

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

REPORT SUBMITTED BY DANONE ON 14 APRIL 2023

Danone firmly believes that people's and the planet's health are interconnected and is fully committed to the development of sustainable food systems which can offer top-quality, healthy and sustainable food products to consumers at every stage of life. This report presents Danone's progress towards the commitments taken in the context of [the EU's code of Conduct for responsible food marketing practices](#).

Danone continues its progress towards emissions reduction and packaging sustainability:

- Danone surpassed its 2030 emissions reduction (scope 1 and 2) and took new commitments to reduce its methane emissions from fresh milk by 30% by 2030 and align reduction targets globally with the 1.5°C ambition.
- In 2022, 84% of the packaging was recyclable, compostable or reusable globally and across all Danone products.

Danone strives to lead the way for healthy, nutritious and flexitarian diets:

- In Europe, Danone deploys the Nutri-Score scheme in 15 countries, where 90.98% of Danone's dairy, plant-based & waters products are rated Nutri-Score A or B.
- Danone believes the shift to flexitarian diets provide significant health and environmental benefits, and its plant-based category continues to grow globally.

Important progress was made in 2022 to contribute to a more sustainable food chain and sourcing:

- Danone updated its Forest Policy to ensure deforestation- and conversion-free commodities (soy, palm oil, animal feed, paper and board, and cocoa).
- A new Human Rights Policy was also released, with the objective to contribute to the end of exploitation, to offer decent work in healthy working conditions and inclusive environments, and to respect people in communities impacted by our activities.
- As mentioned above, Danone's new methane reduction commitments aim to further contribute to the scale-up of regenerative agriculture.

Finally, Danone is making important headway in its journey towards more sustainable food systems, with the release of a new strategic plan ('Renew Danone') and the official approval of Danone's 1.5°C targets by the Science-Based Targets Initiative in 2022; as well as a new sustainability roadmap (the 'Danone Impact Journey') in March 2023. Danone will look to update and align its ambitions with these new developments.



ABOUT DANONE

Danone is a leading global food and beverage company operating in three health-focused, fast-growing and on-trend categories: Essential Dairy & Plant-Based products, Waters and Specialized Nutrition. With a long-standing mission of bringing health through food to as many people as possible, Danone aims to inspire healthier and more sustainable eating and drinking practices while committing to achieve measurable nutritional, social, societal and environment impact. Danone has defined its Renew strategy to restore growth, competitiveness, and value creation for the long-term. With 100,000 employees, and products sold in over 120 markets, Danone generated €27.7 billion in sales in 2022. Danone's portfolio includes leading international brands (Actimel, Activia, Alpro, Aptamil, Danette, Danio, Danonino, evian, Nutricia, Nutrilon, Volvic, among others) as well as strong local and regional brands (including Aqua, Blédina, Bonafont, Cow & Gate, Mizone, Oikos and Silk). Listed on Euronext Paris and present on the OTCQX market via an ADR (American Depositary Receipt) program, Danone is a component stock of leading sustainability indexes including the ones managed by Vigeo Eiris and Sustainalytics, as well as the Ethibel Sustainability Index, the MSCI ESG Indexes, the FTSE4Good Index Series, Bloomberg Gender Equality Index, and the Access to Nutrition Index. By 2025, Danone aims to become one of the first multinational companies to obtain global B Corp™ certification.

REPORTING TABLE | 2023

Type of business/ sector (E.g. retail, dairy)	Sustainability dimension (E.g. environmental, social)	Code aspirational objective (1-7)	Individual commitments with baseline	Progress on KPIs and goals (qualitative and/or quantitative)	Additional information (optional) (E.g. partnerships, geographical coverage, sharing best practices, links with other COM initiatives, with other reporting initiatives)	Comments (optional) (E.g. enablers, ideas on how to improve)
Dairy, plant-based alternatives, waters and specialized nutrition	Environmental and Nutritional	1	Promote a shift to plant-based diets and triple the sales revenue from plant-based products by 2025 (vs 2018) to reach €5 billion	<p>Danone is worldwide number one in Plant-Based, a category that continues to grow globally, driven by the rise of flexitarianism.</p> <p>In 2022, Danone also launched the first ever Essential Dairy and Plant-Based baby formula.</p>		
	Nutritional	1	Continuously expand the use of Nutri-Score on packs of essential dairy and plant-based alternatives portfolio wherever authorised / tolerated in Europe	Danone is using Nutri-Score in 15 countries across Europe. 90.98% of Danone's dairy, plant-based & waters products are rated Nutri-Score A or B in these countries.		Danone continues to strongly advocate for a mandatory, harmonised nutritional labelling scheme across the EU. Danone is looking forward to the revision of the Food Information to Consumers Regulation, and calling for the scheme to be holistic,

					consumer-friendly and science-based.
Nutritional	1	Develop product differentiation guidelines for infant milk and young children formulae (i.e. a clear differentiation of products for different age categories) – for global roll-out by 2025	Artwork and guidelines in progress, cascade for local implementation to start this year. Roll-out scheduled by end 2025.		
Environmental	2	Achieve 50% of food waste reduction by 2030 vs 2020	Danone had, by end of 2022 and globally, achieved a reduction of 27.87% of its total quantity of food waste generated.	Danone has partnered in several geographies with Too Good To Go on awareness campaigns on food waste, encouraging consumers to “look, smell, taste” products before wasting any.	To enable further food waste reduction across supply chains, Danone supports the expected revision of the Waste Framework Directive which should include with specific targets for food waste reduction.
Environmental	3	Be carbon neutral by 2050 across direct and indirect scopes of responsibility, with intermediate carbon reduction targets for 2030 (vs 2015): reduce scope 1, 2 and 3 emission intensity by 50%, and achieve a 30% absolute reduction of scope 1 and 2 emissions.	Danone achieved in 2022 36.7% reduction of scope 1 and 2 emissions since 2015, surpassing its 2030 target. In 2022, Danone’s new 1.5°C reduction targets were officially approved by the Science Base Targets Initiative (baseline 2020): - reduce absolute scope 1 and 2 emissions by 47.2%; - reduce absolute scope 3 emissions by 42%; - reduce absolute scope 1 and 3 Forest, Land and Agriculture emissions by 30.3%.		

			Finally, in 2023 Danone committed to a 30% reduction in its methane emissions from fresh milk by 2030.		
Environmental	3	Use 100% renewable electricity by 2030	The percentage of renewable electricity in 2022 was 70.5%. From 2021 to 2022, 21 new sites switched to renewable electricity.		
Environmental	4	Make Danone's packaging 100% reusable, recyclable or compostable by 2025	In 2022, 84% of Danone's packaging are already reusable, recyclable or compostable globally. In 2022, Danone transformed 2 yogurt cup lines to PET plastic in the Bailleul dairy factory (France) to increase recyclability.		There are systemic barriers to achieve the 100% target, such as the lack of collection and of recycling infrastructure. The upcoming EU Packaging and Packaging Waste Regulation should address these and create the conditions to achieve these targets (e.g. mandatory deposit and return schemes, collection of all plastic packaging, closed-loop for food-contact materials).
Environmental	4	By 2025, reach 50% of recycled materials on average in all plastic packaging	While data collection is still ongoing, Danone expects to have maintained 99% of paper and board packaging made of recycled fibres or virgin certified (FSC, PEFC, SFI) fibres. In 2022, the waters division used 26.4% of recycled PET globally.		The scarcity of recycled content is a challenge. As mentioned above, the development of mandatory deposit and return schemes, in addition to priority access to recycled materials for food-contact materials, would

					enable the scale-up of recycled content in packaging.
Environmental	4	Ambition to reduce the use of virgin plastic in packaging by 33% in 2025 (vs 2019)	The use of virgin plastic in Danone packaging has continued to decrease in 2022.		
Social	5	<i>While there is <u>no specific target in Danone's EU Code of Conduct commitments</u>, Danone is committed to foster a diverse and inclusive culture, achieve gender balance in management globally by 2030, drive equity and close the gender pay gap by 2025.</i>	In 2022, 42% of Danoners in senior managers positions (executives and directors) identify as women. The gender pay gap was 3.2 pts in 2022 in manager, directors & executives positions.		
Environmental and Social	6	<i>While there is <u>no specific target in Danone's EU Code of Conduct commitments</u>, Danone is engaged in multiple programs, projects and alliances to upskill farmers and suppliers in regenerative agriculture practices.</i>	Danone created the Farming for Generations (F4G) global alliance in 2019 as well as the Danone Regenerative Agriculture Knowledge Center. This led to the creation of a toolbox with, as of 2022, more than 50 solutions for holistic improvement on farms (on animal health and welfare, herd management, nutrient cycle management, feed autonomy and feed efficiency, soil health, emissions reduction and farm management skills).		

Environmental and Social	7	<p>Source products through regenerative agriculture:</p> <ul style="list-style-type: none"> - Danone France commits to source 100% of ingredients produced in France from regenerative agriculture by 2025 - Globally, Danone commits to purchase 15% of its volume of agricultural ingredients directly from farms actively committed to a regenerative agriculture approach by end of 2021. 	<p>- In France, 44% of Danone's farmers were engaged in the transition to regenerative agriculture at the end of 2022, with the aim to achieve 60% by end of 2023 (on track to 100% by 2025). €40 million have been invested since 2016 to support Danone's 2,000 farming partners in France, in their transition to regenerative agriculture.</p> <p>- Globally, Danone purchased 19.7% of its ingredients from regenerative agriculture in 2021, surpassing its target. It aims now to achieve a 30% target by 2025.</p> <p>As part of plans to scale up regenerative agriculture, Danone committed to a 30% reduction in its methane emissions from fresh milk by 2030.</p>	<p>Danone is a member of One Planet Business for Biodiversity (OP2B), which is a cross-sectorial business initiative aiming to scale up regenerative agriculture, enhance cultivated biodiversity; and protect high-value ecosystems.</p>	
Environmental	7	<p>By 2030, Danone commits to the following (vs 2021), for ingredients produced in highly water-stressed areas:</p> <ul style="list-style-type: none"> - reduce total water use in agriculture by 25% - optimise fertiliser usage at farm level for 75% of volumes of milk, fruit, almond and soy - increase buffer zones of at least 15% to decrease run-offs 	<p>Since 2021, 20 ingredients, particularly milk, were identified at risk. For all these ingredients, Danone defined phased roadmaps as well as mitigation and adaptation plans.</p> <p>Danone is also working on other key ingredients such as strawberries, beetroot, sugar cane, almonds. For example, Danone is developing projects on almonds grown in California and Spain, with a focus on</p>		

			water quantity, water quality, soil health and biodiversity.		
Environmental	7	<p>Help eliminate deforestation:</p> <ul style="list-style-type: none"> - 100% recycled or certified virgin paper (FSC, PEFC or equivalent) - 100% traceable soy for plant-based products - 100% RSPO Segregated palm oil 	<p>While data collection for 2022 is still ongoing for paper and board, Danone expects to have maintained 99% certification.</p> <p>100% of soy used in plant-based Alpro products in Europe is ProTerra certified.</p> <p>In 2022, 88% of the palm oil sourced by Danone was certified RSPO segregated, (the decrease compared to 2021 was largely caused by global supply chain disruption).</p> <p>Finally, in 2022 Danone renewed its Forest Policy to ensure full traceability and ensure commodities (soy, palm oil, animal feed, paper and board, and cocoa) are deforestation and conversion free.</p>		
Social	7	<ul style="list-style-type: none"> - Deploy Human Rights Due Diligence, focused on forced labour, for 100% of operations by 2025 - Register and assess 98% of suppliers above pre-defined spend level, against four criteria (labour standards, health & safety, environment, and 	<ul style="list-style-type: none"> - As a member of the Consumer Good Forum's Human Rights Coalition, Danone piloted in 2022 the first steps of the Coalition due diligence framework in its Polish and Brazil business units. Danone also developed in 2022 its HRDD roadmap. - For its direct suppliers outside of liquid milk, Danone implements responsible procurement and due 		

			business practices) on industry leading platform	diligence to monitor suppliers' adherence to the Danone Sustainability Principles. This entails supplier engagement, assessment, right to audit and obligation to remedy critical non-compliances from audit. The Danone dedicated e-learning training program on human rights and fight against forced labour is available to the Procurement, Human Resources and General Secretary functions: 6,658 Danone employees had completed this training at the end of 2022.		
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