk directly in terms of quality, food safety and traceability;
- **Cool Farm Tool and CAP'2ER**: Since 2017, Danone has been conducting country-by-country assessments on its milk volumes using the Cool Farm Tool (CFT) worldwide and the CAP'2ER tool in France. The CFT was developed and is overseen by a multi-stakeholder coalition that includes food manufacturers, retailers, input suppliers, NGOs and universities. The tool's strength lies in its global application, it is designed for continuous improvement. In 2023, Danone used CFT (in 15 countries) and CAP'2ER (in France) to monitor the greenhouse gas footprint of the purchased milk, now covering in total 91% of direct milk collection volumes from farms. The rollout is planned for next years to include new geographies in South East Asia and India;
- **animal welfare assessment tool**: launched in 2016 and now implemented in 13 countries (see section 5.3 *Nature*, section *Regenerative Agriculture*);

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

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

Cost Performance Model (CPM)

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

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

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

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

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

Regular evaluation procedures for Tier 1 in-scope suppliers

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

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

Mitigating risk and preventing serious violations

Training and engagement

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

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

Collaborative initiatives

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

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

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

Whistleblowing system

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

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

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

- ending exploitation (prohibiting child and forced labor, prohibiting harassment and abuse, and ensuring reasonable working hours): 210 alerts (mostly harassment related issues);
- decent work (paying a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, granting freedom of association and right to collective bargaining, and ensuring all workers are treated equally with respect and dignity, with a positive culture towards diversity and inclusion): 178 alerts (mostly misconduct and discrimination issues).

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

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

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

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

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

Tracking and assessing the effectiveness of supplier programs

Danone tracks its RESPECT program using the following three indicators:

- RESPECT KPI1 was modified in 2023. The former RESPECT KPI1 measured the supplier registration rate on the Sedex or Ecovadis platform. Since 2023, to strengthen Danone's approach and align with stakeholders' expectations, KPI1 now measures the percentage of Danone's expenditure covered by the RESPECT program. In 2023, KPI1 stood at 69%, meaning that 69% of the Group's expenditure was covered by the sustainable sourcing program, excluding raw milk, real estate, and tax services [(2)].
- RESPECT KPI2 measures the annual audit plan completion: 77% of planned SMETA audits were completed in 2023 (compared to 83% in 2022).
- RESPECT KPI3 measures the audit closure rate: 84% of audits that identified critical non-conformities (being commissioned by Danone or by peers on common suppliers) were closed in the expected timeline defined by the auditor (compared to 91% in 2022). The measurement methodology was modified in 2023 to better reflect actual impact, explaining the difference compared to the 2022 figure. The audit scope was changed to include only suppliers whose timeline for audit closure expired during 2023. Suppliers previously considered compliant whose allocated timeframe to resolve non-conformities expires in 2024 have been removed from the scope and carried over to 2024. Audits that have not been closed continue to be monitored. In most cases, critical non-conformities were related to health and safety, working hours and compensation.

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

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

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

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

Breakdown of critical non-conformities identified

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

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

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

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

SOCIAL INNOVATION FUNDS

Danone Communities

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

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

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

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

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

Providing access to safe drinking water for vulnerable people and communities

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

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

Danone Ecosystem

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

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

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

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

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

Livelihoods Carbon Fund

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

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

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

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

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

Livelihoods Fund for Family Farming

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

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

5.5 RESPONSIBLE BUSINESS CONDUCT

RESPONSIBLE PRACTICES: ETHICS AND INTEGRITY

Definition

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

Governance

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

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

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

Policies

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

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

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

THEMATIC POLICIES	
Competition Policy	■ defines Danone's commitment to engaging in fair competition on the merits in all its business activities in compliance with all applicable competition laws.
International Trade Sanctions Policy	■ defines Danone's commitment to complying with trade, financial and other restrictions imposed by national governments and international bodies on certain sanctioned countries, entities and/or individuals.
Personal Data Privacy Policy	■ recognizes individuals' fundamental right to privacy and protection of personal data; ■ defines Danone's commitment to processing personal data in a fair, lawful and transparent manner. It applies to all Danone entities worldwide, including all the subsidiaries and affiliates that are majority owned or effectively controlled by the Group, and all their employees; ■ establishes the rules and responsibilities that employees and any third parties that process personal data on Danone's behalf must abide by when managing personal data.
Danone Policy for the Marketing of Breast Milk Substitutes	■ establishes and implements strict marketing guidance for all Danone employees. This BMS Policy is the Group's minimum global standard and Danone follows local legislation whenever the latter is more demanding; ■ contains strict rules at the global level: no Danone subsidiary may advertise or promote breast milk substitutes for babies under six months, even if local law allows it. In accordance with the breast milk substitutes criteria of the FTSE4Good Index, in countries classified as higher-risk, Danone has voluntarily extended its BMS policy to infants up to 12 months of age, which may go beyond local legislation; ■ applies to all Danone employees and contracted partners involved in the marketing, distribution, sale, or governance of the affected products and/or related education programs. Danone was the first Group with a global policy, applicable in all the countries it operates, on marketing breast milk substitutes from birth to six months of age.
Health Care Systems Compliance Policy	■ updated in 2022 with a preface from the Executive President of Specialized Nutrition category; ■ builds on the learning from the last 5 years and strengthens Danone's commitments to uphold the highest ethical standards including updating its transparency and disclosure requirements; ■ ensures that all interactions with health care professionals are conducted in an ethical, open, transparent and responsible manner and are in compliance with applicable laws and regulations; ■ applies to all Danone employees worldwide, as well as third-party contractors who interact with the health care system.
Advocacy Policy	■ describes the Group's vision of advocacy and the way it engages with external stakeholders. In particular: • Danone interacts with governmental and non-governmental players as part of its dialogue with stakeholders and in the regular course of business to fulfill its purpose of "bringing health through food to as many people as possible". The Group is committed to sustainable lobbying and advocacy activities, working with others to find solutions to the public health, social and environmental challenges the world is currently facing; • Danone does not use any corporate funds or assets to make political contributions or independent expenditures on behalf of candidates or parties. ■ sets out the behaviors expected of its employees, as well as the expectation that all advocacy efforts must comply with the Code of Business Conduct and the Integrity Policy described above on top of all applicable national and international laws and regulations. The policy also describes how Danone's advocacy activities are monitored, and the external reporting linked to its advocacy. In particular: ■ Danone is listed in the EU Transparency Register, as well as the French Haute Autorité Française pour la Transparence de la Vie Publique (HATVP) and US registers of interest representatives.

Action plans

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

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

Whistleblowing system: Danone Ethics Line

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

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

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

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

Employee training and information

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

Outcomes

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

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

Focus – Fight against tax evasion

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

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

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

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

5.6 VIGILANCE PLAN

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INTRODUCTION

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

Legal framework

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

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

Vigilance Plan governance and management

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

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

Stakeholders dialogue

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

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

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

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

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

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

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

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

2023 Highlights

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

Risk mapping

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

Human rights and fundamental freedoms

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

Health and safety of people

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

Environment

Danone once again submitted its 2050 Net Zero target to the Science Based Targets initiative (SBTi) to reflect its efforts to limit risks relating to climate change and greenhouse gas (GHG) emissions. The submission confirms the Group's long-term ambition to reduce GHG emissions and align with the 1.5°C pathway. It also notifies a significant change in the Group's scope of consolidation in July 2023 following the deconsolidation of the EDP Russia business, which is now excluded from the decarbonization plan. The Group has also made a global commitment to reduce methane emissions from its milk supply chain by 30% in absolute terms by 2030 (from the 2020 baseline). The target represents the equivalent of 1.2 million metric tons of carbon dioxide. In doing so, Danone has become the first food company to align with the ambition of the Global Methane Pledge launched at COP26 in 2021. Danone has stepped up its fight against climate change with the publication, in December 2023, of its Climate Transition Plan, which replaces its 2016 Climate Policy.

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

Whistleblowing system

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

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

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

CONTENT OF THE VIGILANCE PLAN

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

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

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

Risk mapping

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

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

Presentation of the methodology

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

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

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

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

The methodological approach to risk mapping comprises three key phases:

- building a risk register;
- modeling the value chains linked to Danone's main activities; and
- mapping the main gross risks in detail.

Building a risk register

Building a risk register provided a framework and direction for identifying risks that could arise from Danone's activities. It was consolidated by analyzing the following elements:

- the main topics highlighted in the human rights impact assessment finalized in 2022 with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights;
- the classification frameworks established by the main organizations promoting human rights, i.e., the ILO and the Office of the United Nations High Commissioner for Human Rights (OHCHR); and
- the risk categories defined by French law on duty of vigilance and the proposal for a European Directive on Corporate Sustainability Due Diligence.

Modeling the value chains linked to Danone's main activities

In line with the United Nations Guiding Principles (UNGPs), the introduction of an analysis framework based on value chain modeling enabled Danone to meet its objective of acquiring sufficient knowledge of "the nature of actual and potential adverse human rights impacts" and "understanding the specific impacts" that the Group could have on stakeholders in the course of its activities (Principle no. 18).

Danone's activities were split across two value chains:

- the food value chain including activities related to animal, plant-based and specialized nutrition products; and
- the value chain for water-related activities.

These value chains were modeled based on consultation with stakeholders. The models were used to identify the various stages and players involved upstream and downstream of Danone's activities.

Four types of risk factor were identified at each stage of the value chains:

- risk factors related to the country or region of the world in which Danone operates;
- risk factors related to the sector and/or Danone's business model;
- risk factors related to raw materials; and
- risk factors related to vulnerable stakeholders.

These risk factors were used to enrich the detailed mapping phase.

Mapping the main gross risks

This phase aimed to analyze and specify the conditions and context in which negative impacts potentially linked to Danone's activities occur. The research was carried out by cross-referencing the risk register with the risk factor analysis carried out for each stage of the value chain.

This approach identified 21 major risks organized according to the three pillars of French law and set out below (see paragraph 2.1.2 *Identification and analysis of risks arising from the activities of Danone, its Subsidiaries, Suppliers and Subcontractors*).

The detailed risk map was used to identify appropriate strategies for responding to any material risks.

Risk mapping

In each of the areas covered by law (environment, human rights and fundamental freedoms, health and safety of people), Danone identified the main gross risks listed below as they stand before the prevention and mitigation actions implemented by Danone, its Subsidiaries, Suppliers and Subcontractors.

Environment

The prioritization process identified the priority risks associated with potential impacts that Danone's activities could have on the environment. Among these, climate change and plastic use represent the most severe risks due to the following impacts:

- **the risk relating to climate change** leads to biodiversity loss, water scarcity and adverse effects on human rights and health;
- **plastic use** can have risks on water, air, soil, the climate, as well as risks on human rights and health.

Risk relating to climate change and GHG emissions

- The risk associated with the increase in the main greenhouse gases in the atmosphere is associated with changes in temperature and weather conditions. Climate change also affects people's rights, including their right to life, food and water, health and decent work. Climate change is likely to aggravate social and economic inequality, disproportionately affecting those who are already vulnerable such as small-scale farmers, children, women and indigenous populations.

Risk relating to plastic use

- This risk relates to plastic use and plastic pollution having an impact on water, air, soil, fauna, flora and the climate as well as affecting human rights and health, particularly among vulnerable populations such as waste pickers and recycling workers (for more details, see section *Focus on risks relating to plastic use and Danone's preventive actions*).

Risk relating to natural resource use

- This risk relates to natural resource depletion and more generally the potential environmental impact of exploiting natural resources across Danone's value chain, especially in its supply chain and operations.

  Danone's supply chain and industrial processes involve the use of natural resources (producing or extracting raw materials, transportation, packaging, end-of-life product treatment, etc.) and can contribute to their decline. The risk includes potential water shortages and soil depletion resulting from agricultural activities, potential water shortages resulting from water extraction activities, and natural resource depletion resulting from industrial energy consumption.

Risk of damage to natural ecosystems and biodiversity

- This risk relates to damage to the stability and functioning of natural ecosystems, as well as to the variety and abundance of living organisms within these ecosystems. It encompasses damage to ecosystems and biodiversity. This risk is linked to:
  - industrial and agricultural processes using substances that generate atmospheric emissions (e.g., volatile organic compounds, ammonia) that can affect air quality and natural environments;
  - water and soil contamination from excessive use of chemical fertilizers and pesticides, untreated wastewater, untreated hazardous waste or accidental chemical releases potentially affecting the environment including biodiversity and human health;
  - releases from ingredient Suppliers and Subcontractors that have an impact on air or water;
  - water, air, soil, fauna and flora pollution across the plastics life cycle; and
  - transport-related air pollution across the value chain.
- This risk covers both Danone's operations and supply chain.

Risk relating to deforestation or conversion and changes in land use

- This risk relates to deforestation driven by expanding agriculture to produce new crops for the food and feed value chains in Danone's supply chain.

Risk of harm to animal welfare

- This risk pertains to animal living conditions and treatment. Animal welfare in the agricultural industry, and especially in the dairy industry, is a growing concern. The risk focuses on livestock farming upstream of the agricultural value chain. The main animal welfare risks in livestock farming include overcrowding (which increases the risk of injury, disease, infection and stress), inadequate shelter or ventilation systems to protect against the elements, forced breeding practices and using growth hormones. This risk encompasses breeding, raw material production and transport.

Human rights and fundamental freedoms

The prioritization process identified the highest-priority risks associated with potential impacts that Danone's activities could have on respect for human rights and fundamental freedoms. The most significant risks identified were:

Risk of discrimination and harassment

- This risk refers to workers at Danone or across its supply chain being discriminated against on the grounds of race, ethnic origin, gender, religion, sexual orientation, disability or social origin, or being subjected to undesirable behavior that offends, intimidates, humiliates or exposes them to violence.

Risk to workers' rights to freedom of association and collective bargaining

- This risk refers to workers being denied the right to assemble, form and join trade unions or go on strike. This risk can exist for external workers (temporary workers and subcontractors) within Danone, and for Danone's Suppliers and Subcontractors.

Risk relating to forced labor

- This risk relates to workers being forced to work through violence or intimidation, or through more subtle means such as withheld identity documents or threats of being reported to immigration officials. This risk particularly concerns external workers (temporary workers and subcontractors) within Danone, as well as its Suppliers and Subcontractors. This type of situation often arises from risks related to unethical hiring practices that force workers to pay high recruitment fees that can lead to debt bondage. Temporary workers, especially migrant workers, are particularly vulnerable to forced labor.

Risk relating to child labor

- This risk is considered very low in Danone's operations and concerns its supply chain. According to the Food and Agriculture Organization of the United Nations (FAO, 2023), 70% of child labor is in agriculture. The paper and cardboard packaging value chain is particularly vulnerable to child labor (logging), along with other agricultural value chains such as cocoa. This risk also exists in the food manufacturing sector.

Risk relating to inadequate salary and income

- This risk relates to workers not receiving enough remuneration to meet their fundamental needs. This risk, which is considered to be very low for Danone employees, may exist for external workers (temporary workers and subcontractors) as well as for Suppliers and Subcontractors. It can arise due to several types of factors including late payment, improper deductions, time-based or piecework rates, or the level of wages or income paid (producer income issues are often linked to the price at which the producer's raw goods are purchased). This risk exists in certain developing countries, the agricultural sector and the plastics recycling sector. In advanced economies, this risk is particularly high for transport workers (truck drivers) and logistics activities. In many parts of the world, a close link exists between low wages and excessive working hours.

Risk relating to unreasonable working time

- This risk refers to workers not having decent working hours due to low legal protection in some countries or non-compliance with rules, or workers being denied adequate rest periods and annual leave. The consequences may include physical and mental health issues and an increased risk of workplace accidents. This risk, which is considered to be very low for Danone employees, may exist for external workers (temporary workers and Subcontractors) and is more significant for Suppliers and Subcontractors given Danone's global value chains.

Risk relating to precarious working conditions

- This risk particularly affects temporary workers, waste collection and recycling workers, and self-employed workers in Danone's supply chain.
- In the food and beverages sector, migrant and temporary workers may be victims of precarious housing and working conditions such as long working hours, low pay and dangerous working conditions, with limited access to labor law protection. The risk is higher on farms and in the transportation and logistics activities of the value chain.
- Waste collection and recycling workers, who may be exposed to difficult conditions, earn unstable incomes and can be exposed to pollutants and potentially hazardous materials.
- Precarious working conditions also apply to self-employed Suppliers and Subcontractors in the value chain. Outsourcing certain tasks to self-employed workers can create job insecurity.

Risk relating to community displacement and land grabbing

- This risk arises mainly from the supply chain and is related to the displacement of indigenous peoples and the use of their land and natural resources (forests, traditional agriculture, etc.) for industrial purposes or to grow specific crops (e.g., palm, sugar cane, soy). This makes land unavailable for other purposes, whether individual or collective, which can impede access to basic human rights such as the right to food, water, maintaining one's culture, and having a safe and healthy environment.

Risk relating to a deterioration in living conditions in local communities

- This risk relates to the consequences of climate change, soil, air and water pollution, damage to biodiversity, and deforestation. It also includes unsustainable use of natural resources, especially water. The negative impacts may affect individuals and communities including consumers and Danone's value chain (both its own operations and its supply chain). The United Nations states that a clean, healthy and sustainable environment is essential to human well-being and rights such as the right to life, health, access to adequate food, drinking water and an adequate standard of living. Given the nature of Danone's business, special emphasis is placed on community access to water including drinking water and water for sanitation and everyday use. People living near Danone bottling plants, farms, plantations and Suppliers' or Subcontractors' sites could be affected by water table depletion (agriculture accounts for 89% of Danone's water footprint) and by droughts induced by climate change
- Risks relating to human health and the rights of workers and neighboring communities, especially vulnerable populations in or near plastics extraction, processing, treatment and recycling infrastructure. Risk of failure to respect human rights in the plastics value chain, particularly with regard to waste pickers and recycling workers.
- The various components of risk relating to a deterioration in living conditions in local communities fall under the environment category. As such, the vigilance actions that relate to them (assessment, mitigation and prevention) are described in the environment sections of this document.

The prioritization process also identified the following risks as significant:

Risk relating to insufficient consumer access to products

- This risk refers to the right to access safe food and drinking water, both physically and affordably, so that consumers in general, and especially vulnerable populations, can enjoy a healthy, balanced diet. This risk covers Danone employees conducting their professional activities, as well as consumers.

Risk relating to personal data

- This risk relates to breaches of personal data processed by Danone (collected, held, used, analyzed, stored, etc.), including the personal data of employees, consumers, Suppliers and Subcontractors, partners, and so on. Sources of risk may be internal or external, involuntary or malicious.
- The risk encompasses breaches of confidentiality, availability and integrity of personal data, which could have harmful consequences for individual rights and freedoms (e.g., discrimination, fraud, identity theft).

Risk relating to inadequate professional training

- This risk relates to workers not acquiring, due to a lack of training or training opportunities, the skills they need to keep pace with technological developments (communication, digitalization) and the transition to more sustainable production methods. Upskilling workers, including agricultural producers and workers, is key to avoiding stagnation in low-skilled, low-paid jobs, job insecurity and labor market exclusion. This risk exists both within Danone and across the supply chain.

Health and safety of people

The prioritization process identified the highest-priority risks associated with potential impacts that Danone's activities could have health and safety.

Risk relating to product safety and quality

- This risk relates to the consumer right to safe, high-quality products and to transparent information. This food safety risk can arise from raw materials, packaging or finished goods (chemical and microbiological contaminants, foreign substances or allergens). The risk is present throughout the value chain, from Suppliers and Subcontractors to consumers.
- Human health risks relating to the production and use of certain plastics and additives which, when sensitive substances migrate, can create human health risks throughout the plastic life cycle.

Risk relating to the consumption of foods with low nutritional quality

- This risk refers to diets that do not meet current nutrition and dietary recommendations, either for quantity or quality.
- It may stem from foods of poor nutritional quality that are insufficiently rich in essential nutrients (vitamins, minerals, fiber, etc.) or too rich in nutrients that can be unhealthy when over-consumed (added sugars, certain fatty acids, alcohol, etc.). The risk may also be linked to the influence of communication and advertising, which may promote an unbalanced diet or fail to guide consumers towards healthy, varied products as part of a healthy lifestyle. This risk includes both Danone employees and consumers.

Risk relating to workers' health and safety

- This risk relates to exposing Danone's operations, supply chain and transportation workers to physical, chemical or biological risks, which could cause illness or injuries caused by working conditions or tasks. Workers' health can also be affected by the lack of or inadequate access to medical care.

Procedures for regularly assessing the situation of Subsidiaries, Suppliers and Subcontractors

Danone has established procedures to assess the situation of its Subsidiaries, Suppliers and Subcontractors in relation to the risk map it has established.

The results of Danone's policies and action plans are assessed annually, both quantitatively, using Danone's published non-financial performance indicators, and qualitatively, via the Danone Way program (see section 5.8. *Methodology note*). Danone Way is a global program underpinned by a comprehensive self-assessment tool designed to analyze progress towards Danone's objectives, especially in terms of sustainable development.

The assessment procedures described below are not exhaustive and are implemented as follows:

Danone Subsidiaries' regular assessment procedures

Environment

- The Danone Way self-assessment covers the climate, regenerative agriculture, packaging circularity (including plastic), food waste and water preservation.
- Danone has set up a system to monitor and report environmental data from production sites, and measure its carbon footprint (scope 1, 2 and 3). The Group monitors the data, which is audited by an independent third party and published annually in the Universal Registration Document.
- Danone deploys its Global Risk Evaluation for ENvironment (GREEN) program worldwide. The Group commissions external and internal audits to identify and monitor the main environmental risks at its production sites and the implementation of the environmental management system including water-related risk evaluation criteria. The objective is to monitor and control atmospheric emissions (greenhouse and refrigerant gases), discharges into water (wastewater) and soil (treatment plant sludge and waste generated by livestock at some Subsidiaries) resulting from the Group's activities, as well as measure noise pollution generated by its production sites. Danone production sites are ISO 14001 certified, meaning that they meet the international standard for environmental management systems.

Danone uses the Water Risk Filter tool developed by WWF to assess its water-related risks. It aims to identify watersheds located in areas with water-related risk including floods, water stress, and scarcity, and to assess operational water-related risk. Danone carries out these assessments on a regular basis and has decided to do so more frequently, on an annual basis.

Human rights and fundamental freedoms

- Danone has set up worldwide procedures to prevent the risk of harm to human rights and fundamental freedoms identified in the Vigilance Plan, namely discrimination and harassment, restrictions on freedom of association and collective bargaining, forced labor, child labor, inadequate salary and income, unreasonable working time, inadequate professional training and precarious working conditions. These risks have been covered by ten framework agreements signed since 1989 between Danone and the International Union of Food Workers (IUF). The framework agreements between Danone and the IUF are deployed in each Subsidiary, and each year a joint assessment is carried out with a Danone representative and IUF representative. Between 2019 and 2023, 17 site visits took place, including five in 2023 in Belgium and Turkey.
- The Danone Way program also monitors these procedures. The Danone Way self-assessment covers the human rights of temporary workers, who are more vulnerable than Danone employees. The practical application of Danone Way is overseen by a Human Rights Champion who ensures, within each business unit, that local HR and operational managers receive training about unethical recruitment risks and forced labor drivers.
- In addition, the Group applies its Global Policy for External Workforce to protect temporary workers at all of its sites. Danone's Internal Control Standards include specific controls for external workers (temporary workers and subcontractors). Human Resources teams carry out these controls in the main Subsidiaries. They are tested by local internal control teams and central internal auditors carry out spot inspections to identify potential improvements.
  - In 2020, Danone committed to develop and deploy Human Rights Due Diligence (HRDD) systems focusing on the prevention of forced labor for external workers in its own operations. A roadmap was drawn up in 2022, when Danone led pilot programs in Poland and Brazil. These countries were selected mainly based on the number of external workers and awareness and engagement among local teams. In 2023, Danone set up a governance structure under which the Group's Chief Human Resources Officer leads a five-person task force dedicated to building internal human rights capacity and implementing the HRDD roadmap. A network of 40 Human Rights Leads supports the taskforce in the countries where Danone operates.
- Danone has set up procedures to evaluate and monitor rules relating to data protection, including:
  - regularly assessing risk relating to personal data protection at local business units;
  - integrating personal data protection into the annual control plan of the internal audit and internal control teams;
  - monitoring e-learning completion rates annually;
  - auditing data security annually via the internal audit team and automated analysis. An external cybersecurity expert also ensures that weaknesses in Danone's data security are detected in real time and external ethical hacking campaigns are conducted annually.
- Danone regularly assesses its current personal data protection actions and procedures to improve them where necessary. For example, Danone is rolling out a digital tool to manage its risk assessment procedure concerning personal data processing ("Privacy by design").

Health and safety of people

- The Danone Way self-assessment covers topics such as employees' mental health and well-being, physical access, employee access to basic services, working conditions and working hours.
- Site-level risk assessment covering all people on site (Danone's employees and externals). Danone's sites are responsible for conducting their own risk assessments. These risk assessments are revised annually to integrate new risks and remove others in line with the action plan. In Europe, Danone assesses risks and implements the necessary action plans to ensure employee safety in compliance with the Single Risk Assessment Document (DUER). Health and Safety managers on site are in charge of updating the Single Assessment Documents and site directors are legally accountable for the health and safety of employees.
- Workplace accident monitoring covers all persons present on site. Accidents are reported in a participative system open to Danone employees and, on certain sites, to external workers. In cases of major risks or accidents, special procedures and a system for reporting the information up the line is applied according to the management levels.
- WISE[2] audits cover all Danone employees and external workers present at production sites and across sales forces in terms of safety and compliance culture. Since 2018, Danone has also deployed the WISE[2] compliance standards in countries such as Egypt, Indonesia, Mexico and Morocco, where convenience stores are a significant distribution channel.
- Danone has set up worldwide standards and procedures to anticipate, prevent and manage quality and food safety risks. These standards and procedures are integrated into a global Quality and Food Safety management system meeting ISO and FSSC 22000 international standards and managed as part of a continuous improvement process. This system applies to:
  - all stages of the value chain (from design to delivery);
  - all types of hazards (microbiological, chemical, physical, allergenic, nutritional, labeling, etc.), including risks associated with malicious acts and fraud;
  - all products bearing a trademark belonging to Danone or its Subsidiaries.

Danone's internal standards and procedures for Quality and Food Safety are defined at a global level. They are implemented worldwide to ensure that a single set of standards is applied to all products, regardless of where they are manufactured or sold. They are supported by a range of tools designed by in-house experts to help Subsidiaries make decisions based on robust risk analysis. Specific procedures for each stage of the value chain define targets and the relevant global and local responsibilities. These are supplemented by:

- cross-functional procedures that define requirements common to several value chains or measures aimed at developing, managing, assessing or improving a culture of food quality and safety across sites. Such procedures include strict hygiene rules, risk control measures such as allergen management, and measures to ensure traceability.
- specific requirements for finished goods are adapted to the product's composition, manufacturing process and consumers.

Supplier and Subcontractor regular assessment procedures

Danone assesses its Suppliers and Subcontractors' sustainable development performance and compliance with Danone's Sustainability Principles (DSP) via the RESPECT program. This program includes an assessment of Suppliers and Subcontractors on the Sedex and EcoVadis platforms. Agricultural producers, especially milk producers, are excluded from RESPECT as they are covered by the Regenerative Agriculture program instead. For high-risk and priority Suppliers and Subcontractors, RESPECT also includes Sedex Members Ethical Trade Audits (SMETA). Danone also has access to peer audits on its Suppliers and Subcontractors via the Sedex platform or via the AIM-Progress initiative's shared audit recognition program. These provide an additional source of information on Danone's Suppliers and Subcontractors. The Sedex and Ecovadis platforms, like the SMETA methodology, cover the following four aspects: working conditions, health and safety, environment and business ethics.

Following the audit, Danone aims to establish a regular dialogue with its Tier 1 Suppliers and Subcontractors on their responsible business practices, and to ensure that they implement the auditors' recommended corrective actions. The RESPECT team includes dedicated resources in Asia and South America. Their role is to encourage Suppliers and Subcontractors to develop corrective action plans by engaging with them regularly to provide expert support and methodological frameworks. The aim is to support Suppliers and Subcontractors throughout their improvement process, which is considered validated once the audit has been signed off, in accordance with the SMETA methodology (following verification of the corrective action plans). Danone's dedicated resources focus on audits regarding critical non-conformities (as defined by the SMETA methodology), whether commissioned by Danone or by peers.

Environment

- The Sedex Members Ethical Trade Audit (SMETA) concerns Suppliers and Subcontractors and assesses environmental management systems on points such as compliance with applicable regulations and the granting of permits for consuming and discharging energy, water, atmospheric emissions and waste management.
- Danone assesses the water-related risk of the main 131 ingredients in its supply chain using the Aqueduct water risk tool from the World Resources Institute (WRI). This tool highlights priority ingredients to focus upon and helps to define actions with Suppliers and Subcontractors.
- The first pillar of Danone's regenerative agriculture approach is environmental. It covers protecting and restoring soils, water and biodiversity and focuses on enhancing soil organic matter content, increasing soil carbon sequestration capability, strengthening biodiversity, and protecting and retaining water resources. To that end, in 2021, Danone introduced, the Danone Regenerative Agriculture Handbook and Scorecard, to support field technicians and practitioners with assessing farmers' adherence to regenerative agriculture practices. These tools were updated in 2022 and integrated into a digital tool to improve farming data collection. This new digital survey, piloted in more than 25 farms in Europe, North and Latin America and from 2023 onwards has allowed for better data quality at scale.
- Through the Animal Welfare tool, Danone supports and assesses raw milk Suppliers and Subcontractors. In 2023, animal welfare was assessed at Suppliers and Subcontractors providing 91% of the volume of fresh milk purchased by the Group. Danone has also carried out a total of more than 3,000 farm audits. On a scale of 0-100, they scored 70 points on average in 2023.
  - Danone is actively seeking alternative methods to limit the use of animals. For this, the Group applies the internationally recognized "3R" principle: replace animal testing, reduce the number of animals used, and refine procedures.

Human rights and fundamental freedoms

- Self-assessment by Suppliers and Subcontractors on the Sedex and EcoVadis platforms is based on the following four key topics: working conditions, health and safety, environment and business ethics.
- The audit plan for highest risk and priority Suppliers and Subcontractor was established based on an in-house human rights impact score. Audits are carried out by third parties according to the SMETA methodology or the Sedex Virtual Audit (SVA) protocol, which include areas such as working conditions, health and safety, the environment and business ethics. Based on the audit results, Danone aims to establish regular dialogue with its Suppliers and Subcontractors on their responsible practices and to monitor the existence of corrective action plans.

Health and safety of people

- Supplier and Subcontractor self-assessment on the Sedex or EcoVadis platforms includes the topic of health and safety.
- The SMETA methodology applies to Suppliers and Subcontractors and includes health and safety controls. Based on the audit results, Danone aims to establish regular dialogue with its Suppliers and Subcontractors on their responsible practices and to monitor the existence of corrective action plans.
- Danone's quality and food safety management system for Suppliers and Subcontractors is based on implementing strict measures aligned with ISO and FSSC 22000 certification requirements. Suppliers must implement and follow the relevant regulatory requirements as well as Danone-specific requirements (procedures, policies, positions) relating to:
  - a set of basic conditions and activities essential for maintaining strict hygiene throughout the food chain;
  - a risk management plan for quality and food safety (including managing allergens, traceability, malicious acts and fraud);
  - specific requirements for raw materials and packaging;
  - verification plans for raw materials and packaging supplied to Danone;
  - specific crisis management measures;
  - developing, promoting, measuring and improving a quality and food safety culture.
- These requirements are included in cross-functional procedures or procedures specific to the type of raw material or packaging, and apply to all Suppliers. They cover all relevant hazard types (chemical, biological, allergenic, nutritional and physical).
  - Materials and ingredients delivered to Danone must comply with all these requirements as well as with the relevant regulations documented in specifications jointly signed by Suppliers with Danone. Each Supplier is audited to check that it meets all requirements. In addition, the Supplier must be certified (or in the process of being certified) by an independent external body according to a system recognized by the GFSI (or equivalent) to be able to supply Danone with the materials and ingredients concerned.
  - Danone has also set up Subcontractor procedures to guarantee the quality and food safety of manufactured products. In line with ISO and FSSC 22000 certification requirements, the Subcontractor must implement and follow quality and food safety management system principles similar to those defined for Suppliers (including compliance with the relevant regulations mentioned previously), and comply with requirements specific to the finished goods (dairy, plant, specialized nutrition, water, etc.). In addition, as with Suppliers, internal procedures govern the approval of Subcontractors and finished goods, with all risks taken into account.

Adapted policies and actions for risk mitigation and prevention of severe harm

In light of its risk mapping, Danone defined a series of actions to mitigate the main risks identified and prevent severe harm to the environment, human rights, fundamental freedoms and health and safety.

These actions, described hereafter, include:

- establishing and implementing policies and action plans;
- engaging, raising awareness and training employees;
- engaging Suppliers and Subcontractors on Danone's sustainability agenda;
- engaging and collaborating with value chain partners, academics, NGOs and other key external stakeholders;
- conducting regular audits and investigations; and
- ensuring the availability of dedicated expert remediation support when significant variances are identified among the audited Suppliers and Subcontractors.

Employees of Danone and its Subsidiaries are engaged in a sustainability approach designed to help them understand and report risks. This engagement involves training (such as e-learning) and adherence to the Danone Code of Business Conduct and Danone Sustainability Principles, which govern employee conduct within Danone and its Subsidiaries.

With respect to its Suppliers and Subcontractors, Danone established a Code of Conduct for Business Partners and also requires that they comply with its Sustainability Principles. These requirements are included in the contracts between Danone and its Suppliers and Subcontractors (see section 5.5 *Responsible Business Conduct*).

The prevention of severe harm related to identified risks is based on (i) policies defined by Danone (in particular those listed in the table below) and (ii) adapted actions for risk mitigation.

Policies for risk mitigation and prevention of severe harm

Risk category	Risk	Policy
ENVIRONMENT	**Prevention of risks relating to climate change and GHG emissions**	The Climate Transition Plan, published in December 2023 by Danone, replaced the Climate Policy of 2016. This plan is based on eight programs aimed at 1) reducing Danone's emissions by 2030, in line with its science-based targets and aligned with the 1.5°C pathway and 2) providing forward-looking perspectives for its journey towards Net Zero by 2050. These eight programs cover the different steps of its value chain: direct operations, milk, ingredients, packaging, logistics, co-manufacturing, Supplier and Subcontractor engagement, as well as the design and management of low-carbon portfolios. The plan also addresses solutions to continue reducing emissions beyond 2030, with a view to achieving Net Zero by 2050, in line with the 1.5°C pathways defined by the Science Based Targets initiative (SBTi). With an initial focus on emissions reduction within the Group's value chains, the plan outlines the approach to neutralize residual emissions by 2050. The eight programs and long-term perspectives are described in section 2.3.3.1 below, and the full Climate Transition Plan has been available on Danone's corporate website since December 2023.
	Prevention of risks relating to plastic use	In 2018, Danone signed up to the Ellen MacArthur Foundation (EMF) Global Commitment on Plastics in collaboration with the United Nations Environment Programme (UNEP), and published its Packaging Policy, setting out the Group's roadmap to (i) shift from a linear to a circular economy of packaging throughout its value chain and (ii) reduce the use of plastic in accordance with the French anti-waste law known as AGEC (Anti-Gaspillage pour une Économie Circulaire) of February 10, 2020. In 2024, Danone plans to update its Packaging Policy to reflect its packaging ambitions and roadmap. The Group also continues to support the Ellen MacArthur Foundation Global Commitment on Plastics, working to define new sectoral targets for the industry beyond 2025.
	Prevention of risks relating to natural resource use	As part of its 2020 Water Policy, Danone promotes an innovative approach and integrated management of the resource to preserve water resources throughout its value chain and rethink circularity within and around the production sites. The Danone Water Policy will be updated in 2024. In 2018, Danone signed up to the Ellen MacArthur Foundation (EMF) Global Commitment on Plastics in collaboration with the United Nations Environment Programme (UNEP).
	Prevention of risks of damage to natural ecosystems and biodiversity	The Renewed Forest Policy (2022), the Regenerative Agriculture Framework (2021), the Water Policy (2020) and the Packaging Policy (2018) all contribute to Danone's goal of combating damage to natural ecosystems and biodiversity.
	Prevention of risks relating to deforestation and changes in land use	The Renewed Forest Policy (2022) and Regenerative Agriculture Framework (2021) contribute to mitigating this risk within Danone's value chain. Through its Renewed Forest Policy, Danone is committed to delivering deforestation- and conversion-free supply chains by 2025 and promoting a sustainable future for forests. The policy focuses on key forest-risk commodities (palm oil, paper and board, soy, cocoa and animal feed) and addresses all forms of deforestation and land conversion in line with the definitions of the Accountability Framework initiative (AFi). Danone is also committed to adhering to the principles of No-Deforestation, No Peat, No-Exploitation (NDPE) of the rights of workers, indigenous peoples and local communities and ensuring the Free, Prior and Informed Consent (FPIC) of indigenous peoples and local communities.
	Prevention of risks of harm to animal welfare	Danone's Animal Research Policy (2022), Danone's Animal Welfare Commitments & Full Year 2022 Progress Report, Danone Sustainability Principles (DSP), as well as the Position Paper on Animal Welfare (2018) frame Danone's actions to protect animal welfare within its value chain.

Risk category	Risk	Policy
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks of discrimination and harassment**	The Human Rights Policy (2022), Diversity, Equity and Inclusion Policy (2021), Parenting Policy (2017), Anti-Harassment and Anti-Discrimination Policy (2020), as well as Danone Sustainability Principles (DSP) demonstrate Danone's commitment to ensuring a workplace free of harassment and discrimination in its activities and supply chain.
	Prevention of risks to workers' rights to freedom of association and collective bargaining	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to respect and strengthen human rights in its value chain. They elaborate Danone's responsibilities and expectations towards its business partners regarding freedom of association and the right to collective bargaining (2022).
	Prevention of risks relating to forced labor	Danone's Human Rights Policy (2022), Sustainability Principles (DSP), and Declaration on Forced Labor (2018) reaffirm Danone's commitment to fight against forced labor in both its activities and supply chain.
	Prevention of risks relating to child labor	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to fight against child labor in both its activities and supply chain.
	Prevention of risks relating to inadequate salary and income	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) include Danone's commitment to promote decent work by granting a decent wage and at least the applicable legal minimum or standard pay in both its operations and supply chain.
	Prevention of risks relating to unreasonable working time	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) include Danone's commitment to securing reasonable working hours in both its operations and supply chain.
	Prevention of risks relating to precarious working conditions	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to promote decent working conditions in both its activities and supply chain.
	Prevention of risks relating to community displacement and land grabbing	Danone's Human Rights Policy (2022) and Renewed Forest Policy (2022) reaffirm Danone's commitment to respect and enforce the rights and property rights of people, indigenous peoples and local communities. All negotiations concerning their property or land, including use and transfers, adhere to the Principles of Free, Prior, and Informed Consent (FPIC).
	Prevention of risks relating to a deterioration in living conditions in local communities	The Human Rights Policy (2022) reaffirms Danone's commitment to respect the populations of the communities impacted by its activities: not impeding their access to water and respecting the right to a healthy environment. Danone's various environmental policies (the Renewed Forest Policy (2022), Regenerative Agriculture Framework (2021), the Water Policy (2020) and the Packaging Policy (2018) contribute to reducing the negative environmental impacts of the Group and its value chain on people and local communities, particularly with regard to climate change, soil deterioration, access to water, deforestation plastic use and plastic pollution.

Risk category	Risk	Policy
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to insufficient consumer access to products**	Danone's key document on making healthy products affordable and accessible ("Reaching as many people as possible: our efforts to make healthy products affordable and accessible") reaffirms its commitment, also set out in its by-laws as a *Société à Mission*, to improve product accessibility and provide consumers with healthy and affordable products (2023). It describes Danone's approach to providing access, both physically and in terms of price, to healthy food and drinking water, so that consumers in general, and vulnerable populations in particular, can enjoy a healthy, balanced diet.
	Prevention of risks relating to personal data	Among the actions contributing to the protection of personal data, Danone has implemented: ■ a Global Data Protection Policy applicable to all employees worldwide, setting out the principles and standards they must comply with when processing personal data; ■ business conduct principles, applicable to all employees worldwide, aimed at complying with applicable laws and regulations on personal data protection and in accordance with the Danone Personal Data Privacy Policy.
	Prevention of risks relating to inadequate professional training	As part of the FutureSkills program, Danone signed a joint declaration with the International Union of Food Workers (IUF), which aims to give its employees the opportunity and time to develop new skills and prepare them for the jobs of tomorrow. The implementation of the FutureSkills program undergoes specific monitoring by Danone's Mission Committee, which reinforces the program's governance and emphasizes the importance of training all employees to adapt to the jobs of tomorrow.
HEALTH AND SAFETY OF INDIVIDUALS	**Prevention of risks relating to product safety and quality**	Danone's quality and food safety policy is governed by: ■ Danone Quality and Food Safety Commitments, the Executive Committee's commitments to quality and food safety, based on four pillars (be trusted, be preferred, be efficient and be proud) in order to always guarantee the safety and quality of its products to its consumers (2022); ■ Danone Quality and Food Safety Manual (2019), which describes the Group's operations regarding Quality and Food Safety; ■ Danone's Food Safety Policy (renewed in 2023), which refers to Danone's Food Safety Management System aligned with ISO 22000 and FSSC 22000 operating guidelines. These policies also include preventing the risk relating to human health that can arise from sensitive substance migration. They apply to Danone, its Subsidiaries, Suppliers and Subcontractors.
	Prevention of risks relating to the consumption of foods with low nutritional quality	Danone's Policy for the Marketing of Breast-Milk Substitutes (2018), Pledge on Marketing to Children (2022), Guidelines for the Use of Nutrition and Health Claims (2023), Nutritional Quality Guidelines for Food: Danone's nutritional targets (2023) frame Danone's mission to impact employees' and consumers' health locally.
	Prevention of risks relating to workers' health and safety	Danone's Human Rights Policy (2022) and Sustainability Principles (DSP) reaffirm Danone's commitment to respect and enforce workers' health and safety in both its activities and supply chain.

Based on these policies, and as part of a continuous improvement approach, actions to mitigate risks and prevent severe harm have been implemented for each risk category, including:

Adapted actions for risk mitigation and prevention of severe harm

Actions specific to the activities of Danone and its Subsidiaries

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks relating to climate change and GHG emissions**	Danone deploys actions across its value chain through eight programs, which form its Climate Transition Plan. For its operations and Subsidiaries, Danone works on eight programs: ■ Improving its production sites' energy footprint and transition to renewable energies ■ Producing milk sustainably ■ Sourcing ingredients sustainably ■ Transforming its packaging ■ Improving its logistics ■ Supporting co-manufacturers ■ Engaging with Suppliers and Subcontractors to decarbonize their own GHG emissions ■ Developing sustainable product offerings for its consumers Danone's climate action is part of a holistic approach, taking into account the various aspects of social and environmental impacts. For example, the deployment of regenerative agriculture in the value chain aims not only to reduce carbon emissions, but also to support biodiversity, soil health, improve water management and animal welfare while accompanying farmers towards resilient agriculture in the face of climate change. As we approach 2050, climate change adaptation will become increasingly critical and is already so in some of the most exposed regions. For more information on the programs, refer to section *Focus on risks relating to Climate Change and GHG emissions and Danone's preventive actions.*
	Prevention of risks relating to plastic use	■ Participation in the Ellen MacArthur Foundation's (EMF) annual progress report on the Global Plastics Commitment (2018) as a member of the Advisory Board of the New Plastics Economy Initiative. ■ Participation in the Consumer Goods Forum Plastic Waste Coalition of Action, which aims to set standards and align the industry to improve plastic collection and recycling. ■ Advocacy with the World Wide Fund for Nature (WWF) and EMF for an ambitious and binding UN Treaty on Plastics. ■ Partnership with Loop Industries to enhance closed-loop recycling for PET bottles and enable the recycling of hard-to-recycle packaging and materials. ■ Joining the Circulate Capital initiative for Latin America and the Caribbean in 2023. Danone committed a further 15 million dollars to combat plastic pollution and develop the recycling value chain in the region.
	Prevention of risks relating to natural resource use	■ Implementing a fourth "Reclaim" pillar to the 3R strategy (Reduce, Reuse, Recycle) described in the Water policy. Deployment of 4R roadmaps and action plans in all production sites, to optimize water usage and reinforce second life for water. For concrete examples in targeted countries, see section 5.3. Nature, section preservation of water resources. The 4R strategy also includes packaging waste management, with the aim of recovering and reclaiming waste to achieve the target of zero-waste landfill by 2025.

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks of damage to natural ecosystems and biodiversity**	■ All the actions taken by Danone to prevent risks relating to climate change and GHG emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity. ■ *Alpro* brand participates in the official Science Based Targets for Nature (SBTN) pilot group for measuring the nature-biodiversity footprint.
	Prevention of risks relating to deforestation or conversion and changes in land use	■ Strengthening commitments to fight against deforestation and the conversion of natural ecosystems through the Renewed Forest Policy (2022). This policy focuses on three commitments: traceable and verified deforestation- and conversion-free supply chains (Clean Supply Chains) by 2025, Responsible Suppliers and Subcontractors by 2025 and support for projects and coalition for the restoration of natural ecosystems by 2030. ■ The Group applies the deforestation- and conversion-free principle to itself, and implements the policy in its supply chains (see the section on Suppliers and Subcontractors below).
	Prevention of risks of harm to animal welfare	■ Integrating the welfare of animals in Danone's regenerative agriculture approach. Collaboration with the international NGO Compassion in World Farming (CIWF) to develop animal welfare roadmaps.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks of discrimination and harassment**	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Implementation of functional local roadmaps and indicators on diversity, equity and inclusion. ■ Creation of a global network of Diversity, Equity and Inclusion Ambassadors. ■ Launch of a global disability awareness campaign following voluntary self-identification through the Danone People Survey to understand how many employees with disabilities are represented across all functions and roles, to help close the gaps in recruitment, engagement, retention and promotion. ■ Renewal of the global membership to the Business Disability Forum, a non-profit organization bringing businesses, people with disabilities and policymakers together. ■ Country General Managers' monthly presentation to the Executive Committee of the status of Diversity, Equity and Inclusion, including key KPIs and local initiatives related to the topic. ■ Membership to the LEAD Network, which aims at advancing women in the Consumer Goods and Retail sector through annual conferences and mentoring support.
	Prevention of risks to workers' rights to freedom of association and collective bargaining	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Deployment of the framework agreements signed between Danone and IUF in each subsidiary. ■ Joint site visits with the IUF to verify the application of agreements and the quality of social dialogue (five visits in 2023, and 78 since 2009). ■ Application of the neutrality agreement signed in 2019 with unions in the USA, having enabled the recognition of unions and the signing of collective agreements at all Danone industrial sites in the USA.
	Prevention of risks relating to forced labor	■ Global deployment of the Danone Sustainability Principles (DSP) ■ Joining the Consumer Goods Forum's (CGF) collective effort to eradicate forced labor from the global supply chain (2016). ■ Deployment of Human Rights Due Diligence (HRDD) systems focusing on forced labor in operations, with the aim of reaching 100% coverage by 2025, also including external workers hired by temporary work agencies or subcontractors to carry out regular and continuous work at its entities: establishing global governance under the responsibility of the Chief Human Resources Officer, creating the team responsible for deploying and updating the roadmap with the selection of the 10 countries in which Danone sites will be subject to a SMETA audit in 2024. They account for two-thirds of the Group's external workers. ■ E-learning course on human rights and forced labor.
	Prevention of risks relating to child labor	■ Global deployment of the Danone Sustainability Principles (DSP).
	Prevention of risks relating to inadequate salary and income	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Launch of the global employee share ownership plan, enabling its employees in eight countries to subscribe for new Danone shares. ■ Contribution to state-sponsored and/or private retirement funds for employees in accordance with the laws and customs of the countries of each Danone entity.
	Prevention of risks relating to unreasonable working time	■ Global deployment of the Danone Sustainability Principles (DSP). ■ Implementation of work schedules in accordance with their local environment, for example by allowing part-time work or remote work, thus contributing to well-being at work. ■ Launch of the Future of Work study (2021) among employees to reflect on how to transform working time methods.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to precarious working conditions**	■ Deployment of Human Rights Due Diligence (HRDD) systems in Danone's operations, with the aim of reaching 100% coverage by 2025, including external workers hired by temporary work agencies or by its subcontractors to carry out regular and continuous work at its entities: establishing global governance under the responsibility of the Chief Human Resources Officer, creating the team responsible for deploying and updating the roadmap with the selection of the 10 countries in which Danone sites will be subject to a SMETA audit in 2024. They account for two-thirds of the Group's external workers. ■ Contribution to the collective work of the CGF's coalition supported by the Fair Labor Association (FLA) to develop the due diligence framework tools and processes.
	Prevention of risks relating to community displacement and land grabbing	■ Global deployment of the Danone Sustainability Principles (DSP).
	Prevention of risks relating to a deterioration in living conditions in local communities	■ See environmental risks above. Implementation of actions linked to the Renewed Forest Policy (2022), the Regenerative Agriculture Framework (2021), the Water Policy (2020) and the Packaging Policy (2018). ■ Global deployment of the Danone Sustainability Principles (DSP).
	Prevention of risks relating to insufficient consumer access to products	■ Group guidelines and tools provided to Subsidiaries to integrate the dimension of accessibility to Danone's healthy products into commercial practices. ■ Monitoring the coverage of countries where Danone operates with at least one healthy product in their portfolio targeting middle- or low-income populations or an action plan to expand access. ■ Development of distribution channels and support projects to provide better access to Danone's healthy products. ■ Danone's contribution to non-commercial initiatives aiming to provide access to healthy food for as many people as possible. ■ Support for social enterprises that provide affordable drinking water to vulnerable populations and communities through Danone Communities and the Water Access Acceleration Fund (W2AF), which aims to provide more than 20 billion liters of drinking water to low-income consumers by 2030.
	Prevention of risks relating to personal data	■ Implementation of a document center providing employees with document and procedure templates, aiming to achieve harmonized and compliant practices in terms of personal data protection. For example: privacy policy and cookie policy templates for informing individuals, procedure for assessing the legality of international transfers of personal data, specific contract templates allowing Danone and its partners to organize their respective relationships or obligations regarding personal data protection. Danone includes necessary clauses and annexes in contracts with external partners, in the form of Data Processing Agreements covering the requirements of Article 28 of the European General Data Protection Regulation (GDPR), as well as necessary measures in consumer interactions, in the context of transparency measures and stating access rights. ■ Training and e-learning programs to raise awareness among employees about the importance of protecting personal data and the reflexes to be adopted for this purpose.
	Prevention of risks relating to inadequate professional training	■ Deployment of the FutureSkills program at the local level. In Fulda (Germany) in 2022, to support the transition of the plant to a new packaging technology, in-depth professional training programs that prepare each team member for the jobs of the future have been deployed. The program also guided the conversion of the Villecomtal site (France) to plant-based products, through an in-depth training program in 2023 for its 138 employees.

Risk category	Risk	Actions for risk mitigation and prevention
HEALTH AND SAFETY OF PEOPLE	**Prevention of risks relating to product safety and quality**	■ Implementation of a process to identify new scientific, regulatory, analytical and normative developments in terms of quality and food safety. ■ Maintaining cutting-edge scientific capabilities, drawing on internal expertise as well as collaborating with recognized external experts. ■ Definition and global deployment of standards and procedures containing a set of internal requirements designed to anticipate, prevent and manage quality and food safety risks. ■ Development and deployment of an internal training program on quality and food safety issues to increase knowledge and skills on key topics and support a strong quality and food safety culture within Danone. ■ Development and deployment of a global program to help local entities monitor, control and resolve any difficulties that may arise at their sites, thereby protecting their consumers. This system allows for an analysis of root causes, problem resolution, technical support, and the definition and implementation of corrective and preventive actions. ■ A lock system ensuring that finished products are released only if the result is approved. ■ Accelerated development of data and digital tools to foster process robustness and data-driven decisions.
	Prevention of risks relating to the consumption of foods with low nutritional quality	■ Publication of the Danone Impact Journey, Danone's sustainability roadmap, including a "Health through Food" pillar with eight quantified commitments for 2025, which are steered on a quarterly basis by the Health Steering Committee chaired by the Chief Research, Innovation, Quality and Food Safety Officer. ■ Implementation of a product renovation program focused on reducing sugar levels in products for children, with regular cross-regional coordination to monitor progress and share best practices. ■ Continuation of the program for transparency in the nutritional content of products, with regular cross-regional coordination, and in consultation with local authorities for the choice of locally relevant labeling systems. ■ Coordinating an iron impact group aimed at encouraging local projects to combat iron deficiency. ■ Bimonthly meetings of the network of local Nutrition correspondents to inform them of existing policies and procedures, and to share the outcomes of action plans and best practices. ■ Detailed outcomes of these actions can be found in the Health Journey Report.
	Prevention of risks relating to workers' health and safety	■ Implementation of the Dan'Cares program, aimed at protecting all employees and ultimately guaranteeing quality health coverage for all employees. ■ Launch of a new Dan'Cares pillar: the Employees Assistance Program (EAP) to help employees with any emotional, practical or physical issues. ■ Global deployment of the WISE^2 program designed to guarantee the safety of all Group employees. This program seeks to continuously reduce the number of workplace accidents, to promote the culture of workplace health and safety at all Group sites, and to ensure compliance with standards for the most critical risk situations. ■ Network of Health and Safety Managers at Danone Subsidiaries and sites ensuring compliance with the WISE^2 program.

Actions specific to the activities of Danone's Suppliers and Subcontractors

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks relating to climate change and GHG emissions**	Danone deploys actions across its value chain through eight programs, which form its Climate Transition Committee: ■ Improving its production sites' energy footprint and transition to renewable energies ■ Producing milk sustainably ■ Sourcing ingredients sustainably ■ Transforming its packaging ■ Improving its logistics ■ Supporting co-manufacturers ■ Engaging with Suppliers and Subcontractors to decarbonize their own GHG emissions ■ Developing sustainable product offerings for its consumers ■ Supplier engagement is an integral part of Danone's climate action and a cross-cutting program on supplier engagement that supports all other programs is dedicated to it. Danone shares its Sustainability Principles (DSP) with its Suppliers and Subcontractors and incorporates them into contractual clauses with its direct Suppliers and Subcontractors. ■ Danone encourages its Suppliers and Subcontractors to set SBTi targets, including those who do not yet have deforestation and conversion targets. Danone aims to have its most strategic Suppliers and Subcontractors align with the 1.5°C SBTi Net Zero emission commitment and commit to a 30% reduction in their FLAG emissions within Danone's supply chains by 2030. ■ For more information on the eight programs, including the Supplier and Subcontractor engagement program, refer to section *Focus on risks relating to Climate Change and GHG emissions and Danone's preventive actions.*
	Prevention of risks relating to plastic use	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. The DSP cover the risk relating to plastic use and the plastic pollution generated throughout the plastic life cycle: • Plastic pollution due to extraction or leaks into nature: this point is covered by the principle relating to the environmental management system. • Greenhouse gas emissions from plastic production and end-of-life plastic incineration: these points are covered by the principles relating to climate change and environmental management systems. The Supplier and Subcontractor SMETA audit assesses environmental management systems on points such as compliance with applicable regulations and the granting of permits for consuming and discharging atmospheric emissions and waste management.
	Prevention of risks relating to natural resource use	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. ■ Development of methodology to identify farms or collection centers located in water-stressed areas and determine an appropriate approach (mitigation, adaptation or relocation of the supply source).
	Prevention of risks of damage to natural ecosystems and biodiversity	■ All the actions taken by Danone with its Suppliers and Subcontractors to prevent risks relating to climate change and GHG emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity. ■ The *Alpro* brand participates in the official Science Based Targets for Nature (SBTN) pilot group for measuring the nature-biodiversity footprint.

Risk category	Risk	Actions for risk mitigation and prevention
ENVIRONMENT	**Prevention of risks relating to deforestation or conversion and changes in land use**	■ Conducting a forest risk analysis and selecting priority commodities for deforestation and conversion, based on reports such as the WWF Risky Business Reports and consultation with external stakeholders. This selection was taken into account when drawing up the Renewed Forest Policy (2022). ■ Implementation of the three commitments of the Renewed Forest Policy (2022) for priority categories: traceable and verified deforestation- and conversion-free supply chains (Clean Supply Chains) by 2025, Responsible Suppliers and Subcontractors by 2025 and support for projects and coalition for the restoration of natural ecosystems by 2030: ***Palm Oil*** • Commitment to traceability back to the plantation from 2023, and to the origin of the palm oil used, which must meet the following criteria: come from plantations whose expansion does not threaten forests, particularly High Conservation Value (HCV) forests and High Carbon Stock (HCS) forests, and tropical peatland; protection of the rights of indigenous populations and local communities; protection of the rights of all workers. • Commitment to use RSPO (Roundtable on Sustainable Palm Oil) Certified and Segregated palm oil. • Launch, in 2021, together with the Livelihoods Fund for Family Farming (L3F), of a ten-year project to help 2,500 smallholder palm oil farmers achieve a sustainable transition in Sumatra Island, Indonesia. • Support, since 2018, of the Siak Pelalawan Landscape Program (SPLP) in the province of Riau, Indonesia, aimed at achieving sustainable palm oil production. ***Paper and board*** • Packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. • Commitment to traceability to the mill. ***Soy*** • Use of certified soybeans: for example, Alpro brand soybeans are 100% ProTerra Segregated certified. • Commitment to traceability, with 100% of soybeans traced directly to the plantation by 2025 in high-risk regions for deforestation and conversion. • A country by country assessment of the volume and origin of soy feed consumed by dairy cows through the Cool Farm Tool. ***Cocoa*** • Use of cocoa certified by one or more of the following programs: Rainforest Alliance, Organic, Fair Trade, Fair For Life. • Commitment to trace cocoa back to the plantation. ***External contributions*** • Participation in the One Planet Business for Biodiversity (OP2B) coalition, as well as in the Forest Positive Coalition of the Consumer Goods Forum (Danone is a member of the Steering Committee and of the three task forces for palm oil, soy and paper).
	Prevention of risks of harm to animal welfare	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. ■ Implementation of a Danone animal welfare scorecard used to evaluate farmers' practices and/or impact on the three pillars of regenerative agriculture. ■ Assessment of animal welfare for 91% of the volume of fresh milk produced via the Group's animal welfare audit.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks of discrimination and harassment**	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors: acceptance and adherence to the DSP or provision of equivalent principles is mandatory to do business with Danone, it is the responsibility of Suppliers and Subcontractors to exercise diligence in implementing the DSP or equivalent requirements within their own company and with their Suppliers and Subcontractors, as well as their own monitoring programs. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): • Supplier and Subcontractor self-assessments on Sedex or Ecovadis platforms allowing for an initial risk assessment; • Selection of priority Suppliers and Subcontractors for audits. Annual audit plan (SMETA methodology) supplemented by access to audits of shared Suppliers and Subcontractors by peer companies; • Requirement to implement improvement plans. For critical non-conformities, monitoring of the process by Danone until audit closure by the auditors (validation of improvement measures) for audits of shared Suppliers and Subcontractors by both Danone and peer companies.
	Prevention of risks to workers' rights to freedom of association and collective bargaining	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to forced labor**	■ Informing Suppliers and Subcontractors of Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above. ■ Joining the Consumer Goods Forum's (CGF) collective effort to eradicate forced labor from the global supply chain (2016). ■ Assessment of the situation of external workers at Danone sites through the due diligence program deployed internally.
	Prevention of risks relating to child labor	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. The Supplier must not hire children under 15 years old and must implement rigorous age verification checks. Furthermore, young people under the age of 18 should not be hired for jobs involving dangerous work, night shifts, or work that interferes with regular educational activities. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.
	Prevention of risks relating to inadequate salary and income	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above. ■ Support for improving the livelihoods and conditions of farmers and agricultural workers through the implementation of projects. For instance, in Spain, a project was launched to support farmers on the verge of retiring in finding generational relay for their farms and to coach young people to become professional farmers. ■ Implementation of the "Alban Baladine" milk collection centers project in Egypt, which contributes to the empowerment of small milk producers, particularly women. The target is to have a positive social impact by opening milk collection centers and providing small milk producers with access to milk analysis and storage to increase and stabilize their cows' productivity and consequently their income.
	Prevention of risks relating to unreasonable working time	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.
	Prevention of risks relating to precarious working conditions	■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its Suppliers and Subcontractors. ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above. ■ Assessment of the situation of external workers (temporary workers and subcontractors, who are more vulnerable to precarious working conditions) at Danone sites through the due diligence program deployed internally.
	Prevention of risks relating to community displacement and land grabbing	■ Supplier and Subcontractor information and engagement based on the 2022 Renewed Forest Policy ■ RESPECT program for Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.

Risk category	Risk	Actions for risk mitigation and prevention
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risks relating to a deterioration in living conditions in local communities**	■ The actions set out in Danone's environmental policies aim to mitigate the risks relating to a deterioration in living conditions in local communities.
	Prevention of risks relating to insufficient consumer access to products	■ Support to social enterprises that provide affordable drinking water to vulnerable populations and communities through Danone Communities, which has invested in the Water Access Acceleration Fund (W2AF). W2AF aims to supply over 20 billion liters of drinking water to low-income consumers by 2030. ■ Monitoring of countries where Danone operates having at least one healthy product in their portfolio targeting middle- or low-income populations or an action plan to expand access.
	Prevention of risks relating to personal data	■ Implementation of a document center providing employees with document and procedure templates, aiming to achieve harmonized and compliant practices in terms of personal data protection in terms of personal data protection, including: privacy policy and cookie policy templates for informing individuals, procedure for assessing the legality of international transfers of personal data, specific contract templates allowing Danone and its partners to organize their respective relationships or obligations regarding personal data protection.
	Prevention of risks relating to inadequate professional training	■ Support to farmers via training equipment and funding opportunities, to support the positive and sustainable transformation of agricultural chains. To this end, Danone implemented the Farming for Generations program, which focuses on training farmers to accelerate the transition to regenerative agriculture. F4G has reached over 2,600 farmers, sharing their experiences through farming events, webinars, newsletters and the Danone Regenerative Agriculture Knowledge Center. Danone continues to develop its regenerative agriculture practices drawing on the experiences learned from the F4G program, now known as Partners for Growth (P4G) (for more information, see section 5.3 *Nature, section Regenerative Agriculture*).

Risk category	Risk	Actions for risk mitigation and prevention
HEALTH AND SAFETY OF PEOPLE	**Prevention of risks relating to product safety and quality**	■ Implementation of actions to prevent and mitigate risks that apply to all raw materials and packaging (including plastics) and to all Suppliers: • Suppliers and Subcontractors certified by an independent external body (or in the process of obtaining certification) following GFSI recognized standards (or recognized as equivalent) as a prerequisite for supplying Danone. • Contractual agreement signed by all Suppliers and Subcontractors covering quality and food safety requirements that apply to all raw materials and packaging. • Implementation of a lock system ensuring that the purchase of a material is only possible if the supplier is approved, the specification of the material to be delivered is approved and Danone receiving plant approves the use of the material. • Implementation of a verification plan to ensure that the specific requirements for the material have been met and that the raw material or packaging is compliant. ■ Implementation of actions to prevent and mitigate risks that apply to all Subcontractors: • Certification of the subcontractor (or certification in progress) by an independent external body following GFSI recognized standards as a prerequisite for supplying Danone. • Subcontractor approval according to Danone's internal procedures, including a quality and food safety audit and a corrective and preventive action plan to mitigate risks prior to the launch. • Signature of a contractual agreement between Danone and the Subcontractor specifying the responsibility, obligation and liability of the co-manufacturer in the prevention and management of risks relating to quality and food safety prior to the launch. • Finished products manufactured according to Danone's internal procedures and the regulations in force in the market of sale. All validation, monitoring and verification activities designed to ensure product safety are formalized in the finished product specifications signed by both parties. The relevant analyses/ controls are conducted accordingly by the subcontractor and verified during the audits. ■ Danone's specifications for recycled materials are among the most demanding on the market, requiring an average investment of 18 to 24 months for recyclers. Danone has over 15 years' experience in the use of recycled materials, and was one of the initiators of the development of Recycled PolyEthylene Terphthalate for food contact.
	Prevention of risks relating to workers' health and safety	■ 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. ■ Informing Suppliers and Subcontractors of the Danone Sustainability Principles (DSP) and incorporating the DSP into contractual clauses between Danone and its direct Suppliers and Subcontractors. ■ RESPECT program for direct Suppliers and Subcontractors (other than fresh milk producers): see "Risk of discrimination and harassment" above.

Focus on risks relating to Climate Change and GHG emissions and Danone's preventive actions

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Background

Climate change is a profound and systemic challenge, happening now and accelerating, generating a multitude of global challenges, such as biodiversity loss, water scarcity, as well as considerable negative social impacts. The food sector holds a key role in fighting climate change and in transitioning toward a low-carbon economy.

Danone recognizes the importance and urgency of addressing climate challenges, as well as the environmental and human impacts of extreme weather events linked to climate change. For this reason, Danone adopted science-based greenhouse gas emission reduction targets across its value chain, aligned with the pathway to 1.5°C by 2030, and also submitted science-based targets to achieve net zero emissions by 2050. The scope covers greenhouse gas emissions from its scope 1, 2 and 3, notably from the production of its farms, its operations and the packaging processing facilities after the consumption of its products.

Governance

To achieve its ambitious goals, the Group recognizes the need to engage all internal functions in the company, along with external stakeholders.

Danone's approach to combating climate change is supported by the Chief Executive Officer and the Chief Sustainability and Strategic Business Development Officer. It is integrated into all functions and levels of the Group (global, regional and national) with the support of:

- The Group Deputy CEO in charge of Finance, Technology & Data, whose teams play a central role in the measurement, monitoring and reporting of climate-related issues;
- The Chief Cycles & Procurement Officer, whose role is essential in deploying the CO_2 emissions reduction strategy with Suppliers and Subcontractors, given that procurement categories represent nearly 95% of Danone's total emissions.

In addition, the Group regularly assesses its progress in terms of climate action, notably through two internal committees comprising key functional managers and members of the Executive Committee:

- the Global Impact Steering Committee, responsible for overseeing the implementation of the Danone Impact Journey strategy, in particular the eight climate-related programs and the program to combat deforestation;
- the Global Engagement Committee, which oversees matters concerning sustainability reporting, governance and dialogue with both internal and external stakeholders.

Furthermore, a Group-level operational governance has been established to implement the climate priorities of the Nature pillar of the Danone Impact Journey.

Partnerships and collective initiatives

Danone collaborates with various stakeholders, such as governments, regulators, scientific experts, NGOs and other companies, to work towards the Paris Agreement objectives. The Group recognizes that collective action is essential to limit global warming to 1.5°C. The following initiatives represent Danone main stakeholders in its fight against climate change:

- **Business Ambition for 1.5 °C** – Danone is actively engaged in this initiative, which promotes targets to limit global warming to 1.5°C.
- **Science Based Targets initiative** (SBTi) – Danone works closely with this corporate climate action organization to develop guidelines for companies in the forest, land and agriculture sector the FLAG guidance.
- **We Mean Business** – Danone is a member of this initiative aimed at taking action on climate change and working towards halving global emissions by 2030 in line with the 1.5°C pathway.
- **CDP**: Danone tracks and assesses its progress on climate and environmental issues through partners such as the CDP, an international non-profit organization whose rating system is recognized as the world's leading standard for corporate environmental transparency. In February 2024, Danone has received the highest possible AAA rating for the fifth consecutive year, alongside only nine other companies (out of 21,000 companies scored in 2023).

Apart from partnering with organizations on climate transition, Danone also works with various stakeholders on cross-cutting climate-related issues such as agriculture, biodiversity and forests, and participates in several industry civil society organizations. A non-exhaustive list is shown in the table below:

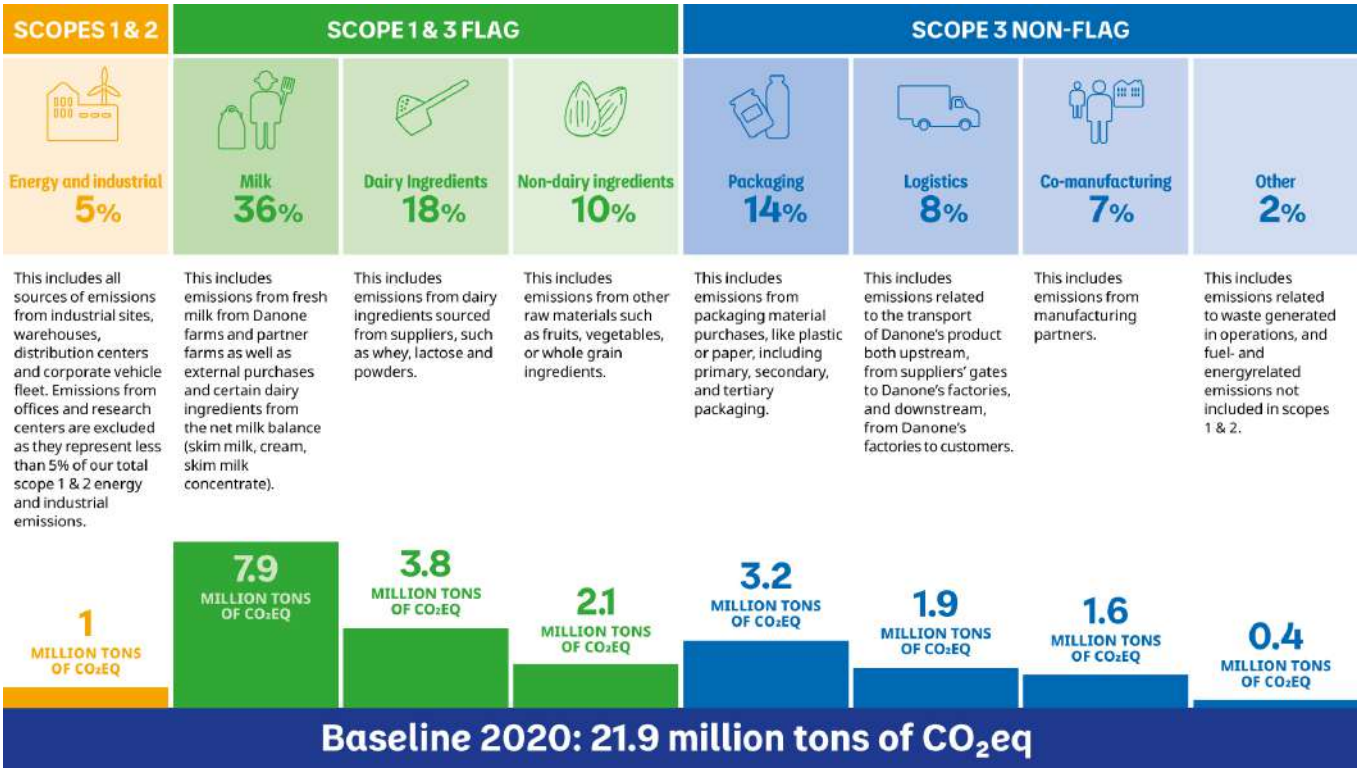
Categories	Stakeholders
Agriculture, biodiversity and forest related platforms	■ **One Planet Business for Biodiversity** (OP2B): Danone is a founding member of OP2B, a business coalition focused on scaling up regenerative agriculture practices to protect soil health, developing product portfolios to boost cultivated biodiversity and increase the resilience of the food and agriculture models, eliminating deforestation, enhancing the management, restoration and protection of high value natural ecosystems. ■ **Science Based Targets for Nature** (SBTN): The plant-based brand *Alpro* is part of the SBTN Engagement Program to contribute to the development of SBTN methods, tools and guidance. ■ **Sustainable Agriculture Initiative** (SAI): Danone co-founded the SAI Platform in 2002 to promote regenerative agriculture practices and the transformation to sustainable food systems. ■ **Task Force on Nature-related Financial Disclosures** (TNFD): Danone took part in a pilot study to support the development of the first version of the TNFD's global framework for nature-related risk management and disclosure. ■ **Forest Positive Coalition** (FPC) of Action: Danone actively participates in this coalition as a member of the steering committee and three working groups on raw materials (palm oil, soy and paper).
Non-governmental organizations (NGOs)	■ **Environmental Defense Fund** (EDF): Danone has launched a strategic partnership with EDF to improve science, data and reporting for methane emissions in agriculture to ensure that climate benefits are real and lasting; a call to action from both the dairy sector and public authorities to prioritize solutions that reduce methane emissions in agriculture; advancing innovative financing models, such as co-funding models between companies and governments to more rapidly deploy solutions tailored to farmers. ■ **Global Methane Hub** (GMH): Danone has joined GMH's R&D Accelerator to reduce methane emissions through innovation. This accelerator aims to create new, easy-to-apply solutions to help dairy farmers reduce their methane emissions.

Carbon footprint

As part of its short-term targets aligned with the science-based 1.5°C pathway approved by SBTi, Danone is committed to reducing its annual net emissions from 21.9 million metric tons of CO_2 equivalent in 2020 to 14.3 million tons of CO_2 equivalent by 2030.

Danone is determined to achieve this target while continuing to develop its activities and make progress on its roadmap, which is based on its eight programs constituting its climate transition plan and supported by its program to combat deforestation. The emissions projected in the baseline scenario for 2030, although theoretical, incorporate the evolution of Danone's emissions trajectory in recent years, thus demonstrating the effective integration of decarbonization initiatives into its operating model.

Danone's greenhouse gas emissions, included in the SBTi targets, in millions of metric tons of CO_2 equivalent vs its 2020 baseline, are broken down as follows:



Danone's carbon footprint covers its scope 1, 2 and 3, and is particularly high in its scope 3 (FLAG and non FLAG). For this reason, the Group is stepping up its actions on issues linked to agriculture and packaging, where the risks and challenges are particularly significant for its activities and supply chain.

Risks identified

The current global greenhouse gas emissions are heading towards a global warming exceeding the goals of the Paris Agreement. This reality poses many risks for Danone, its supply chains and its consumers. These risks include environmental, health and social risks.

- Climate change, loss of biodiversity, soil depletion, water scarcity and flooding are closely linked and need to be addressed all together. A silo approach may result in investments that are ultimately counterproductive, leading to a negative impact on biodiversity, water resources and local communities. A non-material approach may also result in failing to mitigate the risks generated by Danone, which must deploy its actions across its entire value chain, with a particular focus on its scope 3 related to its agricultural emissions.
- Climate change also results in risks to the health, livelihoods, well-being and dignity of billions of individuals worldwide. Particularly risks to the right to life, to food and water, to health and to decent work. Water resources are particularly affected by the consequences of climate change, yet they remain fundamental for human health as they involve drinking water, sanitation and hygiene.
- Climate change may exacerbate social and economic inequalities, disproportionately affecting vulnerable groups, such as small-scale farmers, children, women and indigenous peoples.

Commitments and targets

As part of its sustainability strategy - the Danone Impact Journey - Danone aims to reduce its greenhouse gas emissions (1.5°C target) and leading the way on methane reduction.

To achieve this, Danone committed to reduce its absolute emissions by 34.7% between 2020 and 2030, with the following targets:

- reduce absolute scope 1 and 2 GHG emissions by 47.2% by FY2030 from a FY2020 base year;
- reduce absolute scope 3 GHG emissions by 42% by FY2030 from a FY2020 base year;
- reduce absolute scope 1 and 3 Forest Land and Agriculture (FLAG) GHG emissions by 30.3% by FY2030 from a FY2020 base year;
- reduce absolute methane emissions from milk used in dairy products by 30% by 2030.

Danone resubmitted its long-term goal of achieving zero net emissions by 2050 to the Science-Based Targets initiative (SBTi) at the end of 2023.

Roadmap and action plan

To achieve its ambitious targets, the Group has worked on a clear and concrete roadmap for reducing its emissions, built around eight strategic programs, published in the Climate Transition Plan in 2023.

The first six programs cover its entire value chain: operations, milk, ingredients, packaging, logistics and co-manufacturing partners.

The last two programs are cross-functional, aimed at accelerating the decarbonization of Danone's entire value chain, such as the Supplier and Subcontractor engagement program and the program on the design and management of low-carbon product portfolios, which aims to integrate carbon footprint reduction from the design stage of the Group's products.

Program	Actions	Examples
1. Direct operations (~5% of Danone's GHG emissions, 2020)	Danone's Re-Fuel program aims to reduce its GHG emissions from scope 1 & 2 by 47.2% between 2020 and 2030. It is based on three pillars: 1. improving the Group's energy efficiency by 30% between 2022 and 2025 by equipping sites with tools to maximize energy efficiency 2. reaching 35% of renewable thermal energy by 2030 (vs 7% in 2022), relying primarily on biomass, electrification, biogas and biomethane. 3. Sourcing 100% of electricity from renewable sources (vs 70%)	In Spain, Danone has installed a solar system that meets 22% of the site's electricity demand, resulting in annual savings on operating expenditure.
2. Milk (36% of Danone's GHG emissions, 2020)	To reduce emissions from milk, Danone relies primarily on the deployment of regenerative agriculture, which is a holistic approach aimed not only at reducing carbon emissions from milk, but also at supporting biodiversity, soil health, improving water management and animal welfare, while accompanying farmers towards resilient agriculture in the face of climate change. Main actions to reduce carbon emissions include improving herd welfare and productivity, sustainably sourced feed, manure management, and improving soil health, which will also contribute to soil carbon sequestration. Finally, Danone leads and supports innovations to reduce methane emissions, such as innovations reducing enteric fermentation.	Danone's program in North America has reduced at least 119,000 metric tons of CO_2 since 2017. Partner farmers: ■ implemented regenerative agriculture practices reducing tilling and the use of chemical pesticides; ■ planted cover crops on 51% of the area covered by the program (compared with a national average of 4%); and ■ practice reduced or zero tillage management on 63% of the area covered by the program (compared with a national average of 33%). In view of its results, the program will be expanded with the support of the US Government. • In France, the *Les 2 Pieds sur Terre* program, launched in 2017, aims to help farmers improve soil health and achieve a 15% reduction in carbon emissions by 2025, while boosting their competitiveness. The project supports farmers by measuring their carbon footprint on their farm (using the Cap2Er tool), co-designing customized action plans with them and providing access to technical and financial support for their implementation. In 2023, the project assessed 1,500 farmers, organized 560 individual training sessions, and achieved a 10% reduction in GHG emissions. • In 2023, Danone committed to a global action plan to reduce methane emissions from fresh milk supply chain by 30% in absolute terms by 2030 (from the 2020 baseline). The target represents the equivalent of 1.2 million metric tons of carbon dioxide by 2030. To achieve this goal, Danone – supports dairy farmers in implementing regenerative agriculture practices and developing innovative solutions; – collaborates and partners with peers, governments and organizations such as the Environmental Defense Fund to develop innovation, accountability and advance financing models; – engages in dialogue with public authorities to improve methane policies, dissemination of data and information on methane, support research and funding, and facilitate the transition to regenerative dairy practices.

Program	Actions	Examples
	To reduce the environmental impact of its dairy and non-dairy ingredients, Danone is focusing its efforts on three areas: 1. Engaging its Suppliers and Subcontractors to implement actions to reduce GHG emissions, for example by including carbon reduction targets in contracts 2. Deploying regenerative agriculture practices 3. Combating deforestation - see below	Danone works with its partner Royal Friesland Campina to reduce the environmental impact and carbon footprint of its dairy farms through the implementation of regenerative agriculture practices. The collaboration between Danone and Friesland Campina has resulted in a 22% reduction in emissions from sourced ingredients between 2017 and 2023.
3. Ingredients (18% of Danone's GHG emissions, 2020)	Danone aims to source from traced and verified deforestation- or conversion-free value chains by 2025 for direct priority commodities of the Renewed Forest Policy. With the launch of the Renewed Forest Policy in 2022, Danone has defined three pillars (clean supply chain, responsible Suppliers and Subcontractors, regeneration) and specific performance indicators. Danone releases an annual report on forest-related topics to show the progress achieved on each of these indicators. Danone adheres to the methodology and definitions of the Accountability Framework Initiative, through consensus between civil society and NGOs. Over the last two years, Danone has strengthened its traceability and verification processes. All its data on key forest products are collected and verified by external partners: Earthworm Foundation (for palm) and 3keel (for other products). The goal is to assess Supplier and Subcontractor performance in delivering traceable and verified Deforestation and Conversion Free (DCF) products, obtain traceability information to determine the nearest or current (if possible) location of product production, identify Suppliers and Subcontractors who do not comply with Danone's policy and work with them to achieve transparent and verified DCF supply chains. All of Danone's progress is recognized by rankings such as the CDP, with Danone achieving the highest CDP score (AAA) for the fifth consecutive year, and for the first time, an AAA score for the Forest questionnaire.	Danone acknowledges the importance of third-party certification programs for specific value chains, thus supporting such certification programs for its own supply chains whenever feasible. Danone's goal is to source only 100% RSPO-certified palm oil by 2025 (in 2023, 95% of palm oil was certified Segregated with 2% in mass balance).

Program	Actions	Examples
4. Packaging (14% of Danone's GHG emissions, 2020)	Regarding packaging, Danone has three objectives: ■ Design packaging to be 100% reusable, recyclable or compostable by 2030; ■ Halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 vs 2020, accelerating reuse and recycled materials; ■ Lead the development of effective collection systems to recover as much plastic as we use by 2040. To reduce GHG emissions related to packaging, Danone is focusing its efforts on the following areas: 1. Transition to less carbon-intensive materials and optimized packaging 2. Improved packaging end-of-life 3. Supplier and Subcontractor engagement to reduce their emissions, notably by using renewable energy in their manufacturing processes For more information on plastics, refer to section *Focus on risks related to plastic pollution and Danone's preventive actions.*	■ In 2023, 84% of Danone packaging was reusable, recyclable or compostable (stable vs 2022). For plastic packaging, this proportion represented 74% (vs 65% in 2018); ■ ~50% of worldwide sales volumes in the Waters category were sold in reusable packaging; ■ 8% absolute reduction in the use of plastic packaging between 2018 and 2023; ■ 16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and 3% reduction between 2020 and 2023 (excluding EDP Russia); In 2023, the Group achieved the following results for recycled materials: ■ 14.6% recycled materials on average in its plastic packaging (compared with 11.9% in 2022), 23.8% recycled PET (rPET) used on average by the Waters category (compared with 20.9% in 2022) and 31.3% in countries where local standards and regulations allow it (compared with 26.4% in 2022).
5. Logistics (8% of Danone's GHG emissions, 2020)	To reduce its GHG emissions related to logistics, Danone is focusing its efforts on the following areas: ■ optimizing its operations and improving efficiency, for example by optimizing truck or pallet filling rates; ■ transitioning to less carbon-intensive modes of transport, such as rail or multimodal transport; ■ improving the energy efficiency of its logistics partners' distribution centers; ■ adopting new technologies such as electric vehicles.	By introducing double-deck trailers, Danone aims to optimize loading capacity, reduce emissions and significantly reduce the environmental impact of its logistics operations. These improvements generally lead to a reduction in CO_2 emissions of between 15% to 50% (projects in Spain and in Mexico).
6. Co-manufacturers (7% of Danone's GHG emissions, 2020)	Co-manufacturers are partners manufacturing or packaging products on behalf of Danone. To reduce the GHG emissions related to these partnerships, Danone: ■ engages its partners to adopt science-based GHG emission reduction targets aligned with the 1.5°C pathway, same as Danone's targets; ■ urging its partners to activate similar levers for reducing GHG emissions as used by Danone in its direct manufacturing processes.	The focus is on supporting co-manufacturers notably in optimizing energy and waste management processes. In Europe, co-manufacturers have developed an initial network of electric trucks for logistics transport.

Program	Actions	Examples
7. Engage Suppliers and Subcontractors (cross-cutting program covering 95% of GHG emissions)	Danone mobilizes its resources to engage its entire value chain on the journey to decarbonization. It is a cross-cutting program that supports all its programs. Danone engages Suppliers and Subcontractors by focusing on the following areas: ■ supporting and engaging Suppliers and Subcontractors to increase their capacity to reduce GHG emissions; ■ improving transparency, such as sharing information on GHG emissions and continuous improvement; ■ incorporating climate engagements in the contracts; ■ developing partnerships, including co-investments and joint projects; ■ developing new Suppliers and Subcontractors who can deliver lower carbon footprints.	The collaboration between Danone and Friesland Campina has resulted in a 22% reduction in emissions from sourced ingredients between 2015 and 2023. Danone has also collaborated with Synlait on a project to measure the impact of regenerative agriculture practices on soil health. By the end of 2023, over 70% of its Suppliers and Subcontractors (by volume) were members of the Sustainable Dairy Partnership, a platform that supports the dairy sector in decarbonization. As part of the forthcoming launch of the new Sustainable Purchasing Policy, Danone will incorporate an SBTi clause requesting an engagement from its Suppliers and Subcontractors to reduce greenhouse gas emissions. Danone has already started to introduce a contractual clause aligned with SBTi with certain Suppliers and Subcontractors who have committed to reducing their emissions by 30% by 2030. Danone is currently developing tools to gain visibility on the decarbonization initiatives of some of these Suppliers and Subcontractors.
8. Product design and management of low-carbon portfolios	Danone acknowledges that actions to decarbonize its existing activities must be accompanied by reflection on product design and its business operations. As a consequence, Danone launched a program on product design and low-carbon portfolio management. The main priorities are: ■ integrating GHG indicators into innovation and renovation processes; ■ developing innovative, less carbon-intensive packaging and formats; ■ developing lower-carbon ingredients for dairy and plant-based products, including hybrid products; ■ promoting innovation and new disruptive technologies; ■ managing the portfolio in a way that optimizes both economic and carbon aspects, while remaining true to its mission of bringing health through food to as many people as possible. This entails working together with Suppliers and Subcontractors, distributors and other partners to create competitive conditions for less carbon-intensive products.	The acquisition of the plant-based products portfolio, including the flagship *Silk* and *Alpro* brands, has made Danone a world leader and pioneer in plant-based products. Since 2017, the dairy products category has been transitioning towards regenerative, less carbon-intensive agriculture. With respect to Specialized Nutrition, Danone was able to develop hybrid products that provide nutritional value for consumers while reducing their carbon footprint. 50% of water volumes are already offered in reusable format.

Results

In 2019, Danone estimated to have reached the peak of its GHG emissions on scopes 1, 2 and 3, five years ahead of its original target (2025). Since then, the Group's emissions have continued to decrease. In 2023, its total emissions across its entire value chain amounted to 21,659 million tCO_2eq. (compared with 27,179 million tCO_2eq in 2019).

The largest portion of emissions is generated by scope 3, representing 95.2% of total emissions (i.e. 20,614 million tCO_2eq.), while scope 1 and 2 cover only 4.8% (i.e.789 $ktCO_2eq$. for scope 1 and 256 $ktCO_2eq$. for scope 2).

Scope 3 related to milk purchases is the most significant, representing 31.5% of total emissions, notably due to methane emissions from the supply of fresh milk used in dairy products. Therefore, Danone has made it one of its priorities to decarbonize its value chain, achieving a 13.3% reduction in methane emissions in 2023 compared to 2020.

Furthermore, in 2023, Danone purchased 38% of its main ingredients directly from producers who started their transition to regenerative agriculture, thereby exceeding its target by two years ahead of schedule (initially set at 30% by 2025 as part of its Danone Impact Journey strategy).

The table below presents, in a non-exhaustive list, the Group's key results related to the fight against climate change:

	2022	2023	Target
Total Scope 1 emissions *(in $ktCO_2eq.$)*	831	789	
Total Scope 2 emissions *(in $ktCO_2eq.$)*	276	256	-47.2% in 2030 (2020 base year)
Total Scope 3 emissions *(in $ktCO_2eq.$)*	23,100	20,614	-42% in 2030 (2020 base year)
Total Scopes 1, 2 & 3 emissions *(in $ktCO_2eq.$)*	24,207	21,659	Net Zero in 2050 (SBTi)
Total methane emissions *(in $ktCO_2eq.$)*	3,494	3,548	-30% in 2030
Total percentage of renewable electricity	70.5%	71.8%	100% in 2030
Total percentage of renewable energy	31.4%	34.3%	35% renewable thermal energy by 2030 50% renewable energy by 2030

Focus on risks relating to plastic use and Danone's preventive actions

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Background

Whether it is cardboard, glass, metal or plastic, packaging is of paramount importance for the food and beverage sector, guaranteeing the safe delivery of products to consumers, while protecting and preserving their quality, ensuring their transport and storage, and contributing to the reduction of food waste.

Since the 1970s, plastic materials have gradually emerged as the most widely used material by the industry: lighter yet still strong and highly protective, more functional and practical for consumers and distributors, less energy-intensive than glass, and considered safe from a sanitary standpoint, plastic has notably become the standard for packaging soft drinks and wet foods. As a leader in natural mineral water and spring water and essential dairy and plant-based products, Danone, like its competitors, has become a major user of plastic packaging, and one of the main users in certain countries and regions.

With the widespread use of plastic packaging, however, many effects and impacts on society have developed significantly and on a large scale. The increasing awareness (which has accelerated in recent years) of the impact of plastics on environmental pollution and, more broadly, of the risks it poses on the climate, soil, water and human rights, has led Danone to firmly commit for several years to structured action plans aimed at reducing the use of plastic packaging, improving the circularity of plastics that cannot be eliminated to date, and recovering what is not in circulation.

These objectives are both challenging and complex to achieve. They entail, simultaneously and concomitantly, systematically exploring new technical solutions, developing new business models, promoting new usage and engaging in a comprehensive ecosystem, encompassing either economic or regulatory aspects. Some actions can be implemented immediately, while others cannot or will only have an impact in the medium to long term. Some will be transitional while awaiting better solutions, while others will be definitive. Nevertheless, committing to this pathway is a priority for Danone.

Governance

Danone has a team dedicated to the circular economy of packaging, which collaborates across multiple functions including Research and Innovation, Operations, Procurement and General Secretariat.

Danone's General Secretariat oversees regulatory monitoring at both national and regional level, and conducts an annual global assessment of policy trends and upcoming developments.

Partnerships and collective initiatives

Various Danone teams, dedicated to the circular economy of packaging, reduction in plastic usage, research and innovation, as well as public affairs officials, maintain an ongoing dialogue with external stakeholders such as Suppliers and Subcontractors, government authorities and civil society, including non-governmental organizations. For Danone, the aim of this dialogue is to understand its risks and opportunities, monitor its impact and co-develop its packaging strategy. Danone consults a large number of stakeholders on its environmental strategy (some of whom are mentioned in section 1.1.3 of this Vigilance Plan). Its main partners in the circular economy of packaging are:

- The **Ellen MacArthur Foundation** (EMF), through initiatives such as the New Plastics Economy and the Global Commitment on Plastics, led by EMF in collaboration with the United Nations Environment Programme.
- the Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA), of which Danone is a member, which aims to set standards to improve plastic collection, reuse and recycling.
- The **Business Coalition for a Global Plastics Treaty**, led by the Ellen MacArthur Foundation (EMF) and the World Wildlife Fund (WWF), bringing together companies and financial institutions committed to supporting the development of an ambitious, effective and legally binding treaty within the United Nations to put an end to plastic pollution.

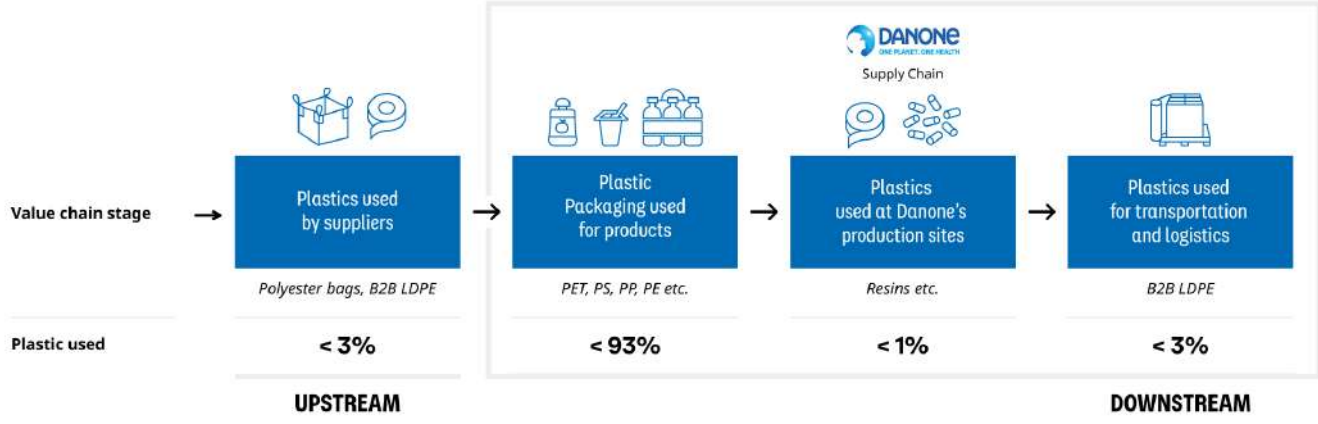
In addition to the three main stakeholders mentioned above, Danone also works with various other partners to develop its packaging and plastics strategy. A non-exhaustive list is shown in the table below:

Categories	Role	Stakeholders
Industry alliances/coalitions	Collaborating on common challenges and pre-competitive solutions, covering various aspects from design to implementation such as standardization	Consumer Goods Forum, New Plastics Economy, Business Coalition for a Global Plastics Treaty
Trade associations	Informing and co-developing advocacy positions and actions	UNESDA, Natural Mineral Waters Europe (NMWE), Food Drink Europe (FDE), etc.
Public authorities and political decision-makers	Participating in the definition of requirements for plastics processing, developing strategies, policies and actions to meet them	United Nations Development Programme, United Nations Environment Programme, European Union officials, national and local political decision-makers in countries where Danone operates
Distributors	Engaging and collaborating on common challenges and shared solutions (such as the adoption of new reuse models and the introduction of Deposit Return Schemes), including consumer involvement.	Walmart, Tesco, Carrefour etc.
Suppliers and Subcontractors	Advising and collaborating to rethink packaging in favor of reuse and recycling	Eastman, Tetrapak, GPI, Amcor
Collection and sorting organizations	Engaging and collaborating on challenges and opportunities to improve collection, recycling and reuse infrastructures (formal and informal)	Extended Producer Responsibility (EPR) organization in countries where Danone operates (Citeo in France, IPRO in Indonesia), Circulate Capital, Closed Loop Fund (in the United States)
Non-governmental organizations (NGOs)	Identifying challenges and/or opportunities related to plastic footprint and proposing actions and solutions to mitigate them	World Wildlife Fund, Ellen MacArthur Foundation, Changing Markets, CDP
Innovation partners/startups	Advising and collaborating to develop innovative solutions to reuse and recycling challenges	LOOP INDUSTRIES, Perfect sorting, HOLYGRAIL 2.0

Plastic footprint

Currently, plastic represents around 50% of Danone's packaging. Danone has conducted an initial assessment of the presence of plastic in its operations and identified its usage at virtually every stage of the value chain: from some of its Suppliers and Subcontractors upstream in its production sites to downstream in its logistics operation for product delivery to customers. This assessment shows that the majority of plastics in Danone's value chain, i.e., more than 93% is used for packaging.

ASSESSMENT OF PLASTICS IN DANONE'S VALUE CHAIN (IN 2023)



- Upstream, plastic packaging is used by Danone's Suppliers and Subcontractors to ship raw materials to Danone's production sites, mainly in the form of polyester bags and polyethylene film.
- The plastic packaging purchased is used to safely contain Danone's products in accordance with current regulations and make them available to consumers. The Group has mapped primary and secondary plastics such as plastic bottles, films, caps and labels, yogurt pots and beverage cartons. Since this packaging accounts for more than 93% of the plastic used, it has been identified as the main risk to be mitigated.
- Danone's production sites also use plastic components to enable its sites to operate effectively.
- Danone monitors waste production and recovery at its production sites through recycling, waste reuse, and waste-to-energy. The production sites seek to maximize the recovery rate for their waste through on-site sorting. In 2023, the recovery rate for plastic packaging waste at the production sites totaled 99%.
- Downstream, plastics are used for transport and logistics to ship finished products to Danone customers, mainly in the form of polyethylene film.

All the players in Danone's value chain are key in co-building a circular economy for packaging. Danone is preparing the launch of a program in collaboration with these players, in order to increase transparency and traceability across the value chain, and implement actions to reduce the impact of its plastic packaging. To achieve this goal, a tool will have to be deployed in collaboration with the industry.

Risks identified

Danone has established processes and engages in continuous dialogue with its stakeholders, enabling it to identify risks associated with packaging.

Plastic packaging presents cross-cutting risks across the value chain, including:

- environmental risks associated with plastic use and plastic pollution having an impact on water, air, soil, fauna, flora and the climate throughout the plastic life cycle;
- risks relating to human health and the rights of workers and neighboring communities, especially vulnerable populations in or near plastics extraction, processing, treatment and recycling infrastructure; risk of failure to respect human rights in the plastics value chain, particularly with regard to waste pickers and recycling workers;
- human health risks relating to the production and use of certain plastics and additives which, when sensitive substances migrate, can create human health risks throughout the plastic life cycle. In this highly regulated context, Danone, through its in-house programs, approves, purchases and uses plastic materials that meet and sometimes exceed all relevant regulatory standards to ensure consumer safety.

The potential impacts of plastic pollution, especially microplastics, on human health are the subject of research, whose developments and results are closely monitored by Danone.

Commitments and targets

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

In 2017, the Group cemented its ambition to lead the transition to a circular economy for packaging by joining the Ellen Macarthur Foundation's (EMF) New Plastics Economy initiative and signing the Global Commitment on Plastics led by EMF in 2018. Since then, Danone has made tangible progress in key areas such as in the reduction in the use of plastic, virgin plastic reduction, reuse, recyclability rate and recycled content.

Commitments

Building on its progress and experience, Danone continues its transition to a circular and low-carbon packaging system, while aiming to recover as much plastic as it uses. This approach is outlined in its Packaging Policy (2018) which will be updated in 2024 and in its sustainability strategy - the Danone Impact Journey - which sets out three main objectives:

- design packaging to be 100% reusable, recyclable or compostable by 2030;
- halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 from a 2020 base year excluding EDP Russia by accelerating materials reuse and recycling;
- lead the development of effective collection systems to recover as much plastic as we use by 2040.

Danone shares its packaging ambition and commitments with its Suppliers and Subcontractors, asking them to align their practices with its approach to co-build a transparent circular economy for packaging. This entails minimizing plastic usage, designing reusable, recyclable or compostable packaging, and enhancing the use of recycled materials in their packaging materials.

This approach is described in the Danone Sustainability Principles (DSP), which are included in contracts between Danone and its Suppliers and Subcontractors. Acceptance and adherence to the DSP or provision of equivalent principles is mandatory to establish business relations with Danone. Suppliers and Subcontractors are responsible for implementing the DSP or provision of equivalent requirements within their company and with their Suppliers and Subcontractors, as well as their own monitoring programs. These requirements will be enhanced and detailed in Danone's new Sustainable Purchasing Policy, to be published in 2024, with a focus on transparency and traceability in its supply chain.

Systemic barriers

Since 2018, Danone has demonstrated tangible progress in key areas such as in virgin plastic reduction, reuse, recyclability rate and recycled content.

However systemic barriers must be emphasized – from underdeveloped reuse, collection and recycling infrastructure to scarcity of recycled material. To overcome them, collective action is needed at all levels of the value chain, involving companies, political decision-makers (notably through regulation), distributors, waste collection services and consumers. Several factors are needed to accelerate the transition:

- strong and consistent regulation, including Extended Producer Responsibility (EPR) and/or Deposit Return Schemes for bottles and aimed at eliminating any distortion of competition;
- establishing collection, reuse and recycling infrastructures, and the creation of supply chains for reuse in certain markets;
- developing new recycling technologies to enhance the recycling of hard-to-recycle packaging and materials;
- sending aligned market signals to render reuse and recycling more advantageous;
- adopting solutions to encourage consumer involvement, notably with regard to reuse and recycling.

This is why Danone has advocated since 2020 with World Wide Fund For Nature (WWF) and EMF for an ambitious and binding global UN Treaty on Plastics as this is an important opportunity in unlocking and accelerating progress on plastics circularity and in reducing global plastic pollution.

In 2024, Danone intends to update its Packaging Policy (2018) to reflect its packaging ambitions and roadmap. The Group also continues to support the Ellen MacArthur Foundation Global Commitment on Plastics, working to define new sectoral targets for the industry beyond 2025.

Action plans and outcomes related to the activities of Danone and its Subsidiaries

Danone implements action plans to fulfill its commitments in every country where it operates, following the principles dictated by the waste management hierarchy supported by the Ellen MacArthur Foundation as part of the New Plastics Economy, the European Directive on Single-Use Plastics, and the upcoming European Packaging and Packaging Waste Regulation (PPWR). These action plans focus on three main objectives:

1. reducing plastic use;
2. improving the circularity of plastics that cannot be eliminated;
3. recovering what is not circulated by fighting against dumping in nature, while improving the living conditions of workers in the collection and recycling sector.

Danone's environmental packaging footprint is assessed on a yearly basis and monitored using environmental Key Performance Indicators (KPIs) calculated for each country and for each type of packaging. These indicators include packaging volumes that Danone places on the markets where it operates, packaging recyclability rates, actual recycling rates, use of recycled materials and greenhouse gas emissions.

1. Reducing plastic use

Key results

- Total packaging volumes: 1,393,759 metric tons, of which 693,156 metric tons of plastic
- 8% reduction in absolute terms of plastic packaging use between 2018 and 2023 (excluding EDP Russia).

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

- **Eliminating problematic or unnecessary packaging:**
  - plastic straws: between 2018 and 2023, Danone removed or replaced around 3 billion units of plastic straws;
  - plastic spoons: Danone removed or replaced around 30 million plastic spoons between 2018 and 2023, with total elimination in Europe;
  - Sleeves: Danone has been eliminating sleeves on *Danacol* products since 2022 and on *Actimel* bottles since the end of 2023 in Europe, reducing a total of 1,000 metric tons of plastic;
  - PVC: The Group eliminated more than 90% of PVC worldwide, and is working towards total elimination in the remaining countries. Danone has also completely eliminated PVC sleeves in China.
- **Replacing plastic packaging with alternative materials.** The Group intends to offer consumers plastic-free options that are economically viable, tailored to local needs, and ensures, through life-cycle analysis, that the alternative solution is environmentally beneficial. These include:
  - Danone has a natural mineral water offering in glass bottles and metal cans;
  - Danone plans to offer alternative paper-based solutions in Europe for its plant-based products category.
- Reduction achieved **through lightweighting and design optimization:**
  - Danone's main water brands, such as *evian*, *Volvic*, *Font Vella*, *Lanjaron* and *Żywiec Zdroj* have reduced weight by more than 10% since 2019 (for 1.5L products);
  - Danone also markets large formats for Waters (6L and 8L). The plastic in the *Volvic*'s 8L format, for example, weighs 25% less per liter than the 1.5L format.

2. Improving the circularity of plastics that cannot be eliminated

Key results

16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and a 3% reduction between 2020 and 2023 (excluding EDP Russia).

- Danone is committed to **developing reuse models:**
  - Around 50% of its water volumes are sold in reusable packaging, mainly reusable water jugs under the *Bonafont* (Mexico), *AQUA* (Indonesia), *Hayat and Sirma* (Turkey) brands.
  - Danone is rolling out returnable glass packaging for its waters for the Hotels, Restaurants, Catering (HORECA) sector, and is working on expanding it in several countries, including France, Spain and Indonesia.
  - Danone has launched more than 15 reuse projects (finalized or underway) for its Waters category, Dairy and Early life nutrition products, in collaboration with supply chain partners such as Terracycle Loop, Uzaje and LemonTri, as well as retailers such as Carrefour and Tesco. These projects have provided insights on bulk models, filling solutions and returnable packaging.

- Danone **actively participates in co-creating the future of reuse:**
  - In France, the Group is collaborating closely with CITEO on the ReUse program to establish a unified and nationwide operational reuse system for food packaging.
  - The Group forges and enters into cross-sector partnerships for its categories across its primary markets. For example, in 2023, Danone was one of the founding members of the Coalition Défi Vrac with companies such as Bel, Lesieur et Famille Michaud.
  - The Group continues to work with platforms such as the advisory group of the Ellen MacArthur Foundation's Scaling Returnable Packaging project and the Consumer Goods Forum's Reuse/Refill working group, engaging in pre-competitive discussions and initiatives on the subject.
  - Danone intends to work with distributors to develop reuse models, including recovery and cleaning standards, cross-industry specifications for distributors and new business models.
  - Danone supports policies aimed at addressing current challenges concerning the expansion of reuse models, such as the lack of scalable business models, infrastructure and sector collaborations.
  - Danone will continue to support consumer awareness on reuse. For example, its refillable *evian* water system, present on the Wimbledon 2023 courts, has helped raise consumer awareness.

- Danone **designs its packaging with a focus on ensuring recyclability**

Danone strives to ensure that the materials it markets can be sorted and recycled in practice, by adapting them to local infrastructures. In 2023, 84% of Danone packaging was reusable, recyclable and compostable.

Examples of efforts implemented in 2023:

- Improved efficiency in sorting packaging using new inks to enhance recycling of black packaging,
- Application of eco-design criteria to *Badoit* bottles, changing from green to transparent PET to encourage closed-circuit recycling,
- Danone also supports the development of recyclability principles to achieve full circularity. The Group is a member of industry alliances such as Ceflex and the CGF's Golden Design Rules, and these principles are integrated into the packaging development process.
- The aim is to achieve 100% recyclable pots for dairy products. To this end, Danone works with value chain partners to create recycling channels: PET25 coalition in France with CITEO, PET Recycling Coalition in the United States (since 2022).

- Danone is committed to reducing **the use of fossil-based virgin plastics by using recycled materials from responsibly managed sources.**
  - In 2023, the Group achieved the following results:
    - 16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and a 3% reduction between 2020 and 2023 (excluding EDP Russia).
    - 14.6% recycled materials on average in its plastic packaging (compared with 11.9% in 2022);
    - 23.8% recycled PET (rPET) used on average by the Waters category (compared with 20.9% in 2022) and 31.3% in countries where local standards and regulations allow it (compared with 26.4% in 2022).
    - Danone complies with regulations governing the use of recycled materials in all the countries where it operates. Some countries, such as China, do not allow the use of recycled materials.
  - The Group continued the launch of 100% rPET bottles. Since end-2021, all Danone's main water brands have at least one format in 100% recycled materials (in the countries where this is authorized).
  - In the Waters category, the Group met its commitment to achieve an average of 25% rPET in 2020 and aims to reach 50% on average by 2025 in countries where local standards and regulations allow it.
  - Danone is extending the use of recycled materials to other product categories:
    - by launching PET pots, some of which contain rPET,
    - in 2023, Danone signed its first contract in the United States to supply food-grade recycled high density polyethylene for use in its beverages.

Danone also actively supports new recycling technologies that enable the recycling of hard-to-recycle packaging and materials to reach its ambition, in partnership with companies such as Loop Industries and Eastman.

Danone's objective is to halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030.

3. Recovering what is not circulated by fighting against dumping in nature

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

  Danone is engaged into developing efficient and inclusive collection and recycling systems, through a collaborative approach with its ecosystem. In 2023, 58% of the plastic that the Group placed on the market was recovered (versus 56% in 2022).
  - Danone participates in financing the collection of waste by paying Extended Producer Responsibility (EPR) fees in markets where this obligation is regulated. Danone participates actively in the promotion of deposit return schemes for water bottles, and runs pilot initiatives to demonstrate their effectiveness to decision-makers, as it has been done in Poland.
  - In the United States, Danone is a founding member of the Circular Action Alliance (CAA), an Extended Producer Responsibility (EPR) Organization selected to implement the EPR in Colorado and California. The Group also invested 5 million dollars in the Closed Loop Infrastructure Fund (CLIF) of Closed Loop Partners.
  - Danone's actions also include engaging with local partners, notably in Europe and North America, to create sustainable recycling streams for yogurt pots.
  - Danone will continue to support EPR/Deposit Return Schemes.

For several years, Danone acts in favour of a global treaty on plastics, and plays an active role in the Business Coalition for a Global Plastics Treaty. Together with other Coalition members, Danone is calling on governments worldwide to establish a robust treaty, with binding global rules and measures, to promote circularity and curb plastic pollution on a global scale.

- In **markets with high levels of waste dumping**, in addition to supporting Extended Producer Responsibility, Danone **has voluntarily invested in impact funds and provided subsidies** to overcome structural obstacles during the transition phase.
  - In 2018, Danone is committed to invest 15 million dollars in the Circulate Capital Ocean Fund (CCOF) in South and Southeast Asia, as part of the *AQUA* water brand's (Indonesia) commitment to recover more plastic by 2025 than what is used. To date, the CCOF has committed over 62.1 million dollars. In 2022, its portfolio companies contributed to preventing the dumping of about 81,579 metric tons of additional plastic while creating more than 1,792 safe and stable additional jobs in the collection and recycling sector.
  - In 2020, Danone played a key role in the creation of IPRO, a Voluntary Producer Responsibility Organization in Indonesia, in collaboration with five other companies.
  - In 2023, Danone joined the Circulate Capital initiative for Latin America and the Caribbean and committed an additional 15 million dollars to combat plastic pollution and develop the recycling value chain in the region.
  - With the support of grants from Danone Ecosystem, the partners in Danone collection and recycling recover more than 25 kilotons of plastic every year worldwide.

4. Danone designs projects aimed at providing direct support to workers in the collection and recycling sectors, thereby improving their working and living conditions while reducing waste dumping in nature

- Danone and Danone Ecosystem have launched **inclusive recycling projects** to support these workers in different ways in seven countries (for example, workers' cooperatives overseeing the collection, sorting and direct sale of plastics to recycling plants), enabling them to work in a safe environment, be fairly compensated and benefit from better social protection.

  Global results of Danone Ecosystem projects funded by Danone:
  - Over 486,100 metric tons of recyclable materials and more than 73,100 metric tons of PET were collected in eight countries between 2009 and 2023.
  - In 2023, more than 10,600 people have become self-sufficient through the nine projects implemented since the launch of Danone Ecosystem. This process of developing their autonomy has created a ripple effect, positively impacting over 2.86 million people.

  In Indonesia, inclusive recycling projects, in collaboration with Danone Ecosystem, have resulted in the following outcomes:
  - around 300 workers in the collection and recycling sector benefited from micro credit services and 2,896 had access to social benefits tailored to their needs;
  - training communities of workers in the collection and recycling sectors to prevent child labor;
  - over 40,000 metric tons of waste collected since 2020 from households, businesses and public spaces.
- Use of recycled materials to promote an economy focused on reuse.

  Managing recycled materials is essential to create a reuse economy as it helps reduce the amount of waste dumped in nature and to improve working and living conditions for waste pickers and recycling workers. “Closing the loop" is Danone's priority for reducing carbon footprint and preserving natural resources. Furthermore, it can help create new jobs and stimulate economic growth.
  - In the Waters Category, the Group met its commitment to achieve an average of 25% rPET in 2020 and is aiming to reach an average of 50% by 2025 in countries where local standards and regulations allow it, thereby doubling its volumes of recycled materials from 2020. To attain this goal, the Group has already entered into long-term contracts with its Suppliers and Subcontractors to meet its targets, providing them with sufficient visibility to encourage them to invest in collection and recycling technologies and infrastructures.
  - Danone extends the use of recycled materials to pots, launching PET pots containing 30% rPET in France and Belgium. Furthermore, in 2023, the Group signed its first contract in the United States for the handling of food-grade recycled high density polyethylene to incorporate it into its beverage offering.

Action plans and outcomes related to Suppliers and Subcontractors and the Sustainable Purchasing Policy

Regarding the risks associated with the use of plastic packaging by its Suppliers and Subcontractors upstream of its supply chain, Danone shares its vision and commitments to them, through its Sustainability Principles (DSP). They define the principles to which Danone is committed, and outline Danone's commitments to promoting decent working conditions, environmentally friendly practices and ethical behavior as part of its ongoing commitment to developing a sustainable supply chain.

In terms of circular economy, the Group asks its Suppliers and Subcontractors to align with its approach to co-build a transparent circular economy for packaging by reducing the use of plastic, while increasing reusability and/or recyclability, as well as the recycled content in their packaging materials.

Danone's Sustainability Principles are incorporated into contracts between Danone and its Suppliers and Subcontractors: acceptance and adherence to the DSP or provision of equivalent principles is mandatory to establish business relations with Danone. Suppliers and Subcontractors are responsible for implementing the DSP or provision of equivalent principles within their own company and with their Suppliers and Subcontractors, as well as within the framework of their own monitoring programs.

Through the RESPECT program, Danone monitors Suppliers and Subcontractors' adherence to and compliance with its Sustainability Principles, implementing sustainable sourcing due diligence on its Suppliers and Subcontractors, other than milk producers (covered by the Social Pillar of Danone's Regenerative Agriculture Framework). This program comprises three steps: self-assessment of Suppliers and Subcontractors on Sedex or Ecovadis platforms, audit (SMETA methodology) of priority Suppliers and Subcontractors, and follow-up on the closure of critical non-conformities.

Danone prioritizes a collaborative approach and fosters a culture of continuous improvement. However, in the event of a breach, in the rare cases where Danone deems that a Supplier or Subcontractor is not committed to remedying the situation, the Group takes necessary actions, which may entail ending a commercial relationship.

RESULTS OF THE RESPECT PROGRAM IN 2023 FOR PLASTIC SUPPLIERS

2023 Plastic suppliers	Overall	Included in the RESPECT program *(in number)*	Included in the RESPECT program *(in %)*
of in scope Suppliers	387	303	78%
TOTAL SPENDING *(million EUR)*	**1.3**	**1.1**	**85%**

A new Sustainable Purchasing Policy will be published in 2024, replacing the Danone Sustainability Principles (DSP) for Suppliers and Subcontractors. The Group worked with various stakeholders to develop it, including trade union representatives, NGOs and international experts. This Policy is structured around three sets of Fundamental Principles on social, environmental and ethical issues.

Regarding human rights and environmental due diligence - Danone encourages its Suppliers and Subcontractors to carry out human rights and environmental due diligence (HREDD) in line with the OECD guidance for responsible business conduct. The aim of conducting an HREDD is to identify, prevent, mitigate and report on how they address and manage potential and actual negative impacts on social and environmental issues that they may cause or contribute to through their own activities, as well as those directly related to their operations, products or services through their business relationships.

Quality and food safety

Design of packaging is primarily based on compliance with all applicable legal and regulatory requirements in the countries of production as well as in the countries where the finished products are marketed. In addition, it incorporates specific requirements from Danone regarding quality and food safety. In-house expertise enables Danone to monitor and anticipate the progress of scientific knowledge on the adverse effects of plastic on human health and the environment.

The various requirements enable Danone to control packaging quality through:

- compliance with purity criteria for substances used in the manufacturing of packaging materials;
- non-use, right from the packaging design stage, of certain substances identified as presenting specific risks to quality and/or food safety;
- verification of compliance with internal and regulatory requirements, particularly ensuring compliance with standards relating to potential migration of chemical substances from the packaging to the finished product;
- a strict risk assessment relating to non-intentionally added substances migrating from packaging to finished goods (substances resulting from reactions or degradations);
- compliance with requirements related to potential microbiological, allergenic and physical hazards;
- continuous monitoring of emerging human health and safety risks and all relevant regulations. The Group develops and updates its company policies, standards and compliance programs to ensure that action is taken when impacts are identified.
- regular assessment of its progress in the field of health and safety, notably through the Public Positions and Policies Committee led by the VP Standards and Risk Management QFS, which takes positions on key issues. This committee also analyzes any changes in the Group's positions relating to plastics and health.

Furthermore, all the Suppliers and Subcontractors are carefully selected, approved and audited to ensure their ability to supply materials that meet these requirements.

In the specific case of recycled plastics, Danone only uses recycled packaging that has been assessed and declared risk-free by the relevant authorities (EFSA, FDA). To remain one step ahead, Danone has set up an in-house procedure involving further requirements and analysis to focus on substances that could be created during recycling. The aim is to ensure that the chosen packaging is risk-free for consumers. These requirements are formalized through the signature of specifications with Suppliers and are recognized as being among the highest standards in the industry for recycled plastic materials in contact with food.

Whistleblowing system

Danone designed and implemented a whistleblowing system providing all its employees and third parties with the possibility of reporting and disclosing any situation that may constitute a breach of the duty of vigilance prescribed by Article L.225-102-4 of the French Commercial Code.

The whistleblowing system covers all the breaches falling within the scope of the law. It was drawn up in consultation with Danone's representative trade unions. The reports are prioritized, they may lead to investigations and, where appropriate, to sanctions, depending on the seriousness of the issue.

Danone Ethics Line whistleblowing system

Background

Since 2017, an ethics whistleblowing system has been in place to enable whistleblowers to report any proven or potential breach of Danone's Business Conduct Principles or Sustainability Principles.

Purpose

The Danone Ethics Line provides a secure channel for anyone wishing to report any alleged violation of business conduct principles, human rights, fundamental freedoms, health and safety or the environment. The tool is adapted to the different stages of Danone's value chain.

The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected.

Access to the whistleblowing system

How to access the whistleblowing system

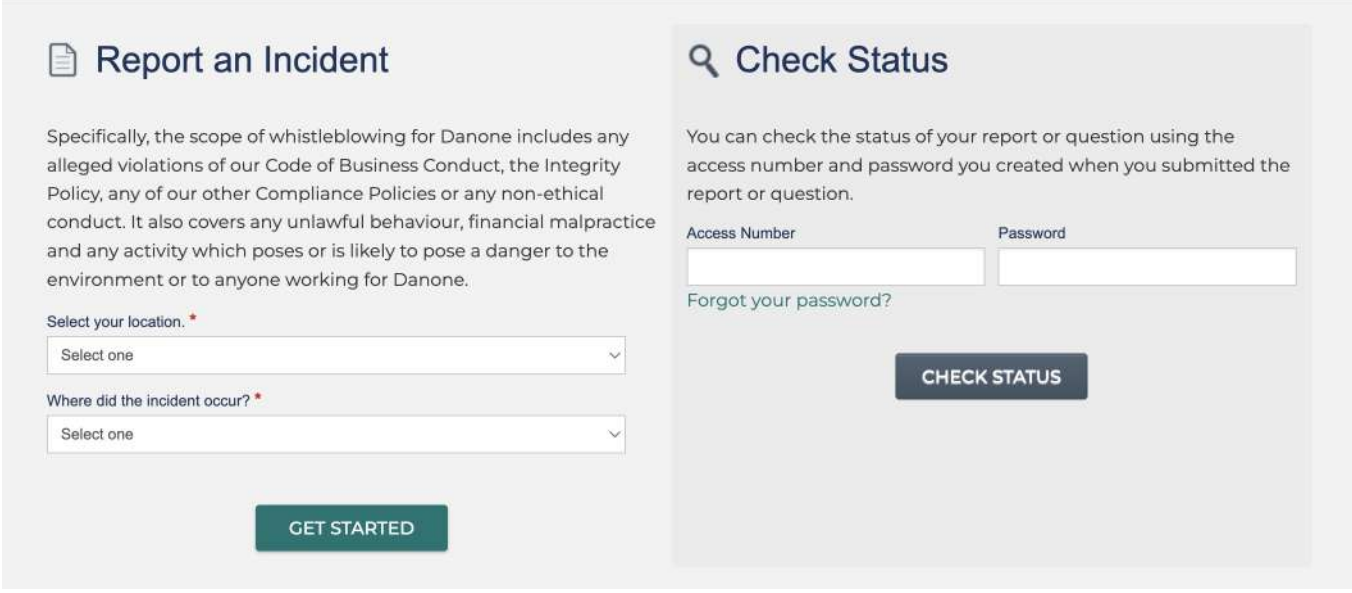
A QR code is included in (i) Danone's Code of Conduct, (ii) its Integrity Policy and (iii) its Health Care Systems Compliance Policy. This code is also shared during employee training sessions. It can also be found on posters and on Danone's intranet sites. A link to the "Danone Ethics Line" is also available on the "Contact Us" section of www.danone.com.

Suppliers, Subcontractors and any third parties, including external stakeholders, can also use the Danone Ethics Line to report their concerns, anonymously if necessary.

Concerns can be raised through the digital platform or by telephone.

Danone's whistleblowing system has been updated to make it easier to use and offer greater flexibility to whistleblowers, regardless of their geographical location.

DANONE ETHICS LINE



Multiple languages

Danone's whistleblowing system is available in 56 languages, which ensures a wide range of expression and use by as many people as possible.

Access hours

Danone's whistleblowing system is available around the clock, every day of the year. This total accessibility provides a permanent space for expression, regardless of the time zone, and promotes real-time information processing by Danone.

Awareness and communication initiatives

Informing employees of Danone and its Subsidiaries of the whistleblowing system

In 2023, several awareness-raising initiatives were carried out to inform employees of Danone and its Subsidiaries about the existence and function of the whistleblowing system.

The "Danone Ethics Line" is communicated to all employees on an ongoing basis via posters and through a targeted communication campaign every year. All measures are taken to protect employees who raise a concern in good faith through this channel.

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

Informing Danone's Suppliers and Subcontractors

In 2023, Danone continued to inform its Suppliers and Subcontractors of the existence of its whistleblowing system in its contractual clauses.

Handling of reports

All concerns raised in the "human rights" category, including those relating to health and safety, are initially reviewed by the Global Human Resources Compliance and Labor Law Director, who appoints an independent internal or external investigator. All proven concerns are subject to an investigation, the nature of which depends on the level of risk identified.

If a potentially serious violation is identified, it is handled in collaboration with the Human Rights team to determine the appropriate approach and action plans. Further collaboration is being developed to improve remediation and also to strengthen the whistleblowing system for all stakeholders beyond employees.

All concerns raised in the "environment" category are initially reviewed by Danone's Compliance Department and, when necessary, sent to the relevant function or department in order to investigate and, where applicable, resolve the potential problem.

Specific whistleblowing system for raw materials

Purpose

Since 2019, Danone has implemented a whistleblowing system for palm oil, with the support of Earthworm Foundation, a non-profit organization that assists companies in enhancing the accountability of their supply chains. Currently this mechanism is also being used for other raw materials. Danone is adapting its monitoring process to more effectively manage all concerns relating to raw materials.

A dedicated team meets regularly to address any concerns raised by NGOs and the media. When allegations of non-conformity against producers arise, the Group carries out an investigation with support from internal and external experts, and in particular Suppliers and Subcontractors. If a low-risk non-conformity has been confirmed, Danone asks the producer in question to develop an action plan to resolve the non-conformity.

In the case of high-risk non-conformity, Danone, working together with its Suppliers and Subcontractors, may decide to suspend its relationship with the producer concerned, until it can prove concrete progress in line with its commitments. Danone informs all its active Suppliers and Subcontractors of any suspension decisions. The suspended producer will re-enter Danone's supply chain after demonstrating progress and obtaining Danone's authorization.

Handling of reports in association with stakeholders

Danone is currently reviewing 22 concerns raised by organizations such as Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of Earth. They are being investigated and analyzed together with the parties concerned as well as the NGOs and experts assisting them.

Monitoring of implemented actions and assessment of their effectiveness

Pursuant to Article L.225-102-4 of the French Commercial Code, Danone has adopted a system for (i) monitoring the actions implemented as part of its Vigilance Plan, and (ii) assessing the effectiveness of these actions.

The purpose of this approach is to make any necessary adjustments, optimize the resources allocated by Danone to implement its Vigilance Plan, and assess the outcomes.

Monitoring and assessment of actions specific to the activities of Danone and its Subsidiaries

Risk category	Monitoring and assessment of actions
ENVIRONMENT	■ Monitoring of environmental performance indicators and outcome of action plan ■ Audits based on the environmental risks. In 2023, 108 sites were audited in connection with Danone's environmental risks, through GREEN audit program
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	■ Monitoring of Danone Way results and deployment of additional educational content and improvement assistance including the human rights component. In 2023, 43 entities were assessed on their human rights respect processes regarding temporary workers (see section 5.8 *Methodology note*) ■ Monitoring of the RESPECT program and Human Rights training attendance.
HEALTH AND SAFETY	■ Monthly management of safety performance at all levels of the organization and monitoring of workplace accidents ■ Audits to measure the effectiveness of the WISE[2] program. In 2023, a total of 45 entities assessed their compliance with Danone's global health and safety processes via Danone Way program (see section 5.8 *Methodology note*) ■ Regular performance reviews of quality and food safety. These performance assessments focus mainly on KPIs related to quality and food safety, ongoing issues and monitoring of the implementation of action plans. In addition to these regular reviews, which take place at the central, regional and local levels, an annual management review is carried out by the Board of Directors of the Central Quality and Food Safety function. The Group's overall results are consolidated and analyzed in order to identify action plans to continuously improve the system.

Monitoring and assessment of actions specific to the activities of Danone's Suppliers and Subcontractors

Risk category	Monitoring and assessment of actions
ENVIRONMENT	■ Monitoring of RESPECT program performance indicators ■ Performance monitoring using the Cool Farm Tool and the Animal Welfare tool ■ Improved traceability of priority ingredients ■ Regenerative agriculture scorecard to support and assess the improvement of farmer's practices in regard to regenerative agriculture. ■ Since 2022, the specialized firm 3Keel, renowned for its expertise in sustainable purchasing, has been working with Danone to strengthen and implement a traceability process for all priority raw materials of the Renewed Forest Policy (soy, cocoa, paper). The aim is to (i) measure the performance of all the Suppliers and Subcontractors to deliver verified deforestation- and conversion-free raw materials, (ii) obtain traceability information to determine the production location of the raw materials and (iii) identify the Suppliers and Subcontractors who may not be in compliance with Danone's commitments, in order to work with them towards traced and verified deforestation- and conversion-free value chains.
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	■ Monitoring of RESPECT program performance indicators: KPI1 (Supplier and Subcontractor registration rates on Sedex or Ecovadis), KPI2 (annual audit plan completion), KP3 (audit closure rate) – (see section 5.4 People & Communities, section Focus on Tier 1 Suppliers and Subcontractors other than dairy farmers: RESPECT program). In 2023, the former KPI1 that measured the Supplier and Subcontractor registration rate on Sedex or Ecovadis platforms was revised to strengthen Danone's approach. As from 2023, KPI1 measures the percentage of Danone's expenditure covered by the RESPECT program. In 2023, KPI1 stood at 69%, indicating that 69% of the Group's expenditure was covered by the sustainable sourcing program, other than raw milk, real estate and tax services. KPI2 stood at 77% (annual audit plan completion), and KPI3 at 84% (audit closure rate). ■ Monitoring of milk volumes covered by Cost Performance Models (CPM) contracts take into account production costs in the determination of the price of milk and are established with the farmers or their organizations. ■ Improved traceability and certification coverage of priority ingredients.
HEALTH AND SAFETY	■ Monitoring of RESPECT program performance indicators ■ Periodic performance assessment of Suppliers and Subcontractors. These performance assessments focus mainly on the analysis of performance indicators (KPIs), the analysis of current issues or topics, and the implementation of action plans by Suppliers/Subcontractors to ensure the continuous improvement of their quality and food safety systems.

Vigilance Plan implementation report

As part of a proactive improvement approach, Danone has drawn up an implementation report for its Vigilance Plan, enabling it to measure the effectiveness of the actions taken, and provide a useful basis for guiding its future actions.

Summary of results of Danone's own actions and those of its Subsidiaries

In addition to the significant events of 2023 mentioned in the introduction to the Vigilance Plan (see section 2023 Highlights), Danone highlights the fact that it was awarded the CDP AAA rating for the fifth consecutive year, alongside only nine other companies (out of 21,000 companies rated in 2023). This AAA rating, based on a thorough and unbiased analysis, illustrates Danone's leadership in forest preservation, water security and the fight against climate change. It confirms the quality, consistency and effectiveness of Danone's actions in these areas.

The table below shows the results of the actions implemented under the Vigilance Plan, both within Danone and its Subsidiaries and in relation to Suppliers and Subcontractors.

The results listed are not exhaustive. For more detailed information on monitoring indicators and key sustainability targets, please refer to the relevant sections of Chapter 5 above.

Risk category	Risk	2023 results
ENVIRONMENT	**Prevention of risk relating to climate change and GHG emissions**	■ Danone was awarded the CDP AAA rating for its leadership in environmental performance for the fifth consecutive year, including an A rating in the "Climate" list. ■ 7.5% CO_2 reduction between 2023 and 2020 (excluding EDP Russia) in line with the SBTi 1.5°C pathway for 2030. ■ 13.3% reduction in methane emissions from fresh milk production between 2023 and 2020 (excluding EDP Russia). ■ Thanks to the switch to renewable electricity sources in Thailand and India, 99 Danone production sites used electricity from 100% renewable sources (stable compared to 2022, however excluding EDP Russia). Total energy use from renewable sources represented 34.3% of total energy use in 2023 (compared to 31.4% in 2022).
	Prevention of risk relating to plastic pollution	■ Total packaging volumes: 1,393,759 metric tons, of which 693,156 metric tons of plastic. ■ Absolute reduction of 8% in the use of plastic packaging between 2018 and 2023 (excluding EDP Russia). ■ 16% reduction in the use of virgin plastic packaging from fossil resources between 2018 and 2023 (excluding EDP Russia); and a 3% reduction between 2020 and 2023 (excluding EDP Russia). ■ In 2023, 58% of the plastic that the Group placed on the market was recovered (versus 56% in 2022). ■ The recovery rate for plastic waste at Danone production sites amounted to 99% (compared to 98.2% in 2022).
	Prevention of risk relating to natural resources use	■ 94.8% of facilities had 4R action plans (compared to 86% in 2022). ■ 77.8% of facilities complied with the Clean Water Standards (CWS) (compared to 76.1% in 2022). Production sites implemented improvement plans to achieve these standards. ■ 53% of the total water intake of production sites located in water-stressed areas had an effective watershed preservation action (up 16% compared to 2022). ■ 79 production sites were ISO14001 certified (compared to 83 in 2022). ■ In 2023, 50% of Danone production sites were located in high or extreme water risk areas. ■ 88% of food waste was used (compared to 81% in 2022, excluding Russia).
	Prevention of risk of damage to natural ecosystems and biodiversity	■ All the results in terms of climate change and greenhouse gas (GHG) emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity.
	Prevention of risk relating to deforestation or conversion and changes in land use	■ Danone was awarded the CDP AAA rating for its leadership in environmental performance for the fifth consecutive year, including an A rating in the "Forests" list. ■ 84% of Danone's raw materials were sourced from zero deforestation and conversion (this result is based on 2022 consolidated data; due to data collection and methodology, 2023 results will only be available from April 2024).
	Prevention of risk of harm to animal welfare	■ The progress report on animal welfare commitments was published in 2023 (available at Animal Welfare Report 2022 (danone.com)).

Risk category	Risk	2023 results
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risk of discrimination and harassment**	■ Inclusion Index: 79% (2 points above peers) ■ Percentage of women in senior management positions (executives and senior managers): 43% ■ Percentage of women on the Executive Committee: 20% ■ Gender Pay Gap 2.1 points in manager, director and executive positions.
	Prevention of risk to workers' rights to freedom of association and collective bargaining	■ The percentage of employees covered by collective bargaining agreements remained stable at 72%.
	Prevention of risk relating to forced labor	■ Implementation of the first steps of the due diligence framework in Danone's Subsidiaries in Poland and Brazil in 2022. ■ Number of employees trained in human rights and forced labor (e-learning): 5,750 Danone employees have taken this training since it was introduced (cumulative figure up to 2023), of which 277 in 2023.
	Prevention of risk relating to inadequate salary and income	■ 49 countries were covered by the global employee share ownership plan: ■ 85% of Danone employees were covered by the global employee share ownership plan.
	Prevention of risk relating to unreasonable working time	■ At least 87.1% of Danone employees maintained an average effective working week of maximum 48 hours per week.
	Prevention of risk relating to precarious working conditions	■ Implementation of the first steps of the due diligence framework in Polish and Brazil Business Units in 2022.
	Prevention of risk relating to a deterioration in living conditions in local communities	■ As this risk relates to environmental impacts (climate change, plastic pollution, etc.), we recommend referring to the results listed above in the "Environment" risk category.
	Prevention of risk relating to insufficient consumer access to products	**Consumers:** ■ Danone's portfolio consists mainly of products that can be promoted as a healthy food choice. In 2023, 89.2% of product volumes sold scored 3.5 stars or higher, according to the Health Star Rating system. According to this system, any product that scores 3.5 stars or above can be promoted as a healthy choice. ■ In 2023, 70% of sales volumes originated from countries classified by the United Nations as developing or transitioning economies. ■ In 2023, 54% of countries where Danone operates had at least one healthy product in their portfolio targeting middle- or low-income populations or a plan to expand access. **Vulnerable populations:** ■ Danone Communities' investments in social enterprises provided access to drinking water for 12.7 million people around the world in 2022, representing 4.6 billion liters of safe drinking water.
	Prevention of risk relating to personal data	■ The completion rates of e-learning courses are monitored on a yearly basis. In 2023, 98% of the target employee population completed e-learning courses.

Risk category	Risk	2023 results
HEALTH AND SAFETY OF INDIVIDUALS	**Prevention of risk relating to inadequate professional training**	■ Percentage of Danone employees trained: 100% ■ Average number of hours per person trained by Danone: 24
	Prevention of risk relating to product safety and quality	■ **External certifications**: in 2023, 152 FSSC 22000 certification audits were conducted by independent certification bodies. 96% of Danone entities were certified. ■ **Internal audits**: in 2023, the internal audit team conducted 67 food safety audits.
	Prevention of risk relating to the consumption of foods with low nutritional quality	■ 89.2% of product volumes sold scored ≥3.5 stars according to the Health Star Rating system. According to this system, any product that scores 3.5 stars or above can be promoted as a healthy choice. ■ 81.2% of product volumes sold had no added sugars. ■ 62.2% of the volumes sold of the Group's Dairy and Plant-Based products directed at children aged between 3 and 12 had a maximum of 10g of total sugar per 100g. ■ 99.3% of the volumes sold of Danone Infant Milk Formula directed at children aged between 1 and 3 had a maximum of 1.25 g of added sugar per 100 kcal. ■ 40.5% of Danone product volumes had on-pack/online interpretative nutritional information. ■ 83.2% of the volumes sold of the Group's portfolio of kids dairy were fortified with important vitamins and minerals. ■ In the latest Access to Nutrition global Index (ATNI), Danone was ranked first for the sub-category on Product Profile, recognizing the superiority of the Group's portfolio in terms of nutritional quality of its products. Danone was the only ATNI-indexed company to achieve the threshold of 3.5 stars according to the Health Star Rating.
	Prevention of risk relating to workers' health and safety	■ Number of countries that have implemented the Employees Assistance Program (EAP): 38 (35 in 2022). ■ Number of employees benefiting from health coverage that complies with the criteria defined by Dan'Cares: 86,928 in 2023 (94,761 in 2022). ■ WISE2 results: number of fatal accidents - 3 (two more than in 2022); accidents with at least one lost working day - 207 (269 in 2022), frequency 0.9 (1.1 in 2022), severity rate in 2023 - 0.03 (0.06 in 2022).

Summary of results from actions implemented regarding Danone's Suppliers and Subcontractors

Risk category	Risk	2023 results
ENVIRONMENT	**Prevention of risk relating to climate change and GHG emissions**	■ In 2023, Danone sourced 38% of its main ingredients directly from producers who started their transition to regenerative agriculture, thus exceeding its target by two years ahead of schedule (initially set at 30% by 2025 as part of its Danone Impact Journey strategy).
	Prevention of risk relating to plastic pollution	■ 16% reduction in the use of virgin fossil-based packaging between 2018 and 2023 (excluding EDP Russia); and 3% reduction between 2020 and 2023 (excluding EDP Russia). ■ 14.6% recycled materials on average in its plastic packaging (compared with 11.9% in 2022). ■ 23.8% recycled PET (rPET) used on average by the Waters category (compared with 20.9% in 2022) and 31.3% in countries where local standards and regulations allow it (compared with 26.4% in 2022).
	Prevention of risk relating to natural resource use	■ In 2023, the assessment conducted using the Aqueduct Water Risk tool developed by the World Resources Institute (WRI) identified the 20 ingredients (out of a total of 69) in its supply chain that were most critical for Danone in terms of water risk. Focused on water stress, this analysis highlights priority ingredients to deep dive on and helps to prioritize actions. 54% of the volume of these ingredients came from water-risk areas.
	Prevention of risk of damage to natural ecosystems and biodiversity	■ All the results in terms of climate change and greenhouse gas (GHG) emissions related to the use of natural resources or deforestation contribute to Danone's goal of combating damage to natural ecosystems and biodiversity. ■ Since 2017, Danone has participated in the implementation of 25 agricultural projects in 14 different countries, including projects related to soil health, water and/or biodiversity (e.g.: Les 2 Pieds sur Terre, Pachamama project).
	Prevention of risk relating to deforestation or conversion and changes in land use	■ 99.3% traceability of palm oil back to plantation and 99.8% traceability back to the factory. ■ 95% RSPO (Roundtable on Sustainable Palm Oil) certified palm oil ■ 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. ■ 75-80% of cacao certified with one or more of the following certifications: Rainforest Alliance, Organic, Fairtrade. ■ 100% of the soybeans used for the Alpro brand was ProTerra Segregated certified and came from areas identified as having no or negligible risk of deforestation and conversion.
	Prevention of risk of harm to animal welfare	■ 91% of the volume of fresh milk was assessed via the Group's animal welfare audit. ■ More than 3,000 aggregate audits at a farm level, scoring farms on a scale from 0-100 points. In 2023, the average score was 70 points.

Risk category	Risk	2023 results
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	**Prevention of risk of discrimination and harassment**	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to discrimination during the audits performed in 2023: 1.1% (representing five non-conformities) *.
	Prevention of risk to workers' rights to freedom of association and collective bargaining	■ No critical non-conformities of Danone's Suppliers and Subcontractors relating to workers' freedom of association and right to collective bargaining were identified during the audits performed in 2023 *.
	Prevention of risk relating to forced labor	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to forced labor during the audits performed in 2023: 1.3% (representing six non-conformities). In each of the six cases, costs were unduly borne by workers during the recruitment process (such as costs relating to work permits, visas, medical examinations, uniforms, etc., which must be borne by the employer). By the end of December 2023, workers had been reimbursed in three cases, and Danone continued to monitor the resolution of the three ongoing situations *.
	Prevention of risk relating to child labor	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to child labor during the audits performed in 2023: 0.7% (representing three non-conformities). Two of the situations concerned non-conformity with health and safety protection for young workers aged between 15 and 18 (ILO): in one case, the tasks involved a dangerous activity (welding), and in the other, inappropriate working hours (public holiday). The third non-conformity related to record-keeping and the absence of proof regarding age in employee files. By the end of December, corrective actions had been taken in all three cases *.
	Prevention of risk relating to inadequate salary and income	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to working time and compensation during audits performed in 2023: 21.5% (representing 97 non-conformities) *.
	Prevention of risk relating to unreasonable working time	
	Prevention of risk relating to community displacement and land grabbing	■ No critical non-conformities of Danone's Suppliers and Subcontractors relating to community displacement and land grabbing during audits performed in 2023 *.
	Prevention of risk relating to a deterioration in living conditions in local communities	See the environmental section above for more details.
HEALTH AND SAFETY OF PEOPLE	**Prevention of risk relating to product safety and quality**	■ In 2023, Danone achieved an FSSC 22000 certification rate for Suppliers and Subcontractors of 93% and 91%, respectively.
	Prevention of risk relating to workers' health and safety	■ Percentage of critical non-conformities of Danone's Suppliers and Subcontractors relating to workers' health and safety during audits performed in 2023: 65.9% (representing 298 non-conformities) *.

* *For Danone's Suppliers and Subcontractors, the results are based on the analysis of critical non-conformities from SMETA audits (or performed using a similar methodology) of shared Suppliers and Subcontractors by Danone or peer companies. Danone's goals are to support Suppliers and Subcontractors in their improvement process, validated by audit closure by the auditors in accordance with the SMETA methodology (verification of corrective action plans). Danone's dedicated resources are focused on supporting Suppliers and Subcontractors whose audits contain critical non-conformities, representing 281 audits out of 541 in 2023.*

Reports received through the Danone Ethics Line

Statistics

In 2023, 388 reports were recorded in the "human rights" category. These reports came from 31 countries, compared with 273 reports in 25 countries in 2022. As a reminder, the "human rights" category was broadly redefined in 2021, to include child labor, forced labor, the right to collective bargaining, working time and decent wage, the set of issues related to discrimination, harassment, and workers' health, safety and security. This increase can be attributed in particular to the global communications campaign carried out in 2023 to raise awareness among all employees of the Danone Ethics Line and how to raise a concern.

All these themes have been brought under the "human rights" category and form a set intended for:

- ending exploitation (prohibiting child and forced labor, prohibiting harassment and abuse, ensuring reasonable working hours): 210 reports (mostly relating to harassment);
- keeping a decent work (granting a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, granting freedom of association and right to collective bargaining, ensuring all workers are treated equally with respect and dignity, promoting diversity and inclusion): 178 reports (almost all relate to misconduct and discrimination).

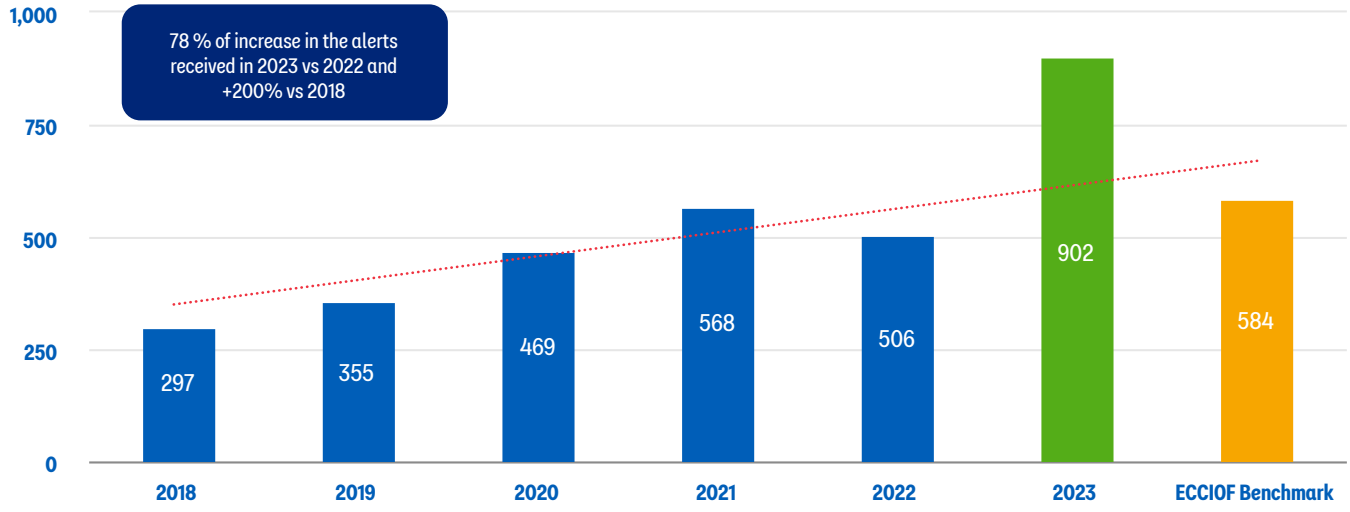
In summary, 86% of reports in the area of human rights related to harassment, misconduct or discrimination.

Out of the 388 reports received in 2023, 309 have been closed, and 79 are still under investigation. Of the reports closed, 38% were totally or partially founded.

In 2023, 10 reports related to the environment. After investigation, one was partially founded and one is still under review.

In 2023, the whistleblowing system registered a total of 902 reports worldwide (including those related to human rights and environmental concerns mentioned above), i.e., an increase of 78% compared to the previous year. This increase demonstrates the effectiveness of the communication campaign carried out in 2023, and the use of this tool by Danone employees and external workers.

NUMBER OF DEL ALERTS RECEIVED PER YEAR FROM 2018 TO 2023



* *ECCIOF – European Chief Compliance Officer Forum*

Finally, with respect to raw material reports, in 2023, Danone registered 11 linked to deforestation and harm to human rights, 10 of which were related to palm oil and 1 to other commodities.

5.7 APPLICATION OF THE EUROPEAN TAXONOMY TO DANONE'S ACTIVITIES

CONTEXT AND CONSISTENCY

Presentation of the European Taxonomy

Under Regulation (EU) 2020/852 (the "Taxonomy" Regulation) supplemented by Delegated Regulation (EU) 2023/2486 (the Taxonomy Environmental Delegated Act) on the establishment of a framework to facilitate sustainable investment in the European Union (EU), Danone is required to publish 2023 key performance indicators (KPIs) for its entire financial consolidation scope. These KPIs must present the proportion of its eligible net sales ("turnover"), capital expenditure ("CapEx") and operating expenditure ("OpEx") derived from products and/or services associated with economic activities qualifying as sustainable, within the meaning of this Regulation, for six environmental objectives:

- Climate change mitigation ("CCM");
- Climate change adaptation ("CCA");
- Sustainable use and protection of aquatic and marine resources ("WTR");
- Transition to a circular economy ("CE");
- Pollution prevention and control ("PPC");
- Protection and restoration of biodiversity and ecosystems ("BIO").

Since 2022, in accordance with delegated act (EU) 2021/2178 adopted on July 6, 2021, supplementing Article 8 of the Taxonomy Regulation, the Group has published information on the level of eligibility and alignment of its turnover, capital expenditure and operating expenditure with the first two climate objectives.

An eligible activity will be considered aligned if it meets the technical criterion (criteria) of substantial contribution, does not significantly harm the other environmental objectives (Do No Significant Harm – DNSH criteria), and if the company complies with the minimum safeguards related to human rights, corruption, taxation and competition.

For 2023, the Group must also disclose the proportion of its turnover, CapEx and OpEx relating to economic activities eligible under the other four environmental objectives.

The food and beverage sector **is not currently covered** by the Taxonomy Regulation with respect to the six environmental objectives. As a result, only secondary Group activities and individually eligible investments are assessed.

Results

Summary of eligible and aligned activities

	2023		2022	
(in € millions, except percentage)	**Turnover KPI**	**CapEx KPI**	**Turnover KPI**	**CapEx KPI**
Eligibility				
Numerator	62	154	-	212
Denominator	27,619	1,017	27,661	1,089
Eligibility rate	0.2%	15.1%	–%	19.5%
Alignment				
Numerator	–	–	-	3
Denominator	27,619	1,017	27,661	1,089
Alignment rate	–%	–%	–%	0.3%

Assessment and methodologies

The Group has set up a Taxonomy working group, comprising members of the Finance Department, the Sustainable Finance Department and the business teams. The team worked to assess the eligibility and alignment of the Group's activities, in particular on the basis of the Climate Delegated Regulation of June 4, 2021, amended by the Environmental Delegated Regulation (EU) 2023/2485.

In 2023, the Taxonomy working group assessed i) the eligibility of the Group's activities under the six environmental objectives, and ii) the alignment of the Group's activities under the first two climate objectives for the turnover, CapEx and OpEx KPIs.

The Group carried out a review of all of its activities and investment projects to determine its eligible activities. The Group has refined its analysis of CapEx on vehicles and identified trucks eligible under the activity 6.6 Freight transport services by road. As a result of this work, it considers the following activities to be eligible under the six objectives:

Code	Taxonomy activity	KPI	Description of Danone's activity
CCM 4.24/ CCA 4.24	Production of heat/cool from bioenergy	CapEx	Danone uses biomass heat supply contracts
CCM 6.5/ CCA 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	CapEx	Light vehicles leased or owned by Danone
CCM 6.6/ CCA 6.6	Freight transport services by road	CapEx	Trucks leased or owned by Danone
CCM 7.3/ CCA 7.3	Installation, maintenance and repair of energy efficiency equipment	CapEx	Energy efficiency improvements at Danone buildings
CCM 7.6/ CCA 7.6	Installation, maintenance and repair of renewable energy technologies	CapEx	Installation of photovoltaic systems
CCM 7.7/ CCA 7.7	Acquisition and ownership of buildings	CapEx	Offices and warehouses owned or leased by Danone
BIO 2.1	Hotels, holiday, camping grounds and similar accommodation	Turnover and CapEx	Operation of the Evian Resort, comprising multiple hotels and including related experiences and services

Alignment

In order to assess the current alignment of activities identified as eligible, the Group reviewed compliance with the technical screening criteria for a selection of material investments. The results were not extrapolated across all of its investments.

In the case of activities that are already covered by several environmental objectives, such as 7.7 Acquisition and ownership of buildings and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles, the Group assessed their alignment with the two climate objectives.

For certain non-material investments for which it was difficult or impossible to obtain convincing evidence to ascertain compliance with the technical screening criteria, Danone has chosen to apply FAQ 13 (C/2023/305) of December 19, 2022 and considered these projects as not Taxonomy-aligned.

Substantial contribution technical screening criteria

In 2022, Danone reviewed the substantial contribution criteria, particularly for the production of heat/cool from bioenergy. The Group also verified the origin of the biomass and the reduction of greenhouse gas emissions. In 2023, no CapEx was accounted for this activity.

In the case of the acquisition or rental of buildings for which the building permit was filed prior to December 31, 2020, Danone referred to the buildings' energy performance certificates when available, or to energy consumption data, to determine whether the buildings are among the top 15% of energy-efficient buildings (based on the thresholds issued by French independent real estate body, Observatoire de l'Immobilier Durable).

For other investments, the Group verified compliance with the technical screening criteria set out in the Climate Delegated Regulation and specified in the European Commission's FAQ.

Do no significant harm to the Taxonomy's five other objectives ("DNSH")

The Group carried out the work needed to check compliance with the DNSH criteria and, in particular, reviewed compliance with the DNSH criteria for climate change adaptation by conducting a local analysis of climate-related risks and vulnerability.

Verification of compliance with minimum safeguards (MS)

The Group satisfies the minimum safeguard requirements as set out in the report issued by the Platform on Sustainable Finance (PSF), clarified by the June 16, 2023 FAQ, in terms of human rights, corruption and bribery, fair competition and taxation.

Danone verified that there had been no convictions in relation to these topics, and that appropriate procedures had been implemented. For example:

- Danone mapped and prioritized risks related to human rights (see section [5.4 People & Communities, section Sustainable sourcing and human rights for workers in the value chain]);
- Danone has an anti-corruption system in accordance with France's Sapin II law (see section [5.5 Responsible business conduct, section Responsible practices: ethics and integrity]);
- Danone considers the payment of tax to be an integral part of its Social, Environmental and Societal Responsibility (see section [5.5 Responsible business conduct, section Responsible practices: ethics and integrity]);
- Danone informs its employees of the principle of free and fair competition (see section [5.5 Responsible business conduct, section Responsible practices: ethics and integrity]).

Determination of KPIs

Turnover

The turnover numerator comprises sales generated by Taxonomy-aligned activities.

As presented in Note 7.2 to the Group's consolidated financial statements, the denominator is derived from the Group's consolidated sales, which represented €27,619 million in 2023.

For 2023, the Group's Evian Resort hotel business, including the spa and other related services, is eligible under the "Protection and restoration of biodiversity and ecosystems" objective.

In 2023, eligible sales totaled €62 million, relative to total sales of €27,619 million.

In 2023, as in 2022, the Group's Taxonomy-aligned turnover under the first two environmental objectives is zero.

Capital expenditure ("CapEx")

The CapEx numerator includes all investments aligned with the first two climate objectives.

The numerator of the aligned portion of CapEx mainly capital expenditure aligned with the first two climate objectives.

The denominator includes all acquisitions of property, plant and equipment (IAS 16), intangible assets (IAS 38), right-of-use assets (IFRS 16) and investment property (IAS 40), as well as acquisitions resulting from business combinations. The denominator represents €1,017 million in capital expenditure in 2023, as presented in Notes 7.5 and 11.2 to the Group's consolidated financial statements.

In 2023, eligible capital expenditure totaled €154 million, out of a total of €1,017 million in capital expenditure, compared to €212 million and €1,089 million in 2022.

No taxonomy-aligned capital expenditure identified in 2023, versus €3 million in 2022.

Operating expenditure ("OpEx")

The operating expenditure identified by the Group pursuant to the Taxonomy Regulation concerns non-capitalized research and development expenses, lease expenses, upkeep, repair, maintenance and other direct expenses related to the day-to-day upkeep of property, plant and equipment.

In 2023, OpEx within the meaning of the Taxonomy Regulation amounted to €789 million, compared with total OpEx of €25,577 million, or 3%. Given that the amount of OpEx as defined by the Taxonomy Regulation is not material, the Group will continue to use the exemption from disclosure provided for therein, as in 2022.

Regulatory tables

Turnover

Breakdown of business contribution to environmental objectives:

	Proportion of turnover/total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	–%	–%
CCA	–%	–%
WTR	–%	–%
CE	–%	–%
PPC	–%	–%
BIO	–%	0.2%

Substantial Contribution Criteria		Year		Substantial Contribution Criteria			
Economic Activities	Code(s)	Turnover (in € million)	Proportion of turnover 2023 %	Climate change mitigation Y; N; N/EL	Climate change adaptation Y; N; N/EL	Water Y; N; N/EL	Pollution Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)							
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–				
Of which Enabling							
Of which Transitional							
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	62	0.2%	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		62	0.2%	–	–	–	–
Turnover of Taxonomy-eligible activities (A.1. + A.2.) (A)		62	0.2%	–	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
Turnover of Taxonomy-non-eligible activities (B)		27,557	99.8%				
Total (A + B)		**27,619**	**100%**				

		Do No Significant Harm Criteria ("DNSH criteria")									
Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) turnover 2022	Category enabling activity	Category transitional activity
Y; N; N/EL	*Y; N; N/EL*										
		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	*%*	*H*	*T*
										H	
											T
EL; N/EL	EL; N/EL										
N/EL	EL								–		
–	0.2%								–		
–	0.2%								–		

CapEx

Breakdown of activities' contribution to environmental objectives:

	Proportion of CapEx/total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	–%	13.8%
CCA	–%	13.8%
WTR	–%	–%
CE	–%	–%
PPC	–%	–%
BIO	–%	1.4%

Substantial Contribution Criteria		Year		Substantial Contribution Criteria			
	Code(s)	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution
				Y; N; N/EL	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
Economic Activities		*(in € million)*	*%*				
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)							
Production of heat/cool from bioenergy	CCM 4.24 CCA 4.24	–	–	–	–	–	–
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	–	–	–	–	–	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	–	–	–	–
Of which Enabling		–	–				
Of which Transitional		–	–				

			Do No Significant Harm Criteria ("DNSH criteria")									
	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) CapEx 2022	Category enabling activity	Category transitional activity
	Y; N; N/EL	*Y; N; N/EL*										
			Y/N	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*H*	*T*
	–	–	–	–	–	–	–	–	–	0.3%		
	–	–	–	–	–	–	–	–	–	0.0%		
	–	–	–	–	–	–	–	–	–	0.3%		
											H	
												T

Substantial Contribution Criteria		Year		Substantial Contribution Criteria			
	Code(s)	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution
				Y; N; N/EL	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
Economic Activities		*(in € million)*	*%*				
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	106	10.4%	EL	EL	N/EL	N/EL
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	14	1.4%	N/EL	N/EL	N/EL	N/EL
Freight transport services by road	CCM 6.6 CCA 6.6	26	2.5%	EL	EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	8	0.8%	EL	EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	–	–	–	–	–	–
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	–	–	–	–	–	–
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		154	15.1%	13.8%	–	–	–
CapEx of Taxonomy-eligible activities (A.1.+ A.2.) (A)		154	15.1%	13.8%	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
CapEx of Taxonomy-non-eligible activities (B)		863	84.9%				
Total (A + B)		**1,017**	**100%**				

		Do No Significant Harm Criteria ("DNSH criteria")									
Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) CapEx 2022	Category enabling activity	Category transitional activity
Y; N; N/EL	*Y; N; N/EL*										
		Y/N	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*H*	*T*
EL; N/EL	EL; N/EL										
N/EL	N/EL								11.7%		
N/EL	EL								–		
N/EL	N/EL								–		
N/EL	N/EL								7.0%		
–	–								0.3%		
–	–								0.2%		
–	1.4%								19.2%		
–	1.4%								19.5%		

OpEx

Substantial Contribution Criteria		Year		Substantial Contribution Criteria			
	Code(s)	OpEx	Proportion of OpEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution
				Y; N; N/EL	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
Economic Activities		*(in € million)*	*%*				
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)							
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)							
Of which Enabling							
Of which Transitional							
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES) [g]							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)							
OpEx of Taxonomy-eligible activities (A.1. + A.2.) (A)							
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
OpEx of Taxonomy-non-eligible activities (B)							
Total (A + B)		**789**	**100%**				

						Do No Significant Harm Criteria ("DNSH criteria")					
Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) OpEx 2022	Category enabling activity	Category transitional activity
	Y; N; N/EL										
		Y; N; N/EL	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*H*	*T*
										H	
											T
EL; N/EL	EL; N/EL										

5.8 METHODOLOGY NOTE

CONSOLIDATION SCOPE AND COVERAGE

The consolidation scope consists of all Danone subsidiaries that are fully consolidated for the preparation of the consolidated financial statements, in other words, the subsidiaries in which Danone holds, directly or indirectly, exclusive control.

Nevertheless, some subsidiaries do not report all social, safety, environmental, and health and nutrition indicators. These entities were consolidated for financial reporting purposes as of December 31, 2023 and action plans are planned and/or in progress to ensure the availability and reliability of the data. Lastly, the list of subsidiaries that do not report certain indicators may differ depending on the types of indicators. The coverage scope varies according to the indicator categories, as described in the sections below:

INDICATOR	SCOPE
Production Site Food Safety	In 2023, 153 production sites were included in the scope considered for FSSC 22000 certification. These sites correspond to the production sites for all of Danone's Categories and do not include the production sites of co-manufacturers and suppliers. In the same year, 171 production sites were included in the scope of internal audits. These sites are incorporated into the three-year audit plan.
Total Group Headcount Social Indicators	In 2023, 124 entities, representing 99.9% of Danone's total headcount, reported social indicators. This rate may vary depending on the types of social indicators reported (see *Information regarding methodologies*).
Safety	In 2023, 51 Country Business Units, representing approximately 99.9% of Danone's total headcount, reported safety-related indicators. The safety data of subsidiaries, removed from the consolidation scope as of December 31, 2023, is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2023. The calculation of these KPIs excludes the countries within the CIS region (Russia, Belarus, Kazakhstan) from its baseline scope.
Production Site Environment	Danone monitors the environmental performance of its production sites using an operational control approach. In 2023, 153 Danone production sites, representing more than 99% of total production, reported environmental indicators. The environmental impact of tertiary buildings (offices, research centers, etc.) is not included in the scope of consolidation (except for certain indicators, when these buildings are adjacent to production sites). Given that their greenhouse gas emissions represent less than 5% of Danone's total scope 1 and 2 emissions, the environmental impact is considered as non-significant.

Greenhouse Gas Emissions (GHG)

The Group's total GHG inventory consists of greenhouse gas emissions within the scope of responsibility:

- scope 1: direct emissions from stationary combustion facilities and refrigeration units installed at industrial sites and warehouses under Danone's operational control, as well as the employee vehicle fleet under the Company's operational control and direct emissions in Danone-owned farms (two countries, after deconsolidation of EDP Russia);
- scope 2: indirect emissions related to the production of electricity, steam, heating and cooling purchased and consumed by industrial sites and warehouses under Danone's operational control;
- scope 3: indirect emissions that are not recognized in scope 2: emissions from raw materials purchasing (including agricultural upstream), packaging, production, transport and distribution, warehousing, use of sold products and end of life.

Scope 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard. Danone has chosen to consolidate scope 1 and 2 emissions using the operational control approach and to include all emission sources from its industrial sites (see *Production Site Environment Scope*), warehouses, distribution centers and corporate vehicle fleet. Emissions from offices and research centers are excluded, as they represent less than 5% of Danone's total scope 1 and 2 energy and industrial emissions.

Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This approach considers emissions throughout the Group's value chain.

Scope 3 emissions:

- upstream emissions (physical flows entering the plants) covered a scope representing approximately 99% of Danone's production volumes in 2023;
- downstream emissions (physical flows exiting the plants) covered a scope representing approximately 97% of Danone's sales volumes in 2023.

Only scope 1 and scope 2 emissions are calculated for Danone Iran (EDP, Iran) entity.

Within the Specialized Nutrition category, Scope 3 emissions for about ten sales entities, located mainly in Europe and in Africa, were excluded from the scope 3 emissions reporting scope in 2023.

Science-Based Target (SBT)

In terms of reporting entities, the SBT scope for the reporting year is identical to the Greenhouse Gas Emissions scope.

In terms of emission categories, the SBT scope excludes:

- indirect emissions linked to the use of sold products at home by consumers, which are included in the Greenhouse Gas Emissions scope;
- emissions linked to storage in retailers' distribution centers and retailers' stores, that are included in the Greenhouse Gas Emissions scope and were reported in the use of sold products category until 2021, and are reported in the downstream transportation and distribution emission category from 2022 to increase compliance with the GHG Protocol.

The three 1.5°C near term science-based targets are monitored on the SBT scope as follows:

- Scope 1 and 2 energy and industrial: scope 1 and 2 emissions of factories, vehicles and distribution centers, including CH_4 and N_2O biogenic emissions, but excluding FLAG scope 1 emissions of the Danone-owned farms (two in 2023);
- Scope 1 and 3 FLAG: scope 1 FLAG emissions of the two farms owned by Danone (after deconsolidation of EDP Russia), and scope 3 emissions of purchased goods and services for milk, dairy ingredients and other raw materials;
- Scope 3 energy and industrial: scope 3 emissions for purchased goods (packaging and co-manufacturing), fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution (excluding emissions linked to the storage in retailers' distribution centers and stores) and end of life treatment of sold products.

In the event of a material change in the consolidation scope, or material changes in carbon accounting methods, the recalculation rules defined by Danone in compliance with the GHG Protocol and the Science Based Targets Initiative standards will be applied. The 2020 baseline of the science-based targets would be updated once validated by the Science Based Targets initiative (SBTi).

In November 2023, in application of its baseline recalculation policy, Danone submitted to the SBTi an update of its existing near-term science-based targets to account for the deconsolidation of its Russian Essential Dairy and Plant-Based business in July 2023.

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

Packaging	In 2023, packaging data was collected from all Danone production entities, representing 99% of its production volumes. The % recycled PET (rPET) indicator, used on average by the Waters Category in countries where local standards and regulations permit, is calculated excluding China and Turkey, where local regulations prohibit the use of recycled materials in plastic bottles.
Health and Nutrition	In 2011, Danone created a set of performance indicators (One Health Scorecard) to measure advancements in health and nutrition, particularly product composition and responsible communication. In 2023, 92 entities representing 94.5% of consolidated sales and 98.2% of volume sold reported health and nutrition indicators (90% sales and 95% volumes sold in 2022).
Danone Way	In 2023, 172 consolidated entities fell under the scope of Danone Way self-assessments, representing 94.8% of Danone's consolidated sales (97.3% in 2022). This coverage rate excludes EDP Belarus, EDP Kazakhstan, EDP Russia, EDP Algeria, SN Russia, SN Algeria, Waters Argentina, Waters Brazil and FanMilk entities in Africa. This program also covers 94% of Danone's total headcount.

LIKE-FOR-LIKE CHANGES

Danone measures changes in environmental indicators and in greenhouse gas emissions on a like-for-like basis, i.e. at constant consolidation scope and constant methodology.

In 2023, following the deconsolidation of EDP Russia business, the Dairy and Plant Based Russia entities were removed from the Danone Company's production sites, GHG and SBT scopes. Given the materiality of EDP Russia in terms of environmental impact, all 2022 data (named "2022 excluding EDP Russia") was recalculated to transparently disclose this impact.

DEFINITION OF THE CATEGORIES

Essential Dairy and Plant-Based (EDP)	Production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and beverages, and coffee creations.
Specialized Nutrition (SN)	Production and distribution of formulas and complementary feeding for babies and young children, as well as food for medical purposes for children and adults with an underlying medical condition.
Waters	Plain water, flavored water and functional beverages.

DATA COLLECTION

To ensure the homogeneity of the indicators across the reporting scope, shared data reporting guidelines for social, safety, environmental, and health and nutrition data are transmitted and updated each year following data consolidation and contributors' comments. These guidelines specify the methodologies to be used for reporting the indicators, including definitions, methodology principles, calculation formulas and standard factors.

These reporting guidelines for social, safety, environmental, GHG, health and nutrition and Danone Way data are available on request from the Sustainable Finance Department.

Lastly, health and nutrition data are checked at the subsidiary level and then at the Category level when reported.

Social and safety indicators

The Human Resources Department is responsible for social and safety indicators. The subsidiaries' social data are generally derived from their payroll systems and reported via Danone's financial information consolidation software (SAP/Business Objects Financial Consolidation). Safety indicators are reported monthly by each entity in SPHERA, Danone's safety data consolidation system.

Environmental indicators

The Sustainable Finance Department is responsible for environmental indicators of production sites and GHG indicators. Production Site Environment indicators are reported by each production site's Environment manager using the PURE Platform tool, which was introduced in 2018 alongside UL EHS Sustainability. This is the fifth year that scope 3 greenhouse gas emissions data, including packaging data, were reported using this same tool.

Health and nutrition indicators

The Sustainable Finance Department and the Research & Innovation - Nutrition Department are responsible for the health and nutrition indicators.

Health and nutrition data is reported by the local scorecard owners at each subsidiary through a system of standardized forms, which are then consolidated to calculate the global indicators. Entities report volume sales for the period of reference (October 1, 2022 to September 30, 2023 included). Product data is generated by reporting entity-specific systems, then consolidated and verified by the central Sustainable Finance and Research & Innovation - Nutrition teams. Data on volumes are generated by Danone's financial information consolidation software. This information, along with details on consumer's programs, is reported by scorecard owners at each subsidiary using an online tool (UL PURE).

All health and nutrition indicators are volume-weighted. This excludes all exported volumes, non-food products, private labels (products manufactured for a non-Danone company) and sprays (for the Water activities). All figures are calculated based on the volumes of products as consumed. When necessary, a conversion factor is applied (i.e. for a powder product what is counted is the "reconstituted" volumes, which means the powder mixed/combined with a liquid). It concerns mainly the products from the Specialized Nutrition business.

Danone Way indicators

The Sustainable Finance Department is responsible for Danone Way, a qualitative program which guides subsidiaries toward sustainable growth through a progressive framework of practices. The Danone Way indicators correspond to the percentage of subsidiaries for which it has been determined that one or more practices are applicable and applied. They are reported by the Danone Way coordinators at each subsidiary using the UL PURE Platform data management tool.

INFORMATION REGARDING METHODOLOGIES

The methodologies used for certain social, environmental and nutrition indicators may have limits due to:

- the absence of common national and/or international definitions;
- necessary estimates, the representative nature of measurements taken or the limited availability of external data required for calculations.

For these reasons, the definitions and methodologies used for the following indicators are specified.

Headcount

A negligible portion of the managerial headcount data is not collected during the data reporting period (due to a number of internationally mobile employees being on assignment at other Danone entities).

Furthermore, some disparities may exist in the headcount calculation methods for expatriate employees (this is the case for expatriate employees who have three-party contracts between the employee, the home subsidiary and the host subsidiary).

In China, employees paid by Danone but whose contracts are with a third-party company (equivalent to a temporary work agency) are not included in the headcount.

Fixed-term contracts and movements within Danone are not included in arrivals/departures.

In the first year that entities are included in the reporting scope, they only report total headcount and are not consolidated in the social indicators scope until the first full fiscal year thereafter. In 2023, that was the case for Danone Vietnam Company Limited (Vietnam) and Dumex Baby Food Co. Ltd. (China) with a total headcount of 104 people, i.e. 0.1% of the total headcount.

Number of training hours/number of permanent employees trained/percentage of permanent employees trained/number of training hours per permanent employee

Training data for French subsidiaries includes ongoing professional training, as well as other types of training.

The number of permanent employees trained takes into account all permanent employees who received at least one training course during the year, including those who were no longer employed as of December 31, 2023.

The number of training hours takes into account all courses during the year, including hours of training received by those who were no longer employed as of December 31, 2023.

Training courses for which supporting documents are not received by the reporting closing date are included in the following fiscal year.

The percentage of permanent employees trained is equal to the ratio of the number of permanent employees trained to the average permanent employee headcount.

The number of training hours per employee is equal to the ratio of the number of training hours to the average permanent employee headcount.

Absenteeism

The absenteeism rate is expressed, as a percentage, as the total number of hours of absence divided by the total number of theoretical hours worked. The reasons for absence taken into account by this indicator include sick leave (with or without hospitalization), absences due to work-related illness and injury, absences due to strikes and unauthorized absences. However, absences due to maternity/paternity leave, other authorized leave and long-term absences (more than nine months) are not taken into account.

The assumptions used to calculate the theoretical hours worked are left to the discretion of the subsidiaries on the basis of local specificities, which can lead to minor discrepancies.

Some subsidiaries only monitor absenteeism for employees who are paid on an hourly basis, while other employees are included in a program under which they receive a number of days that can be used for various reasons (vacation, sickness, special leave, etc.). In particular, this is the case for The Dannon Company Inc. (United States), Danone Inc. (Canada), Kasdorf (Argentina), and SALUS (Waters, Uruguay). In Brazil, according to labor legislation, leadership positions as well as specialists, external positions or interns are exempt from time control and thus not included in the absenteeism scope. Nutricia Bago Argentina Baby (Argentina) subsidiaries are not included in the scope.

The scope covered represents about 94% of Danone's total headcount.

Number of Danone's employees who completed the mandatory e-learning on compliance

This indicator reflects the share of employees who have access to a laptop and excludes Ukraine entities in 2022.

General collective agreement

A collective agreement results from negotiations between an employer, a group of employers or employer organizations on the one hand, and trade unions or work councils on the other hand.

It refers to a written agreement outlining working conditions and terms of employment. It includes all measures forming a minimum basis, generally more advantageous than the legal requirement, and covering diverse topics, in particular wages, social protection and working conditions.

Collective agreements can be negotiated at the Group level (Danone), the regional level, the country (or country cluster) level or the entity level.

Frequency rates of workplace accidents

The frequency rate of workplace accidents with medical leave (FR1) represents the number of workplace accidents with lost time of one day or more that occur over a 12-month period per one million hours worked.

The frequency rate of workplace accidents without medical leave (FR2) represents the number of workplace accidents without medical leave for every one million hours worked.

The severity rate (SR) represents the number of calendar days of absence resulting from workplace accidents with medical leave for every 1,000 hours worked.

The hours worked are based on actual hours worked; by default, theoretical hours worked are taken into account on the basis of local practices and regulations regarding working time.

The assumptions used to calculate the theoretical hours worked are left to the discretion of the subsidiaries on the basis of local specificities, which can lead to minor discrepancies.

Workplace accident indicators also cover accidents affecting temporary employees, workers employed through staffing agencies or service providers working at the sites as well as interns who have an internship agreement with Danone. Temporary employees and workers employed through staffing agencies or service providers are individuals who do not have a work contract with Danone but are under its management, work on a temporary or non-temporary basis, and for whom Danone is able to collect data on working time (in number of hours). The collection of working hours for temporary employees and workers employed through staffing agencies is under the local responsibility of the subsidiaries. The control of this data by Danone, the wide fluctuation in this population of workers and the disparity of the agencies limit the completeness of data relating to this category.

Production

The production of Danone's industrial sites is the total production of finished and semi-finished products at each of the sites. As some semi-finished products are used as ingredients at other Group plants, total production of the industrial sites is greater than Danone's total production.

Production of by-products such as cream is not included in production volumes.

Greenhouse gases (GHG)

Results are presented in tons of carbon dioxide equivalent in order to standardize the emissions calculated for carbon dioxide, methane, nitrous oxide and hydrofluorocarbons (HFCs).

Scope 1 and 2 greenhouse gas emissions

Scope 1 and 2 emissions are calculated in accordance with the methodology outlined in the GHG Protocol Corporate Standard (January 2015 revised edition). In January 2015, the GHG Protocol published a guidance document detailing the method used to account for scope 2 greenhouse gas emissions, which introduces dual reporting:

- location-based reporting, which reflects emissions due to electricity consumption from a conventional power grid. It therefore uses primarily an average emissions factor of the country's energy mix;
- market-based reporting, which reflects emissions from energy consumption taking into account the specific features of the energy contracts chosen and also considers the impact of the use of energy from renewable sources.

Danone has set its reduction targets based on the market-based method.

Emissions (scopes 1 and 2 energy and industrial) are calculated by applying global warming potentials and emissions factors to the activity data:

- the global warming potentials used for methane (CH_4) and nitrous oxide (N_2O), as well as the impact of fugitive emissions of refrigerants, correspond to data over a 100-year time horizon from the IPCC Sixth Assessment Report (AR6), Climate Change 2022. The IPCC (Intergovernmental Panel on Climate Change) is a group of inter-governmental experts specialized in climate change;
- the emissions factors used to calculate emissions related to energy combustion are based on data from the 2006 IPCC Guidelines (2006 IPCC Guidelines for National Greenhouse Gas Inventories);
- the electricity emissions factors follow the hierarchy outlined in the new scope 2 guidance document of the GHG Protocol for market-based reporting. Suppliers' specific factors must be certified by instruments that prove the origin of electricity (guarantee of origin certificates). If some of the electricity used is not of certified origin, the emissions factors used are the national residual mixes published by official bodies such as the Association of Issuing Bodies (AIB) in Europe and Green-e in North America. For countries that do not have green-electricity attribute instruments, the emissions factors used are those used for location-based reporting provided by the International Energy Agency (2023 publication of energy mixes in 2021);

- the factors used for heating and steam are from the UK Department for Business, Energy and Industrial Strategy' (BEIS) 2021 publication, while those used for cooling are from the carbon database of the French Agency for the Environment and Energy Management (ADEME, 2017);
- the factors used for CH_4 and N_2O biogenic emissions linked to the combustion of biomass and biofuel are from the UK Department for Business, Energy and Industrial Strategy (BEIS) 2022 publication. Despite those scope 1 emissions being immaterial to Danone's GHG inventory, they were included in 2022 and retroactively in 2021 and in 2020 (baseline of our science-based targets), to increase completeness of our GHG inventory. From 2023 onwards those emissions are directly integrated in our GHG inventory.

Scope 3 greenhouse gas emissions

This was the fifth year that scope 3 emissions were measured using an entity-based organization approach.

Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These emissions are calculated by applying to each reporting entity's activity data the emissions factors from life-cycle analysis databases (Ecoinvent), professional federations (Plastics Europe, FEFCO, FEVE), the Food and Agriculture Organization of the United Nations (FAO), suppliers that have measured their products, and measures recorded as part of the deployment of the Cool Farm tool.

For the past six years the Group has used the emissions factors from the Cool Farm Tool (CFT) to calculate emissions for milk used in products, which accounted for 31.5% of Danone's emissions in 2023. This tool was developed by the cross-sector Cool Farm Alliance, whose members include manufacturers, research centers and non-governmental organizations, with the aim of developing and promoting the use of measurement systems for sustainable agriculture. In France, Danone uses the emissions factors from the CAP2ER tool (automated calculation of the environmental performance of ruminant farming), developed in collaboration with the French Livestock Institute (IDELE). By default, Danone uses the FAO's 2022 emissions factors for countries where the CFT has not been set up. Since 2020 Danone reported net emission factors for milk that includes small portion of removals calculated in CFT. In 2022 the separation between removals and gross emissions was implemented in beta version of tool and in 2023 integrated in official results. In 2023, Danone used the latest version of CFT 2.0. This version allowed for the disaggregation of emissions and removals and Danone is reporting gross emissions for this year. The current methodology for removal accounting in CFT is to be aligned with GHG Protocol requirements that are still in draft version (Land Sector and Removal Guide). The CFT 2.0 uses the GWP100 AR6. The evolution of the Cool Farm emission factors between 2022 and 2023 GHG inventories also includes a methodological effect designed to remove the removals accounted for in year 2022. Danone aims to report removals in the future once the final version of GHG Protocol Land Sector and Removals Guidance is released and its requirements are integrated in the CFT.

The Cool Farm tool is used for assessing emission factors of farms in Danone's scope 3, but also of farms in Danone's scope 1 (the two Danfarms). The emission factors used to disaggregate scope 1 and scope 3 emissions of farms located in the same country are equal to the average Cool Farm emission factors at country level.

For the past six years, in order to calculate emissions for dairy ingredients, which accounted for 20.1% of Danone's emissions in 2023, the Group has used specific emissions factors. They are calculated by its suppliers, taking into account emissions related to the milk in dairy ingredients and those related to processing techniques, considering the energy intensity of production for each ingredient and transportation between the farms and Danone's suppliers. By default, the FAO's 2022 emissions factors are used for suppliers for which these emissions factors are not available.

The updated methodology and rules for calculating scope 3 emissions were documented in a report shared with all contributors involved in the Group's emissions reporting. An independent third party has confirmed that these carbon accounting guidelines comply with the GHG Protocol.

In 2022, in order to increase the compliance with the GHG Protocol at GHG category level:

- Danone recategorized as scope 1 FLAG the emissions linked to the milk production in the 3 farms owned by Danone in Egypt, Morocco and Russia that were previously reported as scope 3 emissions of milk purchases. For 2023, the same recategorization applies to Danone farms in Egypt and Morocco (Russian farm was deconsolidated with EDP Russia).
- Danone recategorized as downstream transportation and distribution emissions the emissions linked to the storage in retailers' distribution centers and retailers' stores, that were reported in the use of sold products category until 2021.

In order to ensure comparability between 2020 (baseline),2022 and 2023 for each GHG emission category, the 2020 emissions presented in this report were also recategorized.

Methane emissions of Dairy category fresh milk

In 2023, Danone published for the first time separate Methane emissions for the Dairy category, covering its net milk balance (sum of volumes of fresh milk collected from farms and external purchases, excluding the milk resold by Danone). The main sources of Methane emissions for Danone are enteric fermentation and manure management.

Fresh milk emissions were calculated using the Cool Farm Tool, that allows for separation of Methane emissions from total GHG emissions since 2023 and uses the updated GWP100 AR6 values. Emissions of external purchases were calculated using FAO 2022 data.

Packaging

The data on packaging concern primary, secondary and tertiary packaging (excluding pallets) purchased for Danone's operations and are given in tons of material. Packaging purchased for subcontractors who manufacture finished products for Danone is excluded.

Calculations related to the recyclability rates of Danone packaging are based on the new definition of recyclability by type of packaging recommended by the Ellen MacArthur Foundation (EMF) for the circular economy. According to this methodology, packaging is considered recyclable if post-consumer collection, sorting, and recycling are proven to work in practice and at scale. This implies achieving a 30% post-consumer recycling rate in multiple regions, collectively representing at least 400 million inhabitants.

The calculation of recycled components for cardboard and plastic materials is based on actual volumes used.

Assumptions for the calculation of recycled components for glass and metal materials are based on the best available data as well as supplier data:

- recycled components for glass: 50% worldwide
- recycled components for metal and aluminum: 40% worldwide.

Waste

Following the application of a new standard, the Food Loss and Waste Protocol (version 1.0 of June 2016), since 2016 Danone has consolidated the quantities of waste generated according to the following categories: treatment facilities' sludge, waste, whey, food waste collected on site and food waste discharged with wastewater, packaging waste, hazardous waste and, lastly, other non-hazardous waste. Since 2019, Danone has focused on the most substantial categories (food waste and packaging waste) and excluded hazardous waste and other non-hazardous waste, representing 13% of total quantities of waste produced at production sites in 2023, from the consolidation scope.

The Food Loss and Waste Protocol is the first international standard for measuring food losses not used for human consumption. It was established under a partnership between the Consumer Goods Forum, the Food and Agriculture Organization of the United Nations, the United Nations Environment Programme, the World Business Council for Sustainable Development (WBCSD), and the World Resources Institute.

Food waste is consolidated for the Production Site Environment scope with the exception of the Waters Category plants. It includes finished product, raw material and by-product (whey not used for human consumption) losses. This waste may be collected or discharged with wastewater, or form part of the wastewater treatment plant sludge:

- whey and okara collected on site and not used for human consumption are reported as dry matter content;
- waste collected on site is reported in real weight, i.e. weight as shown in on-site waste removal orders;
- waste discharged with wastewater and recovered in the sludge at treatment facilities is reported as a percentage of dry-matter content in sludge;
- waste discharged with wastewater and not recovered in the sludge at treatment facilities is calculated in tons of chemical oxygen demand (COD).

Since 2020, Danone has also introduced reporting that consolidates food waste from its production sites with food waste generated in the scope 3 downstream sub-scope within the Greenhouse Gas scope.

None of the products and by-products that are used for human consumption (production of lactose or cheese from whey, etc.) are included. Waste recovery data includes materials recovery (recycling, composting, reuse, animal feed, sludge used in agricultural applications, etc.) and energy recovery (methanation, incineration with energy recovery). Unused waste is waste that is sent to landfill, discharged to the sewer or incinerated without energy recovery.

Water consumption

The definitions and the method of accounting for various uses of water (including run-off, water pumped from and discharged into streams, water used in the composition of finished products, recycled/reused water, water given to a third party, etc.) are outlined in the technical environmental guide prepared by Danone and distributed to its subsidiaries. The amount of water withdrawn corresponds mainly to water used for industrial processes and in the creation of finished products.

Water used in once-through cooling systems (in which the water withdrawn is returned to its original environment after it has passed through the system once without recirculating) is not taken into account in the total amount of water withdrawn.

Rainwater is also excluded from the total amount of water withdrawn. It is included in volumes of recycled/reused water only if it is used by the site.

For the Waters Category sites, volumes of water withdrawn but not consumed by the site are not taken into account due to losses or to overflow upstream from the plant (losses or overflow at the well or spring level).

When logistics centers are located adjacent to industrial sites, their water consumption is taken into account if the site is unable to subtract this consumption.

The proportion of factories with water stress history having halved their process water water intensity since 2015 or that are at best-in-class level - calculated each year until 2030. The perimeter is based on all production sites being part of Danone's Production sites reporting scope for the reporting year and listed as having water stress history through the Water Risk assessment done the same year. For all sites already in scope in 2020 (when the KPI was set) the target is 50% reduction in water intensity. For sites joining the scope after 2020, the target is proportional and calculated depending on the year of entry vs target in 2030 (e.g., a site entering in 2024 will have to reduce its water ratio by 30%). We consider best-in-class, sites of the Waters Category reaching a process water intensity below 0.25 m_3/tons.

Energy consumption

This indicator mainly covers consumption at the production sites. When Research and Development centers or warehouses are located adjacent to production sites, estimates may be made for a given production site to take into account only its own energy consumption (estimate and deduction of the amount of energy consumed by the non-industrial sites adjacent to the production site).

In some cases, the energy consumption of buildings located adjacent to an industrial site is taken into account if the site is unable to subtract its consumption.

The rules for conversion between the different units used to track energy consumption (m_3, liters, Btus, etc.) and the standard reporting unit (MWh) are specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. In certain cases, the subsidiaries use conversion factors provided by their suppliers.

Wastewater

The net Chemical Oxygen Demand (COD) data presented correspond to wastewater after internal and/or external treatment. In case of external treatment reported by the site, a purification rate of 90% is assumed.

The Group defined impact-oriented projects as:

- ambitious, innovative, and socially oriented.
- aiming to develop a sustainable model for lasting impact.
- contributing to systemic change.
- creating measurable positive health outcomes at scale on a country level.

These projects are typically co-created and implemented with independent expert organizations.

Percentage of volumes sold corresponding to healthy categories

Volumes sold in healthy categories corresponds to:

- Dairy and plant-based products intended for daily consumption.
- Specialized Nutrition Category products (except biscuits and beverages for children under three years of age and foods for children over three years of age in the early life nutrition activities).
- All plain waters and flavored waters with 0% sugar.

Percentage of volumes sold of products scoring ≥3.5 stars according to the Health Star Rating (HSR) system

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories. The HSR algorithm considers negative components of the products that could potentially increase some health risks such as energy, saturated fat, sodium and total sugars. It also considers positive components of a product such as the content of fruits, vegetables, nuts, legumes (in some instances), dietary fiber and protein. Points are allocated based on the composition per 100g or 100ml of the product. Products are rated on a scale ranging from 0.5 stars (least healthy) to 5 stars (most healthy). According to this system, any product that scores 3.5 stars or above can be confidently promoted as a healthy choice.

Percentage of volumes sold of products with Nutri-Score A or B

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories.

In 2022 and 2023 the results were calculated using the current Nutri-Score algorithm; the updated algorithm will start to enter in force in 2024.

The Nutri-Score is calculated using the nutritional data listed on the package for 100g /100ml of the product. The score considers the content of:

- Elements to promote: fruits, vegetables, pulses, nuts and rapeseed, walnut and olive oils, protein and fibres.
- Elements to limit: calories, sugars, sodium, and saturated fatty acids.

The overall score for a product is found by subtracting the total number of favorable points from the total number of unfavorable points. Once calculated, the score is used to assign a letter and a color.

For more information on how to calculate the Nutri-Score, see this website: www.santepubliquefrance.fr

Percentage of volumes sold of products without added sugars

This percentage is calculated for all product categories in the Essential Diary and Plant-Based, Waters and Specialized Nutrition Categories. Medical nutrition products are excluded. The products included in this indicator are those whose added sugar content is less or equal to 0.5 grams. The threshold of 0.5g is set for calculation and reporting purposes to avoid overestimation.

All entities are expected to report in accordance to the Danone point of view on sugars. In countries where there is a specific legal contradiction to this document, the entity must follow the local legislation.

Percentage of volumes sold of Dairy and Plant-based products aimed at children with ≤10g of total sugars/100g

This indicator monitors all products in the Essential Dairy and Plant-Based portfolio specifically designed for and/or primarily appealing to children (3-12 years). The term "designed for and/or appealing to children", means that the product is positioned on children's shelves (physical or online); bearing claim(s) addressed to parents, for their children (e.g. "for school snacks", "nutrients needed for bone growth"); with childish characters/licensing/mascots, naive design; games/toys; or directly advertised to children in communications (physical or digital).

Percentage of volumes sold of Toddler Milks (1-3 years), with ≤ 1.25g of added sugars/ 100 Kcal

This indicator is calculated for Specialized Nutrition, essential Dairy and Plant-Based portfolio, specifically for toddler milks, which are milk-based formulas designed to support the nutritional and developmental needs of children aged 1 to 3 years and meeting the added sugar target of less or equal to 1.25g/100 Kcal

Percentage of volumes sold of Formula Milks (4-5 years), with ≤ 2g of added sugars/ 100 Kcal

This percentage is calculated for milk products directed to children aged 3 years and above, having a sugar content of less than or equal to 2g/100Kcal. The calculation is based on the Specialized Nutrition portfolio, excluding milks from tailored nutrition designed for specific medical conditions

Percentage of volumes sold of EDP everyday adults' products, with total sugars ≤10g/100g.

This percentage is calculated for Dairy and Plant Based products that are reported as being part of the adult and/or family portfolio, and that are included in the following sub-categories: Dairy and Plant-Based Everyday & Functional yogurt, fermented milks, milks, plant-based drinks, dairy and plant-based cheeses that had a maximum of 10g of total sugars per 100g, and excluding all dairy and plant-based indulgent sub-categories (desserts, ice creams, creamers, ready to drink coffees), and traditional products/cooking aids (butter, margarine creams). The calculation of this KPI excludes the countries within the CIS region (Russia, Belarus, Kazakhstan) from it's baseline scope.

Percentage of volumes sold of kids dairy products, fortified with relevant vitamins and minerals

This indicator is calculated for all products in the dairy portfolio, specifically designed and/or primarily appealing to children aged between 3 and 12 years, positioned in kids shelves (physical or e-commerce), with childish characters/licensing/mascots, naive designs with games/toys; bearing claims addressed to parents for their kids (e.g. "for school snacks", "nutrients needed for bone growth") and or directly advertised to children in communication (physical or digital). Fortification can be either an increase of a naturally present nutrient or a full addition of vitamins and minerals. For this indicator, a list of relevant nutrients has been defined, considering potential deficiencies or insufficiencies specific to the target group and region. Each case undergoes individual assessment to confirm relevancy criteria.

Percentage of volumes sold of Dairy, plant-based and aquadrinks products, providing on pack or online interpretative Nutritional information

This percentage is calculated for the categories Essential Dairy and Plant-Based and Aquadrinks in countries where regulation or market practice allow to display interpretative labeling in a voluntary or mandatory basis on pack or online.

The interpretative nutritional information are nutritional labeling systems that are presented on the food packages or via Danone owned or Danone supported online platforms (websites, apps, etc.) with the aim of supporting consumers to make healthier food choices by delivering simplified nutritional information.

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These shall be summary indicator systems such as the Nutri-Score, the Health Star Rating System, the Green Keyhole; or nutrient specific systems like traffic lights, warning labels or similar. The markets may define own preferences and criteria regarding on pack and/or online placement as well as the interpretative labeling system choice.

Percentage of volume sold in developing and in transition countries' economies

This percentage is calculated based on volumes sold in all relevant countries identified as developing or in transition economies, as outlined in the World Economic Situation and Prospects 2023 document, and classified by the United Nations (UN) as developing economies and economies in transition.

Number of scientific publications in peer-reviewed journals and/or presentations at scientific conferences

This indicator is calculated following a cross-category digital review and approval system for tracking and forecasting of scientific publications and abstract submissions.

Number of employees trained on the WHO Code and Danone's BMS Policy

This indicator tracks the number of employees working in the early life nutrition activities within the Specialized Nutrition Category who were trained on Danone's policy on the marketing of breast milk substitutes over a one-year period.

5.9 REPORT OF THE INDEPENDENT THIRD-PARTY ORGANIZATION ON THE VERIFICATION OF THE CONSOLIDATED OF NON-FINANCIAL PERFORMANCE STATEMENT INCLUDED IN THE MANAGEMENT REPORT

Year ended December 31, 2023

Danone

The limited company with a capital of €169,443,282

Head office: 17 boulevard Haussmann, 75009, Paris

RCS : 552 032 534, Paris

REPORT OF THE INDEPENDENT THIRD-PARTY ORGANIZATION ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT INCLUDED IN THE MANAGEMENT REPORT

This is a free translation into English of the independent third-party organization's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2023

To the shareholders,

In our capacity as independent third-party organization, member of Mazars Group and accredited by COFRAC Inspection under number 3-1895 (list of accredited sites and their scope of accreditation available on www.cofrac.fr), we have performed work to provide a reasoned opinion that expresses a limited level of assurance on the historical information (observed and extrapolated) of the consolidated extra-financial performance statement (hereinafter the "Information" and "Statement" respectively), prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the financial year ended 2023, presented in the management report of Société (hereinafter the "Entity") in application of the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the Commercial Code.

CONCLUSION

Based on the procedures we performed, as described in the "Nature and scope of our work" and the evidence we collected, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The lack of a commonly used framework or established practice on which to base the assessment and evaluation of information allows for the use of alternative accepted methodologies that may affect comparability between entities and over time.

The Statement has been prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

RESTRICTIONS DUE TO THE PREPARATION OF THE INFORMATION

The Information may contain inherent uncertainty about the state of scientific or economic knowledge and the quality of external data used. Some of the Information is dependent on the methodological choices, assumptions and/or estimates made in preparing the information and presented in the Statement.

THE ENTITY'S RESPONSIBILITY

The Board of Directors is responsible for:

- selecting or setting appropriate criteria for the preparation of the Information;
- preparing the Statement compliant with legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and also, the Information required by Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- and implementing internal control procedures deemed necessary to the preparation of information, free from material misstatements, whether due to fraud or error.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY ORGANIZATION

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;
- the fairness of Information (observed or extrapolated) provided in application with article R.225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

We conducted our work in order to provide a reasoned opinion expressing a limited level of assurance on the historical, observed and extrapolated information.

As it is our responsibility to express an independent conclusion on the Information prepared by management, we are not authorized to be involved in the preparation of such Information, as this could compromise our independence.

This is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory requirements (in particular with regard to the Information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the due diligence plan and the fight against corruption and tax evasion);
- the truthfulness of the Information provided for in Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- the compliance of products and services with applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL STANDARDS

The work described below was performed with reference to the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 [(3)] (revised).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and the professional doctrine of the French National Association of Auditors.

MEANS AND RESOURCES

Our work was carried out by a team of about fifteen people between October 2023 and February 2024. We conducted some twenty interviews with the people responsible for preparing the declaration.

(3) *ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.*

NATURE AND SCOPE OF OUR WORK

We planned and performed our work considering the risks of significant misstatement of the Information.

We estimate that the procedures we have carried out in the exercise of our professional judgment enable us to provide a limited assurance conclusion:

- we obtained an understanding of the Entity's activity and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, when appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225 102 1 III;
- we verified that the Statement provides the Information required under article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the Information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including when relevant and proportionate, the risks associated with its their business relationships, its their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and;
  - corroborate the qualitative information (measures and outcomes) and quantitative that we considered to be the most important presented in Appendix 1. Other work was carried out on the consolidating Entity.
- we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L.233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures implemented by the entity and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, presented in Appendix 2, and covers between 18% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We are convinced that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

L'organisme tiers independants,

Mazars SAS

Paris-La Défense, March 5, 2024

Gonzague SENLIS
Partner

Tristan MOURRE
Sustainability - Partner

APPENDIX 1: INFORMATION CONSIDERED MOST IMPORTANT

Social and Health & Safety indicators

Qualitative information:

- Diversity and inclusion
- Social dialogue

Quantitative information (including key performance indicators):

- Total headcount and breakdown by gender, by age and by geographic regions
- Total number of hires
- Total number of dismissals
- Average permanent headcount
- Turnover rate
- Theoretical worked hours
- Absenteeism hours
- % of part-time employees
- Total number of training hours
- Average number of training hours per employee
- % of employees covered by collective bargaining agreements
- Company frequency rate of workplace accidents with lost-time
- Company frequency rate of workplace accidents without lost-time
- Severity rate
- Total number of hours lost due to accidents at work
- Number of countries that have deployed the EAP (Employees Assistance Program)
- Number of employees and number of countries benefiting from health coverage that fully or partially complies with the criteria defined by Dan'Cares
- Percentage of employees covered by a collective agreement

Environmental Indicators

Qualitative information:

- Preserving water resources: Preserving and restoring water resources in agriculture and watersheds
- Circular economy: Packaging circularity
- Circular economy: Waste management - Combating food waste
- Regenerative agriculture

Quantitative information (including key performance indicators):

- ISO 14001 certification - Percentage of certified sites and percentage of volumes covered
- Greenhouse gas emissions - Scope 1
- Greenhouse gas emissions - Scope 2
- Greenhouse gas emissions - Scope 3
- Thermal energy consumption
- Electricity consumption
- Energy consumption intensity (kWh/tonne of product)
- Total reduction in energy intensity since 2022
- Production sites purchasing 100% renewable electricity
- Percentage of renewable electricity
- Percentage of renewable energy
- Percentage of facilities that comply with CWS
- Water drawn from the surrounding area
- Consumption of water related to the production process
- Intensity of consumption of water related to the production process
- Number of watershed protection plans deployed

- Proportion of facilities with a 4R action plan (Reduce, reuse, recycle and reclaim)
- % of high-risk production sites having reduced by -50% their water intensity or that are at best-in-class level
- Final discharge of chemical oxygen demand and Net COD Ratio
- COD net ratio
- Proportion of industrial waste recovered
- Proportion of packaging industrial waste recovered
- Proportion of plastic packaging waste recovered
- Proportion of food waste recovered and proportion
- Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016, on a like-for-like basis
- Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials
- Reduction in the total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials

Health & Nutrition Indicators

Qualitative information:

- Offering ever tastier and healthier foods
- Promoting healthier choices
- Taking concrete action for better health

Quantitative information (including key performance indicators):

- % of volume in healthy categories
- % of volume without added sugars (except AMN)
- % of volumes sold with nutritional information on the front of packaging
- % of volumes and share of dairy and plant-based products aimed at children with ≤ 10g total sugars
- % of volumes sold and % of volume sold scoring A or B in Nutriscore
- % of volume dairy, plant-based water and aquadrinks rated >3.5 stars by Health Star Rating
- % of volumes sold of milk for young children (1 to 3 yo) containing ≤ 1.25 g of added sugar per 100 kcal
- % of volumes sold of infant formulas (for children aged 4 to 5 yo) containing ≤ 2 g of added sugar per 100 kcal
- % of volumes sold of kids dairy fortified with relevant vitamins & minerals

Danone Impact Journey

- Gender Pay Gap in Points
- % of women in management positions between 40% and 60%
- % of women in Senior Leadership positions between 40% and 60%
- % of women in COMEX between 40% and 60%
- DPS inclusion index > peers FMCG
- Achieve global B Corp certification of employees covered by certification. Weighted average score of above 80 points
- Have all Danone employees covered by Dan'Cares by 2030
- Net zero by 2050 (TBD)
- Lead the development of effective collection systems to recover as much plastic as we use by 2040 (TBD)
- CO2e volume reduction like for like vs. 2020 baseline (CO2e reduction by 2030 in line with 1.5C SBTi)
- 30% reduction in methane emissions from fresh milk by 2030
- Energy consumption intensity
- % of Water Intake of factories in watersheds at risk having a water stewardship with mitigation action started
- Proportion of facilities with a 4R action plan (Reduce, reuse, recycle and reclaim)
- 30% key ingredients we source directly will come from farms that have begun to transition to Regenerative Agriculture (RA)
- % verified Deforestation and Conversion Free (vDCF) materials
- 100% reusable, recyclable or compostable by 2030
- 50% use of virgin fossil-based packaging by 2040 with a 30% reduction by 2030, accelerating reuse and recycled materials
- Halve all food waste not fit for human, animal consumption or biomaterial processing by 2030 vs. 2020.
- % of volume sold of dairy, plant based and aquadrinks products with on pack or online interpretative nutritional information
- % of volume sold of dairy and plant based Kids portfolio with ≤ 10g of total sugars /100g of product
- % of volume dairy, plant-based water and aquadrinks rated ≥ 3,5 stars by Health Star Rating
- % of volume sold of formula milks with added sugar ≤ 1,25 g/100 kcal for toddlers 1-3 yo milks
- % of volumes of infant formulas (for children aged 4 to 5) containing ≤ 2 g of added sugar per 100 kcal
- % of volumes of kids dairy fortified with relevant vitamins & minerals sold
- No. of impact projects to address Iron Deficiency in children
- People with access to safe drinking water
- Scientific publications in peer reviewed journals and/or presentations at scientific conferences (from baseline of 2023)

APPENDIX 2: AUDITED ENTITIES

Country	Category	CBU Name
Belgium	EDP	Alpro NV
Brazil	SN	Support Produtos Nutricionais Brazil Baby
Brazil	EDP	Danone Brazil Dairy
Canada	EDP	Danone Canada Delisle
China	SN - ELN	Nutricia Early Life Nutrition (Shanghai) Co., Ltd
China	SN - ELN	Danone Nutricia Hong Kong Danone Nutricia Online Distribution Hong Kong
China	SN - AMN	Nutricia Pharmaceutical Wuxi Medical Sales
China	SN - AMN	Nutricia Trading (Shangai Medical)
China	SN - AMN	Nutricia Medical Hong Kong SEA
China	Waters	Danone Water China Mizone
France	Waters	SA Des Eaux Minérales D'Evian / Volvic
Germany	SN	Danone Deutschland GmbH
Germany	EDP	Danone Germany
Japan	EDP	Danone Japan
Mexico	EDP	Danone de Mexico
Morocco	Africa	Centrale Danone
Poland	SN	Nutricia Polska/Poland Baby
Spain	Waters	Font Vella
Thailand	SN	Danone Specialized Nutrition (Thailand) Co. Ltd
United Kingdom	SN	SN UK
USA	EDP	Danone US LLC

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CORPORATE GOVERNANCE

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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 January 30, 2024 and then approved by the Board of Directors on February 21, 2024.

6.1 GOVERNANCE BODIES

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BOARD OF DIRECTORS

The Board of Directors in 2023

89%
INDEPENDENCE RATE*

56%
DIVERSITY/DIRECTORS WITH A NON-FRENCH NATIONALITY*

44%
PERCENTAGE OF WOMEN*

BOARD OF DIRECTORS

11 MEMBERS

> Including
> **8** Independent Directors, including the Chairman and the Lead Independent Director
> **2** Directors representing employees
> **1** Non-independent Director, the Chief Executive Officer

> **97%** ATTENDANCE RATE

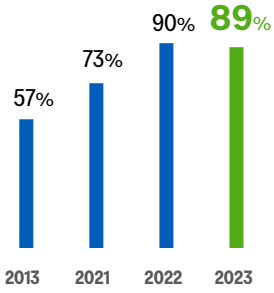
> **8** MEETINGS

AUDIT COMMITTEE
3 MEMBERS
> **100%** ATTENDANCE RATE
> **5** MEETINGS

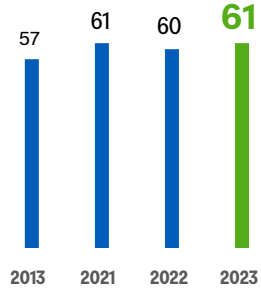
NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE
3 MEMBERS
> **100%** ATTENDANCE RATE
> **6** MEETINGS

CSR COMMITTEE
4 MEMBERS
> **87%** ATTENDANCE RATE
> **5** MEETINGS

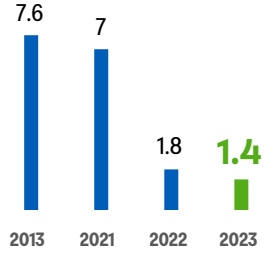
INDEPENDENCE RATE*



AVERAGE AGE OF DIRECTORS *(years)**



AVERAGE LENGH OF THE TERMS OF OFFICE *(years)**



**Directors representing employees are not included in this calculation.*

Composition as of December 31, 2023: 11 Directors

The year 2023 marks the completion of the recomposition of the Board of Directors begun in 2021. The Board is now 89% made up of independent Directors, including recognized experts in the consumer goods market who have held positions of the highest responsibility within major international groups. The diversity and complementarity of Directors' experiences and expertises give them a detailed and in-depth understanding of Danone's challenges.

	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
EXECUTIVE CORPORATE OFFICER										
Antoine de SAINT-AFFRIQUE		59	French	Chief Executive Officer of Danone	6,000	3		2022	2025	1
DIRECTORS										
Gilles SCHNEPP		65	French	Chairman of Danone's Board of Directors	5,000	3	●	2020	2026	3
Valérie CHAPOULAUD-FLOQUET		61	French	Lead Independent Director of Danone	2,000	2	●	2022	2026	1
Gilbert GHOSTINE		63	Lebanese and Canadian	Chairman of the Sandoz's Board of Directors	3,000	2	●	2022	2027 [c]	1
Lise KINGO		62	Danish	Corporate Director	2,000	3	●	2022	2027 [c]	1
Patrice LOUVET		59	American and French	President and CEO of Ralph Lauren Corporation	2,000	2	●	2022	2025	1
Sanjiv MEHTA		63	Indian	Corporate Director	1,000	3	●	2023	2026	< 1
Géraldine PICAUD		53	French	Chief Executive Officer of SGS as of March 26, 2024	2,000	1	●	2022	2025	1
Susan ROBERTS		66	British and Canadian	Associate Dean for Fundamental Research at Dartmouth College	1,000	1	●	2022	2025	1
DIRECTORS REPRESENTING EMPLOYEES										
Frédéric BOUTEBBA		56	French	Director representing employees	1 [d]	1	N/A	2016	2026	7
Bettina THEISSIG		61	German	Director representing employees	1 [d]	1	N/A	2014	2026	9

(a) Incl. at Danone.
(b) Date of the Shareholders' Meeting.
(c) Subject to renewal by the Annual General Meeting of April 25, 2024.
(d) Share granted under the "One Person, One Voice, One Share" program.

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 French Group Works Council and the European Works Council, respectively. In addition, a member of the Social and Economic Committee, Nordi BENASSEM, participates in an advisory capacity in Board of Directors' meetings 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

Danone's mode of governance is adapted to its specific characteristics and history, and is part of an ongoing process of progress.

Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer

On March 14, 2021, the Board of Directors separated 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 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, 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 2023

Gilles SCHNEPP has been the Chairman of the Board of Directors since March 14, 2021.

In 2023, in this capacity, he oversaw the preparation of Board meeting agendas, taking into account Danone's current situation and key ongoing issues, and ensured that Directors had the best possible information. He actively led Board meetings, attended all Board Committee meetings and took part in the meetings of the Mission Committee. He also acted as a member of the Audit Committee on a temporary basis, pending the appointment of new Directors.

In addition, following the external evaluation of the Board, he met each of the Directors individually as part of their individual contribution.

As part of the preparation for the 2023 Shareholders' Meeting, he also took part in discussions with certain shareholders. He also represented the Group at international level, notably during exchanges held during the visit of Chinese government representatives in France, but also during Franco-German meetings (these meetings having for ambition to pursue at a major companies level, the cooperation between the two countries). He also visited one of Danone's main sites in the United States alongside a Director.

Finally, throughout the year, he maintained a direct and regular dialogue with the Chief Executive Officer, but also with members of the Executive Committee and certain Danone executives, enabling 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, is vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and subject to the powers expressly assigned by law to Shareholders' Meetings and the Board of Directors. He represents the Company in its dealings with third parties.

The Chief Executive Officer manages the Company's operations and, with the support of the Executive Committee, oversees the operational implementation of the strategic orientations approved by the Board of Directors.

He communicates transparently with each Director and keeps them regularly informed of all aspects of the company's operations and performance.

Limits on the powers of the Chief Executive Officer

The Board of Directors' rules set limits on the Chief Executive Officer'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: ■ 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, the Board, a collegial body, exercises the powers attributed to it by-laws and acts in all cases in the business interest of 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, examines the economical performance while pursuing to fulfill its purpose and the social, societal and environmental objectives embedded in the Company's by-laws since the adoption of *Société à Mission* status by the Shareholders' Meeting in 2020. Thus, it takes into consideration both the financial impacts as well as the social, societal and environmental consequences of its decisions on the various 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. All the Board's members are involved in debates and are source of proposals.

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, upon the recommendation of the Nomination, Compensation and Governance Committee, from among the independent Directors. His/her appointment 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, particularly in view of the full renewal of the Board's composition, and with a view to maintaining enhanced shareholder dialogue, particularly with regard to governance matters.

Duties and powers of the Lead Independent Director

The Lead Director's duties are set out in the Board of Directors' rules.

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 independent 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 and with the principles/recommendations of the AFEP-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 Chair 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 2023

Valérie CHAPOULAUD-FLOQUET, Lead Independent Director and Chair of the Nomination, Compensation and Governance Committee, oversaw the work of this Committee, in particular by:

- 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, with the recruitment of Directors whose appointment or ratification has been proposed at the 2023 Shareholders' Meeting, with the help from world-renowned recruitment firms;
- continuing to organize discussions on the composition of the various Committees in connection with new appointments to the Board;
- participating in the annual exchange on the evolution of the short-, medium- and long-term succession plan for the Chief Executive Officer and Chairman of the Board, and the review of Executive Committee members;
- the implementation of an external evaluation of the Board of Directors, to be carried out at the end of 2023, with the selection of a world-renowned firm and the review of the questionnaire used in individual interviews with Directors; the conclusions of this assessment are published in the *Assessment* section below;
- leading two meetings of independent Directors, devoted in particular to the functioning 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 latter's absence);
- shareholder dialogue, including a governance roadshow in November 2023, during which the Lead Independent Director met with over twenty investors representing 45% of Danone's capital. During these meetings, the Lead Independent Director was able to discuss in particular the integration process for new Directors in the context of the full renewal of the Board, the internal dynamics of the Board, its relations with management, and the availability of Directors. Discussions also focused on Danone's main long-term social and environmental challenges, and the integration of these issues into the Chief Executive Officer's compensation package (for further details on these exchanges, please refer to the *Dialogue with Shareholders'* section below); the Lead Independent Director

provided the Directors with a report on the exchanges held with these investors.

- finally, Valérie CHAPOULAUD-FLOQUET maintained close relations with the Chairman, the Directors, who where consulted individually on several occasions, General Management and various functions at Danone headquarters.

Vice-Chair, Honorary Chairman

The Board of Directors' rules 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. The former Honorary Vice-Chairman, who died in 2022, has not been replaced.

In accordance with the Board's rules (as amended on December 8, 2022), when they are not Directors, the Honorary Chairman and the Honorary Vice-Chairman may be invited from time to time to attend 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.

The Board's rules also stipulate, to the extent necessary, that all the rules of professional conduct that apply to Directors also apply to the Honorary Chairman, and that the Honorary Chairman's effective participation in Board meetings is reported in the Corporate Governance Report. Thus, Franck RIBOUD, whose term of office expired in 2022, has not attended any of the Board meetings held since that date.

Vice-Chair

The former Vice-Chair, Cécile CABANIS, has not been replaced following her departure in 2022.

In accordance with the Board's rules, 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 high independence rate of the Board of Directors, 89% of whom were independent Directors as of December 31, 2023 in strict compliance with the independence criteria of the AFEP-MEDEF Code, which allows it to exercise full oversight of the management;
- a Board made up of highly committed Directors who hold or have held up top-level responsibilities in major international groups;
- 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 2023* hereinafter);
- regular Independent Directors' 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, described above.

Dialogue with shareholders

The Company, mainly through the intermediary of the Chief Executive Officer, the Chief Financial Officer and the Investor Relations team, maintains a ongoing dialogue with its investors and voting advisory agencies, notably at dedicated meetings and events such as financial results announcements and Investor Seminars. It posts the presentations made at these meetings and events on Danone's website: www.danone.com (Investors/Publications & Events/Investor Seminars and/or Investor Conferences). In addition to these meetings, the Investor Relations team regularly 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 relating 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 appropriate.

Thus, as in previous years, in the autumn of 2023 the Lead Independent Director met with over twenty investors representing over 45% of Danone's share capital to discuss governance topics, in particular the process of integrating new Directors as part of the full renewal of the Board of Directors initiated in 2021, its solid composition in terms of diversity, complementary profiles and expertise of Directors and the dynamic within the Board and with management. These discussions also provided an opportunity to review the induction and integration process for new Directors, and the training programs for the latter. Discussions were also held on the external assessment of the Board, at the time underway, and on the availability of Directors.

Danone's main challenges and long-term issues discussed by the Board of Directors were also raised. Most investors discussed the Board's monitoring of social and environmental issues, and in particular the way in which new risks linked to these issues are overseen, especially with regard to plastic. The dialogue also provided an opportunity to discuss variable compensation, in particular long-term compensation in shares and its sustainability criteria. Finally, other subjects such as the succession plan for the Chief Executive Officer and Chairman of the Board, the Company's status as a *Société à Mission*, the work of the Mission Committee and its interaction with the Board of Directors were also discussed.

The dialogue continued in early 2024, notably ahead of the Shareholders' Meeting of April, 25, 2024. Following discussions with investors, the Company adjusted the performance conditions of the GPS (Group performance shares) 2024 relating to sustainability.

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 dynamism, 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 this policy; to that end, it takes into account the work and recommendations of the Nomination, Compensation and Governance Committee.

Procedure for selecting future Directors

The Nomination, Compensation and Governance Committee has implemented a policy for selecting future Directors with the exception of the two Directors representing employees, who are appointed under a different process in accord with the law n°2013-504 of June, 14, 2013 and the Company's by-laws, one by the French Group Works Council and the other by the European Works Council.

	Independent Directors
Profile definition	The Nomination Compensation and Governance 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.
Pre-selection	It is assisted by one or more firms that specialize in the recruitment of Directors with international profiles. The Nomination, Compensation and Governance Committee examines the various candidates and assesses their expertises, experiences and complementarity with those already on the Board.
Selection	The selected candidates meet with the Lead independent Director, the Chairman of the Board of Directors, the Chief Executive Officer, 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 a *Société à Mission*. Finally, the compatibility of the selected profiles with the recommendations of the AFEP-MEDEF Code is reviewed, including in terms of independence, diversity, accumulation of mandates and complementarity with the current members.
Designation	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 2023, the Board of Directors finalized the program for the full renewal of its composition initiated in 2021. The Directors' selection process described above was strictly followed and the Board, upon recommendation of the Nomination, Compensation and Governance Committee was helped from world-renowned recruitment firms, in order to propose a new candidate, Sanjiv MEHTA whose values are consistent with those of Danone, his skills and expertise meet the criteria determined by the Board of Directors, and his appointment was approved by the Shareholders' Meeting of April, 27, 2023.

Diversity and expertise of Directors and compatibility of their membership on Committees

The matrix of expertise and experience areas 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*.

		Antoine de SAINT-AFFRIQUE	Gilles SCHNEPP	Frédéric BOUTEBBA	Valérie CHAPOULAUD-FLOQUET	Gilbert GHOSTINE	Lise KINGO	Patrice LOUVET	Sanjiv MEHTA	Géraldine PICAUD	Susan ROBERTS	Bettina THEISSIG	Total *(in numbers)*	Total *(in %)*
Core skills	**Governance / Leadership**	✓	✓		✓	✓	✓	✓	✓	✓			**8**	**73%**
	International experience	✓	✓		✓	✓	✓	✓	✓	✓	✓		**9**	**82%**
	Audit, accounting and risk management		✓				✓		✓	✓			**4**	**36%**
	Strategy / M&A	✓	✓			✓		✓		✓			**5**	**45%**
Sector-specific skills	**FMCG / Food & Beverage industry**	✓		✓	✓	✓			✓		✓	✓	**7**	**64%**
	Brand management / Customer-consumer focus experience	✓		✓	✓			✓	✓			✓	**6**	**55%**
	R&D, Health & Innovation						✓				✓	✓	**3**	**27%**
	CSR / Climate		✓		✓	✓	✓						**4**	**36%**
	Digital/ New technologies							✓		✓	✓		**3**	**27%**
Membership on Board Committees	**Audit Committee**					•			•	C			**3**	
	Nomination, Compensation and Governance Committee			•	C			•					**3**	
	CSR Committee					•	C				•	•	**4**	

Committee Chairman: **C**
Committee member: •

The Board of Directors now has 11 members with a highly diversified range of experience and expertise, and an independence rate of 89%, a diversity/non-french nationality rate of 56% and a percentage of women of 44%.

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

The Board of Directors and the Nomination, Compensation and Governance Committee 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	8	1	2
Independence rate	89%	11%	N/A
Directors	Gilles SCHNEPP Valérie CHAPOULAUD-FLOQUET Gilbert GHOSTINE Lise KINGO Patrice LOUVET Sanjiv MEHTA Géraldine PICAUD Susan ROBERTS	Antoine de SAINT-AFFRIQUE	Frédéric BOUTEBBA [(a)] Bettina THEISSIG [(a)]
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.	

(a) In accordance with the recommendations of the AFEP-MEDEF Code and legal provisions, Directors representing employees are not included in the calculation of the Board of Directors' independence rate.

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	Qualification of Independent Directors
Antoine de SAINT-AFFRIQUE	✕	●	●	●	●	●	●	●	No
Gilles SCHNEPP		●	●	●	●	●	●	●	Yes
Frédéric BOUTEBBA [(a)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valérie CHAPOULAUD-FLOQUET	●	●	●	●	●	●	●	●	Yes
Gilbert GHOSTINE	●	●	●	●	●	●	●	●	Yes
Lise KINGO	●	●	●	●	●	●	●	●	Yes
Patrice LOUVET	●	●	●	●	●	●	●	●	Yes
Sanjiv MEHTA	●	●	●	●	●	●	●	●	Yes
Géraldine PICAUD	●	●	●	●	●	●	●	●	Yes
Susan ROBERTS	●	●	●	●	●	●	●	●	Yes
Bettina THEISSIG [(a)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

● when the independence criterion is met, ✕ when it is not met.
(a) Director representing employees.

The Board verifies that a Director does not have any other ties (significant professional or personal relationships, particularly in terms of sales) likely to interfere with his or her freedom of analysis and decision-making.

Taking into consideration 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 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.

Thus, 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 relations between Danone and Barry Callebaut were not of a significant nature, either from Danone's or Barry Callebaut's point of view, given its routine nature, the absence of any mutual economic dependency, the fact that Danone's purchases from Barry Callebaut represent less than 0.2% of its overall costs of raw materials and packaging, and that Antoine de SAINT-AFFRIQUE's role within Barry Callebaut has no operational link with the activities concerned.

In addition, Géraldine PICAUD holds an executive position with SGS since December 1, 2023, and the Board of Directors has noted that the business relationship between Danone and SGS is not significant from either Danone's or SGS's point of view, given its routine nature, the absence of mutual economic dependence and the fact that Danone's purchases from this company represent less than 0.1% of its total purchases of services. Furthermore, Géraldine PICAUD is not involved in the business relationships in question, given the way the two companies are organized.

It is reminded that Directors are required to act at all times in the interests of the Company and all its shareholders. Each year, the Board assesses the situation of the Directors in the context of the system for preventing conflicts of interest.

Measures implemented with respect to potential conflicts of interest

The Board's rules 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 2023

	Departures	Appointments/Co-options	Renewals
Board of Directors	Michel LANDEL Serpil TIMURAY	Sanjiv MEHTA	Valérie CHAPOULAUD-FLOQUET Gilles SCHNEPP Frédéric BOUTEBBA [(a)] Bettina THEISSIG [(a)]
Audit Committee	Gilles SCHNEPP	Sanjiv MEHTA	-
Nomination, Compensation and Governance Committee	Michel LANDEL		Valérie CHAPOULAUD-FLOQUET Frédéric BOUTEBBA [(a)]
CSR Committee	Michel LANDEL Serpil TIMURAY (Chair)	Lise KINGO (Chair)	Bettina THEISSIG [(a)]

(a) Director representing employees.

Board of Directors renewal program

In 2023, Danone finalized the program for the complete recomposition of its Board of Directors announced in July 2021, under which all Directors - with the exception of the Chairman of the Board and the two Directors representing employees - left the Board. In this context, the terms of office of Serpil TIMURAY and Michel LANDEL expired at the end of the Shareholders' Meeting of April 27, 2023.

The selection process for new Directors, initiated in 2021, was finalized in 2023, under the guidance of the Nomination, Compensation and Governance Committee and the aegis of the Lead Independent Director, in collaboration with the Chairman of the Board of Directors and in accordance with the Director selection procedure described above. The Nomination, Compensation and Governance Committee and the Board were assisted by external recruitment firms of international renown in selecting a candidate whose profile was in line with the criteria set by the Board on the recommendation of the Nomination, Compensation and Governance Committee. These criteria are part of an approach designed to further enhance the Board's expertise and complementarity of profiles, leading to the appointment of a new Director at the Shareholders' Meeting of April 27, 2023.

In accordance with the objectives announced in July 2021, the Board of Directors is tighter (11 members) thus facilitating discussions during the Board meetings. This Board of Directors includes an international and diversified group of personalities and experts in the fields of consumer goods, healthcare, finance and sustainability.

Proposals for the Shareholders' Meeting of April 25, 2024

The Board, has decided to submit to the Shareholders' Meeting of April 25, 2024, the renewal of the terms of office of Gilbert GHOSTINE and Lise KINGO, who were co-opted in October and December 2022 respectively, for the remaining term of office of the Directors being replaced.

	Renewals
Board of Directors	Gilbert GHOSTINE Lise KINGO

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, which are published in their entirety on the Danone's website: www.danone.com (Investors/Governance/By-laws & Board's rules). Adopted in 2002 and regularly updated, the Board of Directors' rules:

- specify the rights and obligations of Directors;
- are reviewed on a regular basis, and have been amended following regulatory developments and several Boards of Directors' self-assessments;
- was amended in 2022, in particular to clarify the roles of the Chairman of the Board and the Lead Independent Director in view of Danone's new separate governance structure, to increase the frequency of Board assessments (see *Assessment* section below), and with regard to the Honorary Chairman (see *Vice-Chair, Honorary Chairman and Honorary Vice-Chairman* section above);
- was amended in February 2024 mainly to adjust the missions of the Audit Committee and the CSR Committee, particularly with regard to the transposition into French law of the Corporate Sustainability Reporting Directive (CSRD).

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 Directors to hold a minimum number of shares, Danone's by-laws require each Director (with the exception of Directors representing employees) to hold a minimum of 2,000 DANONE shares (representing 117,360 euros based on the closing share price on December 31, 2023), *i.e.* more than once the average annual compensation of each Director. This provision is in line with the AFEP-MEDEF Code, which recommends that Directors should be shareholders in their own right and own a minimum number of shares commensurate with the compensation they receive. In accordance with the Company's by-laws, each Director has a period of three months from the date of appointment to hold at least 1,000 shares, and an overall period of twenty-four months to hold the required 2,000 shares.

The Nomination, Compensation and Governance Committee reviews each Director's shareholding once a year.

Directors' Code of Ethics

In accordance with the Board of Directors' rules:

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-laws, and lastly, (v) any other DANONE shares held by this Director.

In addition, Antoine de SAINT-AFFRIQUE, Chief Executive Officer, has formally undertaken not to use any instruments to hedge his risk, in particular with regard to the Group performance shares (GPS) of which he has been a beneficiary, until such time as he ceases to hold office.

Onboarding of new Directors

As part of the program to renew the Board of Directors, initiated in 2021 and completed in 2023, particular attention has been paid to the integration of new Directors, and their training program has been redesigned and strengthened in this perspective.

Thus, new Directors benefit from a comprehensive induction program, involving around twenty hours of interviews. This program enables them to get to know and understand the Group, specially the key stages in its development, its culture and values. On the other hand, it gives them a better understanding of the Group's businesses and markets, its short and long-term issues and, its strategic priorities and the way it is governed.

The Chairman of the Board ensures the smooth integration of new Directors, through a program based on the following key elements:

- any new Director is given a welcome pack, that includes, in particular (i) presentations about the Danone's activities, challenges and risks, and its competitive environment, (ii) the Board of Directors' rules, (iii) the Company's by-laws, and (iv) various other documents presenting the Group, including universal registration documents and Shareholders' Meeting documents relating to the last three years, and the Mission Committee's report;
- individual interviews are organized with the Chief Executive Officer, the Chairman of the Board of Directors, several current Directors and the Secretary of the Board of Directors. These interviews focus in particular on the Group's culture and history, Danone's governance, the way in which the Board of Directors operates, and recent developments in corporate governance;

- meetings are also held with the Company's Executive Committee members, senior Danone executives and certain team members, to enable new Directors to deepen their knowledge of the Group's activities (their history, results, competitive environment, challenges and risks), to address specific subjects such as investor relations, and to familiarize themselves with the Group's internal practices and approach, particularly in terms of social and societal issues, but also of sustainable growth, including its *Société à Mission* status and the requirements and objectives arising from this;
- lastly, more in-depth inductions are carried out for each Director who is to become Chair or a member of a Committee. For example, in 2023, the new Chair of the CSR Committee received training on each pillar of the Danone Impact Journey (see section *5.7 Strategy and objectives*) from Danone's in-house experts on each of these themes.

The training of Directors continues beyond they have taken office, and constitutes an ongoing process. In 2023, for example, this included in-depth discussions on operations, Danone's positioning in China and Danone's environmental priorities.

The Board of Directors' rules also stipulate that each Director is entitled, throughout his or her term of office, to the training required to carry out his or her duties. Directors representing employees also benefit from training adapted to the performance of their duties. These internal or external training courses are organized by the Company and paid for exclusively by the latter. In 2023, Frédéric BOUTEBBA, Director representing employees and member of the Nomination, Compensation and Governance Committee, attended a training course on the compensation Committee organized by the French Institute of Directors (*Institut Français des Administrateurs*), during which he learned more about the various methods of compensating executive directors, and the Board's responsibility in setting such compensation.

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 at the disposal of the Directors for any request for information on their rights and obligations, the functioning of the Board or the activities of the Company. Directors may also ask the Chairman to provide them at any time with any information or documents they deem useful for the performance of 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 the main topics 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 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.

In 2023, the Directors were invited to the annual seminar work days in Évian held for all Danone senior executives during which Danone's strategy and activities are discussed in detail. In addition, some Directors visited the Danone's headquarters in the United States of America.

A Board meeting is also held each year in December, 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 2023, for the December Board meeting, the Directors went to Spain for a 3-day learning trip focusing on the EDP business in this country and Europe in general. They first visited one of Danone's supplying dairy farms, before getting a tour of a yogurt factory near Valencia, in Aldaya. They also did a store check of Danone products in Barcelona, in the presence of Danone Spain's sales team. The Directors took the opportunity of this trip to review on Europe and Spain EDP business review with Danone's Executive Committee members and Danone Iberia's management team. They ended their trip by discovering Danone's historical headquarters in Barcelona, where they were divided in small groups to meet Danone employees of various functions and seniority, with different ages and backgrounds. The Directors kept an open ear and dialogue, and discussed with the teams what they thought were Danone's best assets, as well as what developments they expected.

Availability of Directors

Directors are expected to attend Board and Committee meetings, as well as Shareholders' Meetings, and to devote the necessary time to their duties.

In particular, they must limit the number of directorships they hold in other companies, including their membership of committees of these companies, so as to maintain sufficient availability. As stipulated in the Board of Directors' rules, and in accordance with the AFEP-MEDEF Code, they must ensure that they do not hold more than four other directorships in listed companies outside the Group (including foreign companies). Prior to accepting an additional term of office in a French or foreign listed company, the Director concerned is required to inform the Chairman of the Board of Directors or the Chair of the Nomination, Compensation and Governance Committee, and executive corporate officers are also required to seek the opinion of the Board of Directors.

In addition, to ensure that the composition of the Board is optimal, the Board carries out an annual detailed review of the individual situation of each Director in terms of:

- independence, by strictly applying the independence criteria set out in the AFEP-MEDEF Code;
- availability, by examining, among other things, the number of external mandates held by each Director, notably within listed companies, and their compatibility with their duties as Danone Directors, in order to ensure that all members of the Board have the necessary time to devote fully to the work of the Board;
- participation, by analyzing the attendance rate of each member at Board and Committee meetings.

The Nomination, Compensation and Governance Committee pays particular attention to the availability of candidates when recruiting new directors in order to ensure that they will have sufficient time to serve as Director of Danone.

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 Board assessments was increased in 2022, and the Board's rules now provide for an annual assessment of the Board. This annual evaluation may take the form of a self-assessment or an assessment by the Nomination, Compensation and Governance Committee, an assessment by the Lead Independent Director or by any third-party body. In principle, an external assessment is organized on a regular basis, once every three years. A detailed report is submitted to the Nomination, Compensation and Governance Committee and to the Board. The assessment of the Board enables to identify new areas for improvement in order to optimize the Board's performance.

Following the internal assessment in 2022, and in view of the areas for improvement that had been identified, preparatory documents were communicated further in advance of each meeting and, for the most part, a week before each meeting. In addition, the time devoted to strategic discussions has increased, particularly in certain categories and geographical areas (the Specialized Nutrition business in China, the EDP business in Europe) and with regard to long-term strategic orientations. Finally, a wider range of Danone executives has been invited to take part in Board meetings.

At the end of 2023, after examining nine proposals from firms recognized for their evaluation expertise, the Nomination, Compensation and Governance Committee decided that the assessment of the Board and its Committees would be carried out by a new firm of international renown, which is not involved in the process of recruiting Directors for the Danone Board. The choice of this external firm was made in particular in view of the rigor of its assessment method and its recognition on the market of evaluation within CAC 40 companies; moreover, the confidentiality of the interviews ensured by this firm was naturally taken into consideration. The assessment consisted of individual interviews with each Director, based on a questionnaire reviewed by the Lead Independent Director. Following the external assessment, the Chairman of the Board of Directors conducted individual interviews with each Board member as part of the assessment of their individual contribution.

The external assessment revealed notably a very positive assessment of the Board by the Directors as well as with respect to its expertises following its exceptional renewal. All Directors are strongly committed to the Board, and report a constructive working atmosphere that extends beyond the relationship between the Chairman and the Chief Executive Officer, to interactions between the Board and the Executive Committee. The Chairman is seen as facilitating the conduct and productivity of the Board meetings. In addition, the commitment and outstanding contribution of the Lead Independent Director are recognized by all the Board members.

The external assessment also allowed to identified a number of areas for improvement, starting with the preparatory documents, which a number of Directors would like to be more concise and focused on key points. Directors also expressed the wish to extend the length of Board meetings and devote more time to the Company's medium- and long-term strategic orientations, and in particular to organize several strategic discussion sessions ahead of the investor seminar scheduled for 2024. In this context, discussion sessions on strategic orientations have already taken place at the December 2023 and February 2024 Board meetings.

Annual review of the Board's operation

In 2023, 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

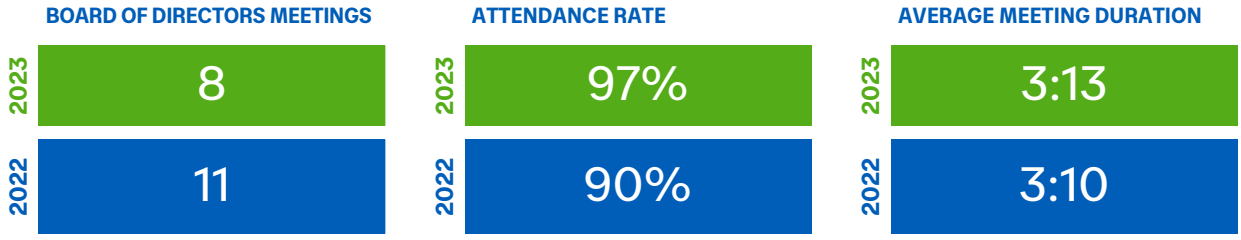
In accordance with Article L.22-10-2 of the French Commercial Code and upon the recommendation of the Nomination, Compensation and Governance Committee, on December 12, 2019, the Board of Directors approved an internal procedure related to the identification of related party agreements and the assessment 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 2023 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 January, 30, 2024 which, after reviewing it, presented the findings of its assessment to the Board of Directors on February 21, 2024, at the time of the annual review of related party and other agreements. After analysis, the Nomination, Compensation and Governance Committee 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



Each Board meeting concludes with a round-table discussion at which each Director expresses his/her opinion on how the meeting went, and his/her expectations for future sessions. These round-table discussions are supplemented by meetings of independent Directors organized by the Lead Independent Director, at which Directors can discuss any topic they wish at greater length and in greater detail. Thus, in 2023, two meetings of independent Directors were held.

Attendance rates for Directors in 2023

Name	Board of Directors	Audit Committee	Nomination, Compensation and Governance Committee	CSR Committee
Antoine de SAINT-AFFRIQUE	100%	–	–	–
Gilles SCHNEPP	100%	100%	–	–
Frédéric BOUTEBBA	100%	–	100%	–
Valérie CHAPOULAUD-FLOQUET	100%	–	100%	–
Gilbert GHOSTINE	100%	100%	–	100%
Lise KINGO	100%	–	–	80%
Michel LANDEL [(a)]	75%	–	100%	100%
Patrice LOUVET	100%	–	100%	–
Sanjiv MEHTA	100%	100%	–	–
Géraldine PICAUD	100%	100%	–	–
Susan ROBERTS	100%	–	–	100%
Bettina THEISSIG	75% [(b)]	–	–	60% [(b)]
Serpil TIMURAY [(a)]	100%	–	–	100%

(a) Director whose term of office ended at the end of the Shareholders' of April 27, 2023.
(b) Bettina THEISSIG's attendance rate at Board of Drectors' and CSR Committee meetings in 2023 is due to personal and exceptional circumstances.

Matters reviewed and discussed by the Board of Directors in 2023 and early 2024

Strategy

- presentation by General Management of Danone's strategic priorities and main operating choices in the various geographical areas and categories;
- review of the context and mapping of Danone's strategic risks (including social and environmental risks);
- regular review of the Group's portfolio of brands and assets, and of market share trends;
- analysis of current acquisition and divestment projects, and of various external growth opportunities;
- regular updates on competitive intelligence;
- presentation of the strategy in China;
- in-depth review of the EDP business in Europe and Spain;
- discussions on medium - and long-term strategic orientations;
- strategic analysis of Danone's external environment, category outlook and assets;
- monitoring the situation in Russia and Ukraine;
- informing the Social and Economic Committee about strategic orientations.

Finance, activity and results

- review of preparations for the closing of the consolidated financial statements, closing of the consolidated and parent Company annual and interim financial statements, and review of forward-looking management documents;
- presentation by the Statutory Auditors of the conclusions of their work concerning the annual and half-yearly consolidated financial statements;

- monitoring of Danone's financial communications, including review of press releases concerning the annual and interim consolidated financial statements;
- approval of the management report and other reports to shareholders;
- regular review of the business and financial performance of each zone;
- regular review of Danone's financial position (debt situation and credit rating);
- review of renewals of financial delegations to General Management;
- monitoring Danone's stock market performance, share capital and shareholders;
- proposal for dividend distribution in 2023 and 2024;
- regular reporting on Danone's risk management and internal control systems, and review of Danone's risks;
- update on the Group's operations;
- budget review;
- presentation to the Board of a detailed report on each Audit Committee meeting.

Governance and Compensation

- preparation of the 2023 and 2024 Shareholders' Meetings: adoption of the management report and the corporate governance report for the 2023 and 2024 financial years; setting of the agenda and adoption of draft resolutions, with an in-depth examination of draft resolutions relating to corporate governance and executive compensation; proposal for the renewal of Directors' terms of office; responses to shareholders' written questions;
- monitoring the recruitment process leading to the appointment of a new independent Director;
- review and approval of new Committees' composition;
- review of Directors' independence, availability and effective participation in Board and Committee meetings in 2023;
- monitoring exchanges with Danone's main shareholders on governance issues, in particular following roadshows conducted by the Lead Independent Director;
- review of internal and external assessments of the functioning of the Board of Directors and its Committees performed in 2022 and 2023, and examination of their conclusions;
- annual review of the functioning of the Board of Directors and its Committees;
- review of the short-, medium- and long-term succession plan for General Management and the Chairman of the Board of Directors, and review of the members of the Executive Committee (see section on the work of the Nomination, Compensation and Governance Committee in 2023 and early 2024 below);
- annual review of related party agreements and of the internal procedure for identifying regulated agreements and assessing ordinary agreements;
- review of the voting rights ceiling clause in the Company's by-laws;
- preparation and approval of compensation policies for the Chief Executive Officer, the Chairman of the Board of Directors and Directors for 2023 and 2024;
- review of the achievement of the performance conditions applicable to the executive officer's variable annual compensation for 2022 and 2023;
- adoption of long-term share-based compensation instruments (GPS 2023 and 2024 and Fidelity Shares 2024 plans): determination of performance conditions for new plans, review of achievement of performance conditions for current GPS and GPU plans;
- allocation of performance shares (GPS) and shares conditional on continued presence (Fidelity Shares) to certain employees for 2023;
- review of compensation publications;
- review of employee share ownership (France and Worldwide);
- modification of the Board's rules, in particular to adjust the missions of the Audit Committee and the CSR Committee in the context of the transposition into French law of the Corporate Sustainability Reporting Directive (CSRD);
- presentation to the Board of a detailed report on each meeting of the Nomination, Compensation and Governance Committee.

Sustainability

- review of the roadmap, with its strategic priorities and associated medium/long-term objectives in the social, societal and environmental fields (Danone Impact Journey);
- review of environmental priorities notably the plastic topics, GHG and methane emissions reduction strategy, including the climate transition plan, Danone's water preservation strategy and the definition and implementation of the forest policy;
- approval of Danone's annual contribution to Danone Communities and review of the fund's projects;
- monitoring of Danone's sugar reduction targets;
- human rights update, including review of human rights policy;
- annual update on the FTSE4Good index;
- review of 2023 sustainability reporting results and progress on Danone Impact Journey performance indicators;
- review on the recommendation of the Audit Committee for the appointment of a Sustainability Auditor by the Shareholders' Meeting of April 25, 2024;
- follow-up on the work of the Mission Committee;
- presentation to the Board of a detailed report on each meeting of the CSR Committee.

Human resources

- annual review of Danone's situation and policy in terms of professional and salary equality between men and women, and monitoring of progress towards diversity objectives;
- approval of the delivery of a bonus share to new eligible Danone employees;
- capital increases reserved for employees: approval of the annual capital increase reserved for employees of Danone's French companies who are members of a Company Savings Plan, and of the worldwide capital increase reserved for employees of Group Danone's foreign companies; monitoring of the results of these operations.

AUDIT COMMITTEE

Composition as of December 31, 2023

	Date first joined the Committee
Géraldine PICAUD Chair	April 2022
Gilbert GHOSTINE	October 2022
Sanjiv MEHTA	July 2023

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, financial and sustainability information. Its principal duties include:

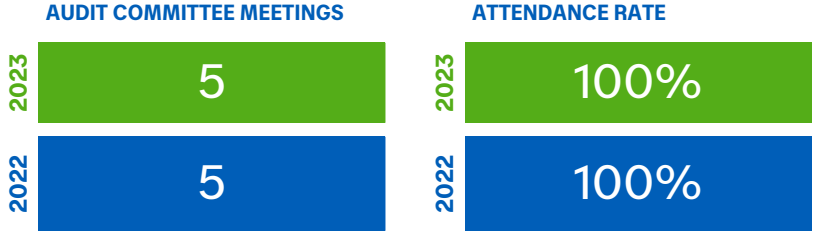
- reviewing the draft versions of the annual and interim consolidated and statutory financial statements and drafts of press releases;
- starting in 2024, monitoring the sustainability reporting process, including the double materiality assessment process conducted to identify the information to be reported in accordance with the applicable sustainability reporting standards;
- monitoring the effectiveness of internal control, internal audit and risk management systems as well as compliance policies;
- monitoring the mandates, works and independence of the Statutory Auditors and Sustainability Auditor(s).

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. It also meets once a year with the head of the Company's internal audit department, in the absence of any other Danone representative.

The duties of the Audit Committee are described in the Board of Directors' rules, 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



A report on each Audit Committee meeting is presented at the next Board of Directors' meeting, 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 2023 and early 2024

- review of the annual and interim statutory and consolidated financial statements. This review systematically including: (i) a presentation by the Chief Financial Officer of the main results, (ii) a review of non-IFRS indicators, (iii) a review of goodwill, provisions and the accounting treatment of disposals and acquisitions, (iv) a presentation of off-balance sheet commitments;
- presentation (i) by the Statutory Auditors of the performance of their assignment, the conclusions of their work and any audit adjustments to the annual and half-yearly financial statements, joint presentation (ii) by the head of consolidated financial statements (Director of Consolidation, Reporting and Standards) and the Statutory Auditors of the main accounting options adopted;
- review of the Group's tax position;
- half-yearly review of Danone's financial position: strategy and debt situation, financial rating, financial risk management;
- review of Danone's main strategic risks (including sustainability risks) and changes in risk mapping, in the presence of the person in charge of strategic risk management; review of the description of risk factors in the Universal Registration Document;
- update on cybersecurity risk management;
- update on shared service centers;
- regular updates on the situation in Russia;
- review of excerpts from the management report on internal control and risk management: results of the 2022 and 2023 campaigns and 2024 action plan;
- regular updates on compliance;

- annual update on taxation;
- monitoring partnership management;
- approval and regular monitoring of Statutory Auditors' fees for certification of accounts and other services, and review of their independence;
- review and approval of the authorization procedure for services, other than the certification of financial statements, provided by the Statutory Auditors and members of their networks;
- review of the proposed dividend distribution submitted to the vote of the Shareholders' Meeting;
- review of financial authorizations submitted to the vote of the Shareholders' Meeting;
- recommendation to the Board of Directors for the appointment of a Sustainability Auditor by the Shareholders' Meeting of April 25, 2024;
- annual review of the functioning of the Audit Committee.

NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE

Composition as of December 31, 2023

	Date first joined the Committee
Valérie CHAPOULAUD-FLOQUET Chair	April 2022
Frédéric BOUTEBBA (Director representing employees)	October 2022
Patrice LOUVET	April 2022

Duties

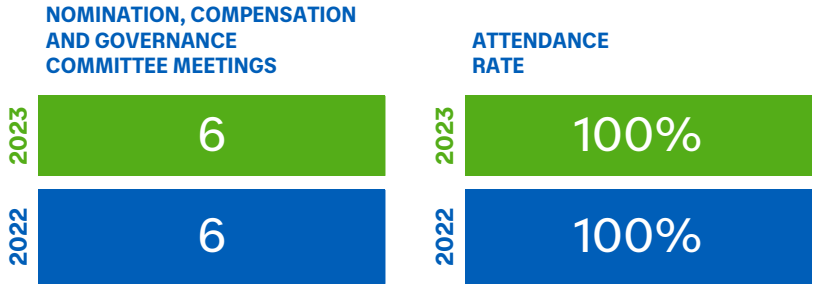
The Nomination, Compensation and Governance Committee is responsible for monitoring governance matters, including in particular the appointment of Board members and executive corporate officers, as well as matters regarding their compensation, in accordance with the AFEP-MEDEF Code on corporate governance at listed companies, which serves as a reference for the Company.

As part of its duties, the Committee may request external technical studies. It also examines the corporate governance rules applicable to the Group, and monitors their implementation and any changes to them. It also supervises the annual assessment of the Board of Directors.

The Nomination, Compensation and Governance Committee's duties are described in detail in the Board of Directors' rules, 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 2023 and early 2024

Regarding governance

- under the guidance of the Chair of the Nomination, Compensation and Governance Committee (also Lead Independent Director), monitoring of the recruitment process of a new Director: in-depth study of the various profiles, interviewing several candidates, discussions with Directors, recommendation to the Board of Directors;
- reflection of the composition of Board Committees in the context of the renewal of the Board;
- review of the succession plan to ensure continuity of General Management and the Chairmanship of the Board in the event of an unforeseen and medium-term vacancy, and review of the members of the Executive Committee;
- review of the conclusions of the internal assessment of Board and Committee operations carried out in 2022;
- implementation of an external assessment of the Board of Directors and its Committees in 2023, and review of its conclusions;
- feedback on the Chairman's individual interviews with each Director;
- annual review of the functioning of the Board of Directors and the Nomination, Compensation and Governance Committee;
- annual individual review of (i) the independence of each Director and any potential conflicts of interest (see section *Independence of Director* above), (ii) the availability and attendance of each Director at Board and Committee meetings during the year, and (iii) their expertise;
- review of the voting rights ceiling clause in the Company's by-laws;
- review of feedback from the corporate governance roadshow and the pre-Shareholders' Meeting roadshow;
- review of the draft corporate governance reports for the 2022 and 2023 financial years;
- review of current and related party agreements and associated internal procedures for fiscal 2023;
- analysis of 2023 voting policies of investors and proxy advisors concerning corporate governance issues, and analysis of AMF and HCGE reports.

Regarding compensation

- review of the compensation policy for the Chief Executive Officer, the Chairman of the Board of Directors and the Directors;
- review and determination of the criteria and weighting of annual variable compensation of the Chief Executive Officer, in particular, for each criterion: proposal of objectives, determination of the weighting, setting of the target, ceiling, maximum and minimum amounts that may be awarded;
- review of compensation rules for Mission Committee members;
- review of the long-term share-based compensation program (GPS), including determination of performance conditions, review of whether performance conditions for current plans have been met, and review of the shareholding retention obligation for the executive corporate officer and Executive Committee members;
- delivery of Group performance shares (GPS) and Group performance units (GPU) plans: recognition of the level of achievement of the performance conditions of these plans;
- modification of GPS performance conditions for 2023 and 2024, with in particular the introduction in 2024 of a new criterion relating to the reduction of water consumption intensity;
- review of the long-term share-based compensation program without performance condition but with a continued presence condition (Fidelity Shares);
- preparation of resolutions concerning the 2022 and 2023 compensation of corporate officers for the 2023 and 2024 Shareholders' Meetings respectively;
- review of 2023 and 2024 publications relating to the compensation of corporate officers;
- monitoring of the capital increase reserved for employees who are members of a Company Savings Plan, and of the capital increase reserved for Group's foreign companies.

CSR COMMITTEE

Composition as of December 31, 2023

	Date first joined the Committee
Lise KINGO Chair	December 2022
Gilbert GHOSTINE	April 2023
Susan ROBERTS	April 2022
Bettina THEISSIG (Director representing employees)	April 2019

Duties

The CSR Committee assists the Board in overseeing the sustainability matters, focusing in particular on the pillars of the sustainability journey of Danone regarding health, nature, people and communities.

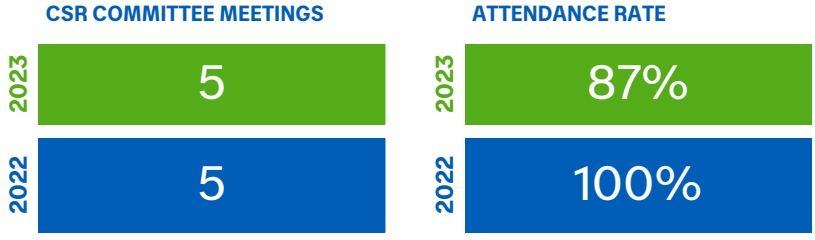
For this purpose, the CSR Committee:

- examines the sustainability strategy, commitments, main targets and policies of Danone and monitors their implementation;
- reviews the results of the annual consolidated sustainability reporting to be published by the Company and is informed of the main aspects of the sustainability reporting process;
- regularly reviews the main extra-financial ratings carried out on the Company.

The CSR Committee also reviews how the Company considers the evolving expectations of stakeholders, including investors, customers, public authorities, partners, NGOs, employees and communities, regarding sustainability topics.
The CSR Committee's duties are described in detail in the Board of Directors' rules, 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, thereby enabling the Board to be fully informed of the sustainability topics and facilitating its work and proceedings.

Work of the Committee in 2023 and early 2024

- review and monitoring of strategic priorities and associated sustainability objectives (Danone Impact Journey);
- monitoring of Nature performance indicators: monitoring of Danone's climate policy, water conservation strategy and forestry policy;
- update on Danone's climate transition plan;
- update on the deployment of the Health component of the "Renew Danone" Strategy;
- annual review of Danone's policy on equal pay for men and women, and on inclusion and diversity;
- monitoring of culture and commitment as part of the new "Renew Danone" strategy;
- monitoring of employee surveys, in particular to measure employee engagement;
- monitoring the Employees' Well Being program;
- monitoring the compensation of all employees, compared with local living income;
- review on the learning strategy and employees development;
- review on Muriel PÉNICAUD's mission in the social field;
- update on human rights topics;
- update on Danone's various sustainability policies;
- update on policy advocacy and follow-up on the mapping of associations an coalitions;
- monitoring of Danone's non-financial reporting, performance and rating, as well as upcoming regulatory developments, in particular the implementation of the Corporate Sustainability Reporting Directive (CSRD);
- monitoring Danone's participation in the FTSE4Good index and the results of Danone's assessment;
- annual review of the budget of the Danone Communities societal fund and review of Danone's contribution to the fund;
- update on the creation of the Water Access Acceleration Fund;
- regular monitoring of Mission Committee meetings and review of key performance indicators adopted as part of the implementation of *Société à Mission* status;
- monitoring of B Corp ™ certification and 2025 Roadmap;
- update on Integrated Annual Report;
- monitoring investors' expectations in social and environmental matters;
- update on responsible advertising.

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 approved 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.

At December 31, 2023, 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 nine 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 *People and communities* for more information about Danone's goals and actions in terms of diversity).

Composition as of December 31, 2023

Name	Age	Nationality	Principal function at Danone	Date first joined the Executive Committee
Antoine de SAINT-AFFRIQUE	59	French	Chief Executive Officer	2021
Jürgen ESSER	52	German	Group Deputy Chief Executive Officer, in charge of Finance, Technology & Data	2020
Shane GRANT	49	New Zealand	Group Deputy Chief Executive Officer, Chief Executive Officer Americas and EVP Dairy, Plant-Based and Global Sales	2020
Véronique PENCHIENATI-BOSETTA	57	French	Group Deputy Chief Executive Officer, Chief Executive Officer International and EVP Specialized Nutrition, Waters, Global Marketing & Digital	2018
Vikram AGARWAL	59	Indian	Chief Operations Officer	2022
Henri BRUXELLES	58	French	Chief Sustainability and Strategic Business Development Officer	2017
Charlie CAPPETTI [(a)]	59	Dutch	President CIS and Turkey	2020
Bruno CHEVOT [(a)]	57	French	President Greater China, North Asia and Oceania	2020
Silvia DAVILA [(b)]	53	Mexican	President Latin America	2020
Roberto DI BERNARDINI	59	Italian	EVP, Human Resources	2021
Isabelle ESSER	60	Belgian	Chief Research, Innovation, Quality and Food Safety Officer	2022
Jean-Marc MAGNAUDET [(a)]	56	French	President Specialized Nutrition	2020
Pablo PERVERSI [(a)]	53	Spanish	President Europe	2023
Laurent SACCHI	59	French	General Secretary	2021
Christian STAMMKOETTER [(a)]	52	German	President Asia, Africa and Middle East	2022

(a) Reports to Véronique PENCHIENATI-BOSETTA, Chief Executive Officer International.
(b) Reports to Shane GRANT, Chief Executive Officer Americas.

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.

6.2 POSITIONS AND RESPONSIBILITIES OF THE DIRECTORS

(Article R.225-83 of the French Commercial Code)

Information regarding the Directors:

- *unless otherwise indicated:*
  - *the companies are registered in France,*
  - *current terms of office correspond to terms of office held as of December 31, 2023,*
  - *DANONE shares correspond to the number of DANONE shares held as of December 31, 2023,*
- *the terms of office followed by the symbol "AGM Approval" are subject to approval by the Shareholders' Meeting of April 25, 2024.*

Current Directors

Valérie **CHAPOULAUD-FLOQUET**
Gilbert **GHOSTINE**
Lise **KINGO**
Patrice **LOUVET**
Sanjiv **MEHTA**
Géraldine **PICAUD**
Susan **ROBERTS**
Antoine **de SAINT-AFFRIQUE**
Gilles **SCHNEPP**

Directors representing employees

Frédéric **BOUTEBBA**
Bettina **THEISSIG**

Directors whose term expired in 2023

Michel **LANDEL**
Serpil **TIMURAY**

Frédéric BOUTEBBA

Political and Social Project Manager of DANONE SA
Director representing employees and member of the Nomination, Compensation and Governance Committee

Age 56 – French nationality
First appointed to the Board: 2016
End of term: 2026
DANONE shares: 1 [(a)]

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 Labour Court (*Conseil de Prud'hommes*) of Bergerac. In 2020, he was appointed Vice President of the Labour Court of Bergerac and Assessor-Judge at the Labour Division of the Judicial Court (*Tribunal Judiciaire*) of Périgueux. In 2021 he was elected President of the Labour Court 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

–

(a) Share granted under the "One Person, One Voice, One Share" program.

Director expertise

- 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
- Digital / New technologies

Valérie CHAPOULAUD-FLOQUET

Lead Independent Director of DANONE SA
Independent Director and Chair of the Nomination, Compensation and Governance Committee

Age 61 – French nationality
First appointed to the Board: Board of Directors of December 10, 2021 (with effect from March 1, 2022)
End of term: 2026 Shareholders' Meeting
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 and held successively different management position in Europe, Asia and North America. In 1996 she became General Manager of Biotherm Italy then in 1998 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 April 26, 2022, she serves as Lead Independent Director of Danone and Chair of the Board's Nomination, Compensation and Governance Committee.

(a) Subsidiary of SOFISPORT SA.

Current terms of office

Danone companies

- Lead Independent Director, Chair 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
- Director of NOBEL SPORT 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 [(a)] (Italy), NOBEL SPORT MARTIGNONI S.P.A [(a)] (Italy)

Terms of office expired over the past five years

- Chief Executive Officer of REMY COINTREAU (France) (2019)
- Various terms of office within companies of the REMY COINTREAU Group (France) (2019)
- Director of SOFIAM IBERICA [(a)] (Spain) (2023)

Director expertise

- 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
- Digital / New technologies

Gilbert GHOSTINE

Chairman of the Board of Directors of Sandoz
Independent Director, member of the Audit and the CSR Committees

Age 63 – Lebanese and Canadian nationalities
First appointed to the Board: Board of Directors of September 30, 2022, with effect on October 15, 2022
End of term: 2027 Shareholder's meeting [(a)]
DANONE shares: 3,000

Expertise – Experience – Main activities

Gilbert GHOSTINE has a master's degree in business administration from Saint-Joseph University in Beirut, complemented by the Advanced Management Program from Harvard Business School. He began his career in 1986 with group Murr, a Lebanese company in the construction sector and he was Marketing & Sales Director 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, Major US 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, Gilbert 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 merger with DSM in May 2023, creating the world's leading beauty, nutrition and wellbeing company. This achievement marked the end of Gilbert's tenure as Firmenich Chief Executive Officer. Currently, Gilbert serves as the Chairman of the Sandoz Board of Directors and sits on the board of directors at Four Seasons Hotels & Resorts, where he chairs the Remuneration and Nomination Committee.

Current terms of office

Danone companies

- Director, member of the Audit Committee and the CSR Committee of DANONE SA

Other companies

Foreign listed companies

- Chairman of the Board of Directors of SANDOZ (Switzerland)

Foreign unlisted companies

- Director and Chair of the Remuneration and Nomination Committee of FOUR SEASONS HOTELS AND RESORTS (Canada)

Terms of office expired over the past five years

- Chief Executive Officer of FIRMENICH SA (Switzerland) (2023)

(a) *Subject to renewal of his term of office by the Shareholder's Meeting of April 25, 2024.*

Director expertise

- 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
- Digital / New technologies

Lise KINGO

Independent Director of companies
Independent Director and Chair of the CSR Committee

Age 62 – Danish nationality
First appointed to the Board: Board of Directors of September 30, 2022, with effect on December 1, 2022
End of term: 2027 Shareholders' Meeting[(a)]
DANONE shares: 2,000

Expertise – Experience – Main activities

Lise KINGO holds a master's degree in Responsibility & Business from the University of Bath in the UK as well as bachelor degrees in Religions and Ancient Greek Art from the University of Aarhus in Denmark. She also holds a bachelor's degree in Marketing and Economics from the Copenhagen Business School and a certificate as International Director from INSEAD in France. Lise KINGO joined Novo Nordisk in 1988, where she remained for more than 25 years. She held various international business roles, including in environmental affairs, internal audit, compliance, human resources, communications, branding and sustainability, and was 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. In 2015, Lise KINGO 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. She was also a professor in sustainability and innovation at Vrije University in Amsterdam from 2006 to 2015. Since 2020, Lise KINGO is a professional independent board member. Throughout her career, she held various positions in Denmark, the United Kingdom, Norway, the Netherlands and the United States.

Current terms of office

Danone companies

- Director, Chair 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)

Terms of office expired over the past five years

- Director of AKER HORIZONS ASA (Norway) (2023)

(a) Subject to the renewal of her term of office by the Shareholders' Meeting of April 25, 2024.

Director expertise

- 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
- Digital / New technologies

Patrice LOUVET

President and Chief Executive Officer of RALPH LAUREN CORPORATION
Independent Director and member of the Nomination, Compensation and Governance Committee

Age 59 – 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 the Hospital for Special Surgery based in New York. He is also a member of the CEO Advisory Council of the Fashion Pact, a worldwide 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 BACARDI LIMITED (Bermudas) (2022)

Director expertise

- 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
- Digital / New technologies

Sanjiv MEHTA

Independent Director of companies
Independent Director and member of the Audit Committee

Age 63 – Indian nationality
First appointed to the Board: July 1, 2023
End of term: 2026 Shareholders' Meeting
DANONE shares: 1,000

Expertise - Experience - Main activities

A commerce graduate from Nagpur University, member of the Institute of Chartered Accountants of India, Sanjiv MEHTA has also completed the Advanced Management Program from Harvard Business School. He started his career in 1983 with Union Carbide in India where he held various management positions in finance, audit, and sales. In 1992, he joined Unilever Arabia in Dubai as Sales Director and then became Group Sales Director.

At the end of 1998, he moved to Bangladesh as Sales Director of Unilever Bangladesh Limited and in early 2002 he became Chairman and Managing Director. In 2007, he joined Unilever Philippines Inc. as Chairman and Chief Executive Officer and the following year he was appointed Chairman and Chief Executive Officer of Unilever North Africa and Middle East where he oversaw a region of 20 countries. During his various positions, he substantially accelerated the growth and profitability of the Unilever group companies. From 2013 to 2023, he led Unilever's businesses in South Asia including Hindustan Unilever Limited (HUL), Unilever's listed subsidiary and India's largest FMCG company. In 2019, while continuing to lead South Asia he joined Unilever Leadership Executive (Unilever's Global Executive Board) as President South Asia. Under his leadership of 10 years, HUL more than doubled its turnover, improved its EBITDA margin by 860 bps and increased its market capitalization by nearly 5 times to over $70 billion. Besides building distinctive capabilities especially harnessing data and digitization, under his leadership, HUL has had a big impact through various social and environmental initiatives. Sanjiv's tenure as Chief Executive Officer and Managing Director of HUL ended on June 26, 2023. In addition, he has served as a non-executive Director of the Bombay Chamber of Commerce and Industry between 2015 and 2019 and between 2021 and 2022, he was President of India's largest industry body, the Federation of Indian Chambers of Commerce and Industry (FICI).

He also served as a Board member of the Breach Candy Hospital Trust, between 2014 and 2023, and as a Director of the Indian School of Business between 2018 and 2023. Sanjiv MEHTA is also Chairman Emeritus of Vikaasa, a coalition of Indian and multinational companies formed to help solve some of the major challenges facing India.

Current terms of office

Danone companies

- Director, member of the Audit Committee of DANONE SA

Other companies

Foreign listed companies

- President Commissioner (Non-Executive Chairman) of PT UNILEVER INDONESIA TBK (Indonesia)
- Independent Director of DR REDDY'S LABORATORIES LIMITED (India)

Foreign unlisted companies

- Independent Director of AIR INDIA LIMITED (India)

Terms of office expired over the past five years

- Chief Executive Officer and Managing Director of HINDUSTAN UNILEVER LIMITED (India) and President of UNILEVER SOUTH ASIA (2023)

Director expertise

- 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
- Digital / New technologies

Géraldine PICAUD

Chief Executive Officer of SGS as from March 26, 2024
Independent Director and Chair of the Audit Committee

Age 53 – 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 Business School 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 Company Controlling 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. Between 2018 and 2023, she was Chief Financial Officer of Holcim (formerly LafargeHolcim) and a member of its Executive Committee. Since December 1st, 2023, she has been Chief Financial Officer of SGS group, world leader in testing, inspection and certification, before being appointed Chief Executive Officer of the group as from March 26, 2024.

Current terms of office

Danone companies

- Director, Chair of the Audit Committee of DANONE SA

Terms of office expired over the past five years

- Director of ALSTOM (France) (2018)
- Director of LAFARGEHOLCIM MAROC SA [(a)] (Morocco) (2023), HUAXIN CEMENT CO., LTD. [(a)] (China) (2022), HOLCIM GROUP SERVICES LTD. [(a)] (Switzerland) (2023), HOLCIM TECHNOLOGY LTD. [(a)] (Switzerland) (2023), LAFARGE MAROC SA [(a)] (Morocco) (2023), LAFARGEHOLCIM MAROC AFRIQUE SAS [(a)] (Morocco) (2023)
- Member of the supervisory board of INFINEON TECHNOLOGIES AG (Germany) (2023)

(a) Holcim group company.

Director expertise

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
Digital / New technologies

Susan ROBERTS

Associate Dean for Foundational Research, Professor of Medicine and Epidemiology, Geisel School of Medicine, Dartmouth College, USA
Independent Director and member of the CSR Committee

Age 66 – 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 Senior Associate Dean for Foundational Research, Professor of Medicine and Professor of Epidemiology, Geisel School of Medicine, Dartmouth College, and Adjunct Professor of Nutrition, Friedman School of Nutrition Science and Policy at Tufts University in the United States. 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 300 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

-

Director expertise

- 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
- Digital / New technologies

Antoine de SAINT-AFFRIQUE

Chief Executive Officer of DANONE SA
Non-independent Director

Age 59 – French nationality
First appointed to the Board: 2022 Shareholders' Meeting
End of term: 2025 Shareholders' Meeting
DANONE shares: 6,000

Expertise – Experience – Main activities

Graduated from 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 of the food 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 live in the United States, Hungary, Russia, the Netherlands and United Kingdom. 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)
- Chairman of LIVELIHOODS FUND for FAMILY FARMING SAS

Other companies

Foreign listed companies

- Director, member of the audit committee and of the nomination committee of BURBERRY GROUP PLC (United Kingdom)
- Director, member of the nomination and compensation committee of BARRY CALLEBAUT (Switzerland)

Terms of office expired over the past five years

- Chief Executive Officer of BARRY CALLEBAUT (Switzerland) (2021)
- Director of BARRY CALLEBAUT SOURCING AG (Switzerland), BARRY CALLEBAUT COCOA AG (Switzerland) (2021)

Director expertise

- 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
- Digital / New technologies

Gilles SCHNEPP

Chairman of the Board of Directors of DANONE SA
Independent Director

Age 65 – French nationality
First appointed to the Board: Board of Directors of December 2020
End of term: 2026 Shareholders' Meeting
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 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

- Director of SOCOTEC
- Chairman of GS CONSEILS (SAS)

Terms of office expired over the past five years

- Vice-Chairman and Senior Independent Member of the supervisory board of PEUGEOT S.A (2020)
- Chairman and Chief Executive Officer of LEGRAND (2020)
- Various terms of office within companies of the LEGRAND group (2020)
- Director, member of the strategy and social responsibility Committee of LEGRAND (2022)

Director expertise

- 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
- Digital / New technologies

Bettina THEISSIG

Member of the European Works Council of DANONE and Chair of the Central Works Council of DANONE DEUTSCHLAND GMBH
Director representing employees and member of the CSR Committee

Age 61 – German nationality
First appointed to the Board: 2014
End of term: 2026
DANONE shares: 1 (a)

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 Danone Deutschland/HQ Frankfurt Works Council, Chair of Danone's Deutschland 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) *Share granted under the "One Person, One Voice, One Share" program.*

Director expertise

- 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
- Digital / New technologies

6.3 COMPENSATION AND BENEFITS OF GOVERNANCE BODIES

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COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS FOR 2024

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 sustainability 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 and sustainability indicators such as sales, recurring operating margin or its social, societal and 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 subject to stringent conditions in line with investors' expectations and with the best market practices;
- consistent with the collective principles that Danone applies to approximately 1,950 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 a certain number of 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

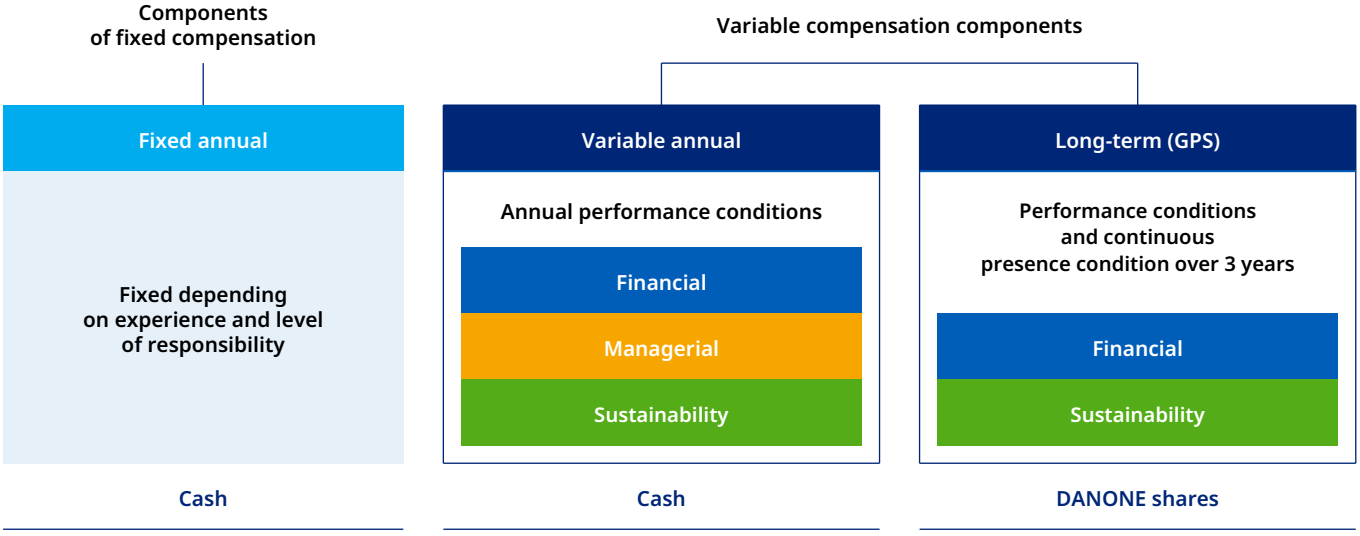
Danone's compensation policy is regularly reviewed by the Nomination, Compensation and Governance Committee, chaired by the Lead Independent Director, two-thirds of whom are independent Directors, and one Director representing employees, in accordance with the recommendations of the AFEP-MEDEF Code.

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 Panel of European multinationals in the food and beverage sector, some of which are included in the Stoxx Europe 600 Food & Beverage index, 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 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 2024* hereinafter) is to not pay executive corporate officers any compensation for their directorship.

Fixed compensation and other benefits

Fixed compensation	■ 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 1,950 senior executives worldwide; ■ is reviewed at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code. The fixed compensation of the Chief Executive Officer for 2024 is €1.4 million, it had been stable since the appointment of the Chief Executive Officer, Antoine de SAINT-AFFRIQUE, in 2021.
Benefits in kind	■ 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	■ Group insurance, healthcare and pension benefits identical to those of all of the Company's executives.

Variable compensation

Structure	■ annual variable compensation; ■ long-term variable compensation in shares paid in the form of DANONE shares and subject to performance conditions (GPS). 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. 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 would remain subject to a binding vote by shareholders at the 2025 Shareholders' Meeting, as the corresponding annual variable compensation can be paid only after approval by the Shareholders' Meeting. The compensation policy does not provide for a specific clawback mechanism.
Stringent predetermined performance criteria	■ directly and indirectly based on the Company's objectives as announced to the market and consistent with its strategic roadmap; ■ mainly financial (60% for annual variable compensation, and 70% for long-term variable compensation); ■ linked to sustainability (20% for annual variable compensation and 30% for long-term variable compensation); ■ and managerial (20% for annual variable compensation).

Annual variable compensation

Principles	■ 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 financial, sustainability 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 of up to 100% of the fixed compensation; ■ in the event of outperformance, is capped at 200% of the fixed compensation; ■ has no minimum or guaranteed amount.
Structure	■ quantifiable financial component based on Danone's main financial targets such as, sales growth, change in volume/mix, recurring operating margin and free cash flow generation; ■ quantifiable sustainability component based on Danone's objectives; ■ qualitative managerial component determined on the basis of specific annual criteria that are disclosed retrospectively.
Performance criteria	■ qualitative criteria are precisely defined by the Board of Directors 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 2024 can be found below in section *Compensation principles established for 2024*.

In accordance with AFEP-MEDEF Code recommendations, the allocation of this performance-based variable compensation will be specifically disclosed at the close of the 2024 financial year. It will also be detailed in the 2024 Universal Registration Document and will be paid only after approval by the 2025 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 1,950 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 sustainability criteria. The Board of Directors reviews whether or not these performance conditions have been met, after an initial evaluation 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 and members of the Executive Committee, 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 grant date; ■ 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 2024 is provided in section 6.4 *Detailed information on long-term compensation plans*, including the (i) general principles, (ii) performance conditions and (iii) other applicable rules.

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 to 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 that may 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.

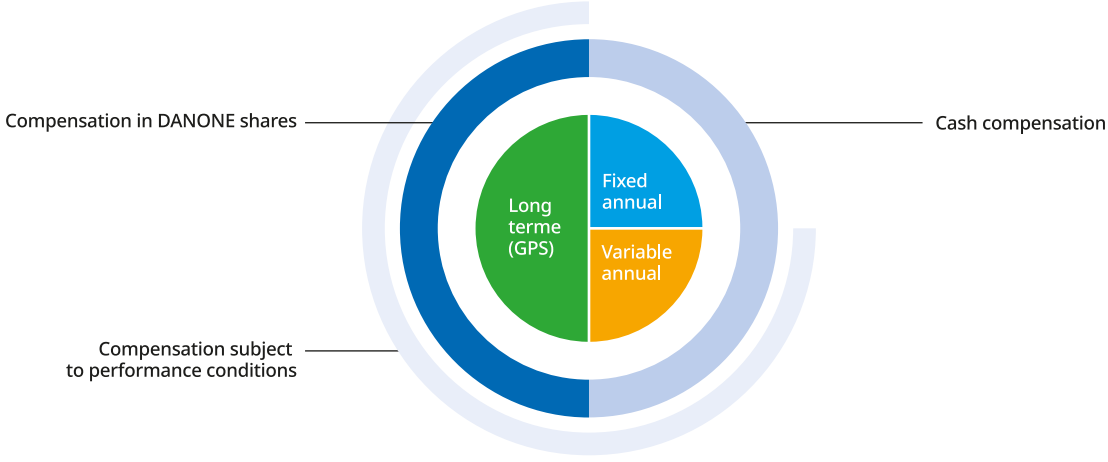
It should be noted that, if a new executive corporate officer should be appointed, he/she may be eligible for severance pay amounting to up to two years of gross annual compensation (fixed and variable) and subject to stringent performance conditions, as well as other commitments under Article L.22-10-9, 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 elements established for 2024

Upon recommendation of the Nomination, Compensation and Governance Committee, the Board of Directors, at its meeting of February 21, 2024, determined the principles of compensation with respect to fiscal year 2024 for Antoine de SAINT-AFFRIQUE, Chief Executive Officer.

The overall structure and the main components of the proposed target compensation (namely fixed compensation and variable compensation) are as follows (as in previous years):



Fixed compensation
€1,400,000

The amount of Antoine de SAINT-AFFRIQUE's fixed compensation for 2024 was set by the Board of Directors at €1.4 million, unchanged amount since his appointment in 2021.

Annual variable compensation
The target amount of the annual variable compensation for 2024, its components and the maximum compensation percentage are the same as for the previous year.

- Target amount: €1,400,000
- Cap: €2,800,000
- No floor

The performance criteria for the annual variable compensation for the year 2024 will be as follows:

	Performance indicators	Proportion of the target amount	Variation based on the weighting
Financial criteria (quantitative)	Like-for-like sales growth	15%	0 to 30%
	Recurring operating margin level	15%	0 to 30%
	Free cash flow generation	15%	0 to 30%
	Change in volume/mix on a like-for-like basis	15%	0 to 30%
	TOTAL	**60%**	**0 to 120%**
Sustainability criteria (quantitative)	Like-for-like reduction in greenhouse gas emissions across the entire value chain (scopes 1, 2 and 3) in 2024 vs 2023	10%	0 to 20%
	Percentage of Danone's employees covered by B-Corp certification	5%	0 to 10%
	Forest - Volume of key commodities verified Deforestation & Conversion Free (vDCF)	5%	0 to 10%
	TOTAL	**20%**	**0 to 40%**
Managerial criteria (qualitative)	Managerial objective	20%	0 to 40%
	TOTAL	**20%**	**0 to 40%**
TOTAL		**100%**	**0 to 200%**

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 elements of the managerial criteria was determined by the Board of Directors but is not made public for reasons of confidentiality.

In accordance with AFEP-MEDEF Code recommendations, the allocation of this performance-based variable compensation will be specifically disclosed at the close of the 2024 financial year. It will also be presented in the 2024 Universal Registration Document.

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 2024 will be subject to approval by the 2025 Shareholders' Meeting. The components of annual variable or extraordinary compensation granted for fiscal year 2024 will be paid only after such approval.

Long-term variable compensation

- Target amount: €2,800,000
- No floor

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 *Detailed information on long-term compensation plans* of this Universal Registration Document.

COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2024

The compensation policy for the Chairman 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.

Compensation policy for the Chairman of the Board of Directors (a non-executive corporate officer) for 2024

The principles presented hereafter apply when the duties of the Chairman of the Board and the Chief Executive Officer are 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	■ 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, in the organization and direction of the Board's works, of its skills and his/her experience and market practices. This is 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. The fixed compensation of the Chairman of the Board of Directors for 2024 is €650,000, it is stable since the implementation of separate governance in 2021.
Benefits in kind	■ benefits in kind may be granted in line with Danone's policy (such as access to the car and driver pool). As in 2023, the Chairman of the Board will not receive any benefits in kind in 2024.
Social security benefits	■ Group insurance, healthcare and pension benefits identical to those of all of the Company's executives. As in 2023, the Chairman of the Board will not receive any social security benefits in 2024.

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 in accordance with the recommendations of the AFEP-MEDEF Code.

Extraordinary compensation

The Chairman of the Board cannot receive any extraordinary compensation.

Other components that may 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 DIRECTORS FOR 2024

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 Directors living outside of France.

It provides that:

- the Directors receive Directors' fees; 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 compared to 2023.

The rules for the distribution of Directors' compensation are as follows:

(in €)	Annual fixed amount	Per meeting	For travel – residing in Europe (outside of 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

Directors who are members of the Mission Committee also receive additional compensation, calculated as follows and deducted from the total compensation amount of €1,250,000 mentioned above.

(in €)	Annual fixed amount	Per meeting	For travel – residing in Europe (outside of France)	For travel – residing outside of Europe
Mission Committee meetings / workshops				
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 related party agreements procedure set out by French law.

REPORT ON THE COMPENSATION OF CORPORATE OFFICERS AND DIRECTORS FOR 2023

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 7th resolution subject to approval by the Shareholders' Meeting on April 25, 2024.

Compensation of the Chief Executive Officer

The Board of Directors, at its meeting on February 21, 2023, set the compensation of the Chief Executive Officer for 2023 in accordance with the principles and criteria established by the compensation policy for executive corporate officers for 2023, approved by 93.80% of the Shareholders' Meeting of April 27, 2023 in its 11th resolution.

This compensation policy for 2023 is similar to the policy that was approved in 2022.

As a reminder, in 2021 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 mainly of US multinationals 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, in 2021, 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 2023

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 2023 will be subject to approval by the Shareholders' Meeting on April 25, 2024. The annual variable compensation can be paid only after approval by the Shareholders' Meeting.

<table>
<tr><th>Components of compensation subject to a vote</th><th>Amounts paid during 2023</th><th>Amounts granted in respect of 2023 fiscal year</th><th>Presentation</th></tr>
<tr><td>Fixed compensation</td><td>€1,400,000</td><td>€1,400,000</td><td>Antoine de SAINT-AFFRIQUE's fixed annual compensation for 2023 is €1,400,000, unchanged versus 2022.
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.</td></tr>
<tr><td></td><td></td><td></td><td>The structure, target amount and cap for the annual variable compensation for the Chief Executive Officer were determined in accordance with the compensation policy for executive corporate officers for 2023 approved by the Shareholders' Meeting on April 27, 2023 in its 11th resolution.
PERFORMANCE CONDITIONS AND CAP
<table>
<tr><th></th><th>Performance indicators</th><th>Proportion of the target amount</th><th>Possible variation based on the weighting</th></tr>
<tr><td rowspan="5">Economic
Quantifiable portion, calculated on the basis of Danone's economic targets</td><td>Like-for-like sales growth</td><td>15%</td><td>0% to 30%</td></tr>
<tr><td>Recurring operating margin level</td><td>15%</td><td>0% to 30%</td></tr>
<tr><td>Free cash flow generation</td><td>15%</td><td>0% to 30%</td></tr>
<tr><td>Change in volume/mix on a like-for-like basis</td><td>15%</td><td>0% to 30%</td></tr>
<tr><td>Total</td><td>60%</td><td>0% to 120%</td></tr>
<tr><td rowspan="3">Social, societal and/or environmental
Reference to Danone's social, societal and/or environmental targets</td><td>Reduction of GHG emissions across the value chain (scopes 1,2 and 3) in 2023 vs 2022</td><td>10%</td><td>0% to 20%</td></tr>
<tr><td>Percentage of Danone sales covered by B-Corp certification</td><td>10%</td><td>0% to 20%</td></tr>
<tr><td>Total</td><td>20%</td><td>0% to 40%</td></tr>
<tr><td>Managerial
Reference to specific annual criteria</td><td>Managerial component</td><td>20%</td><td>0% to 40%</td></tr>
<tr><td></td><td>Total</td><td>20%</td><td>0% to 40%</td></tr>
<tr><td>TOTAL</td><td></td><td>100%</td><td>0% to 200%</td></tr>
</table></td></tr>
</table>

Components of compensation subject to a vote	Amounts paid during 2023	Amounts granted in respect of 2023 fiscal year	Presentation
Annual variable compensation	€2,121,000 Compensation approved by the 9th resolution of the Shareholders' Meeting on April 27, 2023	€2,604,000 Payment of this compensation is subject to approval by the Shareholders' Meeting on April 25, 2024 (8th resolution)	**REVIEW OF THE ACHIEVEMENT OF PERFORMANCE CONDITIONS BY THE BOARD OF DIRECTORS** On February 21, 2024, on the recommendation of the Nomination, Compensation and Governance Committee, the Board of Directors has acknowledged the amount of Antoine de SAINT-AFFRIQUE's annual variable compensation, at €2,604,000. This amount was determined with regard to the level of achievement of the performance conditions, as described below:

Indicators	Weighting	Percentage of fulfillment	Percentage after weighting	Performance amount *(in euros)*
Economic	60%	193.3%	116%	1,624,000
Social, societal and/or environmental	20%	200%	40%	560,000
Managerial	20%	150%	30%	420,000
TOTAL	**100%**	**–**	**186%**	**2,604,000**

The percentages of fulfillment is as follows:

Indicators	Weighting	Percentage of fulfillment	Weighted
Like-for-like sales growth	15%	200%	30%
Recurring operating margin level	15%	200%	30%
Free cash flow generation	15%	173.2%	26%
Change in volume/mix on a like-for-like basis	15%	200%	30%
Economic	**60%**	**193.3%**	**116%**
Reduction in greenhouse gas emissions across the value chain (scopes 1, 2 and 3) in 2023 vs 2022	10%	200%	20%
Percentage of Danone sales covered by B Corp certification	10%	200%	20%
Social, societal and/or environmental	**20%**	**200%**	**40%**

Components of compensation subject to a vote	Amounts paid during 2023	Amounts granted in respect of 2023 fiscal year	Presentation
			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 like-for-like sales growth was +7.0% in 2023, above the objective initially set at the beginning of the year (growth between 3% and 5%) and at the top of the range of the updated guidance announced in October 2023 (growth between +6% and +7%), driven by all geographical zones and categories; ■ achievement beyond the target of the recurring operating margin objective, based on margin from operations expansion, enabled by record level of productivity, while continuing to significantly reinvest in A&P, product superiority and capabilities. In 2023, the recurring operating margin stood at 12.6%, up +40 bps vs. last year; ■ over-achievement of the free cash flow generation objective, with free cash flow reaching a record level of €2.6 billion in 2023 (vs. 2.1 billion in 2022), reflecting a significant increase in cash-flow from operating activities, and enabling investments and deleverage; ■ achievement beyond the internal target of the criteria related to the change in volume/mix, that stood at -0.4% in 2023. Danone progressed along the year in rebalancing its growth model, closing the fourth quarter of 2023 with positive volume/mix, at +0.8%. **Social, societal and/or environmental component** ■ reduction, on a like for like basis, of greenhouse gas emission across the Science Based Targets (SBT) scope, by -3,9% versus 2022 (excluding EDP Russia), notably thanks suppliers' engagement and volume effect; ■ achievement of 82.5% of Danone's sales covered by B Corp certification well above the target of 80% notably thanks to the certification of key new Danone entities in particular in Central Eastern Europe, Argentina (EDP), Middle East, Iberia (Specialized Nutrition), India, Malaysia & Cambodia. **Managerial component** ■ the achievement of the managerial, qualitative element is assessed according to specific criteria determined by the Board of Directors in February 2023: portfolio rotation and new innovative social project. In the particularly difficult external context of 2023, the Board of Directors has noted the effective delivery of the portfolio review and asset rotation criteria, notably with the sale of Horizon Organic and Wallaby businesses as well as the sale of Michel & Augustin. Moreover, an important initiative to revamp the social ambition has been launched and implemented during the year: a detailed diagnosis has been conducted leading to the definition of key priorities aiming at differentiating the Company in the future, notably in terms of culture, learning strategy, diversity and inclusion. Steps taken in 2023 also included the establishment of an action plan under the sponsorship of Comex members, which lead to the design and delivery of the new Danone behaviors framework and its roll out worldwide. Based on this assessment, the Board of Directors therefore considered that this objective was **150% achieved**.
Multi-year variable cash compensation	Non applicable	Non applicable	In accordance with the compensation policy, the principle of a multi-year variable cash compensation is not planned.

Components of compensation subject to a vote	Amounts paid during 2023	Amounts granted in respect of 2023 fiscal year	Presentation
Long-term compensation in shares (GPS)	Not applicable	€2,300,070 corresponding to 49,742 GPS granted on July 25, 2023	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 three-year continuous presence condition. The Board of Directors, granted Antoine de SAINT-AFFRIQUE 49,742 GPS in respect of fiscal year 2023, with a book value of €2,300,070, pursuant to the authorization granted by the Shareholders' Meeting of April 27, 2023 under the 11th resolution. This number of GPS could be increased to 52,229 GPS if the continuous presence condition is fulfilled, the social and environmental performance conditions is fully achieved, and conditions relating to the recurring EPS growth, Danone TSR and Danone's ROIC are exceeded, without guaranteed minimum (for more details on the grants and performance conditions, see section 6.4 *Detailed information on long-term compensation plans* hereinafter). This grant represents 0.008% of Danone's share capital and corresponds to 4.7% of the GPS granted made in 2023.
Extraordinary compensation	Not applicable	Not applicable	No extraordinary compensation was granted or paid to Antoine de SAINT-AFFRIQUE in 2023.
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	€49,340		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 could be paid if Antoine de SAINT-AFFRIQUE's term of office as Chief Executive Officer is terminated. This measure was not implemented in fiscal year 2023. The implementation and payment conditions are detailed in section *Other compensation and benefits to which the Chief Executive Officer is entitled* hereinafter.
Non-compete indemnity	No amount due for the last fiscal year		A non-compete obligation, along with a non-compete indemnity, has been set up in 2021 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 2023. The implementation and payment conditions are detailed in section *Other compensation and benefits to which the Chief Executive Officer is entitled hereinafter.*
Supplementary pension plan	No amount due for the last fiscal year		The Chief Executive Officer is entitled to the mandatory Group defined-contribution retirement plan ("Article 83"). For more details, see section *Other compensation and benefits to which the Chief Executive Officer is entitled* 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.

Mandatory Group pension plan

Antoine de SAINT-AFFRIQUE is entitled only to a mandatory Group 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 and benefits Danone's French Senior executive under the same conditions as the rest of the employees concerned.

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 2023 amounted to €25,434.

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 (corporate officer or employee) 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 financial 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 financial performance indicators: no payment will be made;
- achievement of 75% of the financial performance indicators: the Chief Executive Officer will receive 75% of the Maximum Amount;
- achievement of between 75% and 100% of the financial 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 financial performance indicators: the Chief Executive Officer will receive 100% of the Maximum Amount.

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

Given the profile of the Chief Executive Officer, Antoine de SAINT-AFFRIQUE, and in order to protect the interests of the Company and its shareholders, he 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, Norway, Russia, Switzerland, United Kingdom;
- Asia-Pacific: Australia, China, Hong Kong, Indonesia, Japan, New Zealand, Singapore;
- North America: Canada,Mexico, United States of America;
- Middle East: Bahrain, Cyprus, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, 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 2023

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 2023 will be subject to approval by the Shareholders' Meeting of April 25, 2024.

Components of compensation subject to a vote	Amounts paid during 2023	Amounts granted in respect of 2023 fiscal year	Presentation
Fixed compensation	€650,000	€650,000	Gilles SCHNEPP's annual fixed compensation for 2023 is €650,000, unchanged since his appointment in 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)	**2022**	**2023**
Antoine de SAINT-AFFRIQUE – Chief Executive Officer		
Compensation granted in respect of the fiscal year (detailed in Table 2)	3,567,893	4,053,340
Valuation of options granted during the fiscal year	–	–
Valuation of performance shares granted during the fiscal year (detailed in Table 6) [(a)]	2,132,571	2,300,070
Valuation of other long-term compensation plans	–	–
TOTAL	**5,700,464**	6,353,410

(a) Estimated book value as of the grant date in accordance with IFRS 2, assuming the performance conditions will be fulfilled (see Note 9.4 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			
	2022		**2023**	
(in € unless otherwise indicated)	**Compensation granted**	**Compensation paid**	**Compensation granted**	**Compensation paid**
ANTOINE DE SAINT-AFFRIQUE – CHIEF EXECUTIVE OFFICER				
Fixed compensation [(a)]	1,400,000	1,400,000	1,400,000	1,400,000
Annual variable compensation [(a)]	2,121,000	408,333	2,604,000	2,121,000
Extraordinary compensation [(b)]	–	–	–	–
Long-term compensation in shares (GPS) [(c)]	2,132,571	–	2 300 070	–
Director's compensation	–	–	–	–
Benefits in kind [(d)]	46,893	46,893	49,340	49,340
TOTAL	**5,700,464**	**1,855,226**	**6,353,410**	**3,570,340**

(a) Gross amount.
(b) Compensation solely in the form of shares subject to performance conditions (Group performance shares).
(c) Value of GPS delivered (for "paid" compensation) and maximum value of GPS granted (for "granted" compensation) for the year, estimated on the grant date in accordance with IFRS 2, assuming the performance conditions have been fulfilled (see Note 9.4 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			
	2022		**2023**	
(in € unless otherwise indicated)	**Compensation granted**	**Compensation paid**	**Compensation granted**	**Compensation paid**
GILLES SCHNEPP – CHAIRMAN OF THE BOARD OF DIRECTORS				
Fixed compensation [(a)]	650,000	650,000	650,000	650,000
Other compensation	–	–	–	–
TOTAL	**650,000**	**650,000**	**650,000**	**650,000**

(a) Gross amount.

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 25, 2023	49,742	€2,300,070	July 26, 2026	July 26, 2026	See section 6.4 *Detailed information on long-term compensation plans* hereinafter

(a) This number of GPS could be increased to 52,229 GPS if the continuous presence condition is fulfilled, the social and environmental performance conditions are fully achieved and the recurring EPS growth, Danone TSR and Danone's ROIC conditions are exceeded.

(b) Estimated book value as of the grant date in accordance with IFRS 2, assuming the performance conditions will be fulfilled (see Note 9.4 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 (GPS) 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 2023 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 current term of office: end of 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. 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.

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 GPUs 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 2019 to 2022, 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 and of the Fidelity Shares (FS) granted during the fiscal year, in accordance with IFRS.

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:

- a financial 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;
- a sustainability 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 21,000 companies assessed in 2023, Danone was among the 10 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				
	2019	2020	2021	2022	2023
DANONE EMPLOYEES IN FRANCE					
Annual average compensation	63,953	64,731	65,891	67,618	72,951
(Change/previous year)	–	*+1.2%*	*+1.8%*	*+2.6%*	*+7.9%*
Annual median compensation	39,945	41,605	43,610	40,522	44,499
(Change/previous year)	*+3.8%*	*+4.2%*	*+4.8%*	*(7.1)%*	*+9.8%*
CHIEF EXECUTIVE OFFICER [(a)]					
Annual compensation			4,692,156	3,940,904	5,870,410
(Change/previous year)	–	–	N/A	*(16)%*	*(8.4)%*
Ratio/average employee compensation			71	59	80
(Change/previous year)	–	–	N/A	*(18)%*	*(15.6)%*
Ratio/median employee compensation			108	97	132
(Change/previous year)	–	–	N/A	*(10.2)%*	*(16.5)%*
CHAIRMAN AND CHIEF EXECUTIVE OFFICER [(b)]					
Annual compensation	4,650,400	3,869,625	1,500,000	N/A	N/A
(Change/previous year)	*(2.9)%*	*(16.8)%*	*(61)%*		
Ratio/average employee compensation	73	60	23	N/A	N/A
(Change/previous year)	*(4.8)%*	*(19.0)%*	*(60.9)%*		
Ratio/median employee compensation	116	93	34	N/A	N/A
(Change/previous year)	*(6.5)%*	*(19.8)%*	*(63.4)%*		
CHAIRMAN OF THE BOARD OF DIRECTORS [(c)]					
Annual compensation			650,000	650,000	650,000
(Change/previous year)	–	–	N/A	*0%*	*0%*
Ratio/average employee compensation			10	10	9
(Change/previous year)	–	–	N/A	*0%*	*(9.1%)*
Ratio/median employee compensation			15	16	15
(Change/previous year)	–	–	N/A	*+6.7%*	*(6.3%)*
COMPANY PERFORMANCE					
Recurring EPS (in euros)	3.85	3.34	3.31	3.43	3.54
(Change/previous year)	*+8.1%*	*(13.2)%*	*(0.9)%*	*+3.6%*	*+3.2%*
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 PENCHIENATI-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 2022 and 2023 to the Board members (Table 3 of Appendix 4 of the AFEP-MEDEF Code)

	2022				2023			
(in €)	Compensation for directorship [a]		Other compensation		Compensation for directorship [a]		Other compensation	
Name	**Amounts paid**	**Amounts granted**	**Amounts paid**	**Amounts granted**	**Amounts paid**	**Amounts granted**	**Amounts paid**	**Amounts granted**
Guido BARILLA [b]	52,500	62,000	–	–	–	–	–	–
Cécile CABANIS [c]	51,500	37,500	477,322	–	–	–	–	–
Valérie CHAPOULAUD-FLOQUET	42,000	129,000	–	–	162,000	157,000	–	–
Clara GAYMARD [d]	72,500	49,500	–	–	–	–	–	–
Gilbert GHOSTINE	–	30,500	–	–	75,000	110,000	–	–
Lise KINGO	–	24,500	–	–	65,000	106,000	–	–
Michel LANDEL [e]	94,500	119,000	–	–	114,000	47,500	–	–
Sanjiv MEHTA [f]	–	–	–	–	–	68,500	–	–
Patrice LOUVET	12,500	81,000	–	–	129,000	134,000	–	–
Gaëlle OLIVIER [d]	99,500	53,500	–	–	–	–	–	–
Géraldine PICAUD	12,500	85,000	–	–	127,000	126,000	–	–
Franck RIBOUD [d]	31,500	17,500	1,470,711 [g]	–	–	–	1,543,952 [g]	–
Susan ROBERTS	12,500	91,000	–	–	135,000	130,000	–	–
Gilles SCHNEPP	–	–	650,000	650,000	–	–	650,000	650,000
Isabelle SEILLIER	20,000	–	–	–	–	–	–	–
Jean-Michel SEVERINO [d]	155,000	74,000	–	–	–	–	–	–
Serpil TIMURAY [e]	99,500	127,000	–	–	116,000	48,500	–	–
Lionel ZINSOU-DERLIN [d]	62,500	40,500	–	–	–	–	–	–
TOTAL	**818,500**	**1,021,500**	**2,598,033**	**650,000**	**923,000**	**927,500**	**2,193,952**	**650,000**

(a) Gross amount due in the fiscal year before the withholding tax / social levies.

(b) Guido BARILLA resigned as Director effective October 15, 2022.

(c) Cécile CABANIS resigned as Director effective June 30, 2022. She benefited from Group Performance Share (GPS). In accordance with the rules of GPS plans concerned, the Board of Directors decided, at its meeting of April, 26, 2022, taking into account in particular Cécile CABANIS' contribution to Danone's results for the periods under consideration and her commitment to the Company until the end of her term of office, to allow her to retain the benefit of the GPS granted to her in respect of 2018, 2019 and 2020, pro rata to her time with the Company over the vesting period of these plans. Thus, in respect of 2019, 4,043 GPS were delivered to her in July 2023.

(d) The term as Director ended following the Shareholders' Meeting on April 26, 2022.

(e) The them of Director ended following the Shareholders' Meeting on April, 27, 2023.

(f) Director appointed by the Shareholders' Meeting of April 27, 2023.

(g) These amounts correspond to the annual pension amount due in 2022 and 2023, whose payments are made at the end of the term.

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. Also, Antoine de SAINT-AFFRIQUE, Chief Executive Officer and Director, does not receive any compensation in his capacity as Director.

6.4 DETAILED INFORMATION ON LONG-TERM COMPENSATION PLANS

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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 27, 2023 was granted for a period of 38 months, i.e. until June, 27, 2026.

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	06/26/2020	04/29/2021	04/26/2022	04/27/2023
Maximum number of GPS that may be granted [(a)]	0.2%	0.2%	0.5%	0.5% [(b)]
Total number of GPS granted during the fiscal year in question [(a)]	0.1%	0.1%	0.2%	0.2%
Of which the maximum number of GPS that may be granted to executive corporate officers [(a)]	0.03%	0.03%	0.03%	0.03% [(b)]
Of which total number of GPS granted to executive corporate officers during the fiscal year in question [(a)]	0.005%	0.01%	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.

(b) Per calendar year.

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 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 9.4 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 this chapter 6.4 of the Universal Registration Document. They apply to all the GPS granted.

Performance conditions are stringent and consistent with Danone's current context. They include complementary financial and sustainability 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.

From 2018 to 2023, one of the conditions was linked to the Danone's environmental performance, namely the rating assigned to Danone by CDP, in particular 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 amend the environmental criterion by creating three internal sustainability criteria, directly linked to Danone's medium-term strategy and objectives, particularly its *Société à Mission* status.

All performance conditions related to GPS are subject to a three-year reference period.

Continuous presence condition

Since the approval by the Shareholders' Meeting of April 27, 2023, the definitive grant of GPS is subject to a continuous presence condition of 3 years. 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 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 3 years from 2023 GPS plans (compared with 4 years previously). This reduction in the vesting period allows Danone to meet needs related to 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 a holding requirement (applicable to executive corporate officers and Executive Committee members – see below). 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 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 2023.

Summary of GPS plans as of December 31, 2023

Characteristics of outstanding GPS plans as of December 31, 2023 and grants and changes under these plans in 2023 (information required pursuant to table 9 of appendix 4 of the AFEP-MEDEF Code)

Outstanding GPS plans				
Date of Shareholders' Meeting that approved the GPS	04/25/2019	04/25/2019	06/26/2020	06/26/2020
Date of Board meeting that granted the GPS	07/24/2019	12/12/2019	07/29/2020	12/10/2020
Number of GPS granted	**521,933**	**29,226**	**697,679**	**17,031**
Of which GPS granted to executive corporate officers	*30,000*	–	*37,500*	–
Maximum number of GPS that may be granted [(a)]	548,215	30,708	732,603	17,881
Of which maximum number of GPS that may be granted to executive corporate officers [(a)]	*31,500*	–	*39,375*	–
Number of beneficiaries for each plan	1,404	46	1,550	20
GPS characteristics				
Share delivery date	07/25/2023	12/13/2023	07/30/2024	12/11/2024
End date of holding period	–	–	–	–
Performance conditions	■ 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.		■ 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.	

								Total
04/29/2021	04/29/2021	04/29/2021	04/26/2022	04/26/2022	04/27/2023	04/27/2023	
07/28/2021	10/13/2021	12/10/2021	07/26/2022	12/08/2022	07/25/2023	12/14/2023	
718,979	**48,320**	**29,339**	**1,001,890**	**28,268**	**1,018,785**	**23,278**	**4,134,728**
29,331	*48,320*	–	*51,900*	–	*49,742*	–	*246,793*
754,923	50,736	30,809	1,194,681	33,921	1,215,081	27,934	4,637,492
30,798	*50,736*	–	*54,495*	–	*52,229*	–	*259,133*
1,473	1	23	1,740	25	1,923	29	
07/29/2025	10/14/2025	12/11/2025	07/27/2026	12/09/2026	07/26/2026	12/15/2026	
–	–	–	–	–	–	–	
■ weighted by 50%, average sales growth greater than or equal to that of the Panel over the years 2021, 2022 and 2023;			■ weighted by 35% (maximum 45%), average recurring EPS growth greater than average sales growth over the years 2022, 2023 and 2024;		■ weighted by 20% (maximum 25%), comparison of the arithmetic average growth of the recurring EPS with the arithmetic average growth in Danone's consolidated sales on a like-for-like basis over the years 2023, 2024 and 2025;		
■ weighted by 30%: • 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 35% (maximum 45%), TSR exceeding or equal to the Median Panel TSR over the years 2022, 2023 and 2024;		■ weighted by 25% (maximum 30%), comparison of the TSR of Danone with TSR of the Stoxx Europe 600 Food & Beverage over 2023, 2024 and 2025;		
					■ weighted by 25% (maximum 30%), level of return on capital employed (ROIC) of Danone in 2025;		
■ 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.			■ 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.		■ weighted by 30%, sustainability performance conditions:: • health (10%): volume of EDP products intended for children, sold in 2025, which contain a sugar level of less than 10g of sugar per 100g of product; • nature (10%): reduction with comparable scope and methodology, of greenhouse gas emissions across the entire Danone value chain in 2025 vs 2022; • social (10%): engagement level of Danone employees, measured through a survey of Danone employees worldwide and compared to a Panel from the FMCG sector in 2023, 2024 and 2025.		

Outstanding GPS plans		
Assessment of achievement of performance conditions	■ Sales growth target: not achieved. ■ Free cash flow objective: 100% achieved. ■ Danone's environmental performance objective: 100% achieved. **Overall achievement rate: 50%**	■ Sales growth target: not achieved. ■ Free cash flow objective: 100% achieved. ■ Danone's environmental performance objective: 100% achieved. **Overall achievement rate: 50%**

Changes in 2023 and situation as of December 31, 2023				
Number of GPS as of December 31, 2022	164,092	10,916	239,546	5,895
GPS granted in 2023	–			
Maximum number of GPS that may be granted [(a)]	–			
Of which GPS granted to executive corporate officers	–			
Maximum number of GPS that may be granted to executive corporate officers [(a)]	–			
GPS void or canceled in 2023	3,178	6,242	43,562	811
Of which GPS canceled in 2023 due to non-fulfillment of some performance conditions [(b)]				
Shares delivered in 2023	160,914	4,674		
Of which shares delivered to executive corporate officers	–			
Number of GPS not yet vested as of December 31, 2023	–	–	195,984	5,084
Total number of GPS void or canceled for each plan as of December 31, 2023	361,019	24,552	501,695	11,947

(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.

(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).

								Total
■ TSR objective: achieved at 77.1% and free cash flow objective: achieved at 100% ■ The Board of Directors will assess the achievement of the sales growth criterion in the first half of 2024 ■ The Board of Directors will assess the achievement of Danone's environmental performance criterion in the first half of 2025	■ 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.	■ The Board of Directors will assess the achievement of the performance conditions in 2026.						
585,117	48,320	27,096	979,457	28,268	–	–	2,088,707
					1,018,785	23,278	1,042,063
					1,215,081	27,934	1,243,015
					49,742		*49,742*
					52,229		52,229
336,402	24,159	17,519	101,314	297	14,965	–	548,449
29,256	*2,416*	*1,355*	*20,262*	*60*	*2,993*	–	*56,342*
							165,588
							–
248,715	24,161	9,577	878,143	27,971	1,003,820	23,278	2,416,733
470,264	24,159	19,762	123,747	297	14,965	–	1,552,407

Presentation of 2024 GPS

General rules

Under the authorization granted by the Shareholders' Meeting of April 27, 2023, in its 23rd resolution, for a period of 38 months: Danone in 2024 will implement 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 2024 GPS will be subject to performance conditions based on 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 total shareholder return of the DANONE share ("TSR") compared to an index;
- weighted by 25%, an internal performance condition related to the return on invested capital (ROIC);
- weighted by 30%, internal sustainability performance conditions, regarding the reduction of: (i) sugar level (10%), (ii) GHG emissions (10%) and (iii) water consumption intensity (10%);

under the terms detailed hereinafter.

It is specified that in the event of outperformance of the financial conditions and the maximum achievement of the sustainability 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%.

The three financial performance conditions are unchanged compared to the 2023 GPS Plan, except the condition related to the recurring EPS growth. This condition will be, in 2024, based only on a target of recurring EPS growth over three years (and no longer on a ratio "recurring EPS growth / like-for like sales growth") in order to avoid comparing two financial indicators that do not integrate in the same way the scope and currencies effects.

In addition, following discussions with its main shareholders, the Company decided to change part of its sustainability criteria, with:

- a health/nutrition criterion still relating to the reduction of sugar level by 2026, with a broader scope covering EDP everyday adults products (in 2023, the target was focused on EDP kids products);
- the maintenance of the condition regarding the reduction of GHG emissions, with adjusted targets for the 2024-2026 period; and
- a new condition relating to the reduction of water consumption intensity in Danone production sites in 2026 compared to 2023, replacing the condition relating to employees' engagement.

Performance condition related to recurring EPS growth, weighted by 20% (maximum: 25%)

Principle

Average growth of the recurring EPS ("Recurring EPS Growth") over a three-year period, *i.e.* 2024, 2025 and 2026	■ no grant of the shares subject to this performance condition if the Recuring EPS Growth is strictly less than the minimum threshold; ■ between 10% and 20% of the performance shares granted if the Recuring EPS Growth is between (i) the minimum threshold and (ii) the target, based on a linear progressive scale; ■ between 20% and 25% of the performance shares granted if the Recuring EPS Growth is between (i) the target and (ii) 150% of the target, based on a linear progressive scale; ■ 25% of the performance shares granted if the Recuring EPS Growth is greater than or equal to 150% of the target. It should be noted that the minimum threshold and the target were determined by the Board of Directors in February 2024. For reasons of confidentiality, the Company does not disclose in advance the target levels 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 2026 Universal Registration Document.

Definitions

Recurring EPS Growth	Arithmetic average growth in Danone's recurring EPS in 2024, 2025 and 2026 (compared to previous year), 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)*.

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 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 2027.

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 2024, 2025 and 2026	■ 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 2024, 2025 and 2026.
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 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 2027.

Performance condition related to the ROIC, weighted by 25% (maximum: 35%)

Principle

Danone's return on invested capital (ROIC) in 2026	■ 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. It should be noted that the target was determined by the Board of Directors in February 2024. 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 2026 Universal Registration Document.

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 *Review of the Balance Sheet and Financial Security*)

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 reach 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 2027.

Sustainability performance conditions, weighted by 30%

The indicators corresponding to the criteria below will be described and published in the Universal Registration Document.

1- HEALTH/NUTRITION (10%)

Principle

Volume (as a percentage) of EDP everyday adults products, sold in 2026, that contain 10g of sugar or less per 100g of product	■ 0% of the shares subject to this performance condition if this percentage is less than 76.5%; ■ 5% of the performance shares if this percentage is equal to 76.5%; ■ between 5% and 10% of the performance shares if this percentage is between 76.5% and 77%, based on a linear progressive scale; ■ 10% of the performance shares if this percentage is equal or greater than 77%.

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 sustainability reporting section of the Universal Registration Document for the year under review.
EDP everyday adult products	Dairy and Plant Based products that are reported as (a) being part of the adult and/or family portfolio, and (b) included in the following sub-categories: Dairy and Plant-Based Everyday & Functional yogurts, fermented milks, milks, plant-based drinks, dairy and plant-based cheeses. It excludes all dairy and plant-based indulgent sub-categories (desserts, ice creams, creamers, ready to drink coffees) and traditional products/cooking aids (butter, margarine, creams).
Total amount of sugar	Value as reported in the One Health Scorecard, as defined in the methodology note in the sustainability reporting section of the Universal Registration Document for the year under review.

Other applicable rules

Significant change	In case of a significant change in the consolidation scope of the Group, any significant regulatory change or any other external event significantly impacting this condition, the Board of Directors may decide, where applicable, which other performance condition(s) 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 2027.

2- GREENHOUSE GAS EMISSIONS REDUCTION (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 2026 vs. 2023 emissions	■ 0% of the shares subject to this performance condition if this reduction is strictly less than 7%; ■ 5% of the performance shares if this reduction is equal to 7%; ■ between 5% and 10% of the performance shares if this reduction is between 7% and 8.5%, based on a linear progressive scale; ■ 10% of the performance shares if this reduction is greater than or equal to 8.5%.

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 sustainability reporting section of the Universal Registration Document.

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 2026. In case of a significant regulatory change or any other external event significantly impacting this condition, the Board of Directors may decide, where applicable, which other performance condition(s)) 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 2027.

3 - WATER CONSUMPTION INTENSITY REDUCTION (10%)

Principle

Average water consumption intensity reduction (as a percentage), on a comparable scope, in Danone production sites, in 2026 vs. 2023	■ 0% of the performance shares subject to this performance condition if the average reduction rate is strictly less than 3%; ■ 5% of the performance shares if the average reduction rate is equal to 3%; ■ between 5% and 10% of the performance shares if the average reduction rate is between 3% and 6%, based on a linear progressive scale; ■ 10% of the performance shares if the average reduction rate is greater than or equal to 6%.

Definitions

Water consumption intensity	Intensity of water consumption related to the production process (in m^3 of processed water consumed per metric ton of product), as defined in the methodology note in the sustainability reporting section of the Universal Registration Document.
Average water consumption intensity reduction	Arithmetic average of the water consumption intensities reductions for Danone production sites of each category (i) Essential Dairy and Plant-Based, (ii) Specialized Nutrition and (iii), Waters, in 2026 vs 2023.
Danone production sites	Danone production sites included in the "Production Site Environment" scope both in 2023 and in 2026, as this scope is as defined in the methodology note in the sustainability reporting section of the Universal Registration Document.

Other applicable rules

Significant change	In case of any significant methodology or regulatory change or any other external event significantly impacting this condition, the Board of Directors may decide, where applicable, which other performance condition(s) 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 2027.

Review of the conditions related to GPS not yet delivered

GPS granted in 2023

The 2023 GPS are subject to the performance conditions described hereinafter and a continuous presence condition of 3 years.

Performance condition related to compared 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. 2023, 2024 and 2025.	■ 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 2023, 2024 and 2025, 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 2023, 2024 and 2025, 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	■ 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. It should be noted that the target was determined by the Board of Directors in February 2023. 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.

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 Review of the Balance Sheet and Financial Security*)

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 reach 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 (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).	■ 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 (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 2026. 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 (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.

GPS granted in 2022

The 2022 GPS are subject to the three performance conditions described hereinafter and a continuous presence condition of 4 years.

Performance condition related to compared 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.e. 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 (replaced by Kellonova since October 2, 2023). The Board of Directors having noted, in February 2024, that following the spin-off of Kellogg Company, Kellonova kept around 80% of the former Kellogg Company business, the Board of Directors decided that Kellonova should replace the Kellogg Company in the Panel.

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 and a continuous presence condition of 4 years.

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 Financial indicators not defined in IFRS*).
Each Panel member's CA	Average 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.e.* 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 (replaced by Kellonova since October 2, 2023).

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.e.* 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 (replaced by Kellonova since October 2, 2023).

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 advisor's report.
Date of assessment of achievement of the performance condition	**Upon the recommendation of the Nomination, Compensation and Governance Committee, on February 21, 2023 the Board of Directors acknowledged that the performance condition relative to Danone's TSR was achieved at 77.1%.**

Performance condition applicable to other beneficiaries weighted by 30% and related to free cash flow

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	**Upon the recommendation of the Nomination, Compensation and Governance Committee, on February 21, 2024, the Board of Directors acknowledged that the free cash flow condition was achieved at 100%.**

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 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.

Review of the rules related to the GPS granted in 2020 and to be delivered in 2024

The 2020 GPS are subject to the three performance conditions described hereinafter and a continuous presence condition of 4 years.

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 *Financial indicators not defined in IFRS*).
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.e.* 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 (replaced by Kellonova since October 2, 2023).

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	**Upon the recommendation of the Nomination, Compensation and Governance Committee, on April, 27, 2023, the Board of Directors acknowledged that the sales growth performance condition was not achieved.**

Performance condition related to free cash flow, 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	**Upon the recommendation of the Nomination, Compensation and Governance Committee, on February 21, 2023 the Board of Directors acknowledged that the free cash flow condition was achieved at 100%.**

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	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: ■ 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	**Upon the recommendation of the Nomination, Compensation and Governance Committee, on February 21, 2024 the Board of Directors acknowledged that the environmental condition was achieved at 100%.**

Consequently, based on the level of achievement of the above-mentioned conditions, 50% of the initial GPS allocation granted in 2020 will be delivered in 2024, subject to satisfaction of the presence condition.

GROUP PERFORMANCE UNITS (GPU)

Principles

GPUs 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 represented 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 GPUs is provided hereinafter in section *Objectives applicable to the GPUs 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 GPUs granted during the 12 months preceding his/her departure;
- the GPUs 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 the Shareholders' Meeting of April 26, 2022 for a 38-months period. 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).

Summary of GPU plans as of December 31, 2023

Year of grant	2020	2020	2021	2021	2022	2022	2023	TOTAL
Date of Board meeting that granted the GPUs	7/29/2020	12/10/2020	7/28/2021	12/10/2021	–	–	–	**–**
Number of GPUs granted	953,205	1,500	989,700	8,000	–	–	–	**1,952,405**
Of which, GPUs granted to corporate officers	–	–	*15,000*	–	–	–	–	*15,000*
Number of beneficiaries	1,548	4	1,472	5	–	–	–	–
Year of payment		2023		2024			–	
Objectives		See below		See below			–	
Unit value of GPU		Maximum €30		Maximum €30			–	

Objectives applicable to current GPU

Objectives of GPUs 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	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%.	€30
	Achievement of the objectives each year	6	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 GPUs at €30.**	
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 GPUs 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	On February 22, 2022 the Board of Directors noted the achievement of the objective for 2021, given a margin of 13.7%.	€30
	Achievement of the objectives each year	6	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%.	
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:		On February, 21, 2024, the Board of Directors noted the achievement of the financial objective for 2023, given a sales growth of 7% and a margin of 12.6%, as well as the achievement of Danone's employee commitment target. **It therefore valued 2021 GPU at 30 euros.**	
	≤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

	As of December 31, 2023
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	2,000
Patrice LOUVET	2,000
Sanjiv MEHTA	1,000
Géraldine PICAUD	2,000
Susan ROBERTS	1,000
Bettina THEISSIG	1 [(a)]
Executive Committee (excluding Antoine de SAINT-AFFRIQUE)	109,846
TOTAL NUMBER OF SHARES	133,848
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 2023 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
Lise KINGO	Director	Shares	Acquisition	01/09/2023	€48.93	1,000	€48,929.40
Juergen ESSER	Member of the Executive Committee	Shares	Acquisition	04/28/2023	€59.99	1,000	€59,991.93
			Delivery of shares [(a)]	07/25/2023	€0.00	588	€0.00
Véronique PENCHIENATI-BOSETTA	Member of the Executive Committee	Shares	Delivery of shares [(a)]	07/25/2023	€0.00	5,340	€0.00
Lise KINGO	Director	Shares	Acquisition	08/09/2023	€54.95	1,000	€54,948.30
Sanjiv MEHTA	Director	Shares	Acquisition	09/04/2023	€53.29	1,000	€53,290.00
A legal entity related to Valérie CHAPOULAUD-FLOQUET		Shares	Acquisition	12/18/2023	€57.98	7,000	€405,880.30

(a) These shares were delivered pursuant to the grant of Group performance shares (GPS) on July 24, 2019, in accordance with the conditions set by the Board of Directors for the 2019 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

STATUTORY AUDITORS' SPECIAL REPORT ON 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.

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 SHAREHOLDERS' 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 L.225-38 of the French Commercial Code (*Code de commerce*).

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

In accordance with Article R.225-30 of the French Commercial Code (*Code de commerce*), we have been informed that the following agreements, already approved by the Shareholders' 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 (authorized 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 21, 2023, your Board of Directors voted to set your company's annual financial contribution for 2023 at a maximum of €3.4 million. The total amount of financial contributions provided by your company to the Danone Communities project for the fiscal year 2023 totaled €3.25 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 5, 2024

The Statutory Auditors

French original signed by

MAZARS & ASSOCIÉS		ERNST & YOUNG Audit	
Achour Messas	Gonzague Senlis	Gilles Cohen	Alexandre Chrétien

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SHARE CAPITAL AND OWNERSHIP

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7.1 SHARE CAPITAL OF THE COMPANY

TRANSACTIONS ON THE SHARE CAPITAL IN THE LAST THREE YEARS AND SHARE CAPITAL AS OF DECEMBER 31, 2023

Effective date of the transaction	Shares created / (canceled) by the transaction	Type of transaction	Nominal amount of the transaction	Amount of share capital after the transaction	Shares making up the share capital after the transaction
	(number of shares)		*(in €)*	*(in €)*	*(number of shares)*
May 18, 2021	1,010,400	Capital increase reserved for employee members of a Company Savings Plan	252,600.00	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	12,583.00	168,959,483.00	675,837,932
May 12, 2023	1,582,068	Capital increase reserved for employee members of a Company Savings Plan	395,517.00	169,355,000.00	677,420,000
June 13, 2023	353,128	Capital increase reserved for employees of foreign companies	88,282.00	169,443,282.00	677,773,128
SHARE CAPITAL AS OF DECEMBER 31, 2023				**169,443,282.00**	**677,773,128**

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 27, 2023 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 26, 2022.

This authorization was not used during fiscal year 2023 (see section *Transactions on Company shares in 2023 and situation as of December 31, 2023* 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 25, 2024 to buy back up to 10% of the total number of shares comprising the share capital of the Company (i.e., for information purposes, 67,777,313 shares as of December 31, 2023, representing a maximum potential purchase amount – excluding transaction fees – of approximately €5.8 billion) at a maximum purchase price of €85 per share.

Subject to the authorization being approved by the Shareholders' Meeting of April 25, 2024, 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;
- the animation of the stock market 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 25, 2024 (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 27, 2023 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. This authorization was not used in 2023.

TRANSACTIONS ON COMPANY SHARES IN 2023 AND SITUATION AS OF DECEMBER 31, 2023

In 2023, the Company carried out the following transactions involving DANONE shares:

- delivery of 0.3 million shares in the framework of the delivery of performance shares (GPS) and shares subject to a condition of continuous presence (Fidelity Shares) to approximately 1,600 beneficiaries as well as the grant of a free share to eligible employees ("One Share for all" program).

Transactions on Company treasury shares during fiscal year 2023 presented by type of objective were as follows:

		Changes during the period				
(in number of shares)	Situation as of December 31, 2022	Buybacks	Sales/ Transfers	Delivery of shares	Cancellation	As of December 31, 2023
Shares allocated to external growth transaction	**30,059,360**	–	–	–	–	**30,059,360**
Shares allocated to employee shareholding plans	**390,636**	–	–	(328,755)	–	**61,881**
Shares allocated to cancellation	**–**	–	–	–	–	**–**
Shares held by the Company	**30,449,996**	**–**	**–**	**(328,755)**	**–**	**30,121,241**
Shares held by Danone Spain	**5,780,005**	–	–	–	–	**5,780,005**
TOTAL SHARES HELD BY THE GROUP	**36,230,001**	**–**	–	**(328,755)**	**–**	**35,901,246**

Treasury shares held by the Company as of December 31, 2023

	As of December 31, 2023
Number of DANONE shares	**30,121,241**
Percentage of share capital	*4.44%*
VALUE OF DANONE SHARES HELD BY THE COMPANY *(in euros)*	
Nominal value	7,530,310
Gross purchasing value	1,544,954,730

Market value of DANONE shares held by Danone and its consolidated subsidiaries

	As of December 31, 2023
Number of DANONE shares	**35,901,246**
Closing price *(in euros)*	58.68
VALUE OF DANONE SHARES HELD BY THE GROUP *(in euros)*	
At the closing price	2,106,685,115

7.3 AUTHORIZATIONS TO ISSUE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

SUMMARY OF FINANCIAL AUTHORIZATION IN EFFECT AS OF DECEMBER 31, 2023

Maximum amounts of share capital authorized *(nominal issuance amount)*		Authorization type	Individual maximum amounts authorized *(nominal amount or percentage)*	Use in 2023	Available balance as of December 31, 2023 *(nominal amount or percentage)*
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 (approx. 35%[a] of the share capital)[b]	–	€50 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]	–	€16.9 million
		Overallotment (as a % of initial issuance)	15%[b]	–	–
		Public exchange offer initiated by the Company	€17 million (approx. 10%[a] of the share capital)[b]	–	€16.9 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)	€395,517	€3.3 million[c]
		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	€88,282	€1.6 million
		Grant of Group performance shares (GPS)	0.5% of the share capital (per year) at the close of the Shareholders' Meeting	1,243,015 shares granted (approx. 0.2% of the share capital)	0.5% of the share capital (per year) at the close of the Shareholders' Meeting
		Grand of shares with a continued presence condition (Fidelity Shares)	0.2% of the share capital (per year) at the close of the Shareholders' Meeting	556,379 shares granted (approx. 0.08% of the share capital)[d]	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)	–	€42 million

(a) The percentage of share capital is calculated for indicative purposes only, based on share capital as of December 31, 2023.

(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) overallotment option and (iv) public exchange offer initiated by the Company) may not exceed a maximum principal amount of €2 billion (or equivalent value).

(c) The capital increase reserved for employee members of a Company Savings Plan approved by the Board of Directors of February 21, 2023 and completed in May 2023 used the authorization granted by the Shareholders' Meeting held on April 29, 2021 (and not the authorization granted by the Shareholders' Meeting held on April 27, 2023). The new capital increase reserved for employee members of a Company Savings Plan, approved by the Board of February 21, 2024, and to be completed in May 2024, will be deducted from the maximum amount of €3.3 million approved by the Shareholders' Meeting of April 27, 2023.

(d) Among these Fidelity Shares distributed, 73,039 were distributed outside the conditions defined in articles L.225-197-1 to L.225-197-5, L.22-10-59 and L.22-10-60 of the French Commercial Code, and will therefore not be subject to an holding obligation.

These authorizations were approved by the Shareholders' Meeting of April 27, 2023, for a period of 26 months, i.e., until June 27, 2025, with the exceptions of (i) the grant of Group performance shares approved for a period of 38 months, i.e. until June 27, 2026 (ii) the authorization to implement capital increases reserved for employees of foreign companies granted for a period of 18 months, i.e., until October 27, 2024 and (iii) the grant of shares with a continued presence condition granted for a period of 38 months, i.e., until June 26, 2025.

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 or by the Chief Executive Officer on sub-delegation granted by the Board of Directors in February and are effectively carried out in May or June. In 2023 the capital increase reserved for Danone employees in France participating in a Company Savings Plan represented a total amount of €56,052,669.24 (and a nominal amount of €395,517).

Danone also carries out capital increases reserved for employees of foreign companies, under the authorization granted by the Shareholders' Meeting. In 2023 a capital increase was implemented for the benefit of employees in 49 countries in which Danone operates, representing a total amount of €12,511,325.04 (and a nominal amount of €88,282).

The Board of Directors of February 21, 2024, decided to implement a new capital increase reserved for employee members of a Company Savings Plan and for employees of foreign companies for a maximum total amount of subscription of €80 million.

FINANCIAL AUTHORIZATION SUBJECT TO APPROVAL BY THE SHAREHOLDERS' MEETING

The Shareholders' Meeting of April 25, 2024 will be asked to approve the following financial authorization:

			Authorized limits	
	Authorization date	**Expiration date**	**Ordinary shares** *(nominal amount of ordinary shares issuance)*	**Debt securities**
Capital increase reserved for employees of foreign companies	April 25, 2024	October 25, 2025	€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	–

(a) The percentage of share capital is calculated for indicative purposes only, based on the share capital as of December 31, 2023.

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.

7.4 FINANCIAL INSTRUMENTS NOT REPRESENTING SHARE CAPITAL

The Board of Directors, competent to decide bound issuances, decided at its meeting of February 21, 2024, 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, 2023, the total outstanding principal amount of the bonds issued by the Company (Danone's only bond issuer) was €11,722 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 reinstituted 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.

At the capital market event on March 8, 2022, Danone announced among its 2022-2024 objectives a disciplined financial policy, including a stable or growing yearly dividend.

DIVIDEND PAID IN RESPECT OF 2023 FISCAL YEAR

A dividend of €2.10 per share will be proposed to the Shareholders' Meeting of April 25, 2024 on shares eligible to receive the dividend as of January 1, 2023.

If this dividend is approved, the ex-dividend date will be May 3, 2024 and the payment date will be May 7, 2024.

DIVIDENDS PAID IN RESPECT OF THE THREE FISCAL YEARS PRIOR TO 2023

Dividend relating to the fiscal year	Dividend per share *(in € per share)*	Dividend approved *(in € millions)*	Dividend paid [(a)] *(in € millions)*
2020	1.94	1,332	1,272
2021	1.94	1,334	1,249
2022	2.00	1,352	1,291

(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 Spanish 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
- 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.

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, 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.

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 currently 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;
- 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.

Proposed removal at the 2024 Shareholders' Meeting

Since 1992, the Board of Directors had examined this voting rights cap clause at Shareholders' Meetings on several occasions, and had concluded through dialogue with its shareholders that such cap was in the interests of all Company's shareholders.

However, the Board of Directors has concluded that this voting right cap clause is no longer of real interest to the Company's shareholders, in view of the evolving context, in particular the continuing increase in the quorum at Danone's Annual Shareholders' Meetings (69.02% in 2023). A proposal will therefore be made to the Annual Shareholders' Meeting of April 25, 2024 to remove this clause, with effect from the end of the meeting.

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, 2023 AND SIGNIFICANT CHANGES OVER THE PAST THREE YEARS

SHARE OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2023

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*.

Main shareholders

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)]	46,638,979	6.9 %	44,867,356	6.4 %	44,867,356	6.8 %
BlackRock	37,234,221	5.5 %	37,234,221	5.3 %	37,234,221	5.6 %
The Capital Group Companies [(d)]	35,102,488	5.2 %	35,102,488	5.0 %	35,102,488	5.3 %
Employee shareholding – "Fonds Danone" -Company investment fund	11,115,090	1.6 %	20,537,336	2.9 %	20,537,336	3.1 %
Treasury shares held by the Company	30,121,241	4.4 %	30,121,241	4.3 %	–	-
Treasury shares held by Danone Spain subsidiary	5,780,005	0.9 %	5,780,005	0.8 %	–	-
Others	511,781,104	75.5 %	526,848,904	75.2 %	526,848,904	79.3 %
TOTAL	**677,773,128**	**100.0 %**	**700,491,551**	**100.0 %**	**664,590,305**	**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 deprived 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 deprived of voting rights.

(c) Artisan Partners 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, 2023, a total of 22,718,423 shares had double voting rights, i.e. 3.4% 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 41.5% of the shares with double voting rights.

As of December 31, 2023, 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, 2023.

Shares held by members of the Board of Directors and Executive Committee

See section 6.5 *DANONE shares held by the members of 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								
	2023			2022			2021		
Shareholders	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	46,638,979	6.9%	6.8%	47,556,481	7.0%	6.8%	40,268,876	5.9%	5.6%
BlackRock	37,234,221	5.5%	5.6%	38,462,463	5.7%	5.8%	39,246,864	5.7%	5.9%
The Capital Group Companies	35,102,488 [b]	5.2% [b]	5.3% [b]	35,102,488 [b]	5.2% [b]	5.3% [b]	N/C	N/C	N/C
Employee shareholding – "Fonds Danone" investment fund	11,115,090	1.6%	3.1%	10,437,763	1.5%	2.9%	9,638,831	1.4%	2.7%
MFS	6,537,622	0.9%	0.9%	27,320,869	4.0%	3.0%	37,826,194	5.5%	4.6%
Treasury shares held by the Company	30,121,241	4.4%	–	30,449,996	4.5%	–	43,811,594	6.4%	–
Treasury shares held by Danone Spain	5,780,005	0.9%	–	5,780,005	0.9%	–	5,780,005	0.8%	–
Other	505,243,482	74.5%	78.3%	480,727,867	71.2%	76.2%	511,110,125	74.3%	81.2%
TOTAL	**677,773,128**	**100.0%**	**100.0%**	**675,837,932**	**100.0%**	**100.0%**	**687,682,489**	**100.0%**	**100.0%**

(a) This percentage excludes treasury shares held by the Company and its subsidiaries, which have been deprived of voting rights.
(b) On June 27, 2022, according to the declaration of crossing a threshold made to the AMF.

Significant changes during the past three fiscal years

Since 2021, The Capital Group Companies, has increased its stake in Danone. At December 31, 2023, The Capital Group Companies held 5.2% of Danone's shares and 5.3% of its voting rights.

Between 2021 and 2023, the Massachusetts Financial Services (MFS) group's stake in the Company's capital fell to 0.9% of capital and voting rights at December 31, 2023.

No 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 2023.

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 13,106,364 shares, i.e., 1.9% of the share capital (including 11,115,090 shares, i.e., 1.6% of the share capital held by the FCPE "Fonds Danone") as of December 31, 2023.

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 FCPEs 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 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. Since 2021, an additional grant is made each year to new employees.

In addition, pursuant to the authorization granted by the Shareholders' Meeting of April 26, 2022 under its 23rd resolution, the Board of Directors of Danone granted, in 2023, to approximately 1,900 employees (excluding members of the Executive 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 556,379 shares (i.e., approximately 0.08% of the share capital). These shares are to be delivered in three tranches, in 2024, 2025 and 2026.

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 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 2023 of identifiable holders of bearer shares

		As a percentage of the share capital
Institutional investors		**78%**
of which	*United States*	*51%*
	France	*15%*
	United Kingdom	*10%*
	Switzerland	*4%*
	Germany	*4%*
	Rest of Europe	*11%*
	Rest of World	*4%*
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, 2023 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. As mentioned in section 7.6, a proposal will be made to the Shareholders' Meeting of April 25, 2024 to remove this voting rights cap clause.

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, 2023 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 27, 2023, 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 25, 2024 will be asked to renew this prohibition.

Moreover, in accordance with the decision of the Shareholders' Meeting of April 27, 2023, 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 5.6 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 12.3 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 IN 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.

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CROSS-REFERENCE TABLES **410**

Cross-reference table for the Annual Financial Report 410

Cross-reference table for the provisions of Annexes 1 and 2 of the 2019/980 Delegated Regulation of the European Commission 411

Cross-reference table for the Management Report of the Company and Group 414

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 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 I 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**	
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2.2	Change	N/A
Section 3	**Risk factors**	
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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	Nature of operations and principal activities	2.1 to 2.4, 3.1
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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	Material investments made	3.1, 3.3
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9.1	Description of the regulatory environment and external factors materially influencing the operations	2.4, 2.6
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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
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**	
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18.1.7	Date of latest financial information	December 31, 2023
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CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT OF THE COMPANY AND GROUP

The cross-reference table hereinafter enables to identify the main information of the Management Report of the Company and the 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, 5.3
Internal control and risk management procedures	L.22-10-35, 2° of the French Commercial Code	2.6, 2.7, 2.8
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
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Project team

The Danone project team of the Universal Registration Document is composed of Marie Perchais, with Paloma Colón Hidalgo, Lisa Rouvrais, Malou Taton and Claire Le Frene.

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Financial communication calendar 2024

> February 22, 2024
2023 Full-Year Results

> April 17, 2024
2024 First-Quarter Sales

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2024 Shareholders' Meeting

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> October 24, 2024
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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 over 96,000 employees, and products sold in over 120 markets, Danone generated €27.6 billion in sales in 2023. 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 platform via an ADR (American Depositary Receipt) program, Danone is a component stock of leading sustainability indexes including the ones managed by Moody's and Sustainalytics, as well as MSCI ESG Indexes, FTSE4Good Index Series, Bloomberg Gender Equality Index, and Access to Nutrition Index. Danone's ambition is to be B Corp™ certified at global level in 2025.

DANONE

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