DANONE CLIMATE TRANSITION PLAN

DANONE'S JOURNEY TOWARDS NET-ZERO, UNITING PERFORMANCE AND SUSTAINABILITY

December 2023

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WHY

CLIMATE CHANGE MATTERS ?

WHAT

IS OUR AMBITION ?

HOW

DO WE EXECUTE THE TRANSITION ?

WHY

CLIMATE CHANGE MATTERS ?

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Letter from our Chief Executive Officer

At Danone, sustainability has always been at the heart of what we do. As early as 1972, our founder Antoine Riboud outlined the fundamental interdependence between performance and sustainability in a pioneering speech. His speech, deeply rooted in our DNA, led to our “Dual Project,” which unites performance and sustainability in a single, company-wide agenda. This pioneering spirit still applies today to what is the major challenge of our time.

I am proud to share the Danone Climate Transition Plan, which sets out our plan to achieve reduction targets by 2030 and places us on the pathway towards Net-Zero by 2050. It integrates key measurements on both business and sustainability aspects – because we are convinced that sustainability can only have impact if embedded at the heart of our business, where it can be a source of competitive advantage.

Climate change is a profound, systemic challenge - happening now, and accelerating. Along with it come numerous global challenges, from biodiversity loss to water scarcity and social impacts. It is, for us, a key strategic stake. The ingredients in our products – water, milk and more – come from nature. Only when it is healthy can nature allow us to carry out our mission – to bring health through food to as many people as possible.

The food sector holds a key role in tackling the climate crisis: it is the only industry with the power to reverse the trend. In crisis lies a tremendous opportunity to make a lasting impact and Danone is determined to help lead an industry-wide transition to a low-carbon economy. We aim to transform the food sector by adopting and promoting agricultural models that can protect soil health, while feeding a global population that is set to surpass 9 billion people by 2050. At the same time, we can improve people’s health by reconnecting consumers to nature and protect the planet through endeavors like soil carbon sequestration.

We have been leading the way since 2015 when – following the United Nations’ Paris Agreement that same year – we were one of the first 100 companies to commit to Net-Zero by 2050. In December 2022, we were one of the first companies in the world whose 1.5-degree trajectory, with a specific target for FLAG, was officially approved by SBTi.

In 2023, we committed to a 30% reduction in our methane emissions from fresh milk by 2030, aligning our efforts with the Global Methane Pledge, and then launched a partnership with the Environmental Defense Fund (EDF). We then shared an ambitious roadmap called the *Danone Impact Journey*, which lays the groundwork to ramp up our sustainability efforts through every aspect of our business, and within our ecosystem of partners.

Our Climate Transition Plan gives us a powerful new tool to achieve our reduction target by 2030 and put us on the pathway to reach Net-Zero emissions by 2050 across our full value chain. It also refers to the challenges that we need to overcome with our partners and consumers by adapting our food system. Through robust climate action, we will continue to transform the food system, from how ingredients are grown, to how products are made and distributed, and how packaging is made, recycled, and reused.

Our battle is now to deliver value for all of our stakeholders while reducing our emissions and adapting to the consequences of global warming in our value chain. Climate change is a profound, systemic challenge, which requires profound, systemic action plans. We are proud to be a part of the solution and we believe that we can take our commitments to the next level.

Sincerely,

Antoine de Saint-Affrique, CEO

Our roadmap to Net-Zero

Climate change is a profound and systemic challenge – action is needed right here, right now. Danone is dedicated to meeting this challenge head on by committing to Net-Zero emissions by 2050, with near-term Greenhouse Gas (GHG) reduction targets aligned with a 1.5°C pathway and our Net-Zero target submitted to the Science-Based Targets initiative (SBTi).

2020 to 2030

Our 2030 near-term targets are fully in line with the 1.5°C pathway and have received validation from the Science Based Targets initiative. To ensure that we achieve these ambitious goals, we are intensifying our efforts across our 8 programs to:

1. Increase energy efficiency and the transition to renewable energy
2. Accelerate efforts in low-carbon dairy production and lead on methane emissions reduction
3. Source our ingredients sustainably
4. Transition to circular and low-carbon packaging solutions
5. Optimize logistics and promote lower-carbon transportation modes
6. Collaborate with our co-manufacturers to reduce carbon emissions
7. Engage with our suppliers to decarbonize their own GHG emissions
8. Develop low-carbon products and sustainable portfolios

These programs are at the core of our strategy to combat climate change and drive sustainability across our business.

2030 to 2050

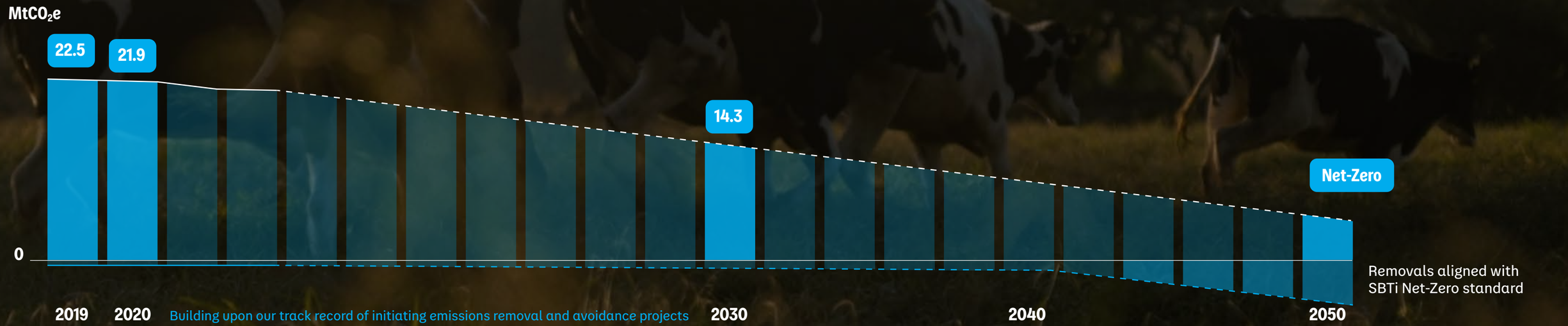
We have submitted our Net-Zero targets to the Science-Based Targets initiative. This will require us to make deep cuts in our emissions beyond 2030. This is an ambitious – and challenging – goal. We do not have all the answers today, but we are committed to its achievement and actively exploring strategies to:

1. Extend our decarbonization plans and supplier engagement efforts beyond 2030.
2. Accelerate the development of low-carbon products and expand our sustainable portfolio.
3. Support and invest in innovations and technological advancements that facilitate emission reduction.

These initiatives are fundamental to our journey toward a more sustainable and climate-conscious future.

Net-Zero in 2050

Addressing residual emissions
Science recognizes that, despite extensive efforts to reduce emissions, some residual emissions will persist. We are committed to addressing these remaining emissions through permanent removals based on SBTi Net-Zero standards. We will leverage our experience working on emissions removal projects through the Livelihoods Funds since 2011 to address these emissions in an efficient and transparent manner.



Building upon our track record of initiating emissions removal and avoidance projects via the Livelihoods Fund since 2011, we are ready to further leverage this experience. Our aim is to establish a bridge between the climate actions we are taking today and our long-term commitment to achieving net-zero emissions by 2050.

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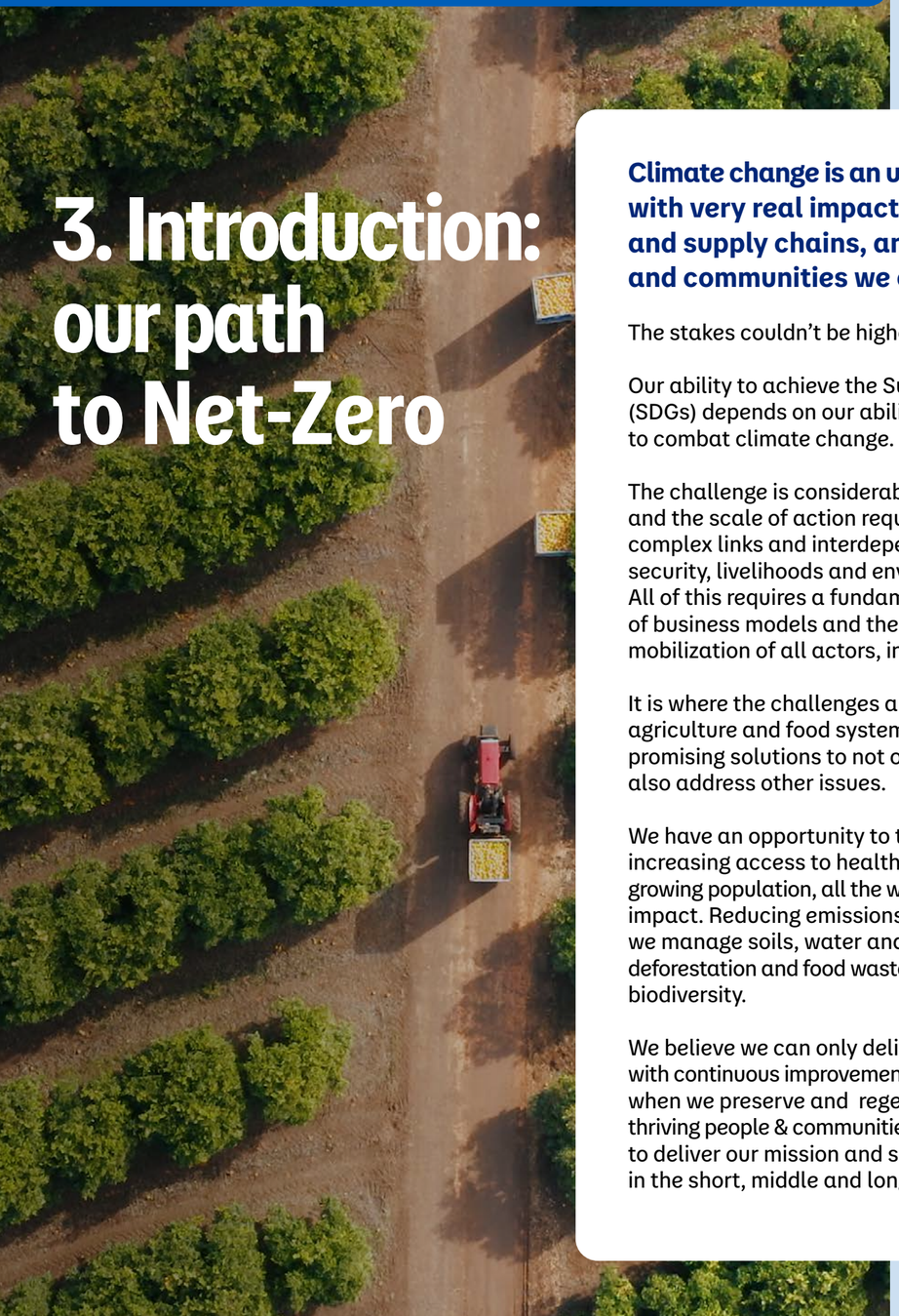


3. Introduction: our path to Net-Zero

Climate change is an unprecedented challenge, with very real impacts on our business and supply chains, and the ecosystems and communities we operate in.

The stakes couldn't be higher.

Our ability to achieve the Sustainable Development Goals (SDGs) depends on our ability to take urgent action to combat climate change.

The challenge is considerable both in terms of urgency and the scale of action required. Additionally, there are complex links and interdependencies between food security, livelihoods and environmental sustainability. All of this requires a fundamental transformation of business models and the global economy, with the mobilization of all actors, including the private sector.

It is where the challenges are greatest – within our agriculture and food systems – that lie some of the most promising solutions to not only reduce emissions but also address other issues.

We have an opportunity to transform our food systems, increasing access to healthy and nutritious food for a growing population, all the while reducing our environmental impact. Reducing emissions means transforming the way we manage soils, water and resources, eliminating deforestation and food waste, and restoring and preserving biodiversity.

We believe we can only deliver superior healthy nutrition with continuous improvement for consumers and patients, when we preserve and regenerate nature and ensure thriving people & communities. This is a strategic imperative to deliver our mission and sustainable performance in the short, middle and long term.

We have a responsibility to deliver a just transition to a low-carbon economy, addressing the human rights risks and impacts of climate change as well as the impacts our mitigation and adaptation actions have on people. This is especially true for our most vulnerable stakeholders who are already disproportionally affected by the impacts of both climate change and the transition.

Our business has a leading role and responsibility to play in this transformation, from the products we offer to consumers to how we produce them. We are encouraging consumers to adopt healthier and more sustainable eating habits thanks to product innovations with lower carbon footprints, from plant-based to dairy from regenerative agriculture. We make it easier for consumers to make informed and sustainable decisions, while offering value, taste and convenience.

In our own operations and supply chains, we are committed to both near-term 1.5°C targets and long-term Net-Zero targets. Our 2030 1.5°C targets were approved by the Science Based Targets initiative (SBTi), an independent partnership which defines and promotes guidelines in emissions reductions and Net-Zero targets in line with climate science. Danone was among the first companies to have its 1.5°C target approved for Forest, Land and Agriculture (FLAG).

We confirm our commitment to Net-Zero having submitted our Net-Zero Target to the Science Based Targets Initiative end of 2023.

Danone has a long-standing history of climate action. We were one of the first 100 companies to commit to Net-Zero by 2050, following the United Nations' Paris Agreement in 2015.

Since the very start, we have been firm believers in the need to couple performance and sustainability. Already in 1972, Danone's then-CEO Antoine Riboud, was clear on the need to deliver on both. "There is only one Earth. We only live once". His words serve as the bedrock of Danone's ambition to build a healthier future for our planet and generations to come.

Our sustainability strategy – the *Danone Impact Journey* – reflects our commitment to constantly improve and challenge ourselves. Collectively, with our partners – farmers, suppliers, customers, but also NGOs and communities – we have committed to specific objectives and milestones in the short- and long-term. While we are aware that we don´t have all the answers and we are conscious of the scale of the challenge, we are confident that proactive collaboration and partnerships will accelerate solutions towards successful results.

The engagement of our 100,000 employees, and the trust and support of our stakeholders, are fundamental. As we progress and learn, and the world continues to rapidly change, we will be ready to adapt so that we remain focused on the highest value actions, for business and society.

The following pages set out our roadmap and key pillars of our Climate Transition Plan that will help us meet our 2030 and 2050 targets. It is an overview of detailed work that we will continue to develop over the coming years. We will update this document accordingly.

More fundamentally, it is a blueprint for the future of our business, to seize the opportunities for efficiency, innovation and growth from a low-carbon transition, and a commitment to playing our part in addressing the climate crisis.

In February 2023, we published our sustainability strategy called the Danone Impact Journey. It is a blueprint to define our sustainability priorities and our transformation ambition in our value chain, from farmers and their communities, through our brands, to consumers and their families.

It builds on three key principles:

- Danone's mission at the center with three inter-dependent pillars: Health through Food, Nature and People & Communities.
- Hardwiring sustainability priorities with durable performance to ensure resilience and impact.
- Clear priorities and KPIs where Danone has a material impact and can lead.

Climate change, the loss of biodiversity, soil depletion, water scarcity or flooding, and various forms of pollution already affect the health, livelihoods, wellbeing and dignity of billions of individuals around the world.

We are convinced that only a holistic transformation of the food system – taking into account both social and nature imperatives – will allow us to deliver the 1.5° ambition of the Paris Agreement.

Social

- Climate change – and the transition to a greener economy - both impact human rights, including the rights to life, food and water, health and decent work.
- Water is particularly affected by the impacts of climate change, yet it remains fundamental to human health as it relates to safe drinking water, sanitation and hygiene.
- Climate change and the transition to a greener economy risk exacerbating social and economic inequalities, disproportionately affecting people already in vulnerable situations such as smallholder farmers, children, indigenous people and women.
- Understanding their needs and ensuring their full participation is essential to ensuring a fair and inclusive outcome for everyone concerned.

Nature

- Climate change and nature restoration are inextricably linked and must be addressed together.
- Nature-based solutions have untapped potential – they can, and need to, play a key role in CO_2 mitigation.
- A siloed approach risks leading to investments that are ultimately counterproductive, negatively impacting biodiversity, water resources and local communities.

We are working with suppliers, farmers and partners for an integrated – and just – transition, with solutions that address human rights, nature and climate together.

Danone's Sustainability Journey in the past decade

Sustainability milestones

Climate milestones

2015

Start of our journey to become the first global B Corp company by 2025

Commitment to be Net-Zero carbon by 2050 and launch of our Climate Policy

2017

Our One Planet. One Health vision and regenerative agriculture ambition

Approval of our 2°C science-based targets by SBTi

2018

Join RE100 renewable energy initiative

2019

Signature of the Business Ambition for 1.5°C pledge and partnership with SBTi on developing pathways for the Forest, Land and Agriculture sector (FLAG project)

2020

First listed company to adopt the "Société à mission" status

2022

One of the first FMCG to have full scope 1.5°C science-based targets, including FLAG target, approved by SBTi

2023

Our sustainable strategy, the Danone Impact Journey

Submission of our Net-Zero commitment to Science-Based Targets initiative for approval

Publication of our Climate Transition Plan, defining our near-term roadmap towards Net-Zero

4. Climate change impacts: assessing risks and opportunities

The impacts of climate change are already visible. Despite collective mobilization and efforts, the current trajectory of global emissions places us on a path to significant global warming, going beyond the ambition set by the Paris Agreement.

This reality presents numerous challenges to our business and supply chains, ranging from “physical risks”, like extreme weather events and reduced agricultural yields, to “transition risks” such as volatile energy prices and fast evolving regulations.

By adapting our strategy in response to these challenges, we can increase the resilience of our value chains and secure the supply of key ingredients and water. Additionally, we can anticipate societal and consumer shifts across different geographies, ensuring our brands and products continue to meet their needs and priorities.

Envisioning Danone in future climate scenarios

In our efforts to address climate-related risks and capitalize on opportunities, we conduct regular assessments of climate scenarios, aligning with the recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD). We use different scenarios to gain a better understanding of the risks and opportunities associated with their assumptions, their financial impact, and to assess the effectiveness of our climate change strategy. The analysis of climate-related risks is integrated into our company risk mapping process.

In our 2020 TCFD assessment, we considered three climate scenarios closely aligned with the Intergovernmental Panel on Climate Change (IPCC) scenarios. The first two scenarios are climate scenarios that consider a 1.5°C warming (aligned with IPCC RCP 2.6), accounting for transition led by consumer changes and by policy and technology. The third scenario aligns with a temperature increase ranging from 2.5°C to 4.9°C (mean 3.7°C) by 2100 compared to the pre-industrial era (aligned with IPCC RCP 8.5).

The results of our scenario analysis and risks assessment showed that, over the period 2020-2030, transition risks and opportunities are the most significant for Danone, while physical risks are expected to become more significant over the period 2030-2050. While our current response strategy effectively addresses short-term risks and opportunities up to 2030, we acknowledge the necessity to revise and expand this strategy to encompass long-term impacts.

This chapter provides only a partial view of our risks assessment based on information disclosed in our 2022 Universal Registration Document (URD). For a more comprehensive understanding of our risks and opportunities, please refer to our latest URD (available on our website www.danone.com) and our latest CDP Climate Change (available on CDP website www.cdp.net).

Risk and opprtunity 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 climat change	High	✦✦	✦✦✦
	Carbon pricing in the procurement of packaging and logistics	Medium	✦✦	✦✦ / ✦✦✦
	Carbon pricing in the cost of direct operations	Medium	✦✦	✦✦
	Increasing reporting obligations	Medium	✦	✦
Physical risks	Water stress and thermal stress on the milk supply chain	Medium	✦✦	✦✦
	Water stress and thermal stress on agricultural ingredients	Medium	✦✦	✦✦
	Extreme events affecting direct operations	Low	✦✦✦	✦✦✦
	Water stress on direct operations	Low	✦✦	✦✦
	Impact of climate change on product use	Low	✦	✦

(a) The significance of the financial impact has been assessed on the basis on the reduction in the Group’s profit margin if the risk occurs.
(b) Some risks have two impact assessments because their financial impact differs depending on wich climate change scenario is concerned.

Figure: summary of main risks and opportunities, 2022 URD.
Refer to our latest URD for more details.

Future-fitting our business to societal and consumer shifts

Climate change is instigating societal and consumer shifts that manifest differently across various regions. We are adapting our strategies to these different trends, ensuring we can anticipate and proactively address them to seize opportunities.

Shift to plant-based, hybrid and low carbon dairy alternatives and growing consumer engagement in fighting climate change

The shift in consumers preferences, coupled with their increasing engagement in tackling climate change, may influence consumer choices and consequently impact our business. This is why we see our decarbonization plan, detailed in the following chapter, not just as a component of our corporate social responsibility but also an opportunity to build a resilient business. For further details, please refer to chapter on Low Carbon By Design and Portfolio Management.

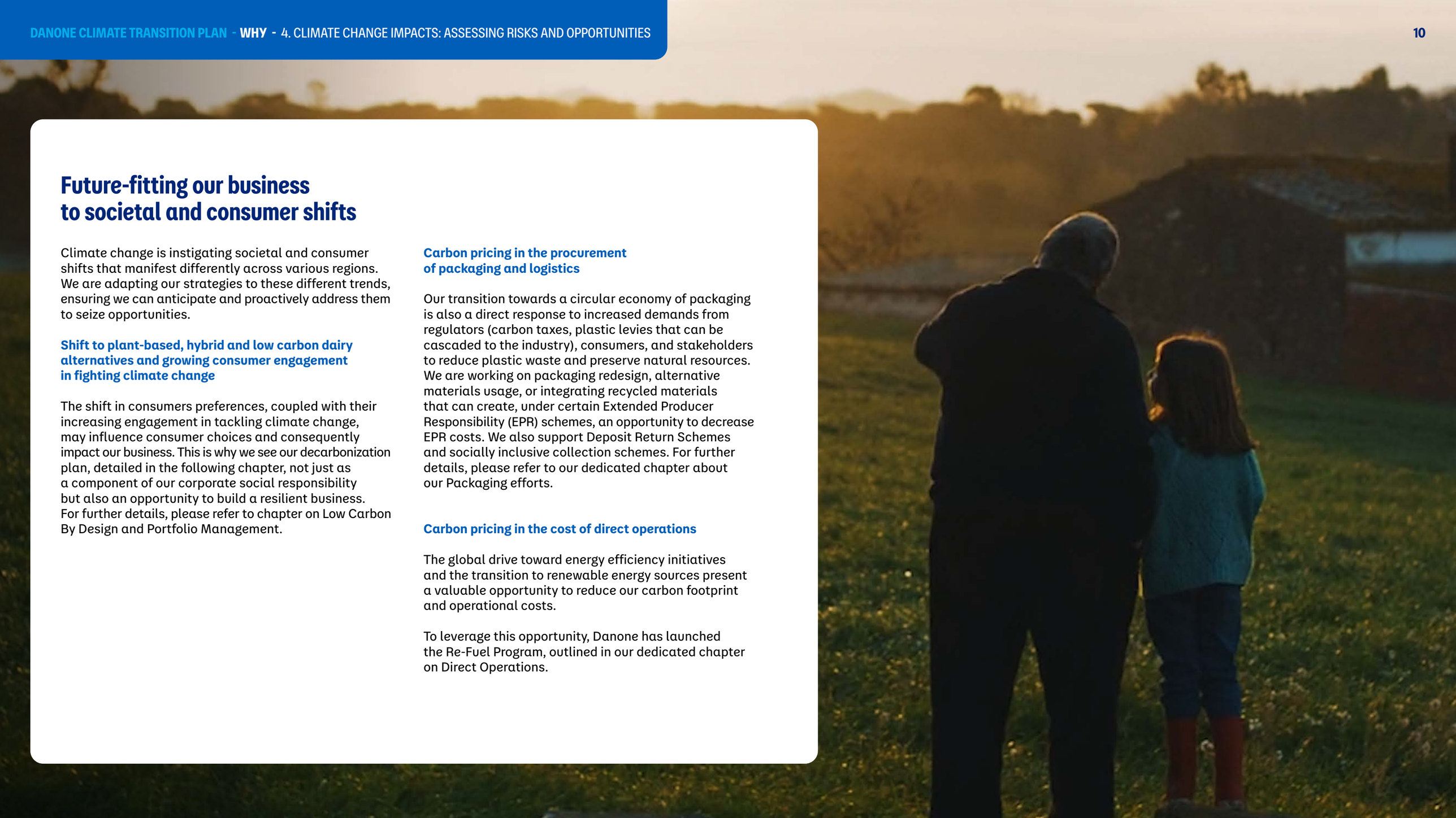
Carbon pricing in the procurement of packaging and logistics

Our transition towards a circular economy of packaging is also a direct response to increased demands from regulators (carbon taxes, plastic levies that can be cascaded to the industry), consumers, and stakeholders to reduce plastic waste and preserve natural resources. We are working on packaging redesign, alternative materials usage, or integrating recycled materials that can create, under certain Extended Producer Responsibility (EPR) schemes, an opportunity to decrease EPR costs. We also support Deposit Return Schemes and socially inclusive collection schemes. For further details, please refer to our dedicated chapter about our Packaging efforts.

Carbon pricing in the cost of direct operations

The global drive toward energy efficiency initiatives and the transition to renewable energy sources present a valuable opportunity to reduce our carbon footprint and operational costs.

To leverage this opportunity, Danone has launched the Re-Fuel Program, outlined in our dedicated chapter on Direct Operations.



Adapting our business to the physical risks of climate change

Water stress and thermal stress on milk and other agricultural ingredients

Agriculture stands out as one of the sectors most impacted by climate change. 95% of our water footprint is intertwined with agriculture.
The fulfillment of Danone's mission to provide health through food to as many people as possible relies on climate conditions and their effects on essential agricultural commodities like milk, corn, soybeans, nuts, and vegetable oils.

To mitigate the various impacts – in particular water and heat stress - on our agriculture value chain, we have implemented diverse adaptation measures. For instance, our regenerative agriculture programs aim to increase resilience, and the adaptation of our supply strategies for our commodities. To support livestock mitigation and adaptation, we have introduced new crop species to improve digestibility and reduce emissions. Additionally, we have set up infrastructure to provide water, shade and heat relief, alongside systems to monitor animal behavior during high temperatures.

Water stress and extreme events affecting our direct operations

Given the critical role of water in our factories, climate-induced water scarcity could lead to production reductions and disruptions across our business categories.

To mitigate the risks of water scarcity, we have invested in projects related to water consumption reduction and wastewater management. We have been implementing measures to reduce, reuse and recycle water, and to reclaim wastewater. As a result, we achieved a reduction in the water consumption ratio over production volumes of more than 10% between 2021-2022.
We carry out annual water footprint and water risk assessments, which form the basis of our annual action plan.

Natural disasters may also cause harm to people, property, or the environment, directly impacting Danone, our consumers or the regions where we operate. Such events may have an impact on Danone and our activities. We identify these natural event-driven risks through strategic and operational risk processes. In the sites at risk, we invest in protection assets – in collaboration with insurers, to lower the exposure.

Our continuous process to assess and respond to climate-related risks and opportunities

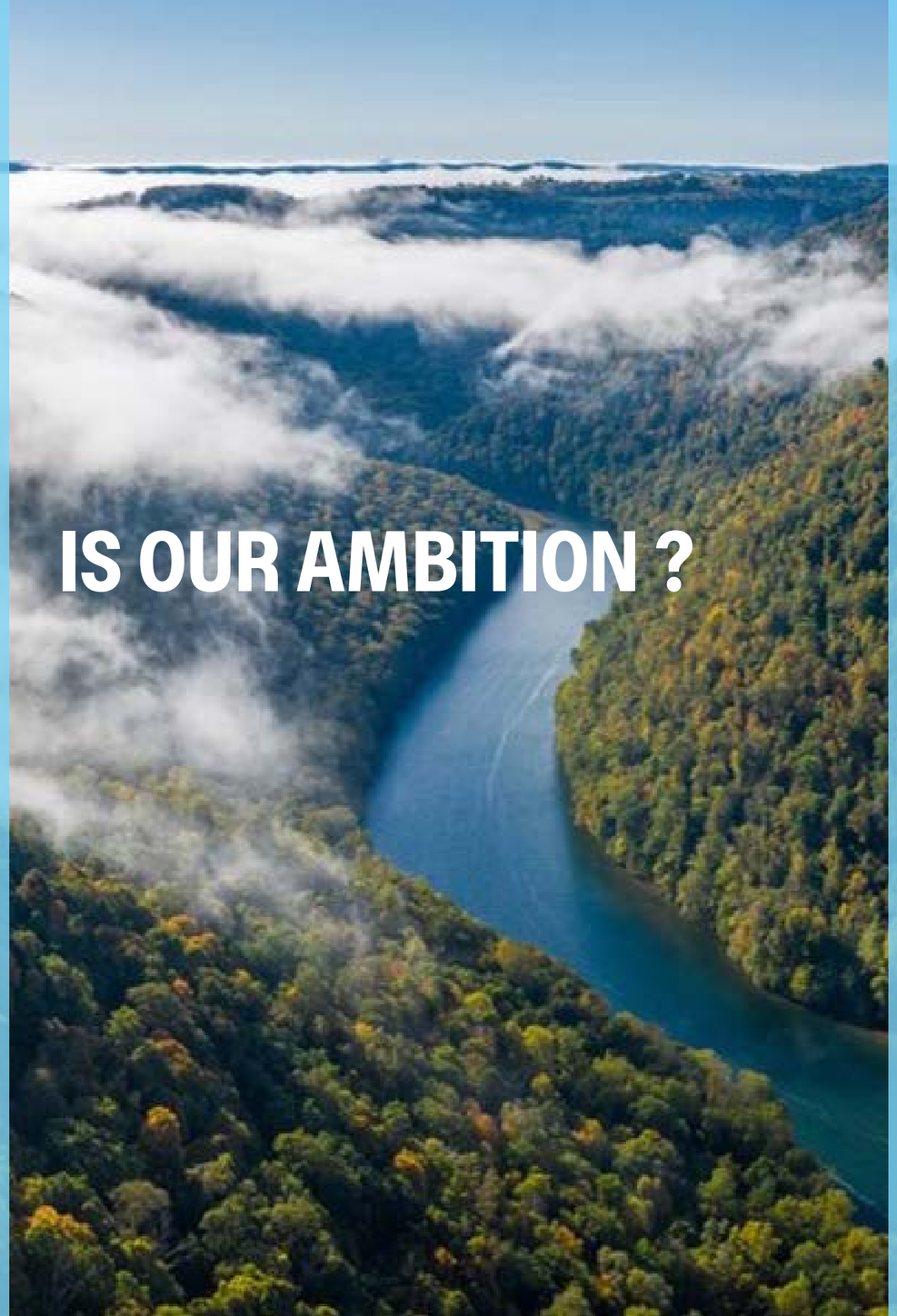
1. Update by dedicated sustainable finance team of the climate risks and opportunities universe by considering changes in regulations, external benchmarks, and specific internal and external studies.
2. Assessment of climate risks and opportunities universe by Danone experts, taking into account factors such as likelihood, time horizon, financial impact, and appropriate responses to risks and opportunities.
3. Screening process to eliminate emerging risks and opportunities falling outside the long-term time horizon or below the financial materiality threshold.
4. Presentation of results to key decision-makers for discussion, and complementary work is conducted if necessary.
5. Integration of the assessment by the Company Strategy Department into the Company Strategic Risk Mapping process, which undergoes triannual reviews by the internal Risk Committee, as well as annual review by the Audit Committee of the Company and the Board of Directors.
6. Re-evaluation of the alignment of our strategies, policies, and roadmaps with the identified climate-related risks and opportunities to determine the need for updates.

Climate change impacts prompt us to evolve our business

Our business strategy is adapting in response to the future climate scenarios and the related risks and opportunities. To tackle challenges arising from factors like circularity of packaging, decarbonization and fast-changing consumer preferences, we are focusing on securing a sustainable and resilient business model.

This evolving business strategy leads us to a set of eight core decarbonization programs that are detailed in the next chapters of our transition plan.

WHAT



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5. Measuring our greenhouse gas emissions footprint

To monitor our impact on climate, we annually measure and report on our greenhouse gas emissions (GHG) across our entire value chain. Reliable data is essential to track our progress and set reduction plans for the future.
That is why we continuously work on improving the quality and availability of our data.

Our emissions are calculated in accordance with the methodology set out by the Greenhouse Gas (GHG) Protocol and verified by an independent third-party in accordance with ISAE 3000 standards(1).

Our science-based targets are defined, and our progress towards them is monitored on the following scopes:

- **Scope 1 & 2 energy and industrial:** includes scope 1&2 emissions of factories, vehicles and distribution centers including methane and nitrous oxide biogenic emissions. It excludes FLAG scope 1 emissions from the two farms owned by Danone.
- **Scope 1 & 3 FLAG:** includes scope 1 FLAG emissions of the two farms owned by Danone, and scope 3 emissions of purchased milk, dairy ingredients and other raw materials.
- **Scope 3 energy and industrial:** includes scope 3 emissions of purchased goods (packaging and co-manufacturing), fuel-and energy-related activities not included in scope 1 & 2, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution (excluding emissions linked to the storage in retailers' distribution centers and retailers' stores) and end of life treatment of sold products.

The use of sold products and storage at our retailers' distribution centers and stores are excluded from our Science Based Targets initiative (SBTi) but monitored in our GHG inventory.

What are FLAG emissions?

Forest, Land, and Agriculture (FLAG) emissions are greenhouse gas emissions related to agriculture, land-use change and land management, including forestry (such as ploughing, use of synthetic fertilizers, livestock farming).

FLAG science-based targets consider carbon removals, including improvements in forest management practices and the enhancement of soil carbon sequestration.

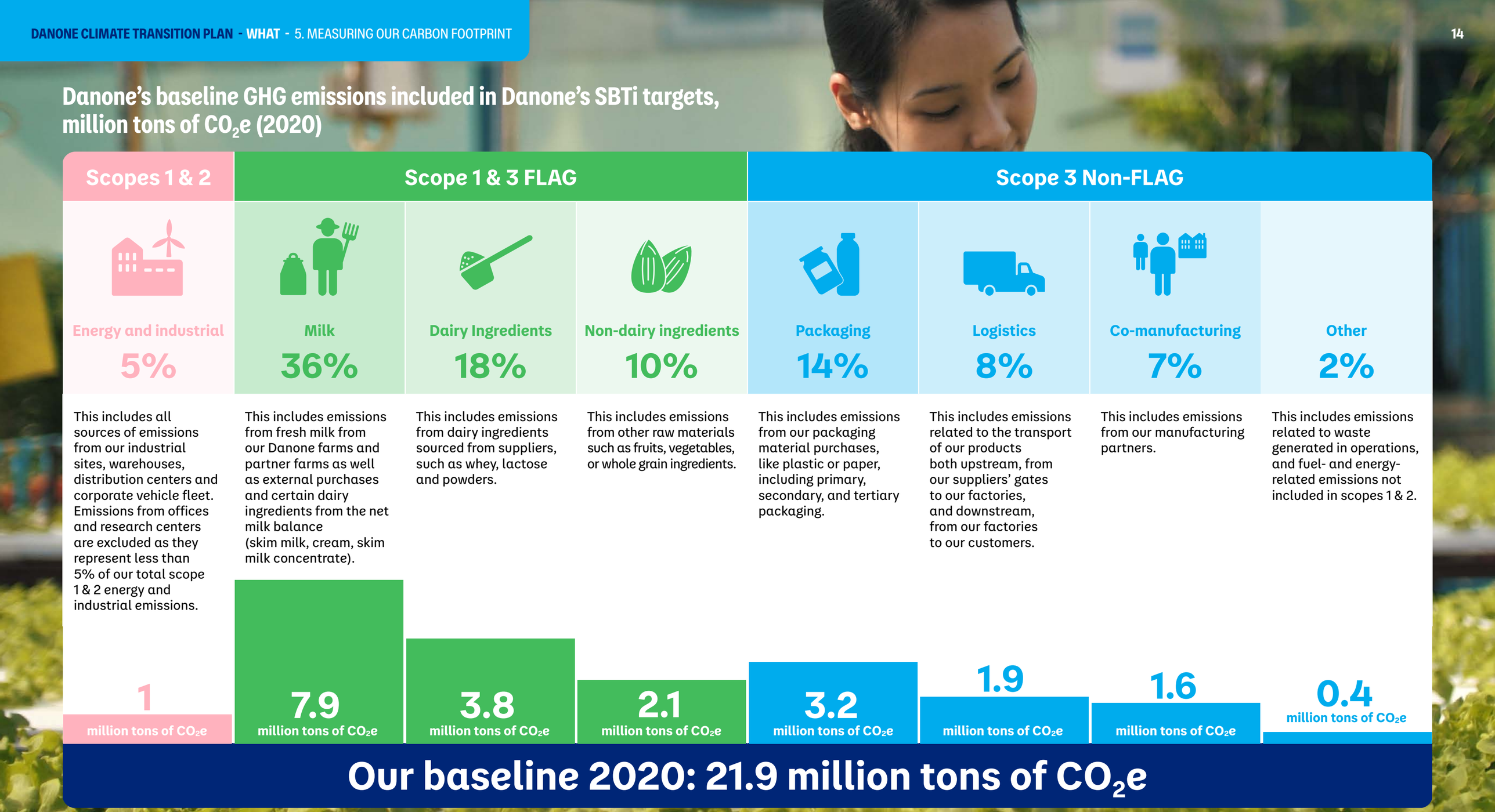
GHG emissions are calculated by applying to each reporting entity's activity data the emissions factors from:

- For scope 1 & 2: recognized sources including the International Energy Agency, the French Agency for Ecological Transition (ADEME), the Department for Environment, Food & Rural Affairs (DEFRA).
- For scope 3: recognized sources including life cycle analysis databases (Ecoinvent), professional federations (Plastics Europe, The European Federation of Corrugated Board Manufacturers (FEFCO), The European Container Glass Federation (FEVE), the Food and Agriculture Organization of the United Nations (FAO). To complement these data sources, Danone has been measuring the emission factors of our milk farmers through the Cool Farm tool and using specific emission factors calculated by our dairy ingredient suppliers.

In 2020, the baseline year for our 1.5°C reduction commitment, Danone emitted 21.9 million tons of CO_2 equivalent(2).

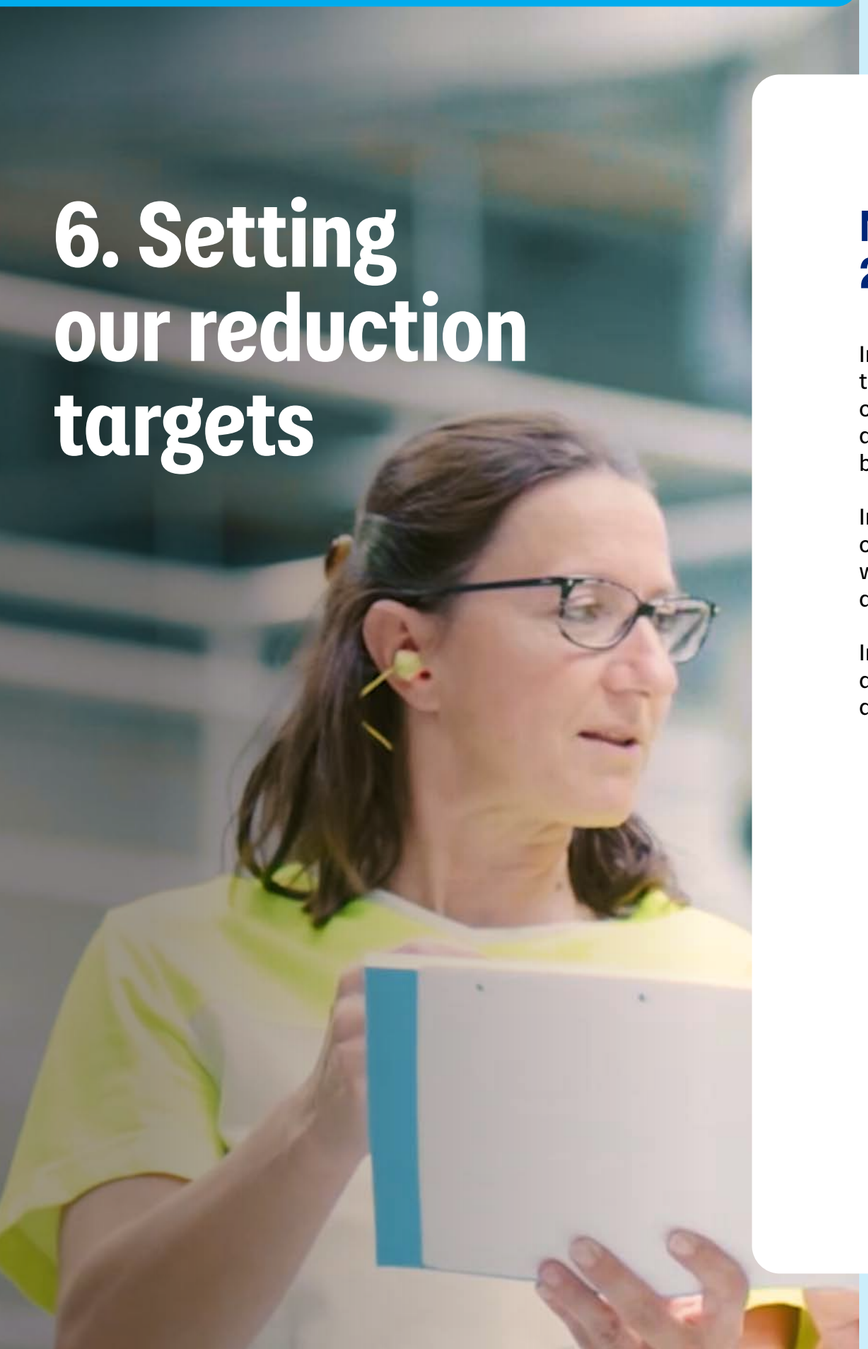
(1) See the Report by the Independent Third Party in Danone's Universal Registration Document. (2) Danone's baseline GHG emissions 2020 do not include emissions from EDP Russia reporting entity.

Danone's baseline GHG emissions included in Danone's SBTi targets, million tons of CO_2e (2020)



Scopes 1 & 2	Scope 1 & 3 FLAG			Scope 3 Non-FLAG			
Energy and industrial	Milk	Dairy Ingredients	Non-dairy ingredients	Packaging	Logistics	Co-manufacturing	Other
5%	36%	18%	10%	14%	8%	7%	2%
This includes all sources of emissions from our industrial sites, warehouses, distribution centers and corporate vehicle fleet. Emissions from offices and research centers are excluded as they represent less than 5% of our total scope 1 & 2 energy and industrial emissions.	This includes emissions from fresh milk from our Danone farms and partner farms as well as external purchases and certain dairy ingredients from the net milk balance (skim milk, cream, skim milk concentrate).	This includes emissions from dairy ingredients sourced from suppliers, such as whey, lactose and powders.	This includes emissions from other raw materials such as fruits, vegetables, or whole grain ingredients.	This includes emissions from our packaging material purchases, like plastic or paper, including primary, secondary, and tertiary packaging.	This includes emissions related to the transport of our products both upstream, from our suppliers' gates to our factories, and downstream, from our factories to our customers.	This includes emissions from our manufacturing partners.	This includes emissions related to waste generated in operations, and fuel- and energy-related emissions not included in scopes 1 & 2.
1 million tons of CO_2e	7.9 million tons of CO_2e	3.8 million tons of CO_2e	2.1 million tons of CO_2e	3.2 million tons of CO_2e	1.9 million tons of CO_2e	1.6 million tons of CO_2e	0.4 million tons of CO_2e

Our baseline 2020: 21.9 million tons of CO_2e



6. Setting our reduction targets

Near-term targets: 2020 to 2030

In 2015, Danone was among the first 100 companies to commit to Net-Zero following the Paris Agreement. We published our Climate Policy, in line with science-based recommendations, and we set reduction targets for 2030, which were approved by the Science-Based Targets initiative (SBTi) in 2017.

In 2019, we strengthened our commitments through the signature of the Business Ambition for 1.5°C Pledge and we worked closely with the SBTi on developing pathways for the Forest, Land and Agriculture sector (FLAG project).

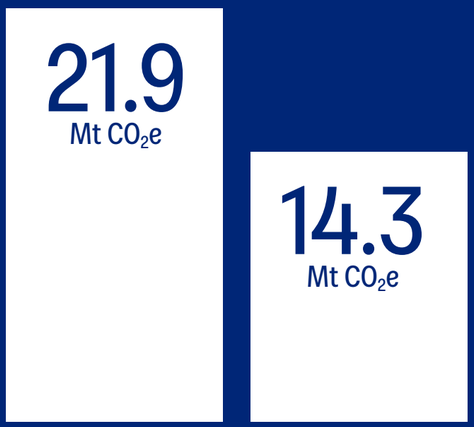
In 2022, our near-term 1.5°C reduction targets were officially approved by SBTi and we are among the first companies to have a specific target on FLAG.

We aim at reducing our absolute emissions by 34.7% by 2030, compared to 2020 baseline:

Total Scopes 1,2,3:

-34.7 %

absolute reduction



We will achieve this reduction by:

Reducing scopes 1 & 2
Direct emissions from owned or controlled sources. Indirect emissions from the generation of purchased electricity, steam, heating and cooling.

-47.2 %
absolute reduction

2020 baseline	2030 target
1.0 Mt CO_2e	0.6 Mt CO_2e

Reducing scopes 1 & 3 FLAG
Direct & Indirect emissions, impacting forests, Lands, and Agriculture.
Milk, Dairy Ingredients, Non-Dairy Ingredients.

-30.3 %
absolute reduction

2020 baseline	2030 target
13.9 Mt CO_2e	9.7 Mt CO_2e

Reducing scope 3 Non-FLAG
Indirect emissions not owned or controlled by Danone, not impacting Forests, Lands, and Agriculture: Packaging, Logistics, Co-manufacturing, Other

-42.0 %
absolute reduction

2020 baseline	2030 target
7.0 Mt CO_2e	4.1 Mt CO_2e

Long-term target to Net-Zero by 2050

In 2016, we committed to achieving Net-Zero emissions throughout our entire value chain by 2050. This means reducing our GHG emissions as much as possible and balancing any remaining emissions through removal projects.

In 2023, we submitted our Net-Zero target to SBTi confirming our long-term ambition to reduce GHG emissions in line with 1.5°C pathways.

HOW

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7. Our roadmap and associated strategic programs

Acting within our value chain is our priority. The 8 programs below outline our plan to reduce our emissions by 2030 in line with our science-based near-term targets, and provide forward-looking perspectives for our journey towards Net-Zero.

Our 8 Programs at a glance

Our direct operations (Scopes 1&2)

Increasing energy efficiency and switching to renewable energy

Our Re-Fuel program aims to achieve ambitious thermal energy production from renewable sources and a complete transition to green electricity, as well as significant energy efficiency improvements.

Agriculture

Milk

Producing our milk sustainably

Our regenerative agriculture plan for animal feed, along with efforts to improve herd and manure management on dairy farms, will significantly reduce the GHG emissions associated with our dairy products. It will also improve soil carbon sequestration, while supporting farm resilience, animal welfare and farmer livelihoods.

Ingredients

Sourcing our ingredients sustainably

Our roadmap to engage suppliers is focused on renewables, regenerative agriculture and zero deforestation, allowing us to reduce the environmental impact of our ingredients.

Packaging

Transforming our packaging

We will design our packaging to be circular and low-carbon (reusable, recyclable, compostable, using recycled content), reduce virgin fossil plastic, and lead the development of collection systems that can help ensure packaging is reused or recycled in practice and at scale.

Logistics

Improving our logistics

By prioritizing energy efficiency, optimizing logistics network operations, exploring multimodal or combined transport and adopting biofuels and electric vehicles, we are working to establish a sustainable logistics system.

Co-manufacturing

Helping our co-manufacturers toward decarbonization

We are sharing best practice and supporting co-manufacturing partners to commit to science-based targets.

Supplier engagement

Engaging with our value chain

Through our supplier selection, partnerships on key projects and ongoing support, we are leveraging our leadership and resources to engage our entire value chain on the journey to decarbonization.

Low carbon by design and portfolio management

Developing sustainable product offers for consumers

We are integrating carbon in our innovation and reformulation processes, developing more low carbon dairy, plant-based and hybrid product offers and supporting breakthrough innovations to encourage the adoption of sustainable diets, in line with our mission of bringing health through food to as many people as possible. Our low carbon by design and portfolio management program will be a major lever in our transition, and a key component of our scope 3 non-FLAG reduction commitment.

Our Key Figures

As part of our near-term targets approved by SBTi, we are committed to reducing our annual net emissions from 21.9Mt of CO_2e emissions in 2020 to 14.3 Mt CO_2e emissions by 2030. We are committed to achieving this target even as we grow our business.
The projected business-as-usual (BAU) emissions for 2030, while theoretical, incorporate the evolution of the trajectory of our emissions over recent years, indicating the effective integration of decarbonization initiatives within our operational model.

We are proud that one year after adoption of our 1.5°C science-based targets, we have already built our roadmap with clear levers of action in the form of our 8 programs. Furthermore, we identified major key actions, which are featured in the following sections with an estimated carbon reduction expected. We continue to evaluate the potential of reduction through further initiatives which are currently being identified and designed. These further opportunities are described in the paragraphs “Next steps”. We continuously reassess our decarbonization roadmap to update it with new methodologies and ensure relevance of our actions in a fast-evolving context.

Our journey toward 2030 (Mt CO_2e)

Direct Operations

Energy in our direct operations accounts for around 5% of our total carbon footprint. This is the area where we have direct control and we have made significant strides in our energy-related efforts.
In 2022[3] , more than 7% of our thermal energy was sourced from renewables, and more than 70% of our electricity was generated from renewable sources. These achievements have been pivotal in driving a 17% reduction in GHG emissions between 2020 and 2022.

As part of our 1.5°C currently approved scopes 1&2 energy and industrial science-based target we have committed to go even further, with a goal to reach 47.2% reduction on scopes 1&2 between 2020 and 2030. We launched the Re-Fuel program, an ambitious energy excellence initiative to increase energy efficiency as well as the use of renewable thermal energy and renewable electricity in our factories.

(3) Excluding EDP Russia.

Key achievements

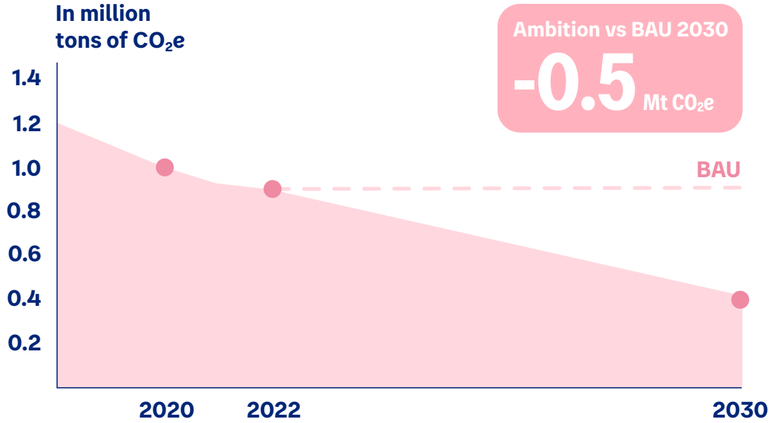
We have already achieved a significant reduction of 0.2MT CO_2 emissions since 2020, through increased renewable electricity sourcing, biomass projects in Indonesia and Morocco and continued focus on energy efficiency measures.

As part of our Re-Fuel program, we are aiming for:

- 30% increase in energy efficiency by 2025 from a 2022 baseline
- 35% renewable thermal energy by 2030
- 100% renewable electricity by 2030

2030 Roadmap

Scopes 1 & 2



Key actions from 2023 onwards

Looking towards 2030, and factoring in growth and portfolio evolution, our Re-Fuel program aims to deliver the following reduction across three core pillars: energy efficiency, renewable thermal and renewable electricity sourcing.

-0.1 Mt CO_2e (Estimated)

Energy efficiency

Danone is committed to achieving a 30% improvement in energy efficiency in our factories by 2025, based on a 2022 baseline. As part of Re-Fuel program, sites are equipped with a global toolkit of best practice measures to maximize energy efficiency and establish an site-specific energy action plan. Rolled-out through Danone's internal community of energy experts, the toolkit includes tools such as energy management digital platforms, energy assessments and benchmarking, heat recovery techniques, utilities specifications.

-0.4 Mt CO_2e (Estimated)

Renewable thermal energy

Thermal energy transition is one of the key challenges in reducing Scope 1 emissions. We aim to increase the share of renewable thermal energy from 7% in 2022 to 35% by 2030, mainly through biomass, electrification, biogas and biomethane solutions. Our primary focus is to adopt onsite solutions such as electrical heat pumps to replace natural gas boilers, continue to develop biomass solutions where local ecosystems can support the sustainable supply chain of renewable fuel, and further develop solutions to generate biogas onsite. We are also developing market-based solutions such as biomethane sourcing with partners.

Renewable electricity

Danone has set targets for renewable electricity, with a goal of sourcing 100% of our electricity from renewable sources by 2030. This will be achieved by installing more onsite solar photovoltaic systems, increasing sourcing through renewable electricity power purchase agreements (PPAs) and purchasing of renewable energy certificates. In 2022, we already sourced 70% of our electricity from renewable sources.

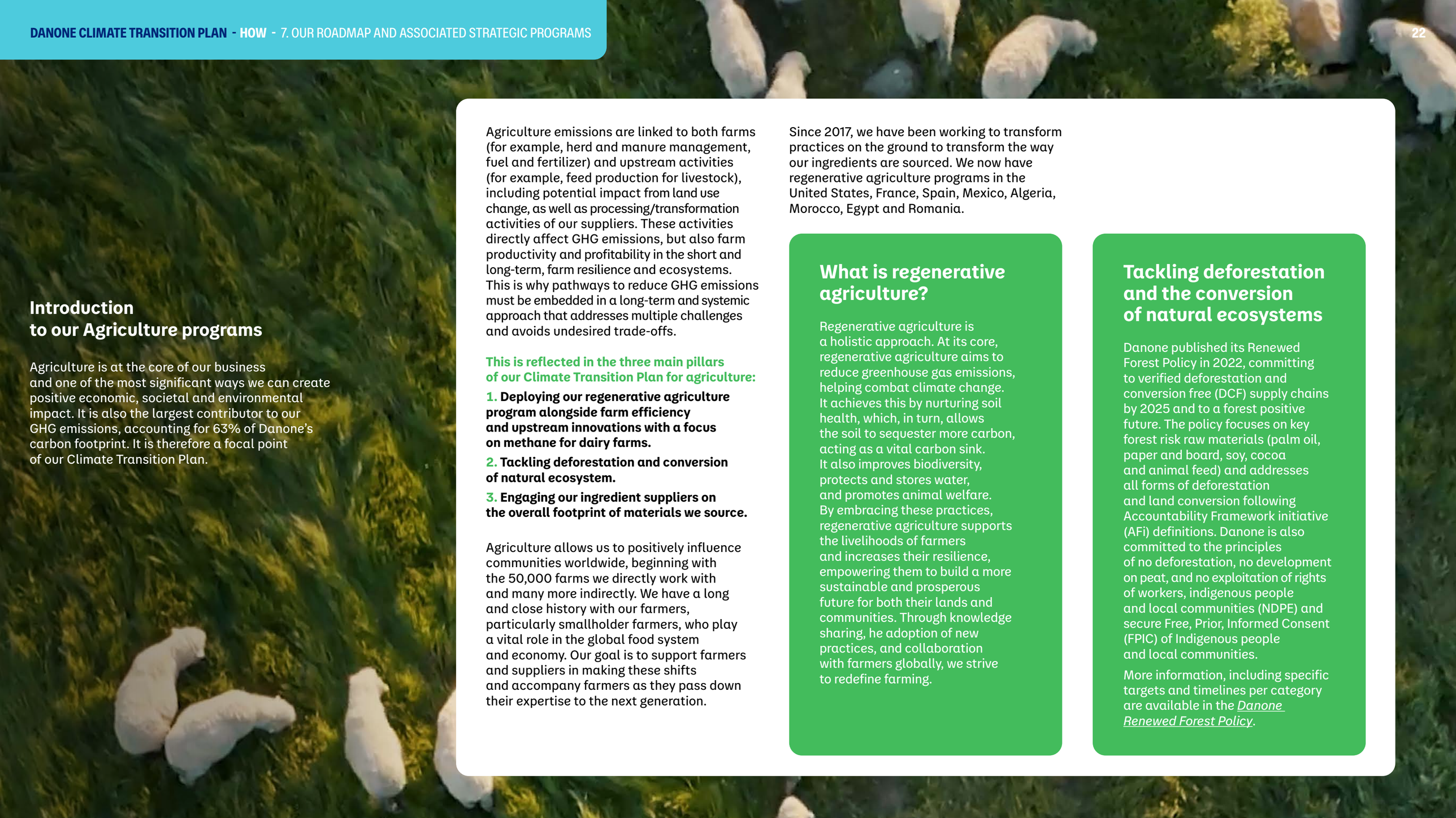
Next steps

Challenges

Our journey towards decarbonization is linked with the development of the renewable energy market. Collaboration with partners remains crucial as we continually evaluate opportunities and advance towards our goals.

Our actions

Our 2050 ambitions require a comprehensive approach, including the complete transition of all our assets to renewable electricity and thermal energy sources. We are committed to ongoing research and innovation to optimize energy utilization across all our industrial processes. Looking to the medium and long term, we are exploring innovative solutions for electrifying industrial processes and powering them with renewable energy.



Introduction to our Agriculture programs

Agriculture is at the core of our business and one of the most significant ways we can create positive economic, societal and environmental impact. It is also the largest contributor to our GHG emissions, accounting for 63% of Danone's carbon footprint. It is therefore a focal point of our Climate Transition Plan.

Agriculture emissions are linked to both farms (for example, herd and manure management, fuel and fertilizer) and upstream activities (for example, feed production for livestock), including potential impact from land use change, as well as processing/transformation activities of our suppliers. These activities directly affect GHG emissions, but also farm productivity and profitability in the short and long-term, farm resilience and ecosystems. This is why pathways to reduce GHG emissions must be embedded in a long-term and systemic approach that addresses multiple challenges and avoids undesired trade-offs.

This is reflected in the three main pillars of our Climate Transition Plan for agriculture:

1. **Deploying our regenerative agriculture program alongside farm efficiency and upstream innovations with a focus on methane for dairy farms.**
2. **Tackling deforestation and conversion of natural ecosystem.**
3. **Engaging our ingredient suppliers on the overall footprint of materials we source.**

Agriculture allows us to positively influence communities worldwide, beginning with the 50,000 farms we directly work with and many more indirectly. We have a long and close history with our farmers, particularly smallholder farmers, who play a vital role in the global food system and economy. Our goal is to support farmers and suppliers in making these shifts and accompany farmers as they pass down their expertise to the next generation.

Since 2017, we have been working to transform practices on the ground to transform the way our ingredients are sourced. We now have regenerative agriculture programs in the United States, France, Spain, Mexico, Algeria, Morocco, Egypt and Romania.

What is regenerative agriculture?

Regenerative agriculture is a holistic approach. At its core, regenerative agriculture aims to reduce greenhouse gas emissions, helping combat climate change. It achieves this by nurturing soil health, which, in turn, allows the soil to sequester more carbon, acting as a vital carbon sink. It also improves biodiversity, protects and stores water, and promotes animal welfare. By embracing these practices, regenerative agriculture supports the livelihoods of farmers and increases their resilience, empowering them to build a more sustainable and prosperous future for both their lands and communities. Through knowledge sharing, he adoption of new practices, and collaboration with farmers globally, we strive to redefine farming.

Tackling deforestation and the conversion of natural ecosystems

Danone published its Renewed Forest Policy in 2022, committing to verified deforestation and conversion free (DCF) supply chains by 2025 and to a forest positive future. The policy focuses on key forest risk raw materials (palm oil, paper and board, soy, cocoa and animal feed) and addresses all forms of deforestation and land conversion following Accountability Framework initiative (AFi) definitions. 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.

More information, including specific targets and timelines per category are available in the *Danone Renewed Forest Policy*.

Milk

Milk-related emissions account for just over half (57%) of Danone's agriculture footprint and 70% of Danone's methane emissions. The remaining 30% is made up of indirect dairy ingredients. Decarbonizing our milk supply is an absolute priority but it needs to be delivered alongside measures to increase farm efficiency and resilience, improve farmer livelihoods and increase the attractiveness of the dairy sector for new generations. This is why we are working to reach our decarbonization target through regenerative dairy practices.

At the center of our approach is ensuring animal welfare and productivity and strengthening the positive impact that animals can have on farm's ecosystem. Regenerative dairy farms incorporate better herd management practices, reconnecting with feed production, and agronomic practices that support soil health (such as soil cover, no or limited tillage, crop rotation and incorporation of manure), preserve water resources and reintroduce biodiversity on farm. They combine traditional farming practices with modern and technological innovations to respectfully and sustainably optimize food production.

We designed our decarbonization path to promote systemic shifts in farming practices that would create long-lasting impact with multiple benefits for farmers, their ecosystem and the environment, rather than isolated and marginal improvements. We also recognize that each farm is unique and will have a different path to decarbonization and regenerative agriculture.

Key achievements

Since 2017, Danone has been conducting country-by-country assessments using the Cool Farm Tool in over 15 countries and the CAP2ER tool in France, which together cover 90% of our direct milk collection volumes from farms. We have already made great progress, including 300kT reductions between 2020 and 2022, thanks to our on-farm action plans.

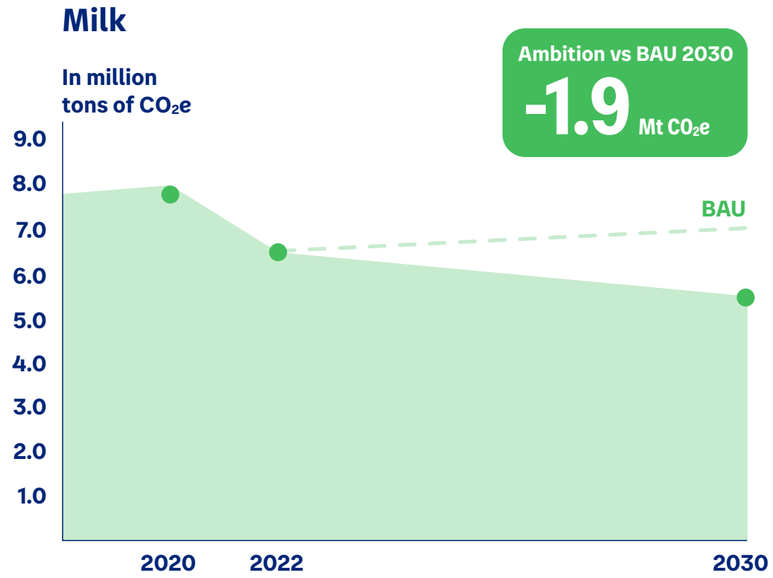
To achieve our 1.5°C ambition, we are running this program hand-in-hand with our methane reduction plan, which includes herd management, manure management, feed management and breakthrough innovations which are scalable at farm level.

Our regenerative agriculture targets

In addition to our SBT 1.5 target, we are aiming for:

- 30% reduction in methane emissions from fresh milk by 2030 against 2020 baseline
- 30% of key ingredients that we source directly (including milk) from farms engaged in the transition to regenerative agriculture by 2025
- 50% key raw material ingredients we source from highly-water stressed areas produced under water-improved management practices
- 100% of ingredients produced in France from regenerative agriculture by 2025.

2030 Roadmap



Key actionsfrom 2023 onwards

-0.5 Mt CO_2e (Estimated)

Herd management

Strategic herd management practices encompass the well-being and productivity of the animals within the herd. This includes their basic needs with access to water, feed, shelter and comfort, as well as regular health assessments and disease prevention, and meticulous planning of breeding, calving, and culling schedules. Optimizing diet composition to improve yield and feed efficiency will reduce enteric methane emissions per liter of milk.

Animal feed

Buying or growing sustainable animal feed – and achieving greater protein autonomy through optimal crop rotation with locally adapted feed crops on farmland – are key. This includes transition to less CO_2e- and water intensive feed for cows including grass and transition to sorghum for example. Wherever possible, this lever also includes the use of verified soy that is free from deforestation and conversion,aligned with responsible sourcing principles.

-0.25 Mt CO_2e (Estimated)

Methane innovations

Some promising solutions include the development and implementation of methane reduction innovations. These include breakthrough innovations than can improve enteric fermentation embracing both scalability and accessibility at farm level and animal welfare.

-0.65 Mt CO_2e (Estimated)

Manure management

Animal manure contains important nutrients to support crop growth and reduce reliance on chemical fertilizers. Emissions can also be minimized by covering manure storages or using storage to generate biogas for farm use or injection into the grid.

Soil health for feed and crops

Optimizing soil health for both livestock feed and other crops cultivated on dairy farms entails a number of sustainable and regenerative soil practices including: crop rotation, limited soil disturbance (minimal or low till), healthy soil nitrogen balance with increased reliance on organic manure and optimal nitrogen efficiency, smart management of water quantity and quality, careful management of pesticides and weeds, preservation of natural habitats and planting of hedges, and the incorporation of local protein sources and forage. Beyond reducing GHG emissions through decreased fuel consumption and use of chemical fertilizers, this lever yields promising potential to progressively remove CO_2 from the atmosphere to store it into the soils and to improve the farm's natural capital along the way (soil health, preservation of water resources, biodiversity). This potential will be confirmed with latest methodological developments of the GHG Protocol.

Other energy efficiency levers on farms

We are implementing energy efficiency measures on farms, through energy saving technologies and energy consumption optimization. These can help further reduce farm emissions as well as energy costs. Reductions can also be achieved through renewable energy production, for example through the installation of solar panels, biogas plant or even windmills.

Note: Our 2020 baseline does not include carbon removals, since no carbon removals were measured yet in 2020 for our regenerative agriculture projects under implementation. Our climate transition plan includes a potential for 350kT carbon removals, that will be confirmed with the latest methodological developments of the GHG Protocol.

Danone North America Soil Health Program

Since 2017, Danone North America's Soil Health Program reduced nearly 119,000 metric tons of CO_2 equivalent and sequestered more than 31,000 tons of carbon. The Program prevented more than 337,000 tons of soil from erosion, and 20M gallons of water were extracted from milk and repurposed, resulting in $3.3M cost avoidance for farmer partners.
From 2023, the program will expand to cover more than 140,000 acres, notably thanks to a $70M grant from the U.S. Department of Agriculture (USDA), to support the Climate Smart Commodities Initiatives.

Leading the way on methane

Methane has more than 80 times the warming power of carbon dioxide over the first 20 years after it reaches the atmosphere. At least 25% of global warming is currently driven by methane linked to human activities. Acting now to reduce methane emissions will provide immediate benefits to the climate that carbon dioxide reductions cannot achieve on their own.

Dairy can play a meaningful role in reducing methane. Methane emissions from agriculture and livestock make up approximately 40% of global methane emissions, with roughly 32% come from livestock activities.
While dairy cattle represent only an estimated 8% of methane emissions, dairy companies can play a meaningful role in reducing methane while providing essential animal protein.

By 2030, Danone is targeting a 30% absolute reduction in methane emissions from fresh milk for our dairy products compared to a 2020 baseline, aligning our efforts with the Global Methane Pledge and confirming methane reduction as an essential pillar of our 1.5°C journey.

In line with this ambition, Danone 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.

Next steps

Challenges

Our decarbonization efforts are significantly dependent on the actions taken by dairy farms – it is critical that we successfully integrate and engage these farms in our initiatives.
Towards 2050, climate change adaptation will be a critical component of resilient and low carbon farms and will increasingly challenge current farming models.
Being able to incentivize and account for long-term carbon removals through agriculture through consistent global standards is another key challenge to unlock full potential of agriculture for decarbonization.

Our actions

We aim to source as much milk as possible through regenerative agriculture. This will include further supporting farms and capitalizing on our expertise in the field through best-in-class herd management and agronomic practices, increased circularity on farms and synergies with their landscape (e.g. partnerships and industrial symbiosis for feed production, collective valorization of manure), and, where relevant, rotational grazing, silvopastoral and agroforestry systems to act like carbon sinks and help regenerate ecosystems. We will also explore innovative and disruptive solutions together with farmers, suppliers, peers and technical or scientific partners, for example for new sources of feed, new sourcing models or carbon and storage solutions.

As consumer expectations shift, we are also actively researching new product offers and formulations within our low carbon products and portfolio program.

Ingredients

Ingredients (dairy and non-dairy) play a crucial role in achieving our 1.5°C target for Scope 3 FLAG emissions, contributing to 43% of Danone's agriculture emissions. We source dairy ingredients, plants and fruits from trusted suppliers, working hand-in-hand with them to decarbonize, promote regenerative agriculture practices and remove deforestation from our supply chains.

Key achievements

Carbon is a key performance indicator for our dairy ingredients sourcing. Between 2015 and 2022, our collaboration with our supplier Royal Friesland Campina allowed a reduction of 22% for emissions embedded in their ingredients. Building on this success, we have been actively engaging with our suppliers to highlight the importance of emissions reductions, and set GHG targets and reduction plans.

In non-dairy ingredients, we have been working to move towards deforestation and conversion free ingredients. 91% of the palm oil we source is certified by Roundtable on Sustainable Palm Oil and we are recognized by the WWF Palm Oil Buyers Scorecard (21.68 out of 24 points in 2023). We have also developed numerous flagship initiatives to help us transition to regenerative agriculture.

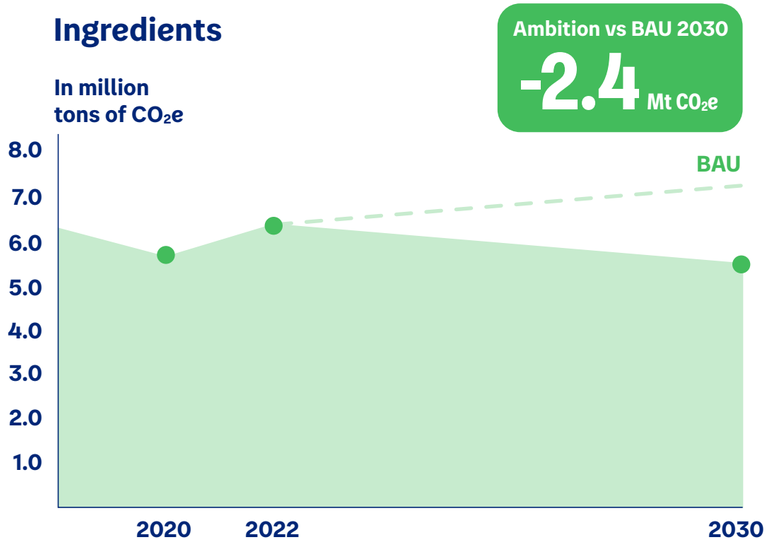
Zero deforestation & conversion on key commodities by 2025

In line with our 2022 Renewed Forest Policy we are committed to:

- Clean Supply Chain: By 2025 we will have worked with our direct suppliers towards full traceability. Our direct supply chains are verified deforestation and conversion free while upholding human rights.
- Responsible Suppliers: By 2025 we will have cascaded Deforestation and Conversion Free commitments in line with our cut-off dates through our direct supply chain.
- Regeneration: By 2030 we will have supported landscape projects that protect and restore vital ecosystems, with a focus where relevant on strengthening farmer livelihoods. Partnerships and coalitions are central to our impact.

2030 Roadmap

Ingredients



Key actions from 2023 onwards

-1.5 Mt CO_2e (Estimated)

Implementation of decarbonization plans through our dairy ingredients supplier engagement program

Our dairy ingredients supplier engagement is structured around three key actions:

Incorporating decarbonization targets into dairy supplier contracts

In 2021, Danone initiated the Supplier Engagement Program, which seeks to embed decarbonization goals of at least 30% between 2020 and 2030 into all our supplier contracts. This approach defines a specific objective for suppliers to achieve but also provides comprehensive support to assist them on this journey. We collaborate closely with key suppliers by sharing best practices on GHG monitoring, practices implementation and roadmaps design.

Co-developing a decarbonization plan with the dairy sector

We actively encourage our suppliers to join the Sustainable Dairy Partnership (SDP) - an integrated and pre-competitive sustainability engagement framework for dairy ingredients suppliers, of which Danone is a founding member. This five-stage framework provides a unified sustainability roadmap, building on the Dairy Sustainability Framework requirements (including climate requirements, human rights, deforestation and animal care) and additional assurance requirements. We encourage our dairy ingredients suppliers to progressively set concrete goals and implementation plans.

By end 2023, we expect more than 70% of our suppliers (in volumes) to be SDP members, of which nearly half are already setting concrete goals and plans. As of end of 2023, over 20% of our total dairy volumes are already covered by contractualized targets, and we are working to extend this initiative to our entire supply base. We are working with the SDP to streamline data collection processes for suppliers and improve the accounting methodology and analysis of climate impacts behind dairy supply chains – for FLAG and non-FLAG impacts.

Investing in on-the-ground projects

We actively are engaging with our dairy ingredient suppliers to drive collaboration and accelerate the decarbonization of our dairy ingredients and the wider dairy sector.

Decarbonization through our non-dairy commodities supplier engagement

We encourage suppliers to set SBTi targets for all raw ingredients, including those who do not yet have deforestation and conversion targets. We are aiming for our most strategic suppliers to align with the SBTi 1.5 degree aligned Net-Zero commitment, and commit to curbing their FLAG emissions by 30% by 2030 within Danone's ingredient supply chains. We also want to support our suppliers to decarbonize their non-FLAG emissions to reduce the carbon intensity behind the processing of our ingredients.

-0.2 Mt CO_2e (Estimated)

Removing deforestation and conversion from our supply chain

In line with our goal to remove deforestation and conversion from our supply chain by 2025 on keycommodities including cocoa powder, chocolate, and edible oils, we are constantly reviewing our plans to align them with latest methodologies. We recognize the value of third-party certification schemes for specific supply chains and materials, which is why we support these certification schemes for our own physical supply chains where possible. We will, for example, move 100% of our global cocoa sourcing to Rainforest Alliance. However, we also realize targeted action is sometimes required on top of industry-wide collaboration. Driving the removal of deforestation and conversion activities requires investment into landscapes and ecosystems and our supply chain, including support and training to farmers aiming to improve agricultural practices.

-0.1 Mt CO_2e (Estimated)

Transitioning to regenerative agriculture practices

Similarly to our regenerative program with milk farmers, we are leveraging our experience to progressively deploy regenerative agriculture worldwide on selected raw materials (for example, soybean, almond, oats, fruit, sugar beet). We are aiming to have 30% of key ingredients sourced from farms that have started their regenerative agriculture journey by 2025.

Next steps

Challenges

We are intensifying our collaboration with suppliers to seize all opportunities to reduce emissions. Different levels of carbon footprint and decarbonization maturity across regions and farms oblige us to constantly review our sourcing approaches, as well as decarbonization plans. In addition, demographic changes and urbanization pose additional risks to the availability of sustainably-produced raw materials.

Our actions

We are investing to reduce the carbon footprint of our ingredients. We have made strategic investments in lower carbon ingredients, notably plant-based and further investing and researching innovations in the field of lower carbon ingredients (see our chapter on low carbon products and portfolio management). We are reviewing options to source as many ingredients as possible from regenerative agriculture, identifying best practice and quantifying the benefits in terms of emissions reduction, but also for ecosystems and for farmers and communities. We will continue to support our suppliers to reduce our ingredients' land and agriculture impacts as well as processing and energy related emissions.

Note: Quantifications of actions are based on the latest available methodologies and subject to revision in the coming years as new information becomes available or as circumstances change.

Packaging

Packaging is fundamental to providing people around the world with convenient, safe food and drinks, minimizing food waste and preserving quality. The current packaging model – based on a linear system – must be transformed as it creates major environmental challenges .
Indeed, it is urgent to transition to a circular, low-carbon economy of packaging, in which plastic never becomes waste or pollution, and the value of products and materials is retained in the economy.

At Danone, we want to be part of this transformation, we are committed to driving a circular, low-carbon economy of packaging and recover as much as we use, as it represents 14% of our carbon footprint. Our transformation journey is supported by our research centers in Evian, Saclay (France) and Utrecht (The Netherlands) which have dedicated packaging innovation teams.

Key achievements

Since 2016, we have been guided in our transformation by our packaging targets but also by industry initiatives like the Global Commitment on Plastics, spearheaded by the Ellen MacArthur Foundation in collaboration with the United Nations Environment Program.

We have made progress towards this ambition:

- 84% of our packaging in 2022 is reusable, recyclable or compostable (compared to 80% in 2018). For plastic packaging, this proportion is 74% (compared to 65% in 2018).
- ~50% of Waters category global sales' volumes are sold in reusable packaging.
- Between 2018 and 2022, we reduced our plastic use by 31,000 tons and nearly by 71,000 tons for virgin plastic, a 10% virgin plastic reduction over this period.
- Since 2018, we nearly doubled the use of recycled materials on average in plastic packaging, reaching 11.9% in 2022. For our Waters category, we achieved 26.4% rPET (where authorized).

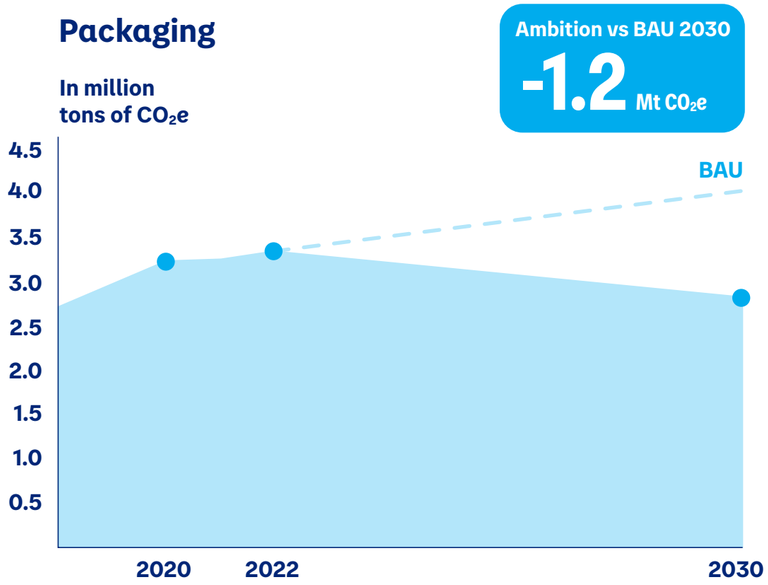
In 2022, we joined the Business Coalition for a Global Plastics Treaty - led by the Ellen MacArthur Foundation and WWF – calling on the world's governments to create a robust treaty, with legally binding global rules and measures, to drive circularity and curb plastic pollution on a global scale.

In addition to our SBT 1.5 target, we are aiming for:

- 100% reusable, recyclable or compostable packaging by 2030
- Halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 from a 2020 baseline
- Lead the development of effective collection systems to recover as much plastic as we use on the market by 2040.

2030 Roadmap

Packaging



Key actions from 2023 onward

-0.5 Mt CO_2e (Estimated)

Shift to lower-carbon materials

This involves using maximized recycled content in plastic bottles, dairy cups, and paper-based materials, potentially incorporating bio-based materials where applicable. For example, using 100% rPET bottle reduces carbon footprint by about 70% compared to virgin PET on a cradle-to-gate scope.

Packaging optimization

This includes eliminating unnecessary elements or lightweighting. Furthermore, together with our business categories and research and innovation teams, we are developing larger formats or concentrated products, and promoting reuse models as part of our low carbon by design and portfolio management program.

-0.3 Mt CO_2e (Estimated)

End-of-life treatment improvements

This includes improving collection and recycling processes. We aim at reaching 70% recycling rate by 2030.

-0.4 Mt CO_2e (Estimated)

Value chain engagement

This includes engaging our suppliers in the SBTi and renewable energy practices. We also advocate for the establishment of collection infrastructure and foster private initiatives to improve the overall packaging system.

We also invest in industry initiatives to scale solutions for geographies where formal waste management systems do not yet exist. For instance, we committed $30M in the Circulate Capital Ocean Fund (CCOF) for the development of recycling infrastructure in South and South-East Asia and in Latin America and the Caribbean.

Next steps

Challenges

To transform the packaging economy from a linear to a circular and low-carbon model, we need to progress on our targets. However, voluntary action by individual companies is not sufficient to achieve such a circular economy. It is only one part of the solution.

We are experiencing systemic barriers that are slowing down our efforts and must be overcome, including underdeveloped collection and recycling infrastructure, underdeveloped reuse infrastructure, and scarcity of recycled material. To overcome these barriers, we need collective action across the value chain, from companies, regulators, retailers, waste collection services, and ultimately, from consumers themselves. These changes across the full system will only come with robust, consistent regulation. This is why Danone has, for several years, advocated for a global treaty on plastics. We are hopeful that the UN Treaty on Plastics can deliver systemic change, and we joined the Business Coalition for a Global Plastics Treaty to support the process.

Our actions

We are exploring long-term solutions to decarbonize our packaging operations.

Such long-term solutions include closed-loop recycling and “waste-to-plastic” upcycling operations.

We will continue investing (and encouraging the authorities to invest) in collection systems that can ensure our packaging is reused or recycled in practice and at scale. We support Extended Producer Responsibility (EPR) including Deposit Return Schemes for beverage bottles. Deposit Return Schemes are proven to dramatically expand collection of bottles and are critical for driving greater availability of recycled material.

We are also exploring breakthrough new materials such as “low carbon plastics” produced from alternative sourcing to fossil oil (crops, forest by-products, algae, or captured CO_2) as well as low carbon beyond plastic solutions (such as next generation of paper-based packaging) that could be both sustainable and ensure food safety, while providing a good consumer experience.

Finally, anticipating future regulations, we will continue to engage industry-wide initiatives and coalitions to tackle these global challenges.

Logistics

Logistics currently accounts for 8% of Danone's total GHG emissions. These emissions are essentially coming from transportation and warehousing. To reduce emissions related to logistics, we are activating several levers such as increasing filling rates of our trucks, maximizing direct plant deliveries to our customers distribution centers and optimizing our logistics network. We are also improving energy efficiency and are transitioning to renewable energy in our warehouses and transport modals.

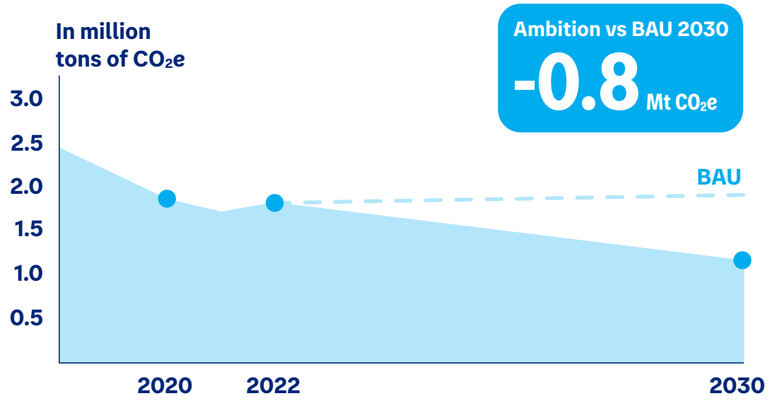
Key achievements

We are closely working with our business units to develop country specific roadmaps adapted to local markets' features. We also joined the Smart Freight Center, an international non-profit organization dedicated to minimizing the emissions impact of global freight transportation. The objective is to engage with other industries, NGOs and organization, set industry standards, and foster collaborative solutions.

Danone is also member of the World Business Council for Sustainable Development and supports initiatives that allow regional dialogues between governments and leading international companies, with the objective to bridge gaps in the global roadmap toward zero-emission vehicles and charging infrastructure.

2030 Roadmap

Logistics



Key actions from 2023 onward

-0.35 Mt CO_2e (Estimated)

Optimization & Efficiency

This encompasses various initiatives, including the introduction of logistics control towers, to reach the maximum filling rate of all trucks, wagons and containers, the optimization of palletdensity, collaborative co-logistics efforts, and the adoption of double-deck trailers. These enhancements usually lead to a range of 15% to 50% reduction in CO_2 emissions. Furthermore, we are actively exploring opportunities to enhance local sourcing, encourage eco-driving practices among our transportation teams, maximize asset utilization, and enable direct plant deliveries, among other strategies – such the logistics network optimization to have the most efficient warehousing and transportation means to better serve our customers.

Modal shift

We are further exploring alternative transportation modes: efforts to reduce emissions within this workstream include policies to eliminate airfreight and promote rail and sea freight. Multimodal transportation solutions are also being explored to optimize logistics while minimizing emissions.

-0.15 Mt CO_2e (Estimated)

Low-carbon warehouses initiatives

This includes an energy reduction program, the transition to electric forklifts, and the adoption of LED lighting. We are also exploring real time energy monitoring in chilled warehouses to improve temperature control and energy efficiency. Our ultimate ambition is to power third party warehouses with 100% renewable energy and implement low-carbon technologies.

Innovative technologies

We are exploring innovative engine technologies, such as, electric vehicles (EV's) or green hydrogen, collaborating with third-party logistics providers (3PLs) to facilitate the transition to lower emissions trucks, particularly EVs. Building longer-term relationships with 3PLs and conducting scenario planning to determine the most sustainable fleet mix are key components of this workstream.

Next steps

Challenges

To move further in our logistics' decarbonization journey, we decided to focus on two key enablers: carbon tracking along our logistics and collective action through industry initiatives. For example, Danone collaborates with Smart Freight Center to set industry standards, facilitate collaborative solutions and bring together stakeholders through initiatives like the Zero Emissions Freight Initiative.
Within World Business Council for Sustainable Development (WBCSD), Danone focuses on initiatives like the Zero-Emission Vehicle Emerging Markets Initiative (ZEV-EM-I) and the Charging Infrastructure Workstream. These efforts involve regional dialogues between governments and leading international companies, aiming to bridge gaps in the global roadmap toward zero-emission vehicles and charging infrastructure.

Our actions

Looking ahead, we see more opportunities to adopt new technologies, explore the use of alternative fuels through investments and partnerships, and transform the type of transport we rely on toward lower carbon road and rail freight.

Co-manufacturing

In Danone's operations, co-manufacturing refers to a strategic partnership model where external manufacturers collaborate with us to produce and package some of our products. These partners play a crucial role in our supply chain, contributing to the production of a wide range of products, ensuring flexibility and scalability in our operations.

Co-manufacturing accounts for 7% of our total carbon footprint. In our steadfast commitment to reducing emissions across our entire value chain, we are actively engaged in initiatives to minimize carbon footprint within our co-manufacturing network.

Key achievements

In North America, we have been working on near sourcing of purchased finished products to further reduce the carbon impact. Furthermore, we have the first logistical transport with e-trucks implemented in Europe.

Key actions from 2023 onward

-0.8 Mt CO_2e (Estimated)

Align our direct operations decarbonization actions with our co-manufacturing partners

We ensure that carbon reduction levers identified and implemented for Danone are also applicable to our co-manufacturers' operations.

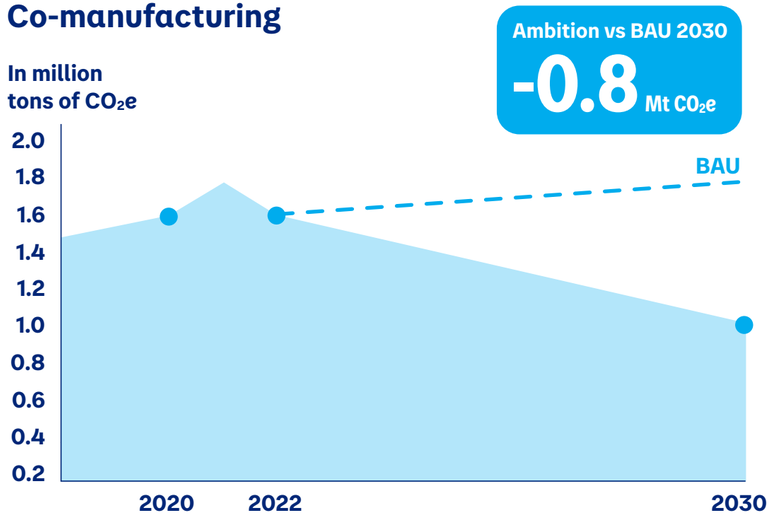
Engage our co-manufacturing partners to commit to SBTi targets

We are working to ensure that our co-manufacturing partners align with the Science-Based Targets Initiative (SBTi). Some of them are already committed to SBTi and we are deploying efforts to engage the others, with a focus on our largest plants.

As part of our evolving criteria for new partnerships, any future co-manufacturers onboarded into our network will be expected to uphold sustainability targets and contribute to our ongoing emissions reduction initiatives.

2030 Roadmap

Co-manufacturing



Next steps

Challenges

To reinforce our efforts, we track the emissions' reduction of our co-manufacturing partners and quantify their progress. We also ask them to regularly report specific allocation of emissions related to Danone's products, to ensure transparency and accountability.

Our actions

We plan to significantly step up decarbonization projects in third-party plants. We are exploring ways to further help our comanufacturers to optimize their processes on energy and waste as well as monitor their carbon footprint and other environmental impacts. We will share key learnings from our packaging decarbonization journey so the same innovations can be applied to packages produced by our co-manufacturing partners. We are exploring modalities to engage 100% of our co-manufacturers to commit to decarbonize according to a 1.5°C pathway trajectory.

Supplier engagement

Engaging our value chain is key to our decarbonization journey. We recognize that our suppliers play a pivotal role in our Climate Transition Plan, with more than 50% of our 1.5°C emissions reduction contingent upon their capacity to reduce their GHG emissions. We are dedicated to fostering sustainable, inclusive growth with our suppliers through collaborative partnerships that benefit both parties. Transparency, collaboration and a continuous improvement mindset are the cornerstones of our supplier engagement strategy.

Key achievements

We are actively partnering with our farmers and suppliers on the decarbonization journey. For instance, between 2015 and 2022, we achieved 22% reduction on the emissions factors of the ingredients sourced from our key partner Royal FrieslandCampina and we collaborated with Synlait on a project to measure the impact of our regenerative agriculture practices on soil health.
By the end of 2023, we anticipate that over 70% of our suppliers (in volumes) will be members of the Sustainable Dairy Partnership members, with 46% already in Stage 3 (See chapter on Ingredients for more details).

Finally, in 2023, we launched Partner for Growth program, a key pillar of our ecosystem engagement journey. 50 partners from all around the world joined us with Danone teams from all functions.

2030 Roadmap

At Danone, collaboration sits at the heart of how we operate. We have decades of partnership experience and recognize that to solve complex challenges and deliver change at scale and pace, we need to work with others.
For our most important suppliers with high CO_2e emissions and high criticality, we have designed a tailored approach that includes the following key elements.

Support and engagement

We have opened dialogue with our suppliers about our and their sustainability goals. We will continue to work closely with our suppliers to enhance their ability to reduce emissions through training and support, helping them to understand the importance of acting now.

Transparency

We will implement supply chain transparency by sharing information on carbon emissions and sustainability practices with our suppliers. This can help identify areas for improvement and opportunities for co-development of solutions toward more sustainable supply chains. It will also allow us to continuously monitor and report on progress towards sustainability goals, regularly communicate with our suppliers to discuss results, challenges, and opportunities for accelerating the transition movement.

Contracts

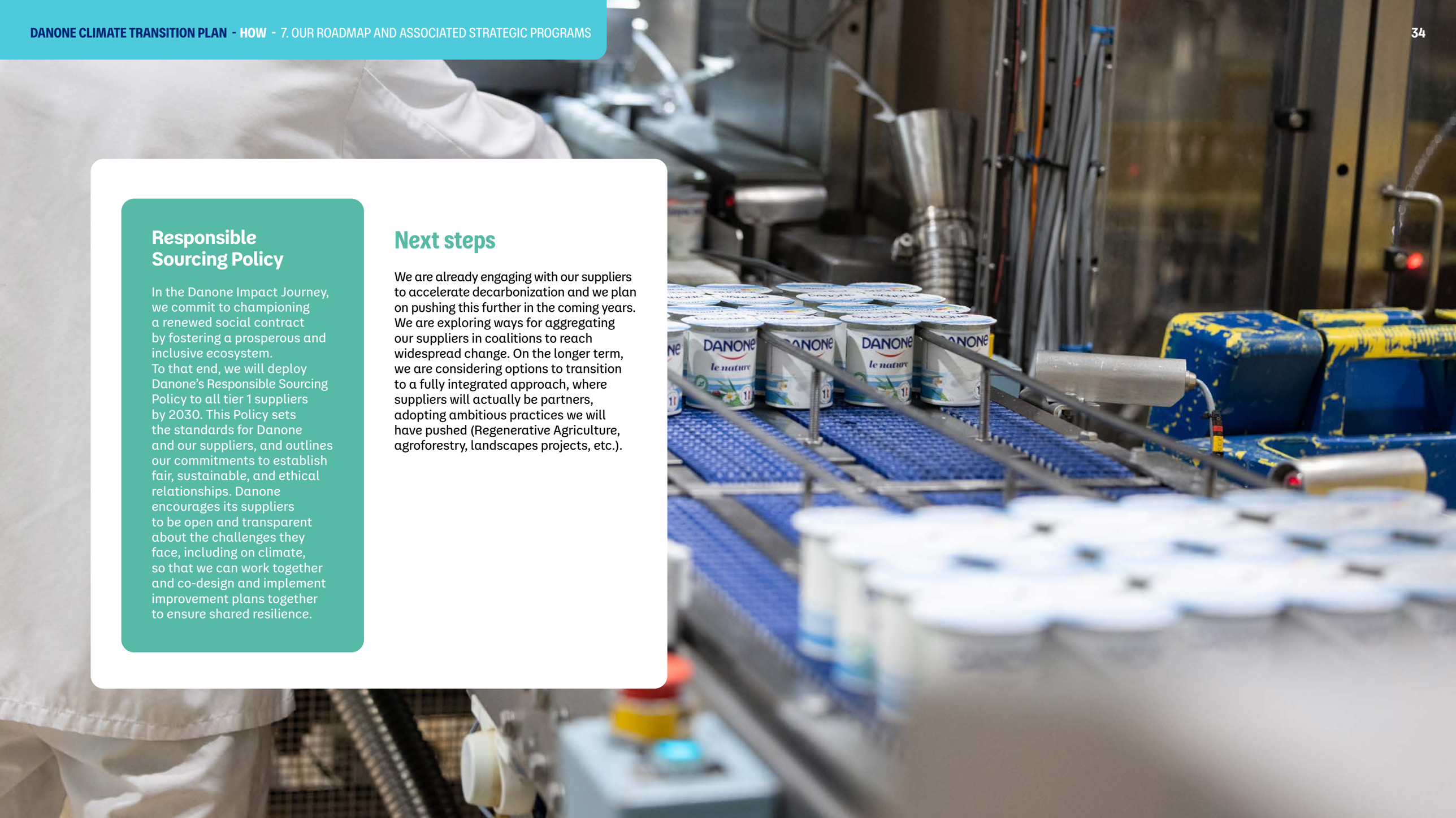
We will incorporate climate actions into our supplier contracts to ensure a shared commitment to emissions reduction. We require these suppliers to set reduction targets at least as ambitious as our own, with incentives tied to their performance.

Partnerships

We will establish further collaborative partnerships with our suppliers to develop customized decarbonization goals and roadmaps, fostering frequent interactions on progress and transparent reporting of emissions. These partnerships include co-investments and joint projects.

Supplier selection

Rather than reallocating, we will consider developing new suppliers over time, with a focus on suppliers that can deliver ingredients and packaging components with the lowest available carbon footprint.



Responsible Sourcing Policy

In the Danone Impact Journey, we commit to championing a renewed social contract by fostering a prosperous and inclusive ecosystem.
To that end, we will deploy Danone's Responsible Sourcing Policy to all tier 1 suppliers by 2030. This Policy sets the standards for Danone and our suppliers, and outlines our commitments to establish fair, sustainable, and ethical relationships. Danone encourages its suppliers to be open and transparent about the challenges they face, including on climate, so that we can work together and co-design and implement improvement plans together to ensure shared resilience.

Next steps

We are already engaging with our suppliers to accelerate decarbonization and we plan on pushing this further in the coming years. We are exploring ways for aggregating our suppliers in coalitions to reach widespread change. On the longer term, we are considering options to transition to a fully integrated approach, where suppliers will actually be partners, adopting ambitious practices we will have pushed (Regenerative Agriculture, agroforestry, landscapes projects, etc.).

Low-carbon by design and portfolio management

We are committed to reducing the carbon intensity of our products through a range of programs, notably targeting packaging, energy usage and sourcing of raw materials that have been described in the previous chapters. However, to reach our 1.5°C ambition, and also prepare the further reductions beyond 2030, we are looking at solutions beyond the traditional levers of decarbonization and exploring not only low carbon ingredients both dairy and plant-based and low carbon processes but also different evolutions of our business models to generate value from lower carbon products.

Designing and selling low carbon products requires collaboration between our business category and research and innovation (R&I) teams, but also with the full eco-system of academics, suppliers, and startups.

Defining low-carbon products

We define low-carbon products as products that are helping achieve our 1.5°C ambition, with significantly lower emissions across their entire life cycle when compared to a baseline (previous version) or to a reference product which has a similar function. It is key to take functionality into account for any comparison with reference products, to ensure that we are providing nutritional functionality to our consumers, in line with our mission to bring health through food to as many people as possible. We will continue to refine our framework to categorize low-carbon products, to consider both carbon and nutritional impacts.

Key achievements

At Danone, our mission is to bring health through food to as many people as possible. We provide our consumers and patients with a range of offers suited to their nutritional needs, cultures and preferences, thanks to a portfolio of healthy categories – across dairy, plant-based, water and water-based beverages, early life nutrition and medical nutrition.

Our portfolio is also fundamental to supporting the adoption of more sustainable eating habits – healthy foods with a lower environmental impact – and to realizing our ambition on climate. In recent years, we have already made progress in the development of lower-carbon products for all our categories.

Our acquisition of our plant-based portfolio, including flagship brands Silk and Alpro, made Danone a global leader and pioneer in plant-based offering, with the know-how and experience to answer the consumer demands to more flexitarian eating habits. Our plant-based category is a key pillar of our lower-carbon product development strategy, allowing us to innovate further with low-carbon ingredients and hybrid plant-based and dairy offers.

Since 2017, we have been transitioning our dairy category towards lower-carbon and regenerative agriculture practices. We are reinforcing this with an ambitious commitment to 30% absolute reduction in methane emissions from fresh milk used in our dairy products by 2030, in alignment with he Global Methane Pledge (see chapter on Milk). We are also exploring reformulation options with lower-carbon ingredients and processing as well as lower carbon packaging formats and materials, for example larger pots. We continuously innovate in lightweighting our plastic packaging whilst exploring breakthrough low-carbon no plastic solutions.

In our Specialized Nutrition category, we have brought the best of both dairy and plant-based worlds in our Aptamil, Fortimel and Nutrison ranges bringing nutritional value for our consumers whilst lowering their carbon footprint.

Approximately, 50% of our bottled water and water-based beverages product volumes are already offered in reusable formats. This includes jugs for home and office delivery in countries with poor access to safe drinking tap water such as Indonesia, Mexico, Turkey, and Uruguay. We also introduced a Volvic extra-large format in Europe, which reduces the quantity of plastic used per liter.

Fortimel Plant Based Energy is our first nutritionally complete plant-based oral nutritional supplement for the dietary management of disease related malnutrition.

In Spain, Fortimel Plant Based Energy mocha flavor has a 33,42% lower carbon footprint than our standard Energy Oral Nutritional Supplement[1]

Compared to Fortimel Energy standard. The product carbon footprint of both products has been measured in accordance with the internationally recognized standard ISO 14067, verified and certified by the Carbon Trust in 2023.
Fortimel Plant Based Energy is a Food for special medical purposes and must be used under medical supervision.

Key actions

Ambition vs BAU 2030
-1.4 Mt CO_2e

Integrating carbon footprint into innovation and renovation processes

A product's carbon footprint is becoming an integral component of our innovation and renovation cycles. Our aim is to achieve comparable or enhanced benefits in our products while adopting lower-carbon solutions.
When designing new products or reformulating existing ones we take into account other impacts such as water.

Our Danprint tool allows us to measure a product's carbon footprint over its entire life cycle and compare the impact of various design scenarios. It is triple-certified by The Carbon Trust against the three most stringent frameworks used by our retailers .

We are scaling up the assessment of our products' carbon footprints to accelerate our low-carbon product ambition.

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.

Innovative lower carbon packaging and formats

Ecodesign can help reduce our product emissions. During the design stage, we explore lower carbon solutions, for example, offering bigger formats in our water and dairy categories as well as reuse models for our packaging.

Developing lower carbon ingredients for plant-based and dairy and designing hybrid offers

We continue to develop plant-based and hybrid formulas with attractive nutritional and taste profiles, and lower carbon footprints such as innovations in our Aptamil and Nutrison brands.

Fostering innovation and breakthrough technologies

We are investing and partnering with start-ups and suppliers to explore lower carbon innovations and explore ingredients such as lower carbon proteins and processing solutions for our existing products.

Portfolio management: increasing our share of revenues from lower carbon products

In addition to developing lower carbon products, we are also exploring opportunities to optimize our portfolio management from both business and carbon footprint perspectives.
This means building competitive business cases for lower carbon products, formats and operational models, in cooperation with suppliers, customers and other partners. Our goal is to increase the share of revenue from lower carbon products transitioning to a low-carbon product offer as a main source of business.

Next steps

We are committed to exploring transformation scenarios that decarbonize our product portfolio while simultaneously delivering benefits to our consumers. We are taking this commitment further by focusing on products designed to have a lower impact on nature.

We will continue to accompany consumers and societal shifts in the transition to healthy, sustainable diets, adapted to geographical specificities and needs. We will also support breakthrough innovations that will help us deliver on our ambitious targets.

8. Acting beyond our value chain

While reducing GHG emissions within our value chain is our first priority – as outlined in previous chapters – we are also conscious that we will need to go beyond, mitigating emissions beyond our value chain and addressing residual emissions.

We will follow SBTi guidelines regarding:

- Abatements within our value chain to residual emission levels in line with a 1.5°C world by no later than 2050.
- Mitigation beyond our value chain to contribute to global decarbonization during the transition period.
- Neutralization of all residual emissions (or “removals”) from 2050 onwards.

Mitigating emissions beyond our value chain

Scientific experts, public authorities, and specialist agencies acknowledge that significant financial flows, particularly from high-income to lower-income countries, are needed to reduce emissions and preserve and strengthen carbon sinks. In this context, in addition to our action within our value chain, Danone is also contributing to projects allying decarbonization with other social and environmental benefits.

We support the Livelihoods Funds, which develop transformative projects that deliver climate, social and nature impacts. This fund has been renewed three times, and delivers mangrove restoration, rural energy access, agroforestry and sustainable supply chain projects for both carbon “removal” and “avoidance”. It aims to sequester or avoid 20 million tons of CO_2e over 20 years through a dozen of projects in Asia, Africa and Latin America.

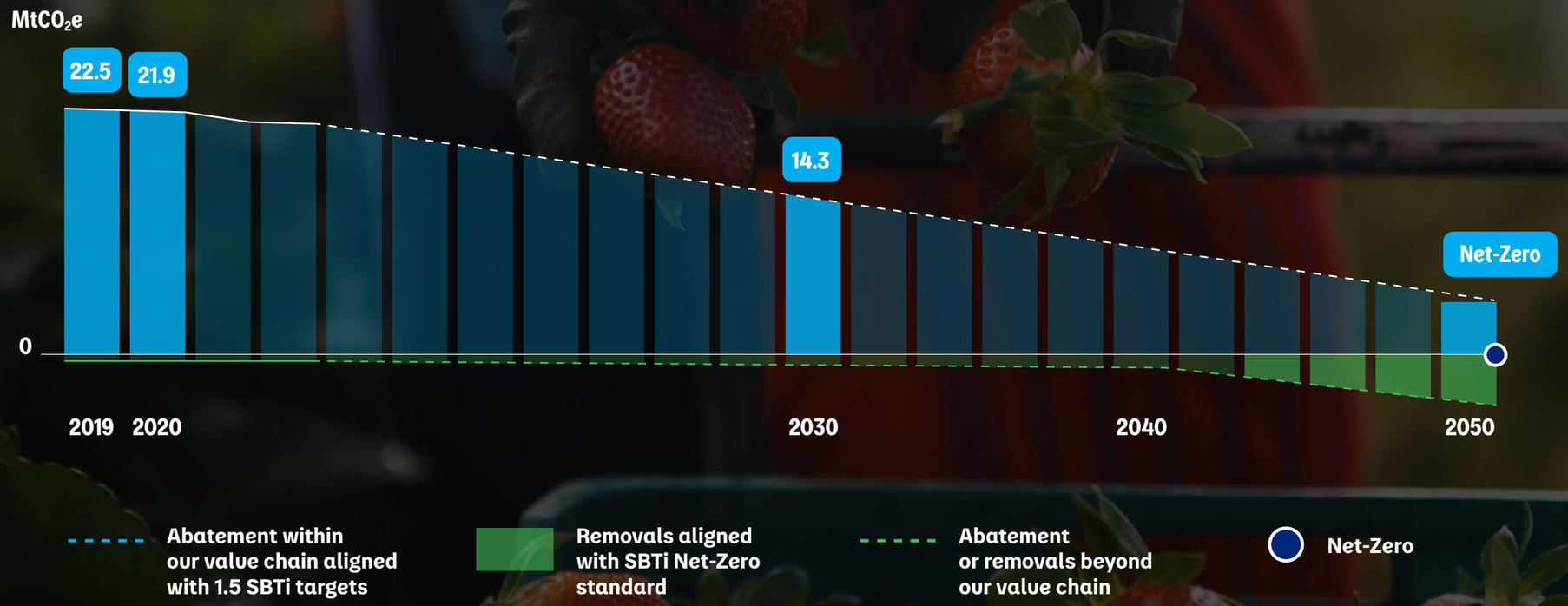
- €68.8MM invested by Danone in Livelihoods Funds by 2023.
- 2,1 Mt CO_2e emissions removed from the atmosphere or avoided thanks to projects funded by Danone in The Livelihoods Funds 2011-2023.

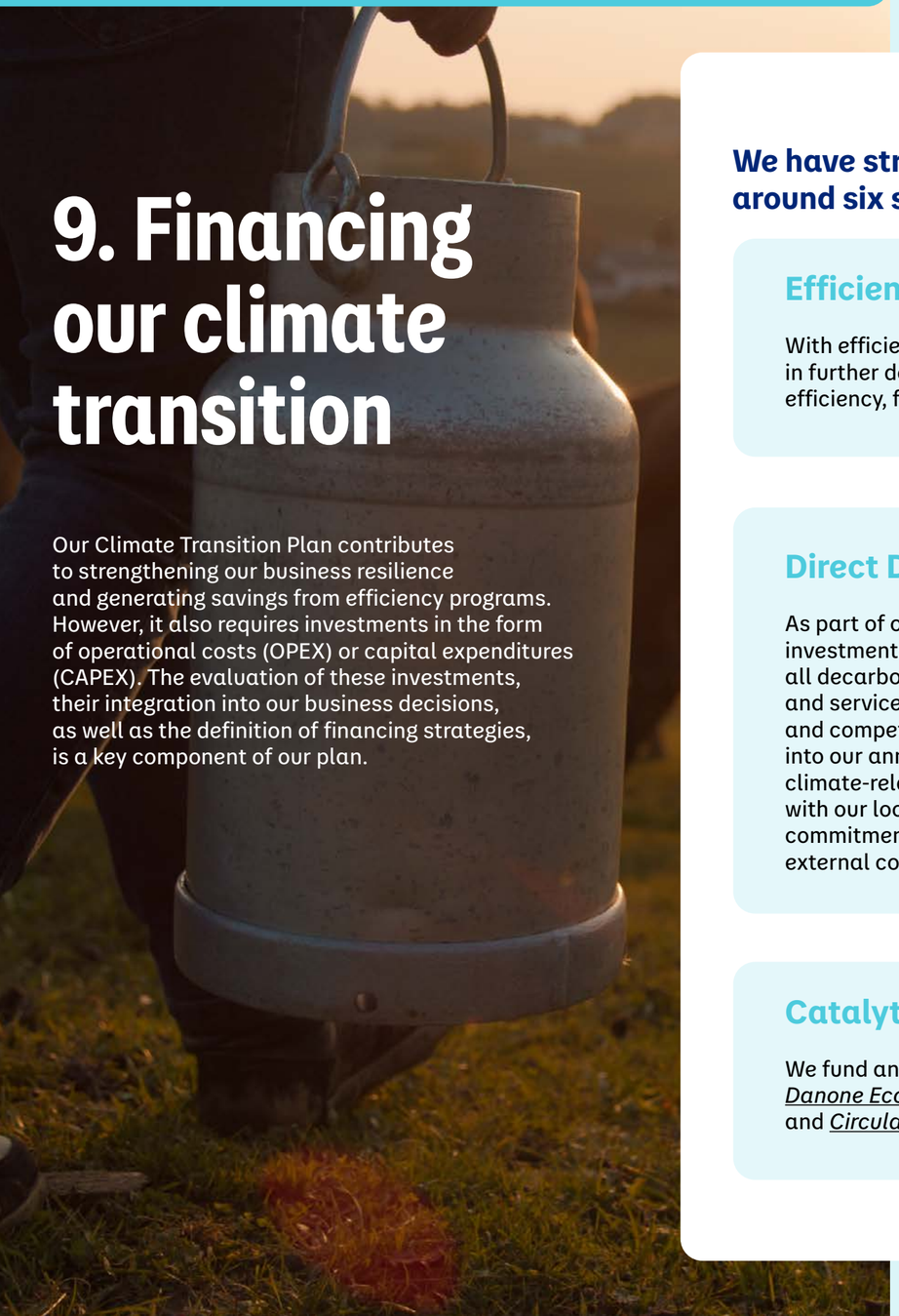
Addressing residual emissions to reach SBTi Net-Zero

In the longer-term, even with the substantial emission reductions expected by 2050, there will be residual emissions linked to our activities. To counterbalance these residual emissions, we intend to permanently remove an equivalent volume of carbon from the atmosphere and store it. This will ensure that we achieve a state of carbon neutrality after reaching our Net-Zero target in 2050.

Carbon “removal” projects, which are different from “avoidance” projects, include ecosystems restoration, landscape projects or carbon capture technologies. These emissions “removals” will be either purchased via credits or developed directly through our own projects. Based on our current estimations, our residual emissions in 2050 will amount to approximately 4.5 $MtCO_2e$/year.

Although this SBTi requirement begins in 2050, we are already developing our strategy, through the Livelihood Funds and through our own removals projects and purchase of high-quality carbon credits.





9. Financing our climate transition

Our Climate Transition Plan contributes to strengthening our business resilience and generating savings from efficiency programs. However, it also requires investments in the form of operational costs (OPEX) or capital expenditures (CAPEX). The evaluation of these investments, their integration into our business decisions, as well as the definition of financing strategies, is a key component of our plan.

We have structured our financing approach around six sources, both internal and external.

Efficiency optimization

With efficiency optimization, we realize savings that can be reinvested in further decarbonization activities. This includes projects on energy efficiency, food waste reduction, logistics and packaging optimization.

Direct Danone funding through OPEX and CAPEX

As part of our Danone Impact Journey, we further incorporated climate-related investments into our annual financial planning process, ensuring that all decarbonization investments are fully integrated within our costs of goods and services and planned appropriately, focused on the most strategic and competitive investments. By integrating climate transition investments into our annual operating plan and annual strategic planning, we can address climate-related risks, strategically assess programs and geographic alignment with our local business priorities and reinforce Danone's strong financial commitment. Consequently, this enhances our capacity to attract potential external co-founders for our initiatives.

Catalytic impact and adaptation funds

We fund and support impactful projects through dedicated initiatives: *Danone Ecosystem*, *Livelihoods Funds*, *Danone Communities*, and *Circulate Capital Ocean Fund.*

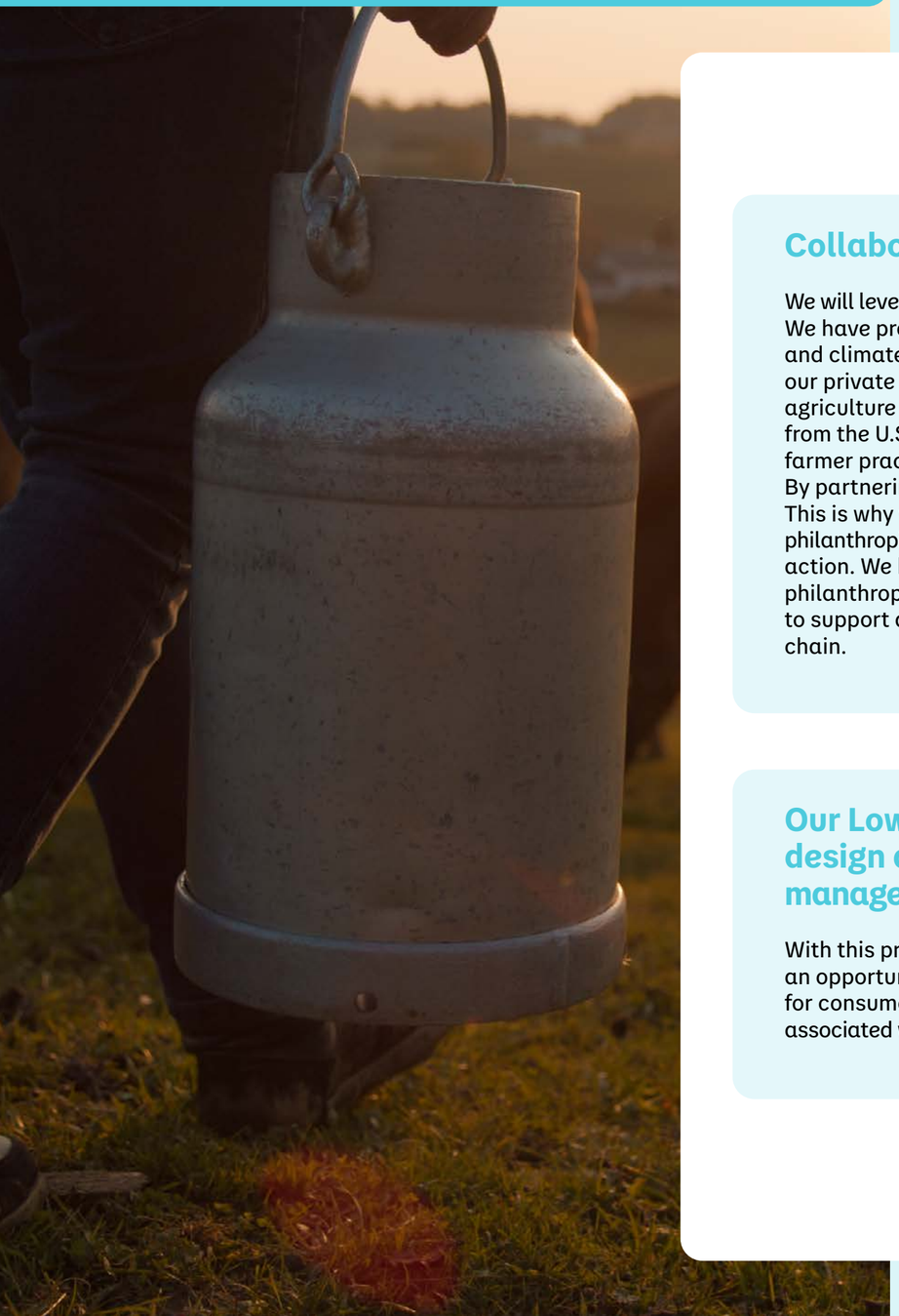
Danone Ecosystem

Danone Ecosystem has, for 15 years, been supporting the transition to regenerative agriculture, watersheds protection with an integrated landscape approach, the collection of packaging while preserving ecosystems. Through 100 projects, Danone Ecosystem has already donated 80M€ in the form of grants, attracting 80M€ from external donors and 48M€ from Danone country business units. Danone Ecosystem is opening a new phase of its impact strategy, where more partners and resources will be needed to scale up proven solutions, while it continues to innovate in a sustainable and just transition, for the benefit of communities and civil society.

More information available at: *Homepage - Danone Ecosystem*

Livelihoods Funds

Through Livelihoods Funds, we support mangrove restoration, rural energy projects, implementation of agroforestry practices as well as projects aiming to empower smallholder farmers, with a focus on primary commodities and raw materials such as cocoa, palm oil, vanilla, milk, sugarcane, coconut, shea, water, fruits, nuts, and cereals.



Collaboration with external partners

We will leverage external resources for transformation of general public interest. We have proven to be a trusted partner in projects related to decarbonization and climate change adaptation. For example, we continue to leverage our private investments to expand Danone North America's regenerative agriculture program thanks to grants promoting public-private partnerships from the U.S. Department of Agriculture (USDA) to support a variety of new farmer practices through the Climate Smart Commodities Initiative.
By partnering with external stakeholders, we can deliver impact at scale. This is why we encourage external partners, including governments, philanthropic institutions and other players to join efforts in the decarbonization action. We have already started engaging advanced discussions with major philanthropic funds, development agencies and institutions to join forces to support a fair transition especially in most vulnerable parts of our value chain.

Our Low carbon by design and portfolio management program

With this program, we have an opportunity to create value for consumers and reduce costs associated with decarbonization.

Value capture from sales of our lower carbon products

We seek to unlock additional value from offering lower-carbon products to our consumers, customers, and patients.

We continue to strengthen the link between climate and finance to future-proof our business. Our Climate Transition Plan also responds to increasing interest of investors in our capacity to reduce our GHG emissions. We are convinced that investments in decarbonization contribute to the resilience of our business in the medium to long-term. This involves considering potential consequences such as avoiding future costs (commodity prices), safeguarding our business's competitive advantage by responding to the emergence of new "low-carbon" business models from competitors, and preserving the equity of our brands by meeting customer sustainability demands.

Please note that this document will be periodically updated to reflect our ongoing developments and evolving strategies.

10. Advocating in support of global climate action

Our public commitment to engage our stakeholders towards achieving the goals of the Paris Agreement

Danone is committed to engaging all of our stakeholders towards achieving the goals of the Paris Agreement, including governments, regulators, scientific societies, trade associations, experts, consumers, NGOs and other businesses. Indeed, given the depth and complexity of transitioning our business, we know we need collective action across all sectors.

Climate is central to our policy advocacy

Policy is central to achieving our climate ambitions. While voluntary action from the private sector is paramount, robust public policy is critical to accelerating action and innovation, driving accountability and creating a level playing field across all economic sectors. This is why climate change is a major focus of our policy advocacy and why we recognize the central role of governments in policymaking.

We are committed to conducting advocacy in line with 1.5°C

We are committed to conducting our advocacy in line with Paris Agreement and in line with our climate policy goals, notably to restrict global temperature rise to 1.5°C. Our advocacy supports the objectives laid out in our sustainability strategy, the Danone Impact Journey, as well as our commitments under our status as a “Société à Mission” and a growing B Corp.

We are also working to ensure alignment between our position and those of the trade associations, coalitions and platforms we are a member of, at global, regional and local levels.

Danone’s Advocacy Policy defines the scope of our advocacy activities and the way in which these should be conducted - transparently and ethically. *Danone’s Position on Climate Advocacy* provides more detail on the governance and evolution of our advocacy as it relates to climate.

We advocate for climate-positive policies to transform the Food and Beverage industry

We actively engage with government authorities to support and advocate for climate-related policies that can drive positive change in the Food and Beverage (F&B) industry. Some of the key policy areas we are engaging with include:

Bold climate policies, including for the food and beverage sector

Danone takes part in significant global climate events such as the United Nations Climate Change Conferences, where we advocate for ambitious climate policies which can drive mitigation and adaptation across economies, including for the food sector.
In 2022, at COP27, we led a *Business Call to Action* through the World Business Council for Sustainable Development (WBCSD), urging companies in the food sector to adopt science-based Net-Zero targets.
We also called upon governments to develop national food strategies and integrate food into Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).

We have also called on national legislative bodies to pass critical climate packages. For example, in January 2022, Danone North America, with other fifteen leading companies, filed a legal brief in support of corporate and Environmental Protection Agency regulation to reduce greenhouse gas emissions at the rate necessary to avoid the worst impacts of climate change.

Climate-related Disclosure

We *advocate* for greater transparency and accountability in the private sector by promoting climate-related disclosures, building upon the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) and the CDP. These includes, for instance, calling on the United States Securities and Exchanges Commission to adopt climate change disclosure rules.

Regenerative agriculture

We advocate for the important role agriculture can play in climate mitigation and adaptation, and for policies that support and incentivize the transition to regenerative agriculture practices. This includes *advocating in favor* of regulatory initiatives such as the EU Nature Restoration law, or public-private partnerships like the United States Climate Smart Commodities initiative. We joined the Regenerative Landscapes initiative during COP28, aiming to aggregate, accelerate, and amplify new and existing commitments towards transitioning large agricultural landscapes to regenerative agriculture by 2030.

Carbon Pricing

We *support* the establishment of a carbon pricing system that fosters a level playing field and encourages economy-wide greenhouse gas reduction.

Just Transition

Our advocacy efforts are geared toward achieving equity and a just transition in our societies. We believe in the need for robust collaboration with the public sector to ensure groups that are vulnerable to climate change and climate transition impacts receive the support they need. This includes in particular support to farmers as they transition to regenerative agriculture practices.

Harmonized standards and accounting frameworks

We also advocate for the harmonization of corporate standards, such as the Greenhouse Gas Protocol, and public policy. This is crucial both to protecting the credibility of carbon accounting systems, and to incentivizing and rewarding climate action.

We advocate against climate-negative policies affecting our transition

We advocate against climate-negative policies such as continued reliance on fossil fuels. For instance, *we joined other organizations* in calling on governments and financial institutions to ensure a phase out of unabated fossil fuels in line with the 1.5°C goal.

Our engagement with our civil society and industry platforms

As part of our climate-related engagement and advocacy, Danone participates in a number of civil society and industry platforms.

Cross-disciplinary platforms

Certified B Corporation
B Corp is a movement to make business a force for good. As part of this movement, B Lab certifies entities that meet the highest environmental, social and governance standards, including related to climate. As of end 2022, we have achieved significant progress with 74.2% of our global sales now covered by B Corp™ certification, working toward our ambition to become one of the first certified multinationals by 2025.

Consumer Goods Forum (CGF)
We are co-chair of the CGF Coalition for Healthier Life and are developing global cross-categories partnerships with retailers to advance sustainability.

UN Global Compact
We have been a member of the UN Global Compact since 2003, upholding principles related to human rights, labor rights, environmental protection, and anti-corruption.

World Business Council for Sustainable Development (WBCSD)
We work collectively with leading sustainable businesses worldwide to accelerate system transformations needed for a Net-Zero, nature-positive, and more equitable future.

Climate-related platforms

Business Ambition for 1.5°C
We are actively engaged in the “Business Ambition for 1.5°C” initiative, that encourages companies to set ambitious targets to limit global warming to 1.5°C.

Science Based Targets initiative (SBTi)
We have worked closely with SBTi to develop guidelines for companies in the forest land and agriculture sector, called the FLAG guidance.

RE100
As part of the RE100 initiative, we pledge to shift to 100% renewable electricity by 2030, with an interim milestone of 50% achieved in 2020.

We Mean Business
As a member of We Mean Business, we collaborate with influential businesses to take action on climate change and work toward halving global emissions by 2030 in line with a 1.5°C pathway.

Agriculture, Biodiversity and Forest related platforms

One Planet Business for Biodiversity (OP2B)
We are founding member of OP2B, a business coalition focused on scaling up regenerative agriculture and enhancing cultivated biodiversity to protect high-value ecosystems.

Science Based Targets for Nature (SBTN)
Danone, through our plant-based brand Alpro, is part of the SBTN Corporate Engagement Program to contribute to the development of SBTN methods, tools, and guidance. Program members help SBTN develop science-based targets for nature that are cost-effective and user-friendly through exclusive testing and feedback opportunities.

Sustainable Agriculture Initiative (SAI)
We 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 beta version of the TNFD's global framework for nature-related risk management and disclosures. The objective was to outline the necessary components for a practical implementation of a nature-related risk framework, particularly focusing on the TNFD framework, to ensure its feasibility for both businesses and financial institutions.

Forest Positive Coalition (CPF) of Action
In 2020, the Consumer Goods Forum launched the Forest Positive Coalition (FPC) of Action, comprised of 17 ambitious member companies committed to moving rapidly towards a forest positive future. Now among 21 member companies, Danone participates actively in the FPC as a member of the steering committee and of the 3 commodity (palm, soy & paper) working groups.

Plastics-related platforms

Global Commitment on Plastics
We are a member of this coalition spearheaded by the Ellen MacArthur Foundation in collaboration with the United Nations Environment Program.

Business Coalition for a Global Plastics Treaty
We are also a member of this coalition convened by the Ellen MacArthur Foundation and WWF, in collaboration with aligned businesses and supported by strategic NGO partners.

Our engagement with NGOs

We believe in the power of collaboration and actively engage with non-governmental organizations (NGOs) to advance our climate transition. The NGOs we partner with include:

The Environmental Defense Fund (EDF):
We have launched a strategic partnership with EDF to support our methane reduction ambitions. We 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.

Global Methane Hub:
The Global Methane Hub (GMH) is an international alliance of more than 20 leading philanthropies and organizations that have committed at least $200 million toward supporting the development and implementation of tangible methane reduction solutions by 30% by 2030. Danone became the first corporation 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.

Ellen MacArthur Foundation:
Our partnership with the Ellen MacArthur Foundation focuses on circular economy principles, sustainability, and regenerative practices within our operations and supply chain.

Ramsar:
Danone has partnered with the Ramsar Convention on Wetlands since 1998, with the objective of supporting wetlands protection, which are an important carbon sink and essential to climate mitigation and adaptation. Danone helped secure two new Ramsar sites (Impluvium d'Evian, Reserve Natural Villavicencio) and supports best practices in wetlands conservation through a dedicated prize.

World Wildlife Fund (WWF):
Danone and WWF have worked together on a range of nature-based solutions: for instance, WWF France supported Danone in the development of its Regenerative Agriculture definition and scorecard, and Danone teamed up with WWF Netherlands and Ramsar to build an open-access training on water stewardship.

11. Ensuring an effective climate governance

Ensuring that the climate agenda is embedded in our day-to-day governance and processes is a key enabler to reach our ambition in an efficient way. This is why our governance allows for each function and level to take responsibility of climate action within its remit of competence, with key governance bodies facilitating alignment towards the same objectives and priorities, and incentive schemes linking business and climate performance.

Embedding climate into every function and level of our organization

Our Danone Impact Journey sustainability agenda, including climate, is sponsored by key leadership figures within the organization and embedded into the company governance at all levels (global, regions and countries), as well as in the functions and portfolio categories (purchasing, operations, research and innovation, marketing, etc), making it an integral part of our company beyond corporate governance. Our commitment to climate action also extends to our regions and subsidiaries, which are implementing our carbon reduction plans on the ground, and apply operational action plans.

Progress on our climate action is subject to regular review by key company governance bodies, especially at least once a year by our Board of Directors and the CSR Committee of the Board. Our commitment to climate action is reinforced by the expertise present at the Board level. We have several Board Members with competence on climate-related issues, ensuring a comprehensive approach to addressing the challenges and opportunities presented by climate change.

Implementation of our ambition is steered by two internal committees composed of key function leads and Executive Committee members and reporting to the Executive Committee.

- **The Global Impact Steering Committee** is responsible for tracking and steering Danone's Impact Journey execution, specifically our eight programs on climate-related topics.
- **The Global Engagement Committee** oversees reporting and governance as well as internal and external engagement.

On top of the corporate governance at global level, an operational governance, at business and local levels, has been set up for each of the Nature pillars of Danone's Impact Journey - embedding Climate Strategy and Priorities.

Incentives linked to climate performance indicators

Executive remuneration is aligned with the organization's transition plan goals, ensuring that key individuals are committed to achieving climate targets. The Chief Executive Officer, Chief Financial Officer, Chief Sustainability Officer and Chief Operating Officer, along with 1750 directors and senior executives, receive long-term compensation in the form of Group Performance Shares (GPS) assessed over a three-year period. GPS are granted by the Board of Directors, pursuant to the authorization by the Annual General Meeting of shareholders, that approves performance conditions for each plan. Voted in April 2023, the 2023 GPS plan includes internal sustainability performance conditions for 30% of the assessment and includes a performance condition on the like-for-like reduction of GHG emissions across the entire value chain (scopes 1, 2 and 3) between 2022 and 2025.

In 2023, our CEO has a short-term incentive tied to climate performance, specifically related to reducing our GHG emissions (scopes 1, 2 and 3) between 2022 and 2023.

Since Group Performance Shares (GPS) are awarded to directors and executives of the company, it is an efficient way to ensure adequate planning, costing, integration in business plan, execution, and monitoring of climate reduction actions, in line with our 1.5°C pathway.

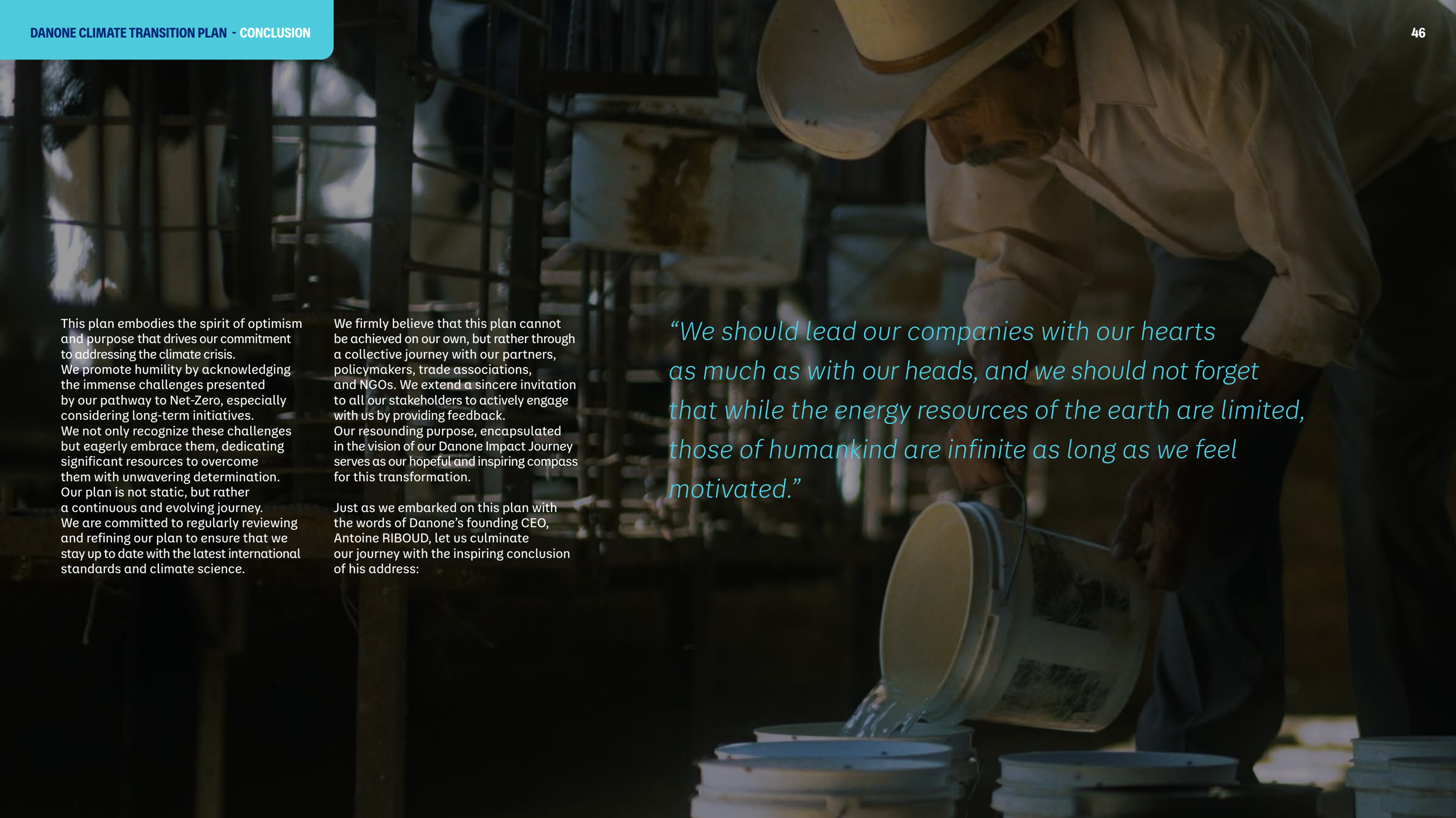
Our incentive structures are subject to regular review and adaptation to align with evolving contexts, ensuring that our executives remain incentivized to drive climate action.

Governance of our Climate Transition Plan

Our Climate Transition Plan is not treated as a stand-alone initiative: it is embedded within our overall climate governance. It is reviewed during the regular climate governance bodies: the Global Impact Steering Committee, the Global Engagement Committee, the Executive Committee, as well as the CSR Committee of the Board and the Board of Directors itself.

We collect feedback of our stakeholders at relevant occasions. In particular, shareholders' feedback on our Climate Transition Plan is collected during the Q&A section of the Annual General Meeting.

Progress against the plan is reported annually in the Universal Registration Document (available on *www.danone.com*), along with any material changes.



This plan embodies the spirit of optimism and purpose that drives our commitment to addressing the climate crisis.
We promote humility by acknowledging the immense challenges presented by our pathway to Net-Zero, especially considering long-term initiatives.
We not only recognize these challenges but eagerly embrace them, dedicating significant resources to overcome them with unwavering determination.
Our plan is not static, but rather a continuous and evolving journey.
We are committed to regularly reviewing and refining our plan to ensure that we stay up to date with the latest international standards and climate science.

We firmly believe that this plan cannot be achieved on our own, but rather through a collective journey with our partners, policymakers, trade associations, and NGOs. We extend a sincere invitation to all our stakeholders to actively engage with us by providing feedback.
Our resounding purpose, encapsulated in the vision of our Danone Impact Journey serves as our hopeful and inspiring compass for this transformation.

Just as we embarked on this plan with the words of Danone's founding CEO, Antoine RIBOUD, let us culminate our journey with the inspiring conclusion of his address:

"We should lead our companies with our hearts as much as with our heads, and we should not forget that while the energy resources of the earth are limited, those of humankind are infinite as long as we feel motivated."

DANONE

ONE PLANET. ONE HEALTH

2023