

OUR IMPACT JOURNEY

Danone UK & Ireland
Impact Journey Report 2023



Welcome to Danone UK & Ireland's first Impact Report. Inside, we share our goals and progress across the three pillars of our Impact Journey: Health, Nature and People & Communities.

Our mission to bring health through food to as many people as possible began over 100 years ago. Today, it is enshrined in our 'Société à Mission' status and B Corp Certification in the UK & Ireland.

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Read about how we are delivering on Health 🖌 p13–19

Read about how we are delivering on Nature ✓ p20-27

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IN CONVERSATION WITH OUR UK & IRELAND PRESIDENT



JAMES MAYER PRESIDENT

LEADING THE WAY WHEN IT COMES TO IIIIII





Purpose was core to Danone's foundation. Our founder Isaac Carasso saw first-hand the impact that malnutrition was having in early 20th century Spain and started distributing yogurts through local pharmacies. This is when we first started to positively impact people's health and it still inspires our mission today. Our aim is to deliver life-enhancing, and sometimes lifesaving, nutrition in a sustainable way while supporting communities. But delivering healthy products is not enough. We see an opportunity to use our scale and relationships to support positive change within the food value chain. The Impact Journey focuses our efforts and challenges us to go further by addressing key challenges facing society – from climate change to food insecurity and health.

Q DANONE WAS THE FIRST TOP 10 BRANDED FOOD AND HEALTHCARE MANUFACTURER IN THE UK & IRELAND TO CERTIFY AS A B CORP. WHY IS B CORP CERTIFICATION SO IMPORTANT TO DANONE?

A In many ways, B Corp is a modern expression of what Danone calls its 'dual project' – combining business success with social and environmental progress. Our responsibility does not end at the factory gate or office door and becoming a B Corp demonstrates our commitment to go further and make a real positive impact on people and the planet. The rigorous accreditation process holds us to account and shows us where we can improve. It's fantastic to be part of a growing B Corp community. I believe that, if the B Corp movement is going to have the meaningful impact that it aims to have, then the involvement of brands like ours, which reach millions of households, is crucial.

Q WHAT HIGHLIGHTS FROM 2023 STAND OUT FOR YOU?

I'm proud of the launch of our UK & Ireland health commitments which set sector-leading standards that we now hold ourselves accountable to. This has led to new product launches that embody our mission and goals such as GetPRO, a high protein yogurt which is lowfat and low-sugar. Our new commitments also helped us consider the role we can play in encouraging action on health across government and the wider food industry (read more on page 16).

Another highlight was bringing together all of our UK & Ireland employees – our Danoners – at our annual colleague conference. It was fantastic to help everyone understand our Impact Journey ambitions and to recognise through our STAR awards, those who have gone above and beyond to bring our purpose to life.

Q WHAT HAVE BEEN THE GREATEST LEARNINGS FROM THE FIRST YEAR OF THE IMPACT JOURNEY?

A In addition to engaging our people, we've seen the value of sharing clear and ambitious goals, as well as delivering tangible action. For example, we took Danone's global science-based carbon reduction targets and translated them into a roadmap for UK & Ireland which has focused minds on the task ahead. The importance of working in partnership, for example with suppliers, has also become clearer. Last year, our first supplier 'partner day' focused on the Impact Journey and how we can all work together to achieve our goals, marking the start of many open and inspiring conversations which we are excited to continue in the coming months.

WHAT WE DO

Across the following pages, we outline the key parts of our value chain, the trends affecting our business and how we are responding. Together, these help us to deliver on our mission to bring health through food to as many people as possible. At the core is our health-focussed product portfolio.

UK & IRELAND % NET SALES BY PRODUCT CATEGORY

Based on 2023 sales value



Specialised nutrition	44%
 Beverages 	18%
Plant based	18%
Essential Dairy	20%

SPECIALISED NUTRITION





BEVERAGES



PLANT BASED



ESSENTIAL DAIRY



EMPOWERING DANONERS TO DELIVER HEALTH THROUGH FOOD

We employ over **2,400 Danoners across UK &** Ireland including office workers, 160 nurses and manufacturing and field-based teams. They bring our purpose to life and create a diverse and inclusive workplace where we can be a force for good in our business and communities.

🔗 A CHANGING WORKPLACE

workplace are changing, driven by revolutions in digital technology and AI. Over 80% of businesses acknowledge a shortage of sustainability related skills.¹

HOW WE'RE RESPONDING:

Our innovative training platform – DanSkills – will provide upskilling and reskilling in areas such as digital and green skills.



DEVELOPING OUR PRODUCTS WITH SCIENTIFIC EXPERTISE

We invest in research and development to innovate products that meet society's nutritional needs. Our global research centres in Utrecht and Paris-Saclay connect with local research hubs around the world.

In UK & Ireland, we have **specialist teams of dietitians and nutritionists**. Our scientists conduct clinical research to ensure safety, efficacy and nutritional quality in collaboration with other experts, healthcare practitioners and academia.

NUTRICIA

1.5kcal

Fortisip

PlantBased

1

🔗 PLANT POWER ON THE RISE

More consumers and patients than ever before are looking to substitute plant-based alternatives into their diets. In the UK, 16% of consumers now identify as flexitarian.²

HOW WE'RE RESPONDING:

We're pioneering plant-based products as part of our healthy portfolio, ensuring no compromise on taste or performance for consumers or patients with specific medical needs.

🕜 Read more p19

🔗 TRENDS

1 New report: Educate, Measure, Speak up: How businesses can get ahead with ESG

2 Flexitarians are back on the rise as Covid wanes | AHDB

WHAT WE DO CONTINUED

FARMING WHILE PROTECTING NATURE

We source **dairy ingredients from Ireland which are used in our infant formula.** Other key agricultural ingredients we source, include:

- Milk for dairy products France, Belgium, Spain and Poland
- Almonds Mediterranean e.g. Spain
- Oats Europe
- Soy Canada and France

We work with farmers to promote regenerative agriculture that protects soil, water and biodiversity while supporting farm resilience.

🕜 Read more p24



PUTTING A PRICE ON BIODIVERSITY

Nature may be free, but its value cannot be overstated. Over half the world's total GDP is moderately or highly dependent on nature.³ It is fundamental to the products we produce.

HOW WE'RE RESPONDING:

Beginning with our Alpro brand, we are one of the first wave of companies piloting Science Based Targets for Nature, to help us understand and manage our land, water and biodiversity impacts.

MANUFACTURING OUR PRODUCTS SUSTAINABLY

The majority of our products sold in UK & Ireland are produced in factories in Europe.

We have five production sites in the UK & Ireland:

- **OMACTOOM** Formula milk
- **Wexford** Formula milk
- **Harrogate** Spring Water bottling
- **Kettering** Alpro plant-based beverages
- Civerpool Specialised medical nutrition



🥝 TRENDS

3 <u>It's Now for Nature</u>
4 <u>Low-Carbon Fuels Are a Vital Step in the Energy Transition: Here's Why</u>

5 <u>Renewable fuel statistics 2022: Fourth provisional report</u>

DISTRIBUTING OUR PRODUCTS EFFICIENTLY

We work closely with logistics and warehouse suppliers to transport products from factories to warehouses in the UK & Ireland and on to the customer or direct to patients. For our patient support service Nutricia Homeward, we have dedicated delivery vans. We aim to **deliver products efficiently, while minimising waste and reducing emissions**.

While electrification is a longterm ambition for the logistics sector, lower-carbon biofuels are an additional, more immediate solution.⁴ Biofuels can deliver a reported average green house gas saving of 75% when compared to fossil fuel use.⁵

HOW WE'RE RESPONDING:

We're working with partners to implement short-term actions such as the use of HVO, a type of biofuel made from hydrogenated vegetable oil, while mapping out a longer-term roadmap for the transition to electric vehicles.

🕜 Read more p23

WHAT WE DO CONTINUED



BRINGING HEALTH THROUGH FOOD TO CONSUMERS AND PATIENTS

Our **health-focused consumer products** span essential dairy, water and plant-based categories. They are consumed by millions of people as part of a healthy diet.

We also offer innovative specialised nutrition solutions that positively impact the health of people, from the first 1,000 days to old age, in hospital, in care homes and at home. Our Nutricia Homeward service helps **over 30,000 patients across the UK** manage enteral feeding at home safely and independently. In Ireland with Nutricia Care we partner with **over 200 nursing homes** and support more than **13,500 residents.**

🔗 TRENDS

- 6 Malnutrition in England factsheet | Malnutrition Task Force
- 7 Malnutrition in Ireland HSE.ie
- 8 Obesity Profile: short statistical commentary May 2023 GOV.UK (www.gov.uk)

🔗 UK & IRELAND HEALTH IN DECLINE

Over 1.3 million people over 65 in the UK are malnourished,⁶ and in Ireland one in three nursing home residents are at risk of malnourishment.⁷ Meanwhile, 63.8% of adults in England are estimated to be overweight or obese.⁸

HOW WE'RE RESPONDING:

98% of our consumer products are non-HFSS (not high in fat, sugar and salt) and many offer additional nutritional benefits such as supporting gut health and immunity. We also advocate for policies that promote healthier products, and raise awareness of how nutrition can improve patient outcomes.

🕣 Read more p14 👘

TRANSITIONING TO A CIRCULAR ECONOMY

We develop and source packaging that provides vital protection for our products. As we transition to a circular economy for packaging, we aim to minimise material use and ensure the materials we do use stay in the system, rather than going to waste.

A PUSH FOR CIRCULARITY

Legislation is driving a shift away from single-use packaging and consumers continue to be concerned about the environmental impact of plastic packaging.

HOW WE'RE RESPONDING:

We are reducing our use of virgin plastic and designing our packaging for recyclability. We support the establishment of effective packaging collection systems and are trialling refill initiatives. Our research and innovation teams work globally to unlock circular packaging solutions like PET bottles made from captured carbon.

>

Read more p25

CROSS-VALUE CHAIN TRENDS:

As well as the trends that affect the discrete stages of our value chain, there are some issues which touch upon all aspects of our business.

RESILIENCE IS BEING TESTED

Urgent issues like climate change, biodiversity loss and soil erosion are testing the resilience of global food systems alongside risks such as volatile energy prices, inflation and fast evolving regulations. We are seeing the impact of drought and heat waves on agricultural yields in Europe and extreme weather is disrupting the transport of products.

HOW WE'RE RESPONDING:

Our Impact Journey takes a holistic approach to make us resilient for the future. Our Climate Transition Plan is in line with a 1.5°C pathway to help minimise the most extreme impacts of climate change. Danone's regenerative agriculture approach aims to increase farmer resilience by improving long-term productivity, safeguarding the environment and protecting soils.

THE COST OF LIVING CRISIS

17% of households in the UK were food insecure as of July 2023⁹ while 19% of parents in Ireland felt they did not have enough food to feed their children at some point in the last 12 months.¹⁰ Farmers also saw input costs rise significantly in 2023, increasing the pressure on farm businesses.¹¹

HOW WE'RE RESPONDING:

We provide financial and product donations to help people access nutritious food and our Danoners volunteer to support charity partners such as FoodCloud, FoodCycle and Fareshare.

7 Read more p31

9 Food poverty: Households, food banks and free school meals
 10 Food Insecurity in Ireland: Impact on Children and Their Parents, Barnardos Ireland, 2023
 11 Inflation and cost of living put long-term resilience of farming under pressure in 2024

PROVIDE POSITIVE

FOR HEALTHIER LIFE

PROMOTE HEALTHIER

Malnutrition campaign

diagnosis and treatment

to promote screening,

for malnutrition

CHOICES

• High in protein

No added sugar

• 0% or low fat

NUTRITION & HYDRATION

Introduced new GetPRO range:

2023 AT A GLANCE

HEALTH

OFFER TASTIER AND HEALTHIER FOOD & DRINKS

98% of our sales volumes were non-HFSS (not high in fat, sugar and salt)



INVEST IN NUTRITION AND HYDRATION SCIENCE AND RESEARCH

Launched Fortisip plant-based – the first vegan ready-to-drink oral nutrition supplement (ONS).



NATURE



REDUCE GREENHOUSE GAS EMISSIONS IN LINE WITH 1.5°C PATHWAY 25% of our Nutricia Homeward fleet are now electric vehicles

TRANSITION TO CIRCULAR AND LOW-CARBON PACKAGING

93% of our packaging is recyclable, reusable of compostable



PIONEER AND SCALE REGENERATIVE AGRICULTURE

Became one of the first companies globally to set a methane reduction target -**30% reduction by 2030 for fresh milk**



CUT FOOD WASTE ACROSS THE VALUE CHAIN 2 million meals-worth

of surplus food donated through our redistribution partners



PEOPLE & COMMUNITIES

BE A FORCE FOR GOOD

IN OUR COMMUNITIES

Three-year strategic partnerships

launched with FoodCycle in the UK



PARTNER WITH OUR SUPPLIERS AND PROMOTE HUMAN RIGHTS

First Danone UK & Ireland Supplier Partner day to share our Impact Journey

FOSTER A DIVERSE & INCLUSIVE CULTURE

Launched diversity, equity and inclusion (DEI) roadmap and became certified as an Includability Committed employer

as an Inc Committ

Danone UK & Ireland 6 == Impact Journey Report 2023

For more information on Danone's global progress against our Impact Journey see our <u>Annual Integrated Report</u> and <u>Universal Registration Document</u>. OUR IMPACT JOURNEY REINFORCES OUR MISSION AND FOCUSES OUR EFFORTS TO HAVE A POSITIVE IMPACT ON THE NATION'S HEALTH, ON THE LIVES OF OUR EMPLOYEES AND COMMUNITIES, AND ON THE PLANET.

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Sustainability without performance has no impact, performance without sustainability has no future." A A

"Without States

ANTOINE DE SAINT-AFFRIQUE CHIEF EXECUTIVE OFFICER, DANONE

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DEVELOPING OUR IMPACT JOURNEY

Danone's commitment to a sustainable shared value creation model has driven us since we established our dual economic and social project in 1972, and has continued to evolve. In February 2023 we launched the Danone Impact Journey – a framework for delivering positive impact. It builds on a heritage of purpose-driven business and will ensure our business has a prosperous future.

OUR JOURNEY SO FAR

2006

many as possible'

2017

One Health' vision

2022

Full scope 1.5°C aligned targets, by SBTi UK & Ireland completes B Corp

1972

2015

2020

2023

OUR GLOBAL IMPACT JOURNEY

Unveiled in March 2022, Danone's global strategic plan - Renew Danone - aims to reconnect our business with a sustainable and profitable growth model. To complement this plan, we launched a new sustainability strategy - the Danone Impact Journey in February 2023.

The Impact Journey focuses on the areas where we can have the biggest impact, across three key pillars: Health, Nature, and People & Communities. Our global vision - One Planet, One Health - recognises that social and environmental issues are interconnected and that tackling both is critical to Danone's resilience and success. The Impact Journey cements our commitment as a Société à Mission and our aim to achieve B Corp certification of our entire global business. Find out more about what it means to be a Société à Mission here.

The Impact Journey sets out goals and KPIs to measure progress and highlight areas where we can improve. We cannot tackle the complex social and environmental challenges alone and working with partners is pivotal to our approach. Throughout this report, you will see examples of our partnerships with others.

OUR UK & IRELAND IMPACT JOURNEY

In the UK & Ireland we have reviewed Danone's global Impact Journey goals and identified where we can make the most significant contribution. Informed by the outcomes of our materiality assessment. we set additional KPIs for the UK & Ireland that address the big issues impacting our customers, consumers and communities. These reflect our existing pledges, for example as members of the UK Plastics Pact.



Our KPIs **p9**

The Impact Journey is underpinned by robust measurement and transparent reporting of progress. The following performance results are applicable to the UK & Ireland selling business unit, unless otherwise stated. The business unit incorporates specialised nutrition, plant-based, dairy and beverages product categories sold in UK & Ireland. It does not extend to manufacturing sites which are part of Danone's global

management structure.

HEALTH

Health is at the heart of our mission. We have built a unique health-focused portfolio and keep improving it, while maintaining consumer preferences. We have challenged ourselves to reach this point and our health KPIs now act as a guide to ensure that we maintain these high standards year-on-year.

OFFER TASTIER AND HEALTHIER FOOD & DRINKS Read more p15

GLOBAL KPI:

Maintain ≥85% of our portfolio by sales volume rated ≥3.5 stars by Health Star Rating

2023 UK & Ireland performance: 90%

GLOBAL KPI:

Maintain **>95%** Kids dairy and plant-based **≤10g** total sugars/100g

2023 UK & Ireland performance:

GLOBAL KPI:

Maintain **>95%** vol toddlers milk (1-3yo) **≤1.25g** added sugars/100kcal by 2025

2023 UK & Ireland performance: 96%

UK & IRELAND KPI



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KPI: Maintain ≥90% of our portfolio

by sales volume rated non-HFSS

2023 UK & Ireland performance: 98%

UK & IRELAND KPI



Never produce a product for children that is HFSS

2023 UK & Ireland performance: 100%

PROMOTE HEALTHIER CHOICES Read more p16

GLOBAL KPI:

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>95% vol sold on dairy, plant-based and aquadrinks products with on pack/online interpretative nutritional information by 2025

2023 UK & Ireland performance: IN PROGESS Read more p16

PROVIDE POSITIVE NUTRITION & HYDRATION FOR HEALTHIER LIFE

🕜 Read more p17



GLOBAL KPI: Maintain ≥85% vol kids dairy fortified with relevant vitamins

& minerals 2023 UK & Ireland performance: 100%

INVEST IN NUTRITION AND HYDRATION SCIENCE AND RESEARCH

💎 Read more p19



150 scientific publications in peerreviewed journals / presentations at scientific conferences by 2025

2023 UK & Ireland performance: CONTRIBUTION IN PROGRESS Read more p19



UK & IRELAND KPI

Locally specific target for UK & Ireland market only. All other KPIs are global priorities that we contribute to.



OUR IMPACT JOURNEY KPIS CONTINUED



NATURE

Our ambition is to support the transition to a low-carbon, regenerative and circular food system. Our nature targets help us manage our environmental impact across our full value chain. They are aligned with the latest science and industry guidelines.

REDUCE GREENHOUSE GAS EMISSIONS IN LINE WITH 1.5°C PATHWAY Read more p22-23



34.8% CO₂ reduction globally by 2030 v. 2020 in line with 1.5C SBTi

2023 Global performance: 7.5% reduction vs 2020

PIONEER AND SCALE REGENERATIVE AGRICULTURE Read more p24

GLOBAL KPI:

GLOBAL KPI:



30% key ingredients we source directly will come from farms that have begun to transition to regenerative agriculture by 2025

2023 Global performance: **38%**



GLOBAL KPI: Zero deforestation & conversion on key commodities by 2025

2023 Global performance: **84%**

TRANSITION TO CIRCULAR AND LOW-CARBON PACKAGING

7 Read more p25



f

D S **100%** reusable, recyclable, compostable packaging by 2030 (UK & Ireland target is for 2025 in line with UK Plastics Pact)

2023 UK & Ireland performance: 93%

GLOBAL KPI:

Halve the use of virgin fossil-based packaging by 2040, with a **30%** reduction in virgin fossil-based packaging by 2030, accelerating re-use and recycled materials **2023 UK & Ireland performance:**

22.9KT baseline

GLOBAL KPI:

Support the development of effective collection systems

2023 UK & Ireland performance: IN PROGESS Read more p25

UK & IRELAND KPI

KPI:



All of our plastic packaging tonnage to contain an average of at least **30%** recycled content by 2025 **2023 UK & Ireland performance: 51%**

UK & IRELAND KPI

KPI:



0% problematic or unnecessary plastic packaging by 2025 (as defined by UK Plastics Pact)

2023 UK & Ireland performance:

CUT FOOD WASTE ACROSS THE VALUE CHAIN Read more p27



GLOBAL KPI: Halve all food waste not fit for human, animal consumption or biomaterial processing by 2030 vs. 2019

2023 UK & Ireland performance: +5% VS 2019

(0.46% of total product produced for UK & I was wasted in 2023 v. 0.44% 2019)

Locally specific target for UK & Ireland market only. All other KPIs are global priorities that we contribute to.

UK & IRELAND KPI

OUR IMPACT JOURNEY KPIS CONTINUED



PEOPLE & COMMUNITIES

We want to help our Danoners and the communities where we operate and source from thrive. Our KPIs in this pillar include metrics we have been tracking for some time, as well as new KPIs to strengthen our focus on key areas.

FOSTER A DIVERSE & INCLUSIVE CULTURE Read more p30



GLOBAL KPI: Achieve gender balance in management by 2030

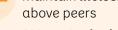
2023 UK & Ireland performance: 69% FEMALE



Close gender pay gap by 2025 2023 UK & Ireland performance:

IRL: 0.89% UK: -3.81%

GLOBAL KPI: Maintain inclusion index



2023 UK & Ireland performance: 79% (+ 2pts ahead of peerset)

BE A FORCE FOR GOOD IN OUR COMMUNITIES

🕜 Read more p31



All employees covered by B Corp certification by 2025

2023 UK & Ireland performance:

UK & IRELAND KPI



UK & IRELAND KPI

KPI:

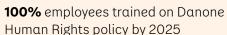


1 million meals a year provided/ donated to communities

2023 UK & Ireland performance: 1.96M

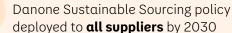
PARTNER WITH OUR SUPPLIERS AND PROMOTE HUMAN RIGHTS Read more p32-33





2023 UK & Ireland performance: EARLY STAGES Read more p33





2023 UK & Ireland performance: EARLY STAGES Read more p33

UK & IRELAND KPI





Embed Supplier Relationship Management program, covering **80%** of spend by 2025

2023 UK & Ireland performance: EARLY STAGES Read more p33

UK & IRELAND KPI

Locally specific target for UK & Ireland market only. All other KPIs are global priorities that we contribute to.

HOW WE MANAGE THE IMPACT JOURNEY

OUR GOVERNANCE FRAMEWORK

Accountability for our Impact Journey starts with the UK & Ireland Executive Committee. Members agree on priorities and oversee delivery, they meet quarterly to review progress, approve investments and challenge us to go further.

Responsibility for the Impact Journey pillars is aligned with the expertise of different business functions. To avoid silos, **we work cross-functionally to coordinate delivery and monitor progress**.

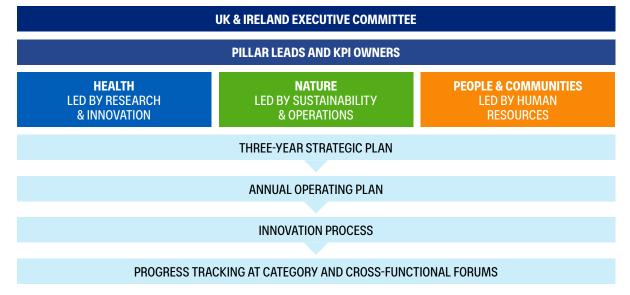
INTEGRATING THE IMPACT JOURNEY INTO DECISION MAKING

Our three-year strategic planning process sees each business category define a roadmap setting out how it will achieve relevant Impact Journey goals. This helps identify levers for progress, opportunities for commercial growth and cost impacts to be built into financial planning. Specific initiatives, such as the launch of a new product, are incorporated into annual business plans.

We have **embedded Impact Journey priorities into our innovation and renovation process** and all projects are assessed against these priorities across the product lifecycle. In the UK & Ireland, for example, this has led to the launch of new high protein ranges which embody our health goals. It has also helped us identify and address products being introduced from the European portfolio that do not meet UK recyclability requirements due to the different waste infrastructure.

KPIs relevant to the Impact Journey are embedded in management incentives. **The UK & Ireland Executive Committee objectives include carbon reduction targets, delivery of health commitments, inclusion and B Corp re-accreditation.**

DANONE UK & IRELAND IMPACT JOURNEY GOVERNANCE



ENGAGING EMPLOYEES TO DELIVER IMPACT

We need all Danoners to help deliver our Impact Journey goals. In 2023, we held a business conference to engage almost 900 office and field-based colleagues in understanding our strategy, celebrating progress and reflecting on their future contribution. A key focus was on upskilling and inspiring all teams to contribute to the Impact Journey and carbon reduction roadmap.

We regularly engage with colleagues, including through function-specific workshops and lunch and learn sessions on topics such as B Corp and volunteering. We launched a quarterly Purpose newsletter in 2023.

"

I left the conference feeling inspired about what I can do to reduce the carbon footprint of our nursing service. I've since worked to reduce plastic use associated with enteral feeding, and shared our learnings with other healthcare professionals across the UK."

SOPHIE STENSON CLINICAL PRACTICE MANAGER



THE JOURNEY AHEAD PLANS FOR CONTINUOUS IMPROVEMENT

We will work to ensure clearer integration of our Impact Journey KPIs into our financial planning process to build a truly sustainable growth model. Strengthening our external partnerships, from our customers to our suppliers and NGO partnerships, will be critical to help us deliver our priorities. Finally, we will shape our global health ambition for 2030 and explore new goals in emerging areas reflecting the leadership role we want to play.





PROGRESS & LEAD HEALTH THROUGH FOOD FOR CONSUMERS AND PATIENTS

Danone's healthy products are consumed by millions of people across the UK & Ireland. This means we have a significant opportunity to benefit the nation's health.

"

Eating a well-balanced diet is one of the best ways we can look after our health, as well as opting for options with less sugar, salt and fat. It's crucial that retailers and manufacturers make it easier for consumers to do this, so we are fully supportive of Danone's steps to prioritise healthy products and help the nation eat more healthily."

KAREN POOLE HEAD OF HEALTH AND SUSTAINABLE DIETS, TESCO

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HOW WE ARE DELIVERING ON HEALTH

OUR AMBITION

Our product portfolio is built on decades of research and scientific expertise in health and nutrition. We aim to support people's health across their lifespan to tackle both malnutrition and obesity in the UK & Ireland. This is one of the most significant ways that we can use our business as a force for good.

HOW WE'LL GET THERE

Our portfolio spans consumer-facing brands as well as healthcare products and services through our Nutricia business. We are building on decades of research and expertise in health and nutrition to help consumers and patients support their health through nutritious food whilst also considering food habits, culture, lifestyle and affordability. We help to tackle some of the nation's health challenges through our partnerships, public affairs advocacy and education.

OUR GOALS





CES We engage with patients, caregivers, policy makers and the public to promote a positive attitude towards nutrition. Providing clear and transparent labelling and communications about our products enables people to make healthier choices.

HOW THEY SUPPORT OUR AMBITION

By prioritising a healthy and tasty portfolio,

Maintaining our commitment to limit products

we help people meet their preferences

high in fat, salt or sugar is a key focus.

and nutritional needs at all stages of life.

🗸 Read more p16

🕜 Read more p15

Nutrition is about making a positive contribution to health and wellbeing for consumers and achieving the best possible outcomes for patients. We boost the nutritional quality of products, whilst addressing nutritional deficiencies and specific medical needs.

🕜 Read more p17

INVEST IN NUTRITION AND HYDRATION SCIENCE AND RESEARCH

PROVIDE POSITIVE

HYDRATION FOR

HEALTHIER LIFE

NUTRITION &

Our scientific research helps to advance understanding of nutrition and hydration with a specific focus on gut health, child health, malnutrition, immunity and allergies.

🗸 Read more p19

For more information on our global work to promote health through nutrition see our <u>Global Health Journey report</u>.

HOW OUR PRODUCTS SUPPORT THE HEALTH OF THE NATION AT ALL STAGES OF LIFE:

Earlier life: Breastfeeding is the ideal nutrition for babies; we educate parents on the benefits and support them in their choice. When breastfeeding is not an option, we support healthy growth and development through our portfolio of formula milk and baby feeding brands: Cow & Gate, Aptamil and Milupa. Our specialised medical nutrition products support babies with specific needs such as growth challenges, cow's milk allergies or premature birth. Some products, such as those for intractable epilepsy and inherited metabolic disorders, can support children their whole life.



Healthier lives: Our dairy products, such as Activia and Actimel, contribute to a healthy gut and support immunity, while Alpro products provide fortified plant-based alternatives with essential nutrients. We actively promote healthy hydration through our water brands – evian, Volvic and Harrogate Spring Water – and our flavoured waters offer a healthier alternative to regular sugared drinks.



Medical needs: Under our Nutricia brand, medical nutrition products make a positive difference to patients fighting illnesses such as cancer or stroke, and who struggle to meet their nutritional needs through normal food. Nutricia products support the changing needs of the body as it ages, helping to prevent malnutrition.

We support tube-feeding patients at all stages of life at home and in care homes via Nutricia Homeward services in the UK. In Ireland, with Nutricia Care, our in-house team of dietitians, speech and language therapists, and nurses partner with over 200 nursing homes and support more than 13,500 residents.

OFFER TASTIER AND HEALTHIER FOOD AND DRINKS

WHY OFFERING TASTIER AND HEALTHIER FOOD AND DRINKS IS IMPORTANT TO US

Diet-related conditions are one of the biggest health challenges, with 63.8% of adults in England estimated to be overweight or obese.¹² Many people consume too much fat, sugar, salt and calories, increasing the risk of health conditions such as cardiovascular disease, type-2 diabetes and some cancers. Estimates suggest that 1.3 million people over 65 in the UK are malnourished¹³ and malnutrition affects 145, 000 adults in Ireland.¹⁴ The food and drink industry can make a positive impact by offering healthier, tailored products to meet the nutritional needs of the population.

HOW WE ARE MANAGING OUR IMPACTS

Our ambitious nutrition goals inform all reformulations and innovations, and we use independent nutrient profiling models (NPMs) to measure how healthy our portfolio is. Globally, Danone has set commitments aligned to the Health Star Rating (HSR) index, an internationally recognised NPM. In the UK & Ireland, we have made additional industry-leading health **commitments** including limiting sugar, salt and fat across our dairy, plant-based and beverages portfolio, as measured via the UK Government's HFSS (Foods high in sugar, salt or fat) classification.

BALANCING HEALTH IMPROVEMENTS WITH TASTE

Market research shows taste is often the number one driver of purchase intent, meaning we must maintain great taste while reducing nutrients like fat, sugar and salt. Finding the right balance, for example by reducing sugar step-by-step over time, is vital. If we move too fast and cause too big of a difference in taste, consumers may switch to a different product with higher sugar, having an overall negative impact on health.

We have implemented this approach across our yogurts. Yogurts are natural sources of calcium and protein, and contain live cultures that support a healthy gut. However, high sugar levels in some yogurts have put the category under the spotlight. Through reformulations since 2015, we have achieved a 20% sugar reduction in our yogurts,

based on UK Government guidelines. This includes reformulation of our Activia fruit and breakfast topper yogurts. We will continue this journey to reduce sugar across our portfolio while maintaining great taste.

GUT HEALTH

PEACH

ACTIVIA

UT HEALTH



In the latest Access to Nutrition Global Index (ATNI), Danone was ranked first for the sub-category on Product Profile, recognising the healthiness of our global portfolio in terms of nutritional quality of its products.



OUR KPIS

of our portfolio by sales volume rated ≥3.5 stars by Health Star Rating



Global: Maintain >95% Kids dairy and plant-based ≤10g total sugars/100g

Global: Maintain ≥85%



PERFORMANCE



2023 UK & Ireland performance: 90%

We met our UK & Ireland target to achieve 90% products rated \geq 3.5 stars by Health Star Rating. Going forward we will align our UK & Ireland Health Star Rating target with Danone's global KPI of at least 85%.

2023 UK & Ireland performance: 100%

We exceeded this target with our Actimel kids range containing 8.5g of sugar per 100g product.

Global: Maintain >95% 2023 UK & Ireland performance: 96% vol toddlers milk (1-3yo)

We exceeded this target and continue to closely monitor the amount of added sugars in our toddler milks.



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UK & IRELAND KPI

Maintain ≥90% of our portfolio by sales volume rated non-HFSS

≤1.25g added sugars

/100kcal by 2025



UK & IRELAND KPI Never produce a

product for children that is **HFSS**

2023 UK & Ireland performance: 98%

While the majority of our products are non-HFSS, we offer a small proportion of products as a tasty treat for moments of indulgence. These can play a valid role as part of a healthy, balanced diet.

2023 UK & Ireland performance: 100%

We do not produce products for children that are high in fat, sugar or salt.

12 Obesity Profile: short statistical commentary May 2023 - GOV.UK (www.gov.uk) 13 Malnutrition in England factsheet | Malnutrition Task Force 14 Malnutrition in Ireland - HSE.ie

Danone UK & Ireland Impact Journey Report 2023

PROMOTE HEALTHIER CHOICES

WHY PROMOTING HEALTHIER CHOICES IS IMPORTANT TO US

We want to make the healthy choice the easy choice. We have an opportunity to inspire healthier and more sustainable eating and drinking habits by providing practical, user-friendly nutritional information and through activities spanning advocacy, partnerships, education and community engagement.

HOW WE ARE MANAGING OUR IMPACTS

We have been advocating for the UK Government to take urgent action to make it easier for everyone to access healthy food. We are a member of the UK Food Data Transparency Partnership and we support the establishment of consistent health metrics and mandatory reporting for businesses selling food and drink products, wherever they are consumed. This includes a clear definition of what constitutes a 'healthy product'. We believe it should be based on fat, salt and sugar content as evidence shows this has negative impacts on health, whilst also taking into account ingredients with positive health impacts such as fibre, protein, fruits, vegetable and nuts. Our hope is that these steps will encourage more innovation and reformulation across the food industry, leading to healthier product offerings.

ENABLING HEALTHY CHOICES THROUGH INTERPRETIVE INFORMATION

Interpretive nutrition labels provide at-a-glance information which makes it easier for consumers to assess nutritional information about food products. We took part in the recent UK Government consultation on front of pack nutritional labelling, supporting the use of 'traffic light' labels. We have engaged in similar consultations with Irish authorities. We hope to see results of the consultation published soon. In the interim, we aim to publish interpretive nutrition information online for 100% of our consumer-facing products.

PROMOTING HEALTHY CHOICES WITH OUR PARTNERS

With retailers, we look at how healthy products are signposted in store to help consumers find healthier options. Our **'immunity and gut health bays' have been implemented in supermarkets** with this in mind, **resulting in a marked increase in sales of healthy yogurts**. We also support social enterprises, charities and partners to promote healthy, sustainable diets. For example, the long-standing partnership between Alpro and HEART UK supports consumers to manage their blood cholesterol and heart health through a <u>practical 3-step plan</u>.

OUR KPIs

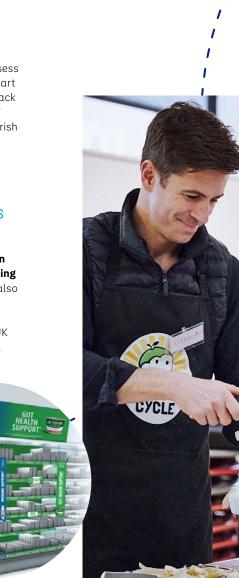
Global: >95% volume sold on dairy, plant based and aqua drinks products with on pack/ online interpretative nutritional information by 2025

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PERFORMANCE

2023 UK & Ireland performance: In progress

We await results from the UK Government consultation on front of pack nutritional labelling before changing our packaging. In the meantime, we will proceed with online interpretative nutritional labelling.



CASE STUDY

IMPACTING HEALTH IN LOCAL COMMUNITIES WITH FOODCYCLE & FOODCLOUD

In 2023, our nutrition team supported the charity FoodCycle to develop resources to upskill volunteers and guests from disadvantaged communities on what constitutes a healthy diet, how to choose healthier options and how to eat well on a budget. We created videos for volunteers covering healthy cooking tips and nutritional considerations for children, older adults and those with special diets. In Ireland, through our partnership with FoodCloud, we also offer expert-led webinars on the nutritional needs of older people.

Read more about our work with FoodCycle and FoodCloud on page 31.

56

We believe it's important that information on healthy and nutritious diets is more accessible for people of all ages. People often think that eating healthily is more expensive but simple swaps like plant-based options can be budget-friendly."

ANNAH MOLLOY

NUTRITION MANAGER AT DANONE UK & IRELAND



PROVIDE POSITIVE NUTRITION & HYDRATION FOR HEALTHIER LIFE

WHY PROVIDING POSITIVE NUTRITION & HYDRATION IS IMPORTANT TO US

Nutrition has the power to make a positive contribution to consumer health and patient outcomes. In the UK & Ireland, many people have inadequate intakes of nutrients such as fibre and vitamin D¹⁵ and many older adults do not eat enough protein.¹⁶ Every food choice is an opportunity to promote a balanced and healthy diet and we continuously look for opportunities to support specific health needs.

HOW WE ARE MANAGING OUR PORTFOLIO TO DELIVER POSITIVE IMPACTS

We are convinced that our actions and products play an important role in contributing to positive health outcomes. We choose to focus on meaningful areas including nutritional deficiencies in the diet of the UK and Ireland population.

Fibre is essential for a healthy gut and not consuming enough fibre can increase the risk of colorectal cancer. Vitamin D is essential for healthy bones, teeth and muscle. Deficiencies can lead to rickets in children and osteomalacia, otherwide known as bone softening, in adults.

Worryingly 91% of adults¹⁷ in the UK are not achieving recommended fibre intake and in Ireland the average fibre intake is 28% below the recommended amount.¹⁸ Meanwhile, children across the UK & Ireland are meeting less than 50% of their recommended vitamin D intake.¹⁹

In response we have launched new innovations in 2023: Activia Fibre and Actimel Plus. Each pot of **Activia Fibre provides a source of fibre and opportunity to contribute to fibre intake**, whilst one bottle of **Actimel Plus provides 100% of the EU reference intake for Vitamin D**.

15 National Diet and Nutrition Survey Years 9 to 11 (2016/17 to 2018/19)

- 16 SACN statement on nutrition and older adults living in the community
- 17 Action on Fibre, Food and Drink Federation
- 18 Walton, J. National Adult Nutrition Survey II: Applications and Methods
- 19 National Diet and Nutrition Survey Years 9 to 11 (2016/17 to 2018/19) 20 Adults' activity levels in England bounce back to pre-pandemic levels

SHARING OUR KNOWLEDGE WITH HEALTHCARE PROFESSIONALS

The Nutricia Academy shares the latest research, information and best practice on nutrition and hydration across the life stages. It offers face-toface education events and an online resource centre where professionals and patients can access podcasts, e-learning, webinars, clinical papers and more to support the best care for patients to improve health outcomes. Our Annual Congress is attended by over 400 nutrition and healthcare professionals. In 2023, we created a series of bitesize video summaries of each lecture to share learnings in a digestible format.

One key focus areas is malnutrition – find out more on p18



OUR KPIS

Global: Maintain ≥85% vol Kids dairy fortified with relevant vitamins & minerals (Global Impact Journey)

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PERFORMANCE

2023 UK & Ireland performance:

Actimel kids provides a source of calcium, which is important for growth and development, and vitamin D. It can be difficult to achieve the required amount of Vitamin D from the diet alone, and therefore fortified products provide an opportunity to boost vitamin D intake.

7 For details of our KPI methodology see <u>Danone's Global Health Journey Report</u>.

CASE STUDY

DELIVERING IMPACT WITH HIGH-PROTEIN GETPRO

Demand for high protein products has grown as exercise rates have increased in the UK & Ireland.²⁰ When we exercise regularly, our bodies use protein to support the repair and rebuild of muscles. Our new GetPRO range is a delicious way to help meet protein requirements. It includes yogurts, puddings, mousses, shakes and drinks - all containing 15-25g of protein per serving and fully non-HFSS, with no added sugar and either 0% or low fat. In 2024, we launched Alpro high protein plant-based products, bringing these benefits to a broader range of consumers.





As a Homeward nurse for Nutricia, Ann has directly supported patients who are malnourished for over eight years.

WHAT IS MALNUTRITION?

Malnutrition happens when the body doesn't get enough of the right nutrients in the right amounts. This can be the consequence and cause of ill health, including deterioration in mental and physical health. If malnutrition isn't detected early enough, it can lead to long-term health problems, affecting our ability to fight off illness and take care of ourselves.

HOW MUCH OF A PROBLEM IS MALNUTRITION IN THE UK & IRELAND?

Many people think malnutrition is only found in developing countries, but this simply isn't the case. Estimates suggest that 1.3 million people over 65 in the UK are malnourished.²¹ In Ireland, one in three nursing home residents are at risk of malnourishment.²² There is a huge gap in awareness of how the condition can be treated. Almost one third of people think malnutrition can be addressed by eating more, but it's far more complex than this.²³

Q&A: RAISING AWARENESS OF MALNUTRITION IN THE UK & IRELAND

In conversation with Ann Fazackerley, Clinical Practice Manager



The cost of malnutrition is high for individuals and for healthcare systems. Our research has found that disease-related malnutrition – that is malnutrition related to conditions such as cancer, dementia and COPD – costs the NHS in England £22.6 billion every year²⁴ and the Irish health system €1.4 billion.²⁵ These conditions are expected to become more common and the cost will only rise if action is not taken.

WHO IS AT RISK?

Malnutrition can affect anyone at any age, but vulnerable people and those with underlying health issues are most at risk. The risk increases as people age, with those over 65 being particularly susceptible. Food prices can have an impact and this is especially concerning for people with long-term illnesses, who are more likely to be financially worse off at a time when they are susceptible to malnutrition.²⁶

WHAT CAN BE DONE TO COMBAT MALNUTRITION?

We must educate patients, friends and families of those who are at risk. Many people believe that weight loss is an expected outcome of illness and ageing and this leaves malnutrition undetected. We also need to push for better screening and nutritional support. If malnutrition is recognised and flagged earlier, healthcare interventions can prevent it from becoming a more serious complication. One study of patients with a medium and high risk of malnutrition found this could reduce hospital admissions by as much as 49%.²⁷

WHAT IS DANONE UK & IRELAND DOING TO HELP TACKLE THE ISSUE?

Nutricia Homeward nurses, like myself, directly support people with disease-related malnutrition using Nutricia's evidence-backed products. We have a suite of screening tools, resources and training that help healthcare professionals identify patients at risk of malnutrition. In Ireland, we recently ran an awareness campaign with the Irish Nutrition and Dietetic Institute and Irish Society for Clinical Nutrition and Metabolism to educate healthcare professionals, patients and carers. And we are advocating for malnutrition to receive more focus from government. For example, as part of the forthcoming UK Major Conditions Strategy, effective screening and treatment offer the potential to significantly reduce the pressure on health services and improve people's lives.

21 Malnutrition in England factsheet | Malnutrition Task Force
22 Malnutrition in Ireland – HSE.ie
23 Managing malnutrition to improve lives and save money | BAPEN
24 Hiding in plain sight: Tackling malnutrition as part of the prevention agenda
25 The cost associated with disease-related malnutrition in Ireland
26 Eating well in later life booklet
27 Nearly half a million people admitted to NHS hospitals in England have malnutrition

INVEST IN NUTRITION AND HYDRATION SCIENCE AND RESEARCH

WHY INVESTING IN RESEARCH IS IMPORTANT TO US

High quality science and research drives innovation and understanding of how we can provide the right nutrition at the right time, throughout life. It help us identify and address areas where we can add value for consumers and patients such as gut health, immunity, allergy, malnutrition and child health.

LEVERAGING OUR GLOBAL NUTRITION RESEARCH EXPERTISE

In addition to our Utrecht Specialised Nutrition Research Centre, **in 2023, Danone opened the international Daniel Carasso Research and Innovation Centre** in Paris-Saclay. At the centre, **world-class researchers in life sciences, fermentation, intestinal microbiota, nutrition and health develop cutting-edge insights to be deployed in our product innovation**. Our global research capabilities also employ experts in consumer experience and social sciences to understand consumer needs and behaviours, as well as specialists in product design and packaging to focus on innovative solutions with a lower environmental impact.

OUR KPIS

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Global: 150 scientific publications in peer-reviewed journals / presentations at scientific conferences by 2025

PERFORMANCE

2023 UK & Ireland performance: Contribution in progress

Our UK & Ireland publications focus on supporting healthcare professionals to improve patient outcomes. In 2023, this included publications on our plant-based oral nutritional supplement²⁸ and a product for patients with Phenylketonuria (PKU).²⁹ Previous publications have included the clinical management of cows milk allergy (Sorenson, 2021³⁰).

INVESTING IN RESEARCH AND DEVELOPMENT OF SPECIALISED NUTRITION IN THE UK & IRELAND

The UK & Ireland Clinical Research and Medical Affairs teams include **dietitians and nutritionists who provide expertise to colleagues to ensure we support consumer and patient health** with evidence-backed nutritional products. In addition, the **Nutricia Liverpool facility is dedicated to developing and manufacturing specialised medical nutrition products** used all around the world, with a focus on early life and metabolic disorders.



 28 A multi-center prospective study of plant-based nutritional support in adult community-based patients at risk of disease-related malnutrition
 29 Evaluation of a New Glycomacropeptide-Based Protein Substitute in Powdered and Liquid Format in Patients with PKU - PMC (nih.gov)
 30 The clinical burden of cow's milk allergy in early childhood: A retrospective cohort study

CASE STUDY

INTRODUCING FORTISIP PLANT-BASED

Most medical nutrition supplements for the management of malnutrition are dairy-based, but a study identified an emerging need for plant-based alternatives. In 2023, Nutricia introduced the first vegan, ready-to-drink oral nutritional supplement formulated for the nutritional needs of patients with diseaserelated malnutrition. A study²⁶ found that the use of the drink significantly improved malnutrition status and body weight.

This innovation also supports our broader Impact Journey priorities on Nature and People & Communities. Fortisip Plant-Based 1.5kcal mocha flavour has a 35% lower carbon footprint than the standard Fortisip 200ml Bottle oral nutritional supplement and it provides a solution that meets diverse consumer preferences such as religious and cultural traditions, environmental concerns and health needs.





THE JOURNEY AHEAD PLANS FOR CONTINUOUS IMPROVEMENT

We will continue to strengthen our nutritious portfolio with the launch of new plant-based high protein products in 2024. We will implement interpretive labelling online to provide accessible guidance on nutritional content. We will also continue our research in areas including plant-based medical nutrition, enteral feeding and cow's milk allergy. Our nutrition training will be rolled-out to FoodCycle volunteers.



EXPLORE OUR IMPACT JOURNEY: NATURE

alpro

PRESERVE & REGENERATE NATURE

The ingredients in our products come from nature and we can only succeed if nature is supported to thrive. Food production is responsible for a quarter of all greenhouse gas emissions and 70% of freshwater consumption, while a third of the earth's soils have been degraded. The food system has a critical role to play in tackling these challenges.

and goods are produced, consumed, and disposed of. At WRAP we bring people together to act on the facts, reduce waste and encourage circular living. We are encouraged to see Danone working to tackle GHG emissions, redesign their packaging for circularity and reduce food waste. We look forward to continuing to work with Danon to scale up such initiatives and create the transformative impact so urgently needed for the planet and its people." HARNET LAMB Co, WRAP

To tackle the environmental crises

biodiversity loss, and water stress – we need to change the way food, drinks

we face - from climate change, to

"

How we are delivering	0.1
on Nature	21
Reduce GHG emissions	22
Pioneer and scale	
regenerative agriculture	24
Transition to circular and	
low-carbon packaging	25
Spotlight: Circular Packaging	26
Cut food waste across	
the value chain	27

HOW WE ARE DELIVERING ON NATURE

To curb GHG emissions in line with 1.5°C, our ambition is to lead on the development of regenerative agriculture and shift to a circular packaging system while cutting food waste.

HOW WE'LL GET THERE

Given Danone's interconnected global supply chain, much of our work on nature is led by central sustainability teams who coordinate action and progress worldwide. Our UK & Ireland business focusses on where we can have the biggest impact locally, such as through our packaging and logistics, working in partnership across the value chain to reduce carbon emissions and cut food waste and virgin plastic use.

Through our product portfolio we are pioneering lowercarbon options, such as plant-based alternatives to milk, and trialling packaging innovations like refill models for water. As a member of the UK Government's Food Data Transparency Partnership, we know that high quality and comparable environmental data is important to drive progress across the food supply chain. We're exploring the role that environmental labelling can play in enabling consumers to make more sustainable choices.

OUR GOALS



PIONEER AND SCALE REGENERATIVE AGRICULTURE

E farming from a challenge to a solution by protecting and improving soil health, biodiversity, water resources and climate while promoting animal welfare and supporting farmer resilience.

methane reduction.

🕜 Read more p22–23

HOW THEY SUPPORT OUR AMBITION

Decarbonising our value chain can help

nature. Given Danone's global agricultural

footprint, we have an opportunity to lead on

Regenerative agriculture can help transform

reduce our impacts on all aspects of

🗸 Read more p24

TRANSITION TO
CIRCULAR AND
LOW-CARBONTransitioning away from a linear model for
packaging and reducing virgin fossil-based
plastic conserves natural resources, reduces
carbon emissions and prevents the negative
impacts of packaging leaking into nature.

🗸 Read more p25

CUT FOOD WASTE ACROSS THE VALUE CHAIN

Avoiding food waste is a major opportunity to protect natural resources and mitigate climate change while delivering efficiency savings and supporting communities. We can minimise waste in our operations and support and educate customers and consumers to prevent waste.

🗸 Read more p27

Water scarcity may not seem like a direct problem in the UK & Ireland, but the international supply chains we rely on are impacted by drought and water scarcity. Our work on water is led globally and is not covered in detail in this report.

For more information see <u>Danone Impact Journey</u> <u>Report on Water</u>

Roughly 90% of our water footprint worldwide is linked to agriculture and our regenerative approach to farming – which involves sustainable irrigation and improving the ability of soil to store water – is critical.

🕜 Read more p24

WATER

Our water brands have decades of experience in water stewardship. In 1992, **we co-founded the Association for the Protection of the evian Mineral Water Impluvium** (APIEME) through which we work with the community to promote conservation. In the UK & Ireland, we work closely with the Environment Agency to protect our Harrogate Spring Water source. And across our production sites, we are deploying the 4R approach to reduce, reuse, recycle and reclaim the water we use. For example, our Liverpool healthcare manufacturing site reduced water use by 31% in 2023.

CDP

In 2023, for the fifth year in a row, Danone was recognised as a global environmental leader with a triple A CDP score from the CDP Climate Change, Forests and Water Security questionnaires.



REDUCE GHG EMISSIONS

WHY REDUCING GHG EMISSIONS IS IMPORTANT TO US

Our supply chains are feeling the impacts of climate change as drought and extreme heat impacts agricultural yields in Europe. Decarbonisation can deliver efficiencies and build resilience. It is also a commercial imperative as we face expectations from our customers to support their carbon reduction plans and growing consumer appetite for lower carbon products.

HOW WE MANAGE OUR IMPACT

We began measuring our global GHG emissions in 2008, published a climate policy committing to netzero emissions in 2015, and announced global Science Based Targets in 2017. In 2022, we were among the first companies to have a 1.5°C aligned Science Based Target approved for Forest, Land and Agriculture (FLAG). Our 1.5°C targets now represent a 34.8% reduction in global emissions by 2030 against a 2020 baseline.

OUR GLOBAL TARGETS TO 2030 ARE DEFINED AND MONITORED ACROSS THE FOLLOWING SCOPES:

-46.3% absolute reduction

from the generation of purchased electricity, steam, heating and cooling.

SCOPES 1 & 2

-30.3% **SCOPES 1 & 3 FLAG**

absolute reduction

Direct & Indirect emissions, impacting Forests, Lands, and Agriculture. Milk, Dairy Ingredients, Non-Dairy Ingredients.

Direct emissions from owned or

controlled sources. Indirect emissions

-42.0% **SCOPE 3 NON-FLAG**

absolute reduction

Indirect emissions not owned or controlled by Danone, not impacting Forests, Lands, and Agriculture: Packaging, Logistics, Co-manufacturing, Other.

THE DANONE CLIMATE **TRANSITION PLAN**

In December 2023, Danone published its global <u>Climate Transition Plan</u> setting out how we will achieve near-term 2030 carbon reduction targets across our operations and supply chain and reach net-zero by 2050.

The Transition Plan comprises eight key programs. Whilst we are making progress in areas such as energy reduction and logistics optimisation, we know that more fundamental transformation will be required to meet our targets and that the decarbonisation of agriculture, the biggest source of our emissions, will be challenging. That is why a low carbon by design approach will be crucial.

DIRECT OPERATIONS **AGRICULTURE -**MILK Increasing energy

Working with farmers to efficiency and switching to renewable energy.

implement regenerative agriculture for animal feed and improve herd and manure management on dairy farms.

AGRICULTURE -INGREDIENTS

Engaging suppliers on renewables, regenerative agriculture and zero deforestation.

transport and fuels.
CO-MANUFACTURING
Sharing best practice

PACKAGING

LOGISTICS

DES 1

SUPPLIER

ENGAGEMENT

LOW CARBON

PORTFOLIO

BY DESIGN AND

MANAGEMENT

REDUCING GLOBAL METHANE EMISSIONS

Over a 20-year period, methane has more than 80 times the warming power of carbon dioxide and 8% of global methane emissions come from dairy cattle.³¹ This makes reducing the methane emissions intensity of dairy farming one of our biggest opportunities to mitigate climate change.

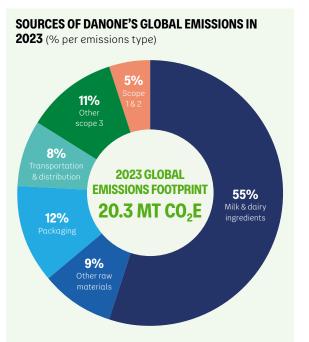
Danone reduced its methane emissions from fresh milk by an estimated 14% between 2018 and 2020. In 2023, we aligned with the Global Methane Pledge and became the first major food company to adopt a methane-specific climate commitment: 30% reduction in methane emissions from fresh milk by 2030 vs. 2020 baseline.

Our strategy to deliver this target is based on: better herd and feed management; manure management; breakthrough methane inhibitors; cross industry collaboration; and support to improve science and data. It will be crucial to equip farmers with technical support and co-financing with partners and public grants. For example, in Belgium we have supported farmers to pilot an innovative feed additive called Bovaer, reducing enteric fermentationrelated emissions by around 18%

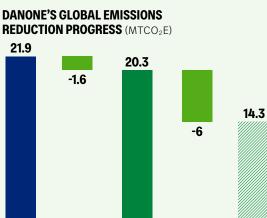
31 Methane emissions are driving climate change. Here's how to reduce them



REDUCE GHG EMISSIONS CONTINUED



The biggest contributors to our carbon footprint are the ingredients we use to make our products, accounting for around 64% of emissions. We are working to reduce these emissions through global regenerative agriculture programmes and tackling deforestation in our supply chain (see page 24).



2023

Actuals

OUR KPIS PERFORMANCE

Reduction

vs 2020

Global: -34.8% CO₂ reduction by 2030 v. 2020

2020

Baseline

 $\overline{\mathbf{v}}$

Emissions have decreased across all scopes vs 2020. Reduction in 2023 emissions vs previous year is due to carbon action plan progress, including switch to renewable electricity and thermal energy and supplier engagement, as well as impact of volume effect & methodological improvements.

2023 Global performance:

-7.5% VS 2020

Gap

remaining

2030

Target

CASE STUDY

OUR UK & IRELAND CARBON REDUCTION ROADMAP

We have set out a roadmap for Danone UK & Ireland to reduce emissions in line with our global target. It addresses all the products we sell in the UK & Ireland and emissions generated across their lifecycle.

REDUCING MANUFACTURING EMISSIONS

We have made progress in reducing emissions across all our UK & Ireland factories by using **100% renewable** electricity. Our Wexford and Macroom factories produce formula milk not only for the UK & Ireland but for countries across the world. Wexford reduced emissions by 82% between 2011-2021, primarily by installing a biomass boiler powered by locally sourced sustainable wood fuels. Meanwhile, Macroom introduced an innovative energy-recovery system which reduced energy use by 3,300 tonnes of CO₂ in 2020. The transition to renewable heat sources is a key focus and we are supporting the development of a biomethane industry in Ireland as leaders of the industry group, 'Project Clover'.



REDUCING EMISSIONS FROM LOGISTICS

Optimising our distribution network

- Our new warehouse in Ireland means we can deliver products from factories in Europe direct to Ireland. This saves over 1000 road miles and 492 T CO₂e annually.
- The Nutricia Homeward app facilitates online clinical support for patients. It saves around 162,000 miles and 44 tonnes of CO₂e each year, while improving patient care through faster response and greater convenience.

Shifting to lower emissions modes of transport

 Over 80% of evian and Volvic bottles are transported by train from bottling sites to our warehouses. Rail transport generates around 70% less GHG emissions than diesel fuelled truck.³²

Adopting alternative fuels

- We are introducing biofuel (HVO) to fuel trucks in parts of our network, for example with our third party logistics provider in Ireland.
- 25% of our Nutricia Homeward fleet is now electric with the remaining vehicles fuelled with biofuel (HVO) while we continue the transition.

We have more work to do to transition to longer-term solutions like electric vehicles. This will require cross-industry collaboration and infrastructure development.

32 Defra greenhouse gas reporting conversion factors 2023

PIONEER AND SCALE REGENERATIVE AGRICULTURE

WHY REGENERATIVE AGRICULTURE IS IMPORTANT TO US

Agriculture is at the heart of many planetary challenges – from climate change and biodiversity loss to soil degradation. A regenerative approach to farming can help nature to thrive, improve animal welfare and support farm resilience and long-term profitability.

This will require a significant transformation of the food system and food companies like ourselves will need to support farmers in this transition.

HOW WE MANAGE OUR IMPACTS

Our central purchasing teams source fresh milk, dairy ingredients, fruit, oats and more from farming partners and co-operatives, largely in Europe. Since 2017, globally Danone has worked with our farmers to support the transition to regenerative agriculture. We began by working with WWF France, Compassion in World Farming and others to develop **our Regenerative Agriculture Framework based on three pillars**:

- protecting soils, water, and biodiversity;
- empowering generations of farmers; and
- bolstering animal health and welfare.

We have refined our approach as we have learned, with projects now implemented in 14 countries and learnings shared via our <u>Regenerative Agriculture Knowledge Centre</u>.

The **'Les Deux Pieds sur Terre' project** involves dairy farmers who supply our factory in Northern France which produces Activia and GetPRO products for the UK & Ireland. Launched in 2017, it has supported farmers to measure their milk carbon footprint, identify reduction opportunities, crowd source funding and access technical guidance to implement solutions. The project **delivered a 10% reduction in emissions per litre of milk between 2016 and 2022**. We support the advancement of regenerative agriculture globally through industry collaborations. Danone contributed to the Sustainable Agriculture Initiative's (SAI) <u>global regenerative agriculture framework</u> which provides a common standard to unite efforts across industry.

REDUCING THE ENVIRONMENTAL IMPACT OF IRISH DAIRY INGREDIENTS

Danone sources dairy ingredients from a number of Irish dairy co-operatives, and uses these in our infant formula products. Since 2021 **Danone has been working to embed carbon reduction goals of at least 30% between 2020 and 2030 into all dairy ingredient supplier contracts globally**. We encourage our suppliers to join the Sustainable Dairy Partnership (SDP), a pre-competitive sustainability engagement framework, of which Danone is a founding member. This provides a unified sustainability roadmap including climate requirements, human rights, deforestation and animal care.

TACKLING DEFORESTATION AND THE CONVERSION OF NATURAL ECOSYSTEMS

Danone published its global <u>Renewed Forest Policy</u> in 2022, committing to verified deforestation and conversion free (DCF) supply chains by 2025 and a forest positive future in which we protect remaining forests and regenerate those that have been lost. The policy focuses on high-risk raw materials – palm oil, paper and board, soy, cocoa and animal feed – and addresses all forms of deforestation and land conversion. We are engaging with our top suppliers to build a global implementation roadmap to achieve the target for 2025. In the UK, we are also a signatory of the UK Soy Manifesto, an industry commitment to ensure all shipments of soy to the UK are deforestation and conversion free.

OUR KPIS

Global: 30% key ingredients we source directly will come from farms that have begun to transition to regenerative agriculture by 2025

Global: Zero deforestation & conversion on key commodities by 2025



PERFORMANCE

2023 Global performance: **38%**

Globally, we extended the scope of this KPI from fresh milk to include fruits, soy, almond, oat and other raw materials. In 2023, we deployed a new tool to monitor sourcing for farms in priority regions and expanded our partnerships with farmers.

2023 Global performance: **84%**

Based on 2022 sourcing data, globally Danone achieved 84% verified Deforestation and Conversion Free (DCF) direct sourcing for commodities in scope of the Forest Policy.³³

For the same data period, all soybeans sourced for our Alpro brand came from areas of low/no deforestation risk and were Proterra certified. 95% of palm oil used in our products was certified segregated by the Roundtable on Sustainable Palm Oil (RSPO) (vs. 88% in 2022).

TRANSITION TO CIRCULAR AND LOW-CARBON PACKAGING

WHY CIRCULAR PACKAGING IS IMPORTANT TO US

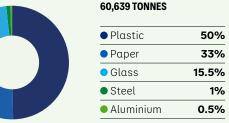
Packaging enables us to provide safe access to food and drinks, minimise food waste and preserve product quality. We use over 60,000 tonnes of packaging a year³⁴ and it accounts for 13% of our UK & Ireland carbon footprint. To reduce this considerable impact, **we must scale down our packaging footprint, advance circular solutions and ensure our packaging does not become pollution**.

HOW WE MANAGE OUR IMPACTS

Our packaging KPIs establish low-carbon, circular principles which are embedded in our product development processes. Since our packaging is often designed to be used across multiple countries, we sometimes face challenges due to differences in waste infrastructure. Our innovation and renovation process allows us to ensure that the packaging used in the UK & Ireland meets local recycling criteria. Read more about the considerations that inform our packaging decisions on page 26.

We are a **founding signatory of the UK Plastics Pact**, which brings businesses from across the plastics value chain together with UK Governments and NGOs to tackle the issue of plastic waste. **In Ireland, we have signed Repak Members' Plastic Pledge**.

We are actively supporting the development of effective collection systems for packaging. We are working with Re-Turn, the Irish Deposit Return Scheme (DRS) Administrator, to ensure the smooth launch and running of DRS in the Republic of Ireland. **We have advocated for the introduction of a DRS scheme across the UK**. MATERIAL TYPES IN
DANONE'S PACKAGING
FOOTPRINTTOTAL TONNAGE FOR 2023
(primary and secondary
packaging – excluding
transit packaging):



CASE STUDY

INCREASING REUSE WITH NUTRICIA

The plastic ancillary items used by Nutricia Homeward patients to feed at home have traditionally been single use. We are enabling patients to safely switch to reusable options through collaboration between our clinical research team, suppliers and healthcare professionals. In 2023, 35% of relevant patients used reusable bottles (up from 10% in 2021), meaning fewer deliveries, less waste and less storage space required in patient's homes.

66

I just wanted to express how delighted I am at how well the new universal adapter and reusable bottle is working for us. These are so easy to use, great to store and go out and about with."

HOMEWARD NURSE, DANONE UK & IRELAND NORTHEAST

OUR KPIS
Global: 100% reusable, recyclable
compostable packaging by 2030

(UK&I target is for 2025 in line with

UK Plastics Pact)

2027 UK & Iroland porf

PERFORMANCE

2023 UK & Ireland performance: 93%

Improvements in recent years include the move from polystyrene yoghurt pots to recyclable PET, the introduction of tethered caps on Alpro and waters products, and the shift to enteral feeding products in recyclable OpTri bottles. Progress is needed on multi-material packaging in our specialised nutrition portfolio.

Global: Halve the use of virgin fossil-based packaging by 2040, with a 30% reduction in virgin fossil-based packaging by 2030, accelerating reuse and recycled materials

UK & IRELAND KPI

All of our plastic packaging tonnage to contain an average of at least 30% recycled content by 2025 (UK&I specific target from UK Plastics Pact)



ŕ

UK & IRELAND KPI

0% unnecessary/problematic plastic packaging by 2025 (as defined by UK Plastics Pact)

2023 UK & Ireland performance: 22.9K TONNES baseline

In our primary and secondary packaging, 76% of our total plastic use was virgin material. This has been set as our KPI baseline. To reduce this, we are reducing the weight of our water bottles, removing packaging components where possible (such as our Actimel sleeve), and increasing the use of recycled PET in bottles and yogurt pots.

2023 UK & Ireland performance: 51%

Our water bottles contain an average of 47% recycled PET. We are extending this to other packaging such as yogurt pots. We continue to explore the use of recycled polymers beyond PET. However, access to food grade recycled content remains a challenge, particularly for our specialised nutrition brands where we have stricter safety standards to protect vulnerable users.

2023 UK & Ireland performance:

1%

We have moved our Alpro gut health range from polystyrene (PS) into recyclable PET but we have further work to do to eliminate PS entirely from our portfolio.

🕜 For more details on the methodology for our packaging KPIs please visit our <u>website.</u>



Our research & innovation teams leverage expertise from across our global networks and the latest technologies from our suppliers when designing packaging which prioritises safety and quality while aiming to reduce environmental impacts. We are making progress but recognise there is more to do to move to a system which is truly circular.

Our infant formula is packaged in a sturdy drum with a plastic top





a longer shelf life.

alpro alpro BARISTA

Medical nutrition and formula milk ready to feed formats are available in single serve portions and prevent food waste.

Aptamil

are using the learnings to explore

future refill models for water.

We support patients who are tube-fed at home to transition to reusable items. In 2023, 35% of relevant patients were using reusable bottles. This improves of monthly deliveries and the amount of



TO USE

itical for all

CLING

to keep erials in use and his needs to the recycling is well as /iour.

ocessed into

			MAKE IT EASY TO TRANSPORT EFFICIENTLY		
PRODUCT SAFETY AND QUALITY COME FIRST. WE MUST	ENSURE SAFETY Safety is the main focus of our packaging design. All our products must be tamper and insect-proof, as well as preventing water ingress.	PRESERVE QUALITY AND INCREASE SHELF LIFE We carefully select the materials used in our packaging to preserve product quality and prevent deterioration.	Our products need to be easily stackable to reduce space and packaged to prevent damage. This minimises environmental impact by reducing transport emissions and waste.	CONSIDER PORTION SIZE Packaging products in the right sized containers makes them easier to use and reduces food waste.	MAKE IT EASY TO Ease of use is critic consumers, espect more vulnerable of who require spector products, as well
WHILST ALSO DRIVING OUR CIRCULAR, LOW CARBON PRINCIPLES TO IMPROVE SUSTAINABILITY	REMOVE UNNECESSARY MATERIAL AND IMPROVE PACKAGING TO PRODUCT RATIO We try to remove as much unnecessary packaging as possible, while maintaining quality and product safety, as well as functionality.	REDUCE CARBON IMPACT We consider the overall carbon impact of any packaging materials we use. For example, a PET bottle has 74% lower GHG emissions than an aluminium can. ³⁶	INCREASE RECYCLED CONTENT By increasing the proportion of recycled plastic we reduce virgin plastic and carbon emissions. This contributes to a circular economy for plastics.	ENCOURAGE PRODUCT REUSE Reusing packaging reduces the demand for virgin packaging. We need to find reuse and refill models that maintain product quality and safety, whilst also minimising carbon emissions.	ENABLE RECYCLU Recycling is key to packaging materio out of nature. This take account of th infrastructure as consumer behavio
nt 1.2kg of formula if used from 1.5	In 2023 we removed the plastic label from our Actimel bottles, saving 135T plastic per year and 516 T CO ₂ e. We also launched a 1.2KG bag in box format for formula	In our plant-based category we already use fibre-based beverage cartons and are exploring additional opportunities for lower carbon paper-based packaging, working to ensure that we can maintain product quality and shelf life.	Switching to recycled plastic content can reduce the carbon footprint of our plastic water bottles by 15%. ³⁷ Some of our biggest selling evian and Volvic products already use 100% recycled PET bottles, and we aim for all to do so by 2025.	In 2023 evian brought its natural mineral water to players in a new refill system at the	Harrogate PET bottle used at Ascot raceco collected and reproc new bottles. Since 20 equivalent of 166,000 has been recycled.

impact compared to glass bottles and aluminium cans, NAPCOR 37 Compared to virgin PET bottles – internal LCA tool DanPrint 38 47% average recycled PET across all our plastic water bottles

plastic packaging per gram of formula than our 800g pack.³⁵



4/ 70 **RECYCLED PET AVERAGE³**



CUT FOOD WASTE ACROSS THE VALUE CHAIN

WHY REDUCING FOOD WASTE IS IMPORTANT TO US

9.5 million tonnes of food are thrown away each year in the UK.³⁹ When food is wasted, the energy and water it takes to grow, harvest, transport and package it is also lost and GHG emissions are produced when it rots. **Reducing food waste can deliver valuable cost savings for both businesses and individuals**. Diverting food surplus **can also play a role in tackling food poverty**.

HOW WE ARE MANAGING OUR IMPACTS

Our Battle against Waste programme focuses on meeting our **global commitment to halve food waste** not fit for human, animal consumption or biomaterial processing by 2030. It covers our end-to-end supply chain to reduce waste in line with the food waste hierarchy, preventing waste in the first place and, where surplus does arise, redistributing it for human consumption.

REDUCING WASTE ACROSS OUR PRODUCTION SITES AND LOGISTICS NETWORK

In the UK, we are signatories of WRAP's Food Waste Reduction Roadmap, and we follow its target, measure, act approach. We reduce waste from manufacturing by **preventing quality issues and accurately forecasting product demand**. When we do have surplus, we aim to sell it through clearance channels or **redistribute it through our partnerships with FoodCloud, FareShare and Company Shop**. For products which cannot be redistributed, we explore alternative routes. For example, our Kettering factory sends by-products from processing soy (known as okara) to be used as animal feed or in anaerobic digestion.

39 <u>Food surplus and waste in th UK - key facts, WRAP</u> 40 <u>Date marking and food waste prevention, European Commission</u> 41 The data we report for Danone UK & Ireland relates to waste

arising from our warehouses and logistics network

PERFORMANCE

2023 UK & Ireland performance:41 +5% VS 2019

In 2023, we decreased our absolute volume of food and drink waste by 23% following an increase the previous year from quality issues in manufacturing of specialised nutrition products. We made improvements in our waters and dairy categories through closer management of surplus product and better use of clearance channels.

7 For more details on the methodology for our food waste KPI please visit our <u>website.</u>

ENGAGING CONSUMERS TO AVOID WASTE

OUR KPIS

2019)

ð

Global: Halve all food waste

consumption or biomaterial

processing by 2030 (UK baseline

not fit for human, animal

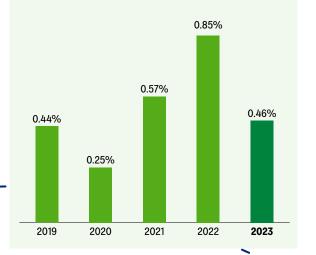
Confusion relating to expiry dates is responsible for 10% of all food waste in Europe.⁴⁰ Food passed its 'Use by' date is no longer safe to consume, whereas food beyond its 'Best before' date may still be safely eaten. Clearer labelling and better understanding can play a major role in preventing good food from going to waste.

We have switched from 'Use by' to 'Best before' dates across all Activia, Actimel and Oykos yogurts as well as Alpro UHT products in the UK and Ireland. We work with Too Good To Go to help consumers understand that food past it's best before date can still be good to eat. Our packaging features their logo and we partner with retailers to raise awareness through online and in-store campaigns.



DANONE UK & IRELAND FOOD AND DRINK WASTE

Volume of product wasted in UK & Ireland supply chain as a % of total product produced for the region



~ 7



THE JOURNEY AHEAD PLANS FOR CONTINUOUS IMPROVEMENT

Current infrastructure limitations in the UK & Ireland pose challenges in adopting low-carbon logistics and more sustainable packaging solutions. We need to work with our suppliers, peers and customers to realise efficiencies in logistics networks while we shift to alternative fuels and electric vehicles. We will continue to improve the recyclability of our packaging by converting multi-material packaging into mono-material solutions, whilst supporting the development of effective collection systems. We will implement improved processes to monitor and divert food surplus to avoid it going to waste.



EXPLORE OUR IMPACT JOURNEY: PEOPLE & COMMUNITIES

THRIVING PEOPLE & COMMUNITIES

Our social impact extends beyond our business from our own Danoners, to our suppliers, consumers, patients and communities. Delivering a positive social impact begins internally by creating a diverse and inclusive workplace. Externally we are focussed on safeguarding human rights within our supply chain and continuing to support healthy communities.



"

Food poverty in the UK is at an all-time high, lack of nutrition is leading to health problems, and more than 6.4 million tonnes of food is wasted by UK households. At FoodCycle, we bring people together to enjoy delicious, healthy meals made from food that would have otherwise gone to waste. We are delighted to partner with Danone as we both believe that food has the power to support connection, and by joining forces we can build stronger communities."

SOPHIE TEBBETTS CEO, FOODCYCLE

In this section

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HOW WE ARE DELIVERING ON PEOPLE AND COMMUNITIES

OUR AMBITION

OUR GOALS

FOSTER A DIVERSE AND INCLUSIVE Emp CULTURE



We aim to equip and empower communities with access to nutritious food and to deliver positive social impact as a certified B Corp.

🕜 Read more p31

🕜 Read more p30

PARTNER WITH OUR SUPPLIERS AND PROMOTE HUMAN RIGHTS

We will champion human rights and social progress with our suppliers to deliver a responsible and transparent supply chain in the UK and beyond.

Read more p32

ncludability 2023

Our commitment to diversity, equity and inclusion has been recognised externally and we became an Includability Committed certified employer in the UK in 2023.

HOW THEY SUPPORT OUR AMBITION

We aim to make Danone a force for good by

we meet the needs of our diverse consumers.

fostering a unique, diverse and inclusive culture. An empowered and fulfilled workforce will more successfully deliver Danone's mission and ensure

We can't accept that growth would leave behind so many people, especially workers - it is a matter of collective conscience. The company's responsibility does not stop at the factory gates or the office door."

ANTOINE RIBOUD DANONE CEO IN 1972



FOSTER A DIVERSE AND INCLUSIVE CULTURE

WHY DIVERSITY, EOUITY AND **INCLUSION IS IMPORTANT TO US**

When our teams reflect the diversity of our patients and consumers, we can truly understand and serve their

needs; fuelling performance and enabling innovation and growth. Our ambition is for every Danoner to feel included, heard and valued for the unique contribution they bring.

HOW WE ARE MANAGING OUR IMPACTS

We are proud of the strong gender balance in our UK & Ireland business. We continue to evolve our policies, including smart working arrangements, flexibility for parents returning to work, and transparent succession planning.

We have more work to do to address dimensions of diversity beyond gender, as evidenced in our annual voluntary Self ID survey, which collects data on diversity demographics from employees.

Our Employee Network Groups (ENGs) aim to build inclusive communities and drive change. There are six self-formed groups, each with director-level sponsorship, focused on women's empowerment, LGBTQIA+, BAME, working parents, carers and those with disabilities.

PIONEERING INCLUSIVE BRANDS

re-enforce gender stereotypes.

Marketing and advertising have a large impact on the decisions consumers make and we have an important responsibility to engage respectfully with all audiences. We enlisted the support of the Diversity Standards Collective (DSC) to create our Danone Production Charter which guides how we recruit consumer research groups, cast brand marketing campaigns and develop products. For example, the DSC helped us ensure that our recent Cow & Gate advertising campaign did not



CASE STUDY

EMBEDDING INCLUSIVE TALENT PRACTICES

"

Danone's commitment to inclusivity is not just about making changes but about setting new industry standards, demonstrating that the path to diversity is through recognising and valuing the unique skills and perspectives each individual brings to the table.²

CEO & FOUNDER, TALENT MAPPER

OUR KPIS PERFORMANCE

Global: Achieve gender balance in management

globally by 2030

2023 UK & Ireland performance:

69% FEMALE We have good gender balance at director level and below. We continue to focus on inclusive succession planning to extend this gender balance to the Executive level.

Global: Close gender pay gap by 202542

2023 UK & Ireland performance: **IRL: 0.89%** UK: -3.81%

We have reduced our gender pay gap from 2.01% in Ireland in 2022 and from -5.81% in the UK in 2022. A key driver is the increased representation of women in director-level roles and active ongoing review of pay scales.

2023 UK & Ireland performance: Global: Maintain inclusion index43 above peers

79% (+ 2pts ahead of peerset)

We are two percentage points ahead of our peer set, with notable high scores on inclusivity. Results identified that employees would like to see more visible commitment from senior management to DEI and we will focus on inclusive leadership in 2024.

⁴² The gender pay gap measures the mean average pay differential for men vs women at the country level. This includes employees in our manufacturing points. For more information please read our Gender Pay Gap reports for the **UK and Ireland**

⁴³ The Inclusion Index is based on responses to three questions in our Danone People Survey

BE A FORCE FOR GOOD IN OUR COMMUNITIES

WHY BEING A FORCE FOR GOOD IN **COMMUNITIES IS IMPORTANT TO US**

According to The Food Foundation, 17% of households in the UK were 'food insecure' in June 2023, meaning they ate less or went a day without eating because they couldn't access or afford food.⁴⁴ In Ireland, 19% of parents felt they did not have enough food to feed their children at some point in the last 12 months.⁴⁵ **Redistribution of food that** would have gone to waste can help address food poverty and sharing expertise about how to eat a nutritious diet at a low cost can enable people to live healthier lives.

HOW WE ARE MANAGING OUR IMPACTS

We have been refocusing our community impact initiatives to align with our Impact Journey. In the UK and Ireland, we launched strategic charity partnerships with FoodCycle and FoodCloud respectively to improve access to nutritious food. We also redistribute surplus food in the UK through FareShare and Company Shop. We provide awareness raising, fundraising and volunteering for GroceryAid which offers emotional, financial and practical help for people working in the grocery industry. Through our Alpro brand we partner with Well Grounded, and have so far supported 34 people who have faced barriers to work, to train as baristas.

INCREASING OUR IMPACT THROUGH **EMPLOYEE VOLUNTEERING**

We encourage Danoners to use their time and skills by volunteering with FoodCycle and FoodCloud and via our volunteering platform, Neighbourly. Colleagues working at supply points also support initiatives in their local **areas**. For example, the Harrogate team support the Great British Spring Clean litter pick and our Irish factories run a community support initiative providing donations to local charities, sports clubs and community groups.

44 The State of the Nation's Food Industry 2023 report - The Food Foundation 45 Food Insecurity in Ireland: Impact on Children and Their Parents. Barnardos Ireland, 2023

PERFORMANCE

Global: All employees 2023 UK & Ireland performance: 100%

We started our UK & Ireland B Corp journey in 2017 and all our business units in the region were B Corp certified by 2022. Danone UK & Ireland will recertify as a B Corp in 2024.

Globally, we are on track to meet our 2025 KPI. 83% of Danone sales were covered by B Corp certification at the end of 2023.

7 Read more p34

2023 UK & Ireland performance: 56%

In 2023, Danoners volunteered a total of 2,728 hours supporting 48 good causes. In 2024, we want to engage even more Danoners and increase our impact through skills-based volunteering.

2023 UK & Ireland performance:

We donated 824 tonnes of food surplus to charities, the equivalent of nearly 2 million meals.46

46 Based on Wrap recommended conversion of 420g as an 'average' meal size

CASE STUDY

DELIVERING NUTRITION TO COMMUNITIES IN NEED

"

I enjoy volunteering at **FoodCvcle to serve food** to families in need. The impact on our community is both humbling and rewarding, and makes you realize the difference our small actions can have on people's lives."

Danone UK & Ireland

CHLOE HEBRARD SENIOR RESEARCH AND INNOVATION MANAGER, **DANONE UK & IRELAND**





El By







OUR KPIS

covered by B Corp

certification by 2025

PARTNER WITH OUR SUPPLIERS AND PROMOTE HUMAN RIGHTS

WHY WORKING IN PARTNERSHIP WITH OUR SUPPLIERS AND PROMOTING HUMAN RIGHTS IS IMPORTANT TO US

Suppliers play a critical role in delivering our Impact Journey, from providing quality ingredients to make our healthy products to decarbonising our value chain and upholding human rights in the supply chain. To succeed in delivering these ambitions together, we have a responsibility to ensure supply chain workers are treated with dignity and care.

HOW WE ARE MANAGING OUR IMPACTS

Upholding human rights requires constant focus, especially as supply chains evolve. In 2022, Danone completed a global assessment of salient human rights impacts, which highlighted discrepancies between the way we manage and mitigate potential human rights risks for our employees and external workers. Findings informed the global Human Rights Policy update published in 2022, a renewed focus on human rights in our own operations and a strengthening of human rights due diligence (HRDD) across our supply chain.

To find out more about how we are upholding human rights please read our <u>UK Modern Slavery Statement</u>.

WE ARE WORKING ACROSS OUR SUPPLY CHAIN TO PROMOTE HUMAN RIGHTS



RAW MATERIAL SOURCING

Our ingredient supply chains include fresh milk, dairy ingredients, fruit, sugar, cocoa and soy. We source directly where possible, but in other cases these can be complex sourcing chains involving intermediaries. This makes visibility of human rights risks more challenging. **We have been working** towards greater transparency beyond direct suppliers, notably on palm oil, cocoa, sugar and fruit.



TIER 1 SUPPLIERS

All tier 1 suppliers must comply with our Code of Business Conduct and Sustainability Principles for Business Partners. **Our global RESPECT programme assesses tier 1 suppliers social, environmental and ethical performance** to ensure compliance with our policies. This includes the use of third party audits of high risk or high priority suppliers.



PRODUCTION SITES

We have five manufacturing sites in the UK & Ireland and source from factories across Europe.

Workers are often a combination of employees, contracted workers and external agency workers hired through temporary work agencies.

We're strengthening our internal human rights due diligence to ensure the same standards are upheld for all workers.



DISTRIBUTION

In the UK & Ireland, we work with third party logistics providers to transport our products to our customers.

Given the complexity of this industry and the need to subcontract, it is a priority focus area for human rights due diligence.

We require all logistics providers above a certain spend threshold to register with EcoVadis to ensure transparency over their standards.

PARTNER WITH OUR SUPPLIERS AND PROMOTE HUMAN RIGHTS CONTINUED

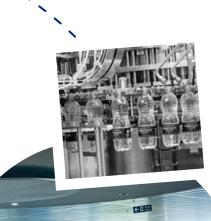
CASE STUDY

BRINGING PARTNERS TOGETHER FOR OUR INAUGURAL SUPPLIER DAY

"

We found it incredibly insightful, and it has sparked lots of interesting thoughts already for how we can further our partnership with you.²

CEO, WAVEMAKER UK





OUR KPIS	PERFORMANCE		
Global: Danone	2023 UK & Ireland performance:		

Sustainable Sourcing

policy deployed to all

suppliers by 2030

Global: 100%

policy by 2025

UK & IRELAND KPI

Embed Supplier

Relationship

Management

programme, covering

80% of spend by 2025

employees trained on

Danone Human Rights

EARLY STAGES

We have recently launched a new Sustainable Sourcing policy that will strengthen our approach to Human Rights Due Diligence (HRDD). We plan to start incorporating this new policy into new supplier contracts as of this year, and gradually include it in existing contracts to reach 100% of suppliers by 2030.

2023 UK & Ireland performance: **EARLY STAGES**

Globally, Danone is launching new Sustainability and Human Rights fundamentals e-learning training. We will roll this out in the UK and Ireland, aiming for all colleagues to complete it by 2025, ensuring they understand the role they play in upholding human rights.

2023 UK & Ireland performance: EARLY STAGES

In early 2024, we relaunched our Supplier Relationship Management programme focused on efficiency, growth and the Impact Journey. It sets clear KPIs against which we can jointly assess progress, tailored to the type of service/product the supplier provides. For example, we have started to include carbon emissions reduction targets in contracts for logistics suppliers.



THE JOURNEY AHEAD PLANS FOR CONTINUOUS **IMPROVEMENT**

Our Self ID campaign – a self-reported voluntary survey - highlighted low representation of non-white ethnicities and those from working class backgrounds in our UK & Ireland workforce. We aim to address this by continuing to strengthen our inclusive talent process in 2024, with a focus on candidates from under-represented backgrounds, as well as harnessing our Employee Network Groups (ENG) to identify how we can strengthen our inclusive culture. We will roll out human rights training and our updated Sustainable Sourcing policy to evolve our supply chain management. The B Corp re-certification process will help us identify further opportunities for improvement.



B CORP IS A MODERN EXPRESSION OF OUR **DUAL PROJECT**

Danone CEO, Antoine Riboud made a pioneering speech in 1972 setting the direction for Danone's Dual Project, bringing entrepreneurship and social and environmental responsibility together.



DANONE ANNOUNCES A GLOBAL PARTNERSHIP WITH B LAB AND ITS AMBITION TO BECOME ONE OF THE **FIRST B CORP CERTIFIED MULTINATIONALS**

"We have a dream that one day, all companies will compete not only to be the best in the world but the best for the world." B Corp™

TO TRULY BE IMPACTFUL, YOU **NEED BUSINESSES OF ALL** SIZES TO WORK TOGETHER

There is a common

misconception that multinational companies don't belong in the B Corp movement but we believe this couldn't be further from the truth. Each business can offer their own individual perspective on 'better business' whether they have 10 employees, 10,000 or like Danone 100,000s."

PRESIDENT DANONE UK & IRELAND

DANONE DAIRIES UK BECOME **THE FIRST UK & I BUSINESS UNIT TO CERTIFY AS B CORP**

B CORP IS PERFECTLY IN LINE WITH OUR LEGACY AND VALUES.

By becoming a B Corp, we're holding ourselves to account to deliver on our Dual **Project. We can make impact** at scale, advocate for change and use our brands to unlock awareness. We want to do this as part of a community that inspires us to constantly do more, and B Corp provides us with the right framework to do just that."

HEAD OF PURPOSE INTEGRATION & B CORP DANONE UK & IRELAND

CERTIFICATION OF UK & IRELAND SPECIALISED NUTRITION BUSINESS

As a result. Danone becomes fully certified across all our categories and factories in UK & Ireland, covering 2,400 Danone employees and taking us closer to our global ambition.

CERTIFICATION IS JUST THE BEGINNING!

Remaining a B Corp requires continuous improvement. It has already inspired us to work harder at closing our gender pay gap, refocus on circular packaging and gain better insights to the diversity demographics of our Danoners. We have been able to make significant improvements and the evolving standards will continue to shape the way we do business.

DANONE AS A **FORCE FOR GOOD**

We want to continue to deliver our mission in a way that benefits all our stakeholders and that is why the B Corp movement is perfectly aligned with our values.

Being a B Corp is a great driver for employee engagement, retention and attracting new talent but it also helps to differentiate our brands, support our customers in meeting their sustainability KPIs and drive partnerships and collaborations with other B Corps.²⁰

VP. GENERAL SECRETARY



WE WILL RECERTIFY **DANONE UK & IRELAND DURING 2024**



DANONE UK & IRELAND



LOOKING AHEAD

We don't underestimate the scale of the challenge ahead. We recognise that we can't turn the tide on obesity and malnutrition on our own, and our partnerships will be key in terms of having a meaningful impact on this complex challenge. We want to deliver our health mission in a sustainable and equitable way. If we're going to be a net-zero business by 2050, it is going to require a transformation of our business and new ways of thinking.

But we have a committed team that truly believes in making a difference. Combined with our genuine dedication to embed positive impact into all we do at Danone, as evidenced throughout this report, it makes us hopeful about the future."

JAMES MAYER PRESIDENT OF DANONE UK & IRELAND