



DANONE
ONE PLANET. ONE HEALTH

JP MORGAN
SRI CONFERENCE

March 14th, 2018



Disclaimer

- *This presentation contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate,” “expect,” “anticipate,” “project,” “plan,” “intend,” “believe,” “forecast,” “foresee,” “likely,” “may,” “should,” “goal,” “target,” “might,” “will,” “could,” “predict,” “continue,” “convinced,” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, statements regarding Danone’s operation of its business, the expected benefits of the transaction, and the future operation, direction and success of Danone’s business.*
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- *All references in this presentation to like-for-like changes, “like-for-like New Danone” changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, recurring EPS, free cash flow and net financial debt correspond to financial indicators not defined in IFRS used by Danone and which are defined at the end of this presentation.*
- *Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.*

Agenda

1



DANONE

ONE PLANET. ONE HEALTH

Our unique
business
model

2



Our
achievements

3



Our process
to societal
accountability

Agenda

1



DANONE

ONE PLANET. ONE HEALTH

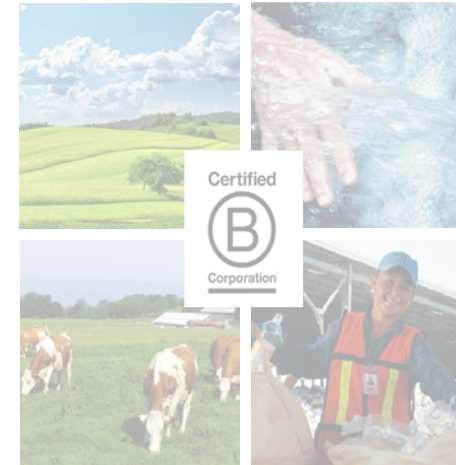
Our unique
business
model

2



Our
achievements

3



Our process
to societal
accountability

Our ambition
Leading the way to create and share sustainable value

ONE PLANET. ONE HEALTH



DANONE

— **Healthier** —
eating and drinking



— **Responsible** —
business stewardship



— **Sustainable** —
value



Healthier eating and drinking

A unique portfolio of categories, fully aligned with the Food revolution



54%

Essential Dairy and Plant-Based

28%

Specialized Nutrition

18%

Waters

Based on 2017 sales figures including 12 months of WhiteWave

Responsible business stewardship Towards becoming a B-Corp as...



... A Common Goal

2,100 companies around the world, across all sectors, unified by one common goal:
USING BUSINESS AS A FORCE FOR GOOD

... A Trustmark

B Corps meet the highest standards of overall social and environmental performance, transparency and accountability

... A Business Opportunity

Brands are under growing scrutiny from consumers. Sales of consumer goods with a demonstrated commitment to sustainability are outpacing the rest of the market⁽¹⁾

An external
recognition of our
achievements

A driver
of engagement both
internally & out

A trusted reference
for consumers

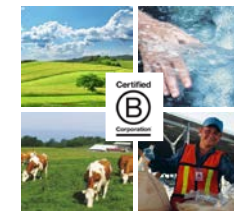
***"I think B Corporations will make more profits
than other types of companies"***

Robert Shiller, Nobel Laureate of Economics

(1) Source: Nielsen, 12th October 2015

Responsible business stewardship

Significant progress on B-Corp roadmap to date



DANONE



DANONE



DANONE
Aguas Argentina



6 entities certified to date

DanoneWave on track to get certified in 2018

€2bn syndicated credit loan with now environmental and social criteria impacting payable margin

Responsible business stewardship

Capitalizing on strong external recognition



- Climate
- Water
- Forest



2020 journey



Strategic priorities

1. Accelerate growth
2. Maximize efficiencies
3. Allocate capital with discipline

2020 financial objectives



A unique business model...

... fully embedded in our history and the way we do business



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Embedded in our vision

Agents for change in the Food revolution vision

1972



Antoine Riboud
1973-1996

FOUNDATION OF THE DUAL PROJECT

"The frontiers of the company do not stop at the factory gates..."

2006



Franck Riboud
1996-2014

HEALTH MISSION

Bringing health through food to as many people as possible

2014



Emmanuel Faber
2014-...

MANIFESTO & DANONE 2020

"As CEO, I pledge to pursue Danone's dual commitment to business success and social progress"

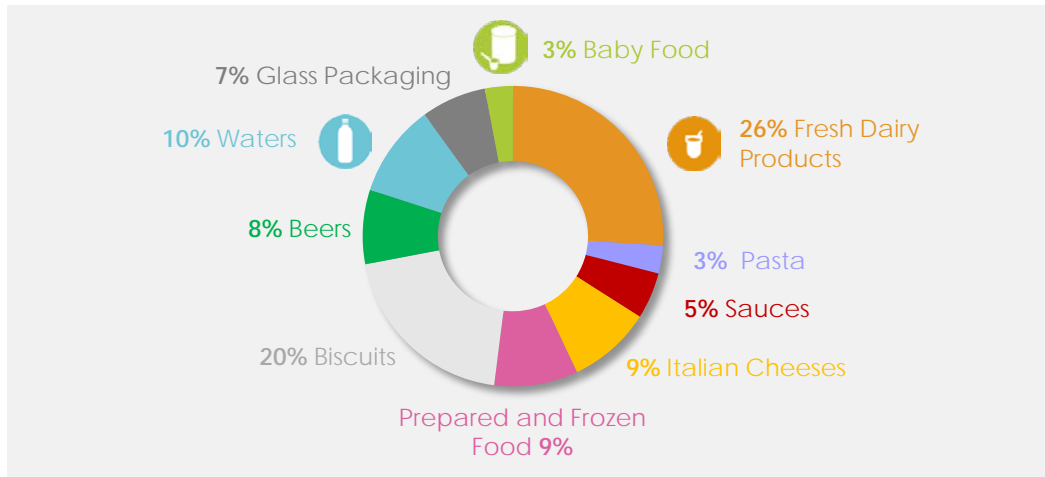
Every time we eat or drink, we vote for the world we want to live in. This is the Alimentation Revolution. A healthy body needs healthy food. And healthy food needs a healthy planet. All with healthy ecosystems and strong, resilient social structures. We simply can't have one without the other. That is what our signature 'One Planet One Health' encapsulates.

Embedded in our history

20-year transformation towards a health-focused portfolio

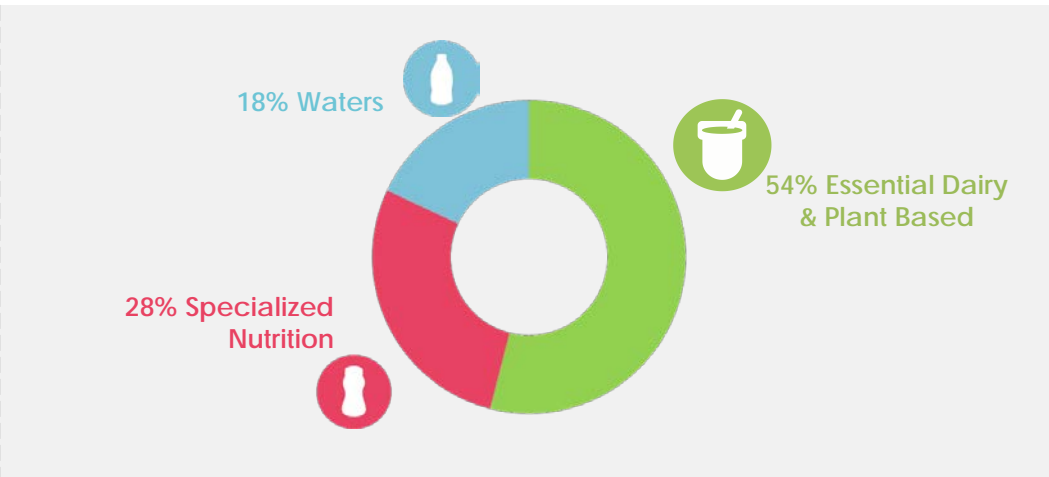
1996

European food conglomerate



2017

Global health-focused portfolio



BSN: GLASS



1960's

FOOD



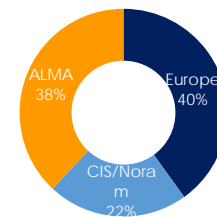
1980's

FOCUS & INTERNATIONALIZATION



1996-2007

ACCELERATED INTERNATIONALIZATION



2008-2014

WHITEWAVE ACQUISITION:
Global leader in organic and plant-based



2016

2017 sales breakdown based on 2017 sales figures including 12 months of WhiteWave

Embedded in our governance

Board refreshment, towards balance, efficiency, diversity and expertise

Changes submitted for vote at next AGM on April, 26th 2018



Emmanuel FABER
Chairman & CEO



 Michel LANDEL
Lead independent director



 Guido BARILLA



Cécile CABANIS



Franck RIBOUD
Honorary Chairman



Frédéric BOUTTEBA



Gregg ENGLS



 Clara GAYMARD



 Gaëlle OLIVIER



 Benoît POTIER



Isabelle SELIER



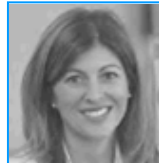
 Jean-Michel SEVERINO



  Virginia STALLINGS



Bettina THEISSIG



 Serpil TIMURAY



 Lionel ZINSOU

16 members

64% independent⁽¹⁾

43% women

36% non-French

Increased focus on **Consumer** expertise

 Independent Director

(1) Directors representing employees are not taken into account in the determination of above percentages

Embedded in our incentives

Balancing economic, social and societal, and managerial criteria

Short-term incentives

- Mix of economic, social and managerial KPIs for annual variable compensation
 - Economic (60%) – measured against guidance targets communicated to market
 - **Social and societal (20%)** – based on Danone’s targets (development of human resources and organizations, development of societal and environmental initiatives)
 - Managerial (20%) – based on execution of Danone’s strategy (product innovation, market share, expanding into new geographic markets and implementation of strategic priorities)

Long-term incentives

- Two financial criteria for grants of long-term performance shares
 - 3-year net sales growth relative to peers
 - Achievement of designated free cash flow level (between €6bn and €6.5bn)
- Introduction of a new Sustainability criteria starting from 2018, weighting for 20% of LTI
 - Achievement of 3-year ranking in Leadership List for Climate change by CDP

Agenda

1



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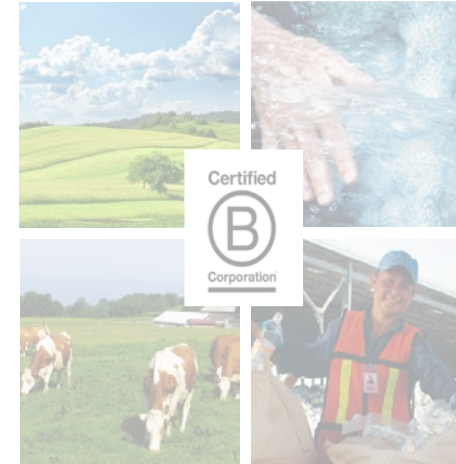
Our unique
business
model

2



Our
achievements

3



Our process
to societal
accountability

Progressing against 2020 objectives, in a responsible way

2017: Creating sustainable value for all stakeholders

+14.2%

2017 RECURRING EPS ⁽¹⁾

88%

OF VOLUME SOLD ARE
SUITABLE FOR DAILY
CONSUMPTION ⁽²⁾

-10.5%

REDUCTION OF CARBON
INTENSITY FULL SCOPE ⁽³⁾

(1) At constant exchange rate

(2) This percentage refers to water, yogurt and other daily dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar and medical nutrition. Based on official public health Recommendation, these categories are generally suitable for daily consumption.

(3) Compared to 2015 baseline, based on constant scope of consolidation and constant methodology; In line with our commitment of reduction of 50% in carbon intensity full scope (scopes 1, 2 and 3) by 2030, which is validated by the Science Based Targets Initiative

Notes (2) and (3) do not take into account WhiteWave

Our unique business model

Based on four key pillars

ECONOMIC

- 2020 objectives
- Accelerate growth
- Maximize efficiencies
- Allocate capital with discipline

NATURE

- Climate
- Water
- Circular Economy
- Agriculture



DANONE
ONE PLANET. ONE HEALTH

HEALTH

- Healthier products
- Healthier lifestyles
- Responsible company practices
- Community relevant products

SOCIAL

- Social Dialogue
- Health & Safety
- Talent
- Social Inclusiveness

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Progressing against strategic priorities, delivering results consistently

Preparing for strong, profitable, sustainable growth



2014

2015

2016

2017

2018

2019

2020

2017 achievements

LFL sales growth ⁽¹⁾	2.5%
Recurring operating margin	14.4%
FCF	€2.1bn
Recurring EPS growth ⁽²⁾	14.2%

2018 guidance

Double-digit recurring EPS growth at constant exchange rate *excluding Yakult Transaction Impact* (3)

2020 objectives

LFL sales growth	4% to 5%
Recurring operating margin	> 16%
Reduced leverage ratio ⁽⁴⁾ to	< 3.0x
ROIC ⁽⁴⁾ improved to	~ 12%

(1) Like-for-like New Danone

(2) At constant exchange rates

(3) See definition on page 13 of 2017 Full Year Results Press release

(4) Please refer to financial indicators definition

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Our Nutrition strategy and commitments to provide health through food

1



Continuously improving the **nutritional quality** of our products

2



Healthier alternatives that maintain **consumer preference**

3



Building our expertise in **local nutrition** and public health

4



Leveraging **partnerships** to address local health challenges

5



Voluntary commitment to extensive **Nutritional Information** for consumers

6



Marketing even more responsibly, especially to children*

*Danone has decided that, for media and advertising where the target is mainly made up of children between the ages of 3 and 12 - and where there is no state recognised self-limitation programme (such as PAOS in Spain), Danone restricts its advertising to products whose nutritional profile and portion size are suitable for the requirements of children aged 3 to 12, in line with public health priorities.

2017 Health and Nutrition achievements

Healthier Choices

88%

of volumes sold in 2017 are in healthy categories^{(1) (2)}.

21%

of volumes sold in 2017 are products that have been nutritionally improved in the past three years⁽²⁾.

Healthier Lifestyles

48

subsidiaries out of 50 give their employees access to a health & wellness program⁽²⁾.

3

pilot countries have implemented the new Parental Policy (New Zealand, Australia and Italy).

28

education and information programs were active this year. They potentially impacted the awareness and lifestyles of 28 million people⁽²⁾.

Connecting to Local Needs

50%

of volumes sold in 2017 are fortified products⁽³⁾.

57

countries are covered by the Nutriplanet program, that was designed to provide in-depth knowledge of every food-related aspect of our local contexts.

Responsible Company Practices

33,444

employees were trained on nutrition and/or hydration in the last two years⁽²⁾.

97%

compliance with the International Chamber of Commerce Framework for Responsible Food and Beverage Marketing Communications⁽⁴⁾.

The data provided on this page does not include WhiteWave entities. (1) In operational terms, "Healthy product categories" for Danone include: water, yogurt and other dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar, medical nutrition. (2) Nutrition and Health Scorecard: Representing 52 CBUs and 70% of Danone's annual turnover. (3) Percent of sales volumes having a nutrient fortification. Scope Scorecard: Access Africa India and Essential Dairy and Plant-Based and Early Life Nutrition divisions. (4) Scope: Access Africa, India and Waters divisions and Essential Dairy and Plant-Based division.

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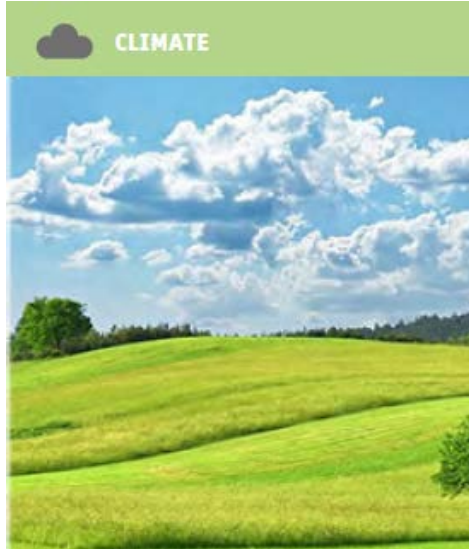
HEALTH

- Healthier products
- Healthier lifestyles
- Responsible company practices
- Community relevant products

SOCIAL

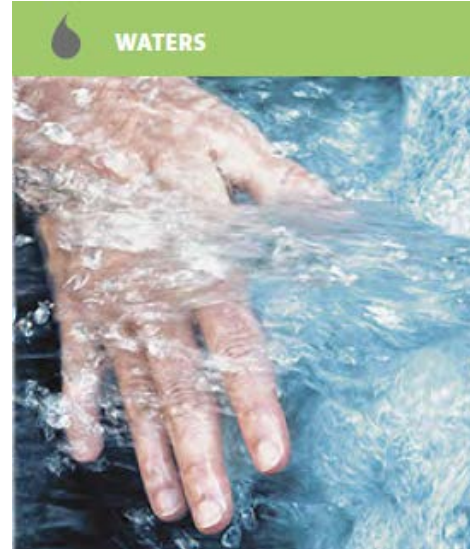
- Social Dialogue
- Health & Safety
- Talent
- Social Inclusiveness

Our Nature commitments to preserve a healthy planet



Climate change is a systemic challenge that has a significant impact on the natural cycles on which food depends. To grow our business sustainability and ensure our global food cycle is resilient, we must address this challenge. Danone is combatting climate change by reducing our carbon footprint and working to sequester more carbon in nature. **In our Climate Policy, we committed to building a carbon neutral value chain by 2050.**

In 2017, Danone's carbon reduction targets were officially validated by the Science Based Targets initiative. To deliver on our climate commitment, we are working with a range of partners, including farmers, experts, and local communities to develop and implement innovative solutions.



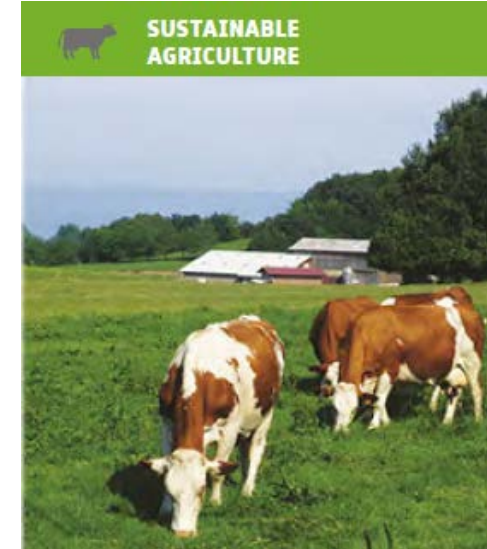
Water is a precious and often scarce resource that must be used in harmony with local ecosystems. United Nations Sustainable Development Goal number 6 highlights the interdependency between water and other global issues such as health, food security, climate change and ecosystems' resilience.

Water is at the center of each stage of Danone's value chain. **We are committed to protecting this vital resource by working with partners to strengthen the water cycle at the local level and adopting sustainable practices across our value chain.**



To create the circular economy for food, Danone is working to address packaging and food waste. Packaging has an important role to play by protecting the nutritional benefits and quality of our products and allowing them to be stored, transported and used safely. However, packaging also presents challenges, including the use of resources and waste generation.

Our Packaging Policy, published in 2016, reaffirmed our ambition to "co-build the circular economy of packaging by sourcing sustainable materials and creating a second-life for all plastics". Danone is also working to strengthen the circular economy by reducing food waste. Innovation and collaboration all along the supply chain will help us achieve these transformations.



As a food company, agriculture is at the heart of Danone's business. Today's agricultural system faces a number of challenges, from price volatility and water scarcity to animal welfare and climate change and loss of biodiversity.

We believe agriculture can be a solution to these challenges, and a driver of sustainable and inclusive growth. **This is why Danone is working with farmers and other partners to develop and promote regenerative farming models that are competitive, inclusive and resilient.**

Our Nature commitments and achievements

Climate

Reduction in CO₂ footprint

Emission intensity (g/CO₂ equivalent/Kg product)

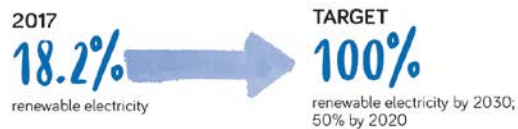


Reduction in CO₂ footprint

Absolute emissions



Renewable energy



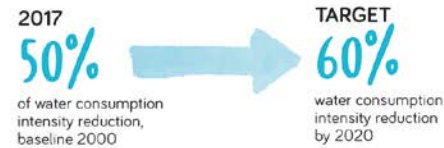
Water

Protect natural mineral water resources in our watersheds



Reduce water consumption in factories

Process water intensity (m³/T product)



Return clean water to nature compliant with Danone "Clean Water Standards"⁽³⁾ for waste water



Circular Economy

Increase the use of sustainable resources



Zero plastic landfill for post-industrial packaging waste



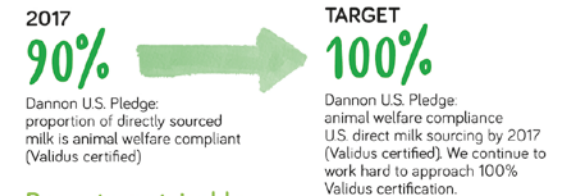
Reduce by 50% non-recovered food waste

Baseline defined according to Food Loss and Waste (FLW) Protocol



Agriculture

Promote sustainable agriculture



Promote sustainable agriculture



The data provided on this page does not include WhiteWave entities and are based on constant scope of consolidation and constant methodology in comparison with 2016. (1) rPET : recycled PET.(2) Production Sites Environment Scope.(3) 96% of Danimals is Non-GMO project certified(4) 79% of Dannon volume is Non-GMO project certified(5) Oikos will start transitioning end 2018 as planned in Dannon U.S. Pledge

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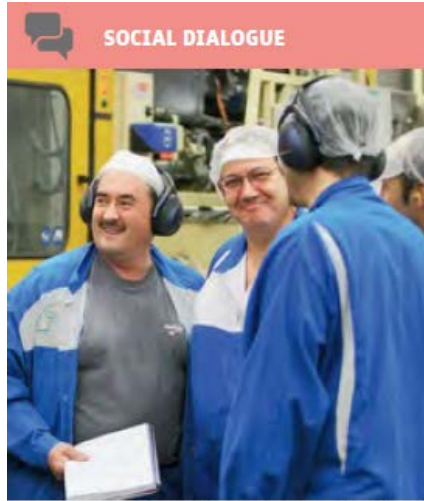
HEALTH

- Healthier products
- Healthier lifestyles
- Responsible company practices
- Community relevant products

SOCIAL

- Social Dialogue
- Health & Safety
- Talent
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WHAT WE ARE DOING



Dialogue with our employees is essential—a key driver for economic and social growth, the foundation for sweeping transformation and an essential part of sustainable performance for Danone as a whole.

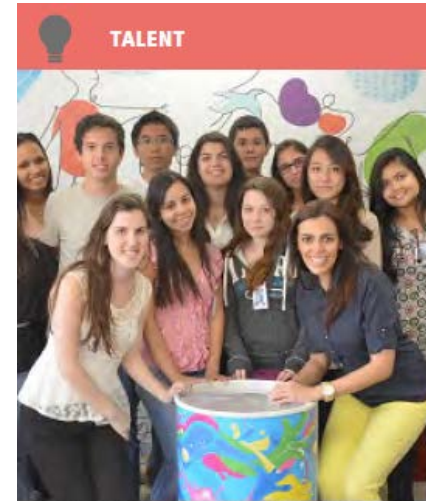
HOW WE ARE DOING

10 Worldwide agreements and one European agreement have been signed between Danone and the IUF and joint visits are organized to monitor their implementation in more than 59 entities between 2009 and 2017.



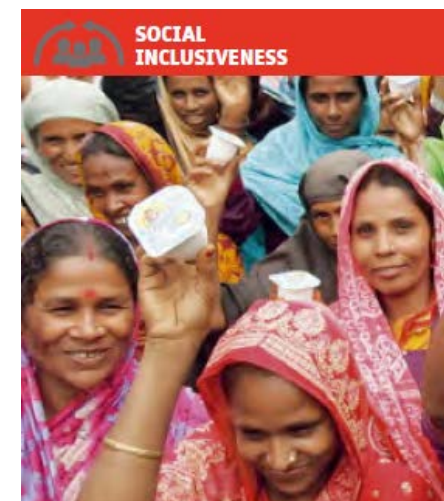
Our Work In Safe Environment (WISE) program takes a comprehensive approach to all types of risk, focusing on day-to-day operations, to promote the physical, mental and social well-being of Danoners all around the world.

- **FR1 rate of 1.7:** frequency rate of workplace accidents with lost time of one day or more that occur over a 12-month period for every one million hours worked.
- **FR2 rate of 2.1:** frequency rate of workplace accidents w/o lost time.
- **Severity rate 0.08:** number of calendar days of absence due to workplace accidents with lost time for every 1,000 hours worked.
- Absenteeism rate of **2.4%**.
- **70,000** employees in 42 countries had healthcare coverage in line with standards defined by Dan'Cares.



We fuel growth by attracting outside talent—and with it, new passion, leadership and related skills. We also want to nurture the unique, exceptional potential of our 100,000 Danoners, inspiring the engagement they need to serve our clients and our communities.

- Training provided to **90%** of employees.
- **27** training hours per person trained in 2017.
- **49%** of managers, directors and executives are female.
- In France, **3.6%** of employees have disabilities.



We firmly believe that we will make more of an impact on the issues we want to address by working with friends and partners, rather than on our own.

Key Performance Indicators related to "Social Inclusiveness" concern Danone 4 funds and are detailed in the following slides under "Social Innovations".

Our innovation platforms to promote social inclusiveness

Danone supports four financial funds:

- Danone Communities,
- The Danone Ecosystem fund
- The Livelihoods Carbon Fund
- The Livelihoods Fund for Family Farming

These funds anchor the inclusion of sustainable development challenges in Danone's strategy, thereby giving even more meaning to the company mission: to bring health through food to as many people as possible.



Danone Communities mutual investment fund invests in **businesses with significant social impact** located mainly in emerging countries.



The purpose of the Danone Ecosystem Fund is **to strengthen and develop activities of public interest** within the Danone ecosystem.



- The Livelihoods Fund is an investment fund **dedicated to ecosystem and carbon assets restoration.**
- The Livelihoods Fund for Family Farming invests in **projects making the supply of strategic agricultural raw materials more sustainable.**

Social innovations key performance indicators



SOCIAL

1 Million

Beneficiaries in TOTAL.

The indicator refers to the total number of beneficiaries of the social businesses supported by Danone Communities.

300,000

Beneficiaries in the fight against malnutrition and poverty.

The indicator refers to the total number of beneficiaries of the nutrition social businesses supported by Danone Communities.

700,000

Beneficiaries with access to drinking water.

The indicator refers to the total number of beneficiaries of the water access social businesses supported by Danone Communities.

10 BUSINESSES

12 COUNTRIES

(Bangladesh, Cambodia, China, France, Haiti, India, Kenya, Madagascar, Mexico, Uganda, Rwanda, Senegal)

MEASURING THE COMMITMENT OF DANONE'S EMPLOYEES

25%

Danone's employees represent 25% of the Danone Communities fund.

(Vs 23% in 2016)

55%

Of Danone employees in France subscribed at least once to the Danone Communities fund.

(Vs 43% in 2016)

SICAV

9.25%

Of the total performance of the SICAV (mutual fund).

The indicator refers to the total performance net of fees over 5 years.

Social innovations key performance indicators



SOCIAL IMPACT

42 active projects in 2017

4,300 jobs created

55,437 people professionally empowered

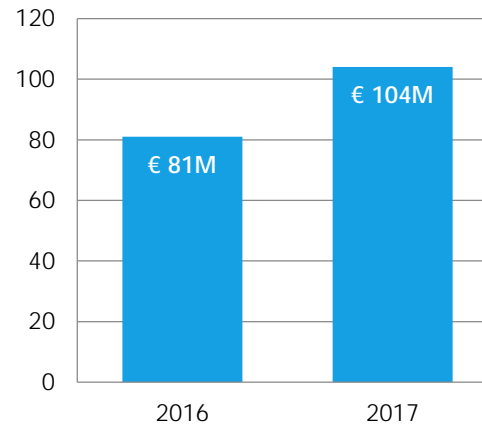
4.2m indirect beneficiaries

33,745 women professionally empowered

€ 163M total funding

58 partners

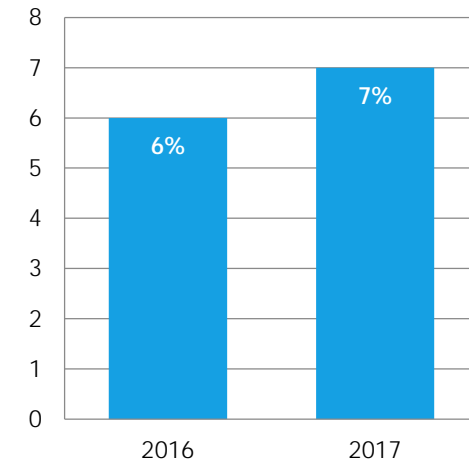
ECONOMIC IMPACT



Sales generated by Danone Ecosystem Fund capabilities.

This indicator refers to sales generated by business under all projects (not exclusively Danone).

ENVIRONMENT IMPACT



Percentage of milk from Danone Ecosystem Fund projects vs total sourcing of Danone concerned subsidiaries

This indicator refers to the volume of milk sourced from projects as a percentage of total milk sourced by Danone concerned subsidiaries over the same period.

Social innovations key performance indicators



THE LIVELIHOODS CARBON FUND

9 active projects:

- 3 ecosystem restoration projects
- 3 agroforestry projects
- 3 rural energy projects

THE LIVELIHOODS FUND FOR FAMILY FARMING

5 active projects:

- Cocoa in Ivory Coast
- Watershed protection in Mexico and Brazil
- Coconut in Philippines
- Vanilla in Madagascar

ENVIRONMENTAL IMPACT

Achievements since 2011

126 million trees planted in 2016
(vs 122 million in 2016)

Objective

130 million trees planted

SOCIAL IMPACT

Achievements since 2011

120,000 households equipped with efficient cook stoves in 2016 (vs 107,000 in 2016)

Objective

120,000 households equipped with efficient cookstoves

Objective of **200,000 farms**
converted to sustainable
agricultural practices

Objective of **2 million people**
positively impacted

€ 120M

Total investment volume objective

Agenda

1



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Our process
to societal
accountability

Danone Way

A longstanding program promoting deployment of sustainability best practices

Danone Way is the engine of our sustainable development

- Implemented in 2001 to instill the dual project & sustainability throughout business.
- Virtuous circle of best practice development & deployment between central teams and subsidiaries.

Danone Way has driven continuous progress

- Annual, tailored programs for subsidiaries to deliver Danone's sustainability targets.
- Expert-overseen self-assessments to measure performance and inform development.

Danone Way now ubiquitous throughout business

- Coverage rate is equal to **83.9 % of Group sales** in 2017 (versus 94.1% in 2016). This year's decrease is mainly due to the addition of WhiteWave entities in the financial consolidation perimeter.
- Certified by independent third party since 2002.

Danone Way

Examples of key performance indicators 2017

HEALTH

74%

of subsidiaries systematically consider three points in recommendations for new product launches: appropriate nutritional composition vs needs of target consumers; comparison of nutritional composition to alternatives available on the market; consistency of advertising/communications and nutritional quality.

73%

of subsidiaries have teamed up with local stakeholders to address a relevant public health issue.

SOCIAL

80%

of subsidiaries formalized in minutes the information/discussion meetings between management and employee representatives bodies.

97%

of subsidiaries have set up a "learning plan" and budget allocation target for collective & individual needs for all populations (workers, staff and supervisors, managers, sales representatives if applicable).

NATURE

60%

of subsidiaries have a concrete plan to deliver the carbon annual reduction target on each item of their Direct Responsibility Scope (production, packaging, logistics, product end of life, etc.), and this plan is embedded in the subsidiary mandate for the current year.

67%

of subsidiaries have a concrete action plan with local or centralized procurement teams that shows progression to eliminate deforestation from/due to soy by 2020 in line with Danone's commitments described in the soy Policy.

ECONOMIC

95%

of subsidiaries have communicated the Corporate Compliance Policies to all required employees.

73%

of subsidiaries have set up a cross-functional working group or committee on sustainability, including a Danone Way coordinator, a Sustainability Integration Manager or a Public Affairs responsible.

Appendix 1:

Deep dive into key sustainability

achievements



Health & nutrition

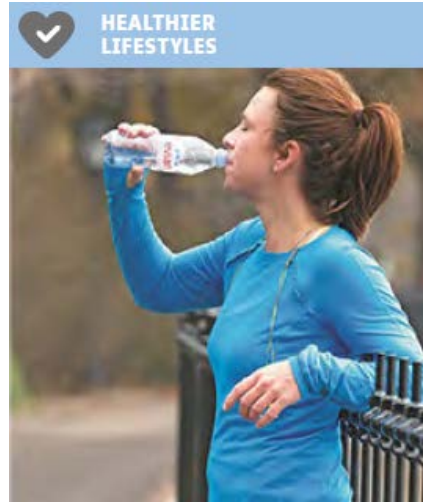
WHAT WE ARE DOING



Offering our consumers ever healthier and more affordable products, at every age of life and in every market we operate in. Making existing products healthier through innovation & reformulation.

- **88%** of volume sold are suitable for daily consumption⁽¹⁾
- **67%** of volume of products compliant with Danone's 2020 nutritional targets⁽²⁾
- **21%** of volume of products have been nutritionally improved over past 3 years
- **99%** of volume of products with off-pack nutritional information⁽²⁾
- **99%** of volume of products with on-pack nutritional information⁽²⁾
- **74%** of volume of products indicate the portion size⁽²⁾
- **33%** of volume of products have front-of-pack nutritional info⁽²⁾

HOW WE ARE DOING



Through education programs, we are promoting healthier drinking and eating habits and healthier lifestyles. Our Nutriimpact research program studies the impact of alimentation on health.

- **48** out of 50 subsidiaries have a Health @ Work programme
- **62 802** employees have access to the Health @ Work programme



Maintaining and building trust by communicating responsibly with our consumers – especially children – and making food safety our top priority everywhere and at all times.

- **61%** of volume of products have positive nutritional claims⁽²⁾
- **97%** compliance with the international chamber of commerce framework for responsible food & beverage marketing
- **28** education, information and activity programs impacting **28** million people
- **33 444** employees trained on nutrition and/or hydration in the last two years.
- **140** external food safety certification audits; **58** internal audits



Our Nutriplanet research programme helps us to understand the communities that we serve, allowing us to define appropriate strategies to promote a healthy diet that responds to local habits and health challenges.

- **57** countries are covered by Nutriplanet studies
- **15** countries are covered by specific fluid intake studies⁽²⁾

(1) This percentage refers to water, yogurt and other daily dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar and medical nutrition. Based on official public health Recommendation, these categories are generally suitable for daily consumption.

(2) 2016 results, 2017 results will be available in April 2018 in Danone Annual Integrated Report



2017 Performance

Targets

WE WILL FIGHT CLIMATE CHANGE BY REDUCING OUR FOOTPRINT AND HELPING NATURE SEQUESTER MORE CARBON

Reduction in CO₂ footprint
Intensity (g CO₂equivalent/Kg product)

10,5 % Intensity reduction **Danone Full scope** VS 2015

50% intensity reduction **Full scope** 2015-2030

Zero net Carbon by 2050

Reduce energy consumption of factories
Intensity (kWh/T product) Baseline 2000

51% energy reduction

60% energy reduction by 2020

Use climate friendly refrigerants in our new cooling installation within our operations

Number of new coolers & fridges compliant

75% compliant in point of sales fridges & coolers
(**100%** Compliance in point of sales for regions where it is legally allowed and available)⁽¹⁾

100% compliant in all new installations within our operations (plants, DCs, sales points etc) by 2025 and immediately in regions where it is legally allowed and available

Eliminate deforestation from our supply-chain
Relevant standards specific to each commodity

Paper & Board Policy: **84%** compliance (**95%** compliance in top risky countries)⁽¹⁾
Palm oil policy : **99%** RSPO fully segregated (excluding WhiteWave)
Soy policy : **joined RTRS (RoundTable on Responsible Soy)**
Sugar and timber: **In progress**

Eliminate deforestation by 2020 for commodities at risk: Paper & Board; Palm Oil; Soy for animal feed; Sugar; timber

Evian Zero net carbon

Reduction and offset trajectories in line with target

Zero Net Carbon by 2020

WE WILL PROTECT WATER RESOURCES, PARTICULARLY WHEN SCARCE, AND USE THEM IN HARMONY WITH LOCAL ECOSYSTEMS AND COMMUNITIES

Protect natural mineral water resources in our watersheds

100% of sites have run SPRING audits in Waters Division

100% of sites have run SPRING audits in all Water Division sites (including new ones) by 2020

Return clean water to nature compliant with Danone "Clean Water Standards" (CWS) for wastewater

67% of sites compliant with CWS discharging
58% of clean water to nature

100% of sites compliant with the standards discharging
100% clean water to nature by 2020

Reduce water consumption in factories
Process water intensity (M3/T product) Baseline 2000

50% water reduction

60% water reduction by 2020

(1) 2016 results, 2017 results will be available in April 2018 in Danone Annual Integrated Report



2017 Performance

Targets

WE WILL CO-BUILD THE CIRCULAR ECONOMY OF PACKAGING BY SOURCING SUSTAINABLE MATERIALS AND CREATING A SECOND LIFE FOR ALL PLASTICS

Develop the use of sustainable resources

14% rPET in Water division excluding Turkey & China

25% rPET in Water Division where it is allowed By 2020 and 33% by 2025

Zero plastic landfill for post-industrial packaging waste

91% of post-industrial packaging waste are diverted from landfill

Zero plastics landfill by 2020 in countries with developed collection systems and by 2025 in all our factories

Co-create a second life for all plastics

2nd life roadmap under development

2nd life roadmap for 10 priority countries by end 2017

WE WILL PROMOTE AGRICULTURE THAT IS COMPETITIVE, RESPECTS NATURAL ECOSYSTEMS AND GENERATES BOTH ECONOMIC AND SOCIAL VALUE

Promote Sustainable Agriculture

ELN Animal welfare program: 100% lamb; Beef have access to pasture and 100% of eggs are free-Cage.

100% animal welfare compliance for meat; egg and fish by 2020.

Dannon US Pledge:

Dannon US Pledge:

- 90% direct Milk sourcing is animal welfare compliant (Validus certified)(excluding WhiteWave)
- 2 flagship brands already converted to Non-GMO Project Certification: Danimals/Dannon brand ⁽¹⁾

- 100% animal welfare Compliance US direct milk sourcing by 2017 (Validus certified). We continue to work hard to approach 100% Validus certification.
- "3 flagship brands converted to Non-GMO Project Certification": Danimals/Dannon brand/Oikos⁽²⁾

Source raw materials sustainably

Palm oil policy : 99% RSPO fully segregated (excluding WhiteWave)
Soy policy : joined RTRS
Sugar : In progress

WE WILL PREVENT FOOD-WASTE AND MAXIMIZE ITS RECOVERY WITHIN OUR OWN OPERATIONS

Reduce by 50% non recovered food waste
Baseline defined according to FLW Protocol

11.1% reduction of food waste on Production Site Environment Scope (Baseline 2016)⁽³⁾

50% reduction by 2025

(1) 96% of Danimals volume is Non-GMO project certified and 79% of Dannon brand volume is Non-GMO project certified

(2) Oikos will start transitioning end 2018 as planned in the Dannon U.S. Pledge (3) Will be updated in April 2018 in Danone Annual Integrated Report for Danone's food waste reduction full scope

Appendix 2:

Some inspiring sustainability examples



Health project - Romania



"STAND BY MUMS" IN ROMANIA

Our "Stand by Mums" project supports motherhood in Romania by developing a network of perinatal educators who can help mothers make educated choices about nutrition and perinatal care for themselves and their babies, from conception to toddlerhood. The project is a co-creation of Danone Early Life Nutrition Romania and its local partners Crucea Rosie and Crucea Alba, with support from the Danone Ecosystem Fund.

PERFORMANCE 2017

> 600

HEALTHCARE PROFESSIONALS TRAINED IN THE NEEDS OF VERY YOUNG CHILDREN

300,000

PARENTS ARE SUPPORTED BY PERINATAL EDUCATORS SINCE THE BEGINNING OF THE PROJECT

WHY IT MATTERS?

With only one-third as many doctors per inhabitant as the average EU member nation, Romania is classified as a high-risk country by the World Health Organization (WHO). The rate of cesarean delivery is 36.9% higher than the EU average, and it's hard for women to get information on pregnancy, labor and infant nutrition. Meanwhile, Nutricia aims to make mothers and healthcare professionals aware of the special needs of children during their first 1,000 days of life, from conception to age two.

HOW IT WORKS

The Stand by Mums project is creating a network of perinatal educators trained to help mothers make informed choices about nutrition and perinatal care for themselves and their babies, in accordance with WHO recommendations. The project provides participants with medical and business training to grow the community of professional perinatal educators and helps them build independent practices within an organized network.

HOW DOES THIS PROJECT CREATE VALUE?

Danone Early Life Nutrition Romania is working to make mothers and healthcare professionals aware of a baby's special needs during the first 1,000 days of life—and in the process it's developing a new kind of relationship with healthcare professionals.

And by helping accredited healthcare professionals acquire new nutritional and perinatal care skills, the project improves health and quality of life for pregnant women, mothers and their babies.

Nature project – evian

Becoming the first carbon-neutral and circular brand of Danone



By **2020**: €280 million investment to expand carbon neutrality internationally

- New production line in France certified as carbon neutral by Carbon Trust in 2017

New line produces
100% recyclable
bottles

60% of the
produce will be
shipped **by train**

Part of **investment
to offset emissions**
from
transportation

Plant converts
**40,000 tonnes of
organic waste**
annually

Waste to be used
by **local farmers**
& **biogas to power**
homes equivalent
to annual gas
consumption

By **2025**: Become a 100% circular brand and all plastic bottles made from 100% recycled plastic

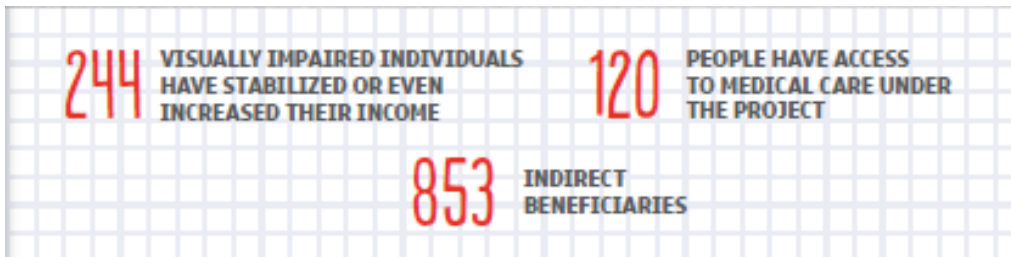
Social project - Mexico



EYES WIDE OPEN

The "Eyes Wide Open" project has set up a micro-distribution network for bottled water in the Mexico City subway. The aim is to promote social inclusion for Mexico's visually impaired and improve their working conditions by giving them the opportunity to become vendors. Bonafont co-created the project in partnership with Ojos Que Sienten A.C., an NGO that specializes in training and empowering the blind, with backing from the Danone Ecosystem Fund.

PERFORMANCE 2016⁽¹⁾



(1) 2016 results, 2017 results will be available in April 2018 in Danone Annual Integrated Report

WHY IT MATTERS?

In Mexico, 1.5 million blind or visually impaired people are the main breadwinners for their families, working a variety of jobs and earning less than 70 Mexican pesos (USD 4.50) a day. Around 300 are members of a Mexican non-profit association called ASOCIVE.

Meanwhile, Bonafont Mexico—aware that five million people use the Mexico City subway every day—was looking for new distribution channels for its water products.

HOW IT WORKS

Inside the Mexico City metro, Bonafont Mexico has opened a new sales channel that promotes inclusive business to Mexican citizens and companies through a sales team made up of visually impaired ASOCIVE members. The project offers entrepreneurial training to give members personal and career help and to keep them motivated. From a business perspective, this sales vector is both profitable and sustainable.

HOW DOES THIS PROJECT CREATE VALUE?

Since 2013, Bonafont has worked with over 200 visually impaired people to build a new micro-distribution channel for bottled water in the subway. Participants can boost their income by up to 28% while selling a profitable, healthy product, and they have access to training and better tools—pallets, security vests and more. "Eyes Wide Open" has also built a training center that provides medical assistance.

Nature project - Indonesia



ORISA ORGANIC RICE HELPS PROTECT WATER QUALITY

Water is at the heart of Aqua's business, which makes stewardship for the entire water cycle vital for this Indonesian subsidiary of the Waters Division. In the infiltration area collecting water used at the company's Cianjur plant in Indonesia, Aqua mitigates risk through a collaborative approach based on educating smallholders and encouraging them to switch to organic farming.

WHY IT MATTERS?

Protecting its infiltration area is essential for Aqua to secure high-quality water for years to come, and demonstrate its commitment to preserving water sources. The farming community is a key partner in this initiative, and Aqua has invited members to implement healthy agricultural practices.

HOW IT WORKS

Aqua worked closely with over 700 farmers working 89 hectares of land to encourage a switch from chemical to organic production. Since organic farming is still a niche market, the company created a new brand of organic rice, Orisa, and then supported market access through its more than 350 AHS (Aqua Home Service) outlets. Today there is an efficient path to market: Aqua distributors pick up farmers' rice when they stop in to drop off Aqua water jugs.

HOW DOES THIS PROJECT CREATE VALUE?

This project delivered a quadruple win: Aqua gets reliable water quality while strengthening its community, as farmers make a good income from organic rice production. And Aqualady (AHS) outlets get additional revenue by selling organic rice at their stalls. Last but not least Aqua successfully promotes a healthy lifestyle through affordable organic rice, establishing credibility with stakeholders.

PERFORMANCE 2016 ⁽¹⁾



(1) 2016 results, 2017 results will be available in April 2018 in Danone Annual Integrated Report



DANONE
ONE PLANET. ONE HEALTH

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