



**DANONE**  
ONE PLANET. ONE HEALTH

**SGCIB  
EUROPEAN  
ESG CONFERENCE**

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March 12<sup>th</sup>, 2019 - Paris



# Agenda

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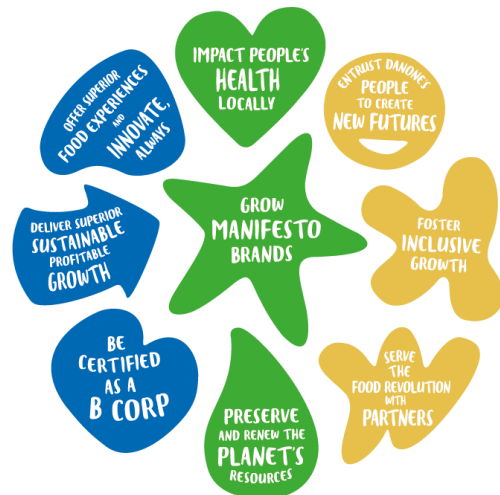


DANONE

ONE PLANET. ONE HEALTH

Danone  
at a glance

2



ESG strategy  
embedded in  
our 2030 goals

3



Governance  
practices

4



Appendix  
Performance  
indicators and  
case studies

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**Appendix  
Performance  
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case studies**

# A unique 100% health-focused on-trend portfolio

## Almost 90% of volume sold recommended for daily consumption<sup>(1)</sup>



### Specialized Nutrition



29%



### Essential Dairy and Plant-based



53%



### Waters



18%

% of sales 2018. (1) 89% in 2018. 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. Excludes former WhiteWave activities.

# A multi-local food and beverage leader

## Global well-balanced geographic exposure

### Global presence



**120+**

countries where products  
are available

**~56%**

local brands in 2018  
as a percentage of sales

**100,000+**

employees

### Well-balanced geographic exposure



Europe & Noram

55%

Rest of the world

45%

2018  
sales breakdown

# Strong financial track record since 2014

Consistently delivering against our agenda of strong sustainable profitable growth

## Reported sales

+4%

2014-18 CAGR

€21.1bn

€24.7bn

2014

2018

## Recurring operating margin

+190 bps

2014-18

12.6%

14.5%

2014

2018

## Free cash flow

+15%

2014-18 CAGR

€2.2 bn

€1.3 bn

2014

2018

## Recurring EPS

+8% (+11% at constant FX)

2014-18 CAGR

€2.62

€3.56

2014

2018

## Dividend

+7%

2014-18 CAGR

€1.50

€1.94

2014

2018

# Delivering superior ESG performance

## Recognized top performer, continuously improving



**68/100**  
Advanced Performers  
+ 3 points compared to 2017  
Danone sector leader



**68/100**  
+ 5 points compared  
to 2017<sup>(1)</sup>



**AAA**



**1/10**  
Best score  
in Social Reporting<sup>(2)</sup>



**FTSE4Good**

Part of the FTSE4Good  
Index Series



**ACCESS TO  
NUTRITION  
INDEX™**

Among  
**TOP 3**  
performing food  
companies

**# 1**  
in marketing  
for breastmilk  
substitutes



**A list**  
Leadership level

**# 1**  
in the Food &  
Beverage league to  
deliver a low carbon  
future



Part of the Bloomberg  
Gender-Equality Index  
since February 2019

(1) Due to stricter and significant methodology changes, all 2017 scores have been recalculated by DJSI on a like-for-like basis.

(2) Danone's score as per March 2019

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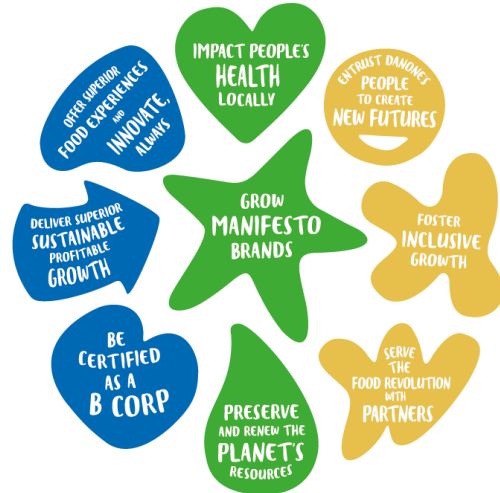


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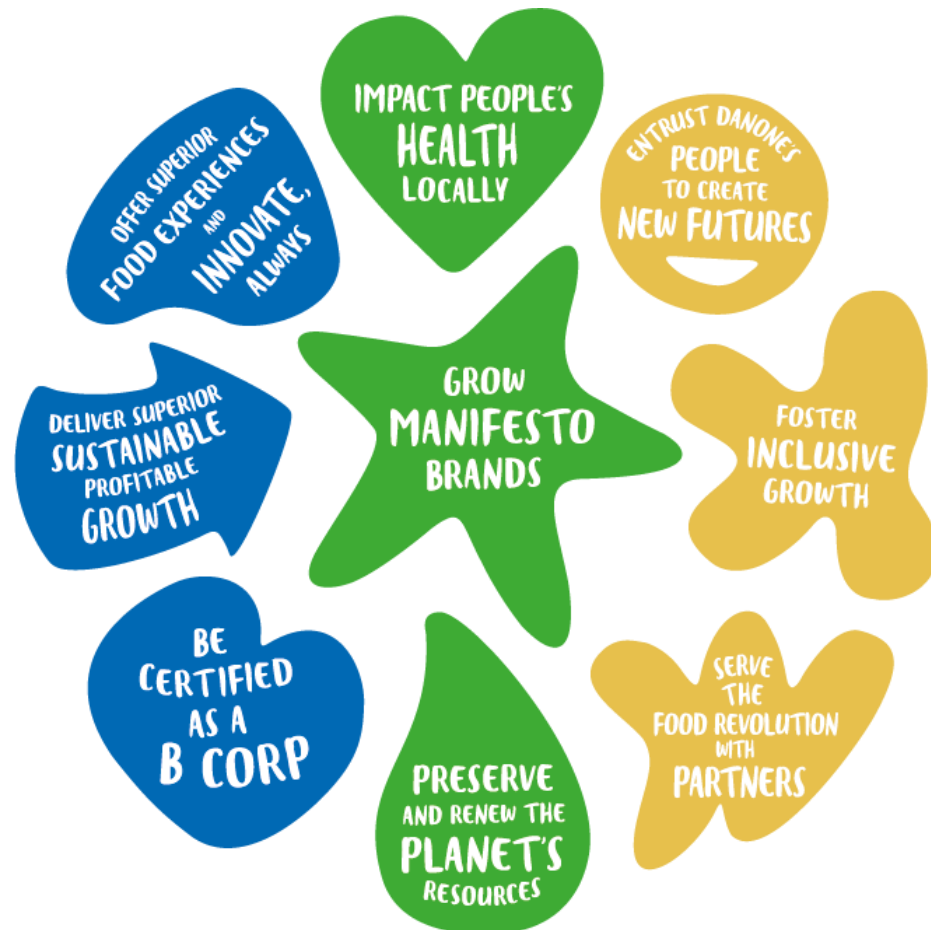
# Our strategic roadmap

9 integrated goals for 2030, contributing to the UN SDGs



## OUR BRAND MODEL

OUR  
BUSINESS  
MODEL



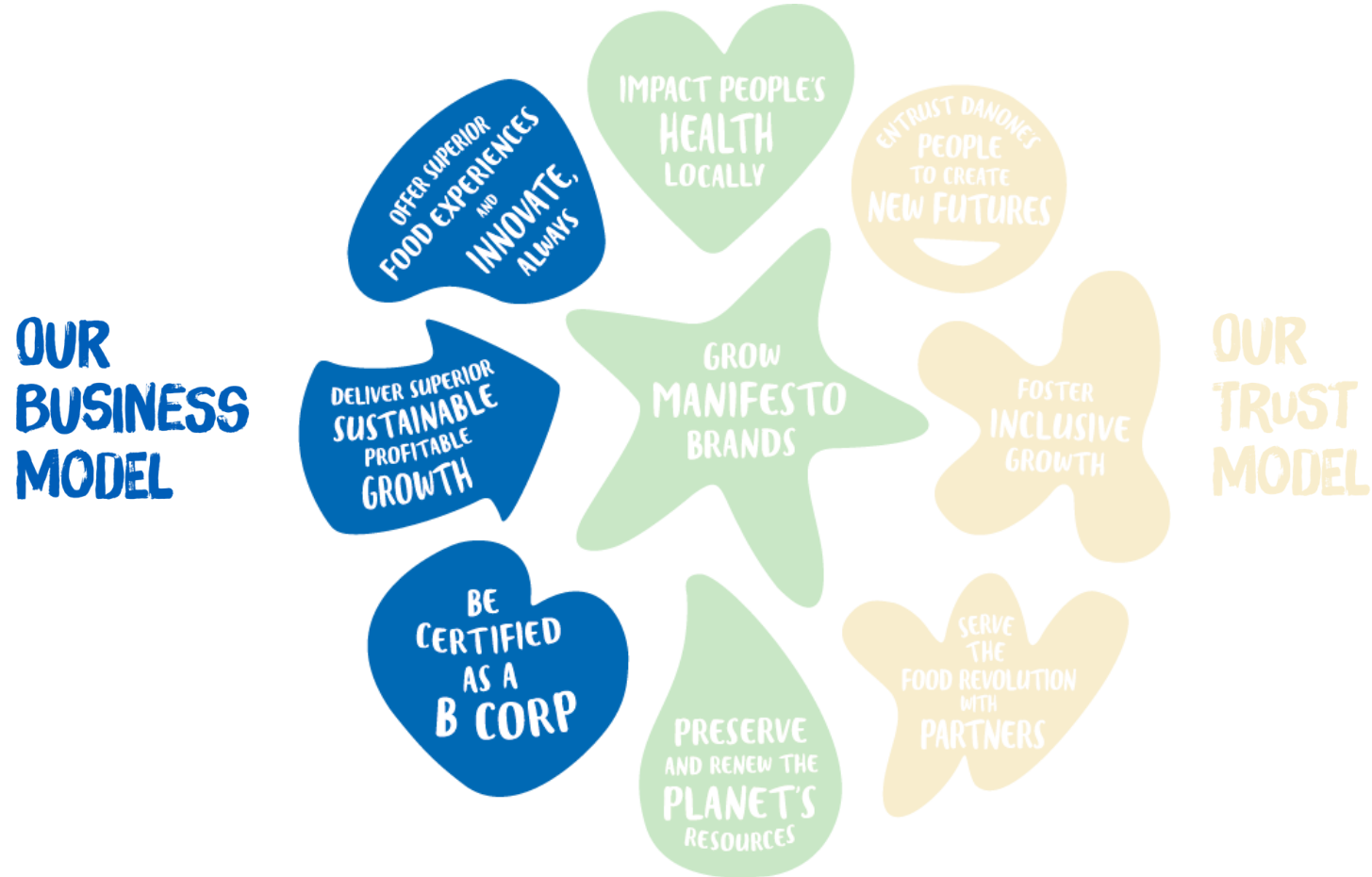
OUR  
TRUST  
MODEL



# OUR BUSINESS MODEL

We will grow as a B Corp™, innovating to offer superior food experiences

## OUR BRAND MODEL



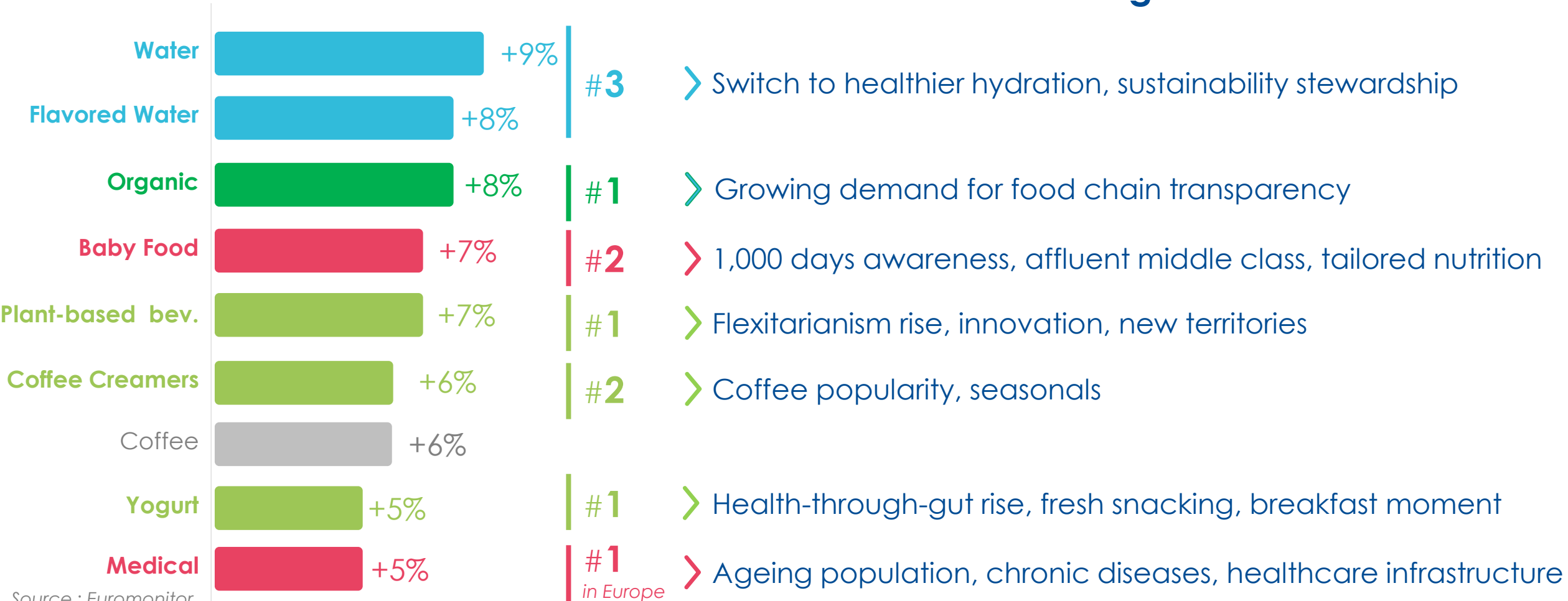
# Deliver superior sustainable profitable growth

## Superior growth profile as consumers move to healthier nutrition



Growth profile by category  
10-year forecast to 2022

### Powerful structural growth drivers



Source : Euromonitor

# Deliver superior sustainable profitable growth

## On track towards mid-term financial objectives



Like-for-like sales  
growth  
**4 to 5%**  
by 2020

Recurring operating margin  
**> 16%**  
by 2020

**Consistent  
EPS  
Growth**

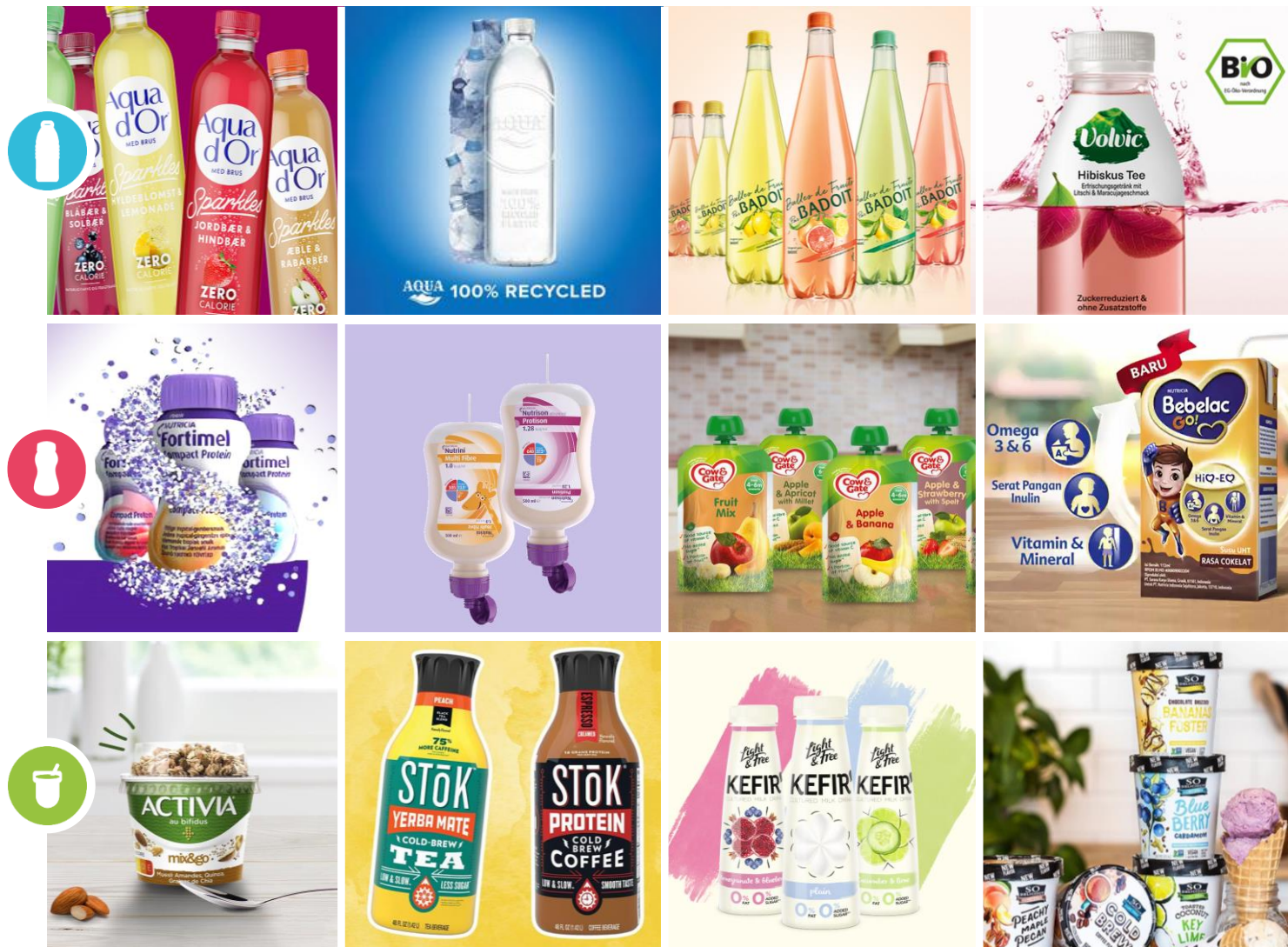
Net debt / EBITDA  
**< 3.0X**  
by 2020

ROIC  
**~12%**  
by 2022

# Offer superior food experiences and innovate, always

## Targeted innovation at speed and scale to enhance value

OFFER SUPERIOR  
FOOD EXPERIENCES  
AND  
INNOVATE,  
ALWAYS



**MORE INNOVATIONS**

~1/4 of net sales in 2018<sup>(1)</sup>

**+25%** vs 2017

**FASTER TIME TO MARKET**

**40%** faster on recent innovations

**DRIVING VALUE**

**+ 50%** higher net sales/liter in Waters<sup>(2)</sup>

**+ 25%** higher net sales/kg in EDP<sup>(2)</sup>

(1) Innovations over the last 24 months; (2) compared to core range

# Be certified as a B Corp™ globally

## Paving the way towards highest sustainability standards



~30% of sales covered by B Corp™ certification to date

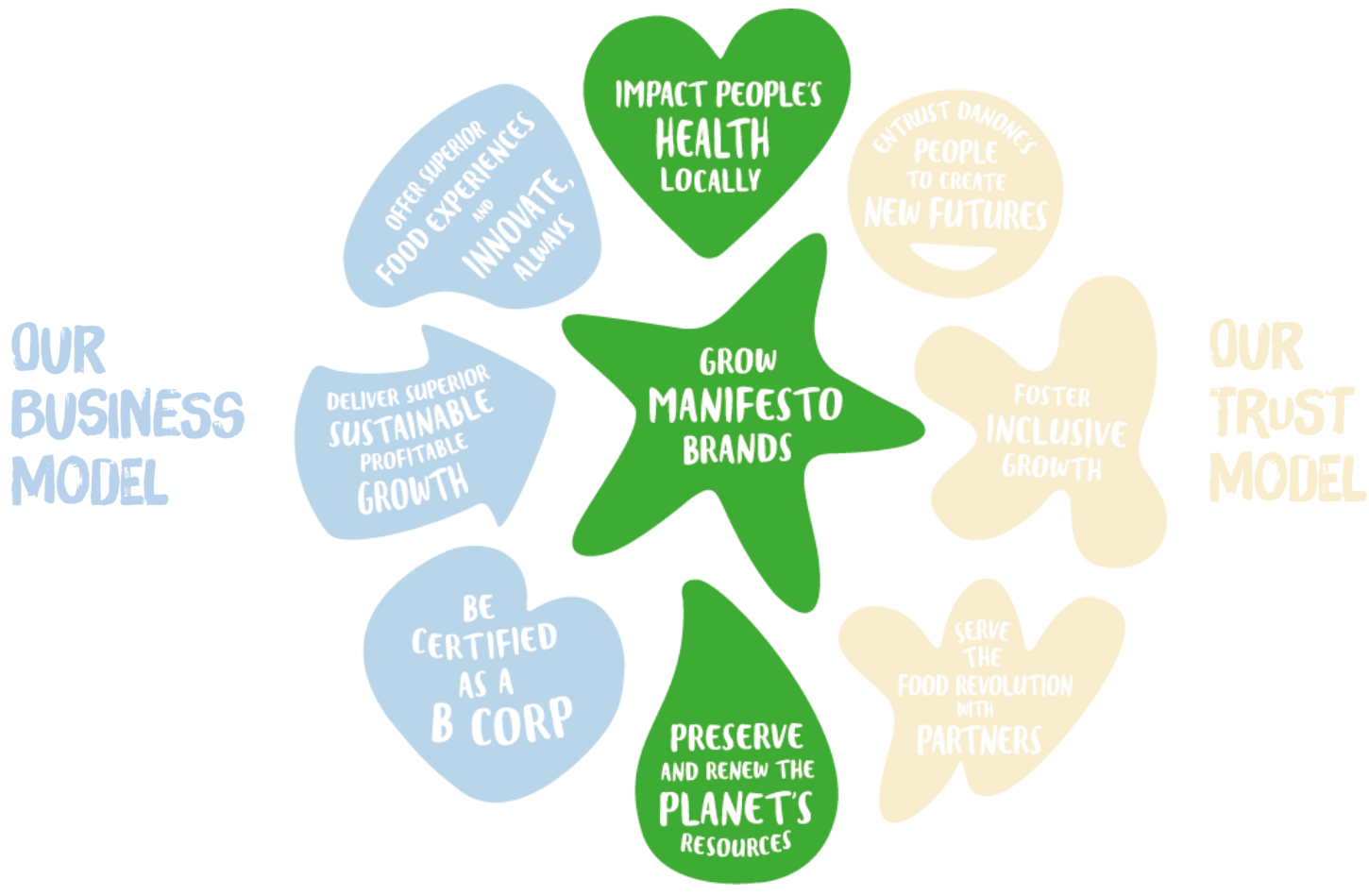
Pioneer social bond in 2018

€2bn syndicated credit loan

with interest payment lowering as a function of Danone sales B Corp™ certified

# OUR BRAND MODEL

We will grow what we call Manifesto brands to protect and nourish both the health of the people and the health of the planet



# Impact people's health locally

## Promoting better food behaviours



### Better Products

We continuously improve our products' nutritional profile

89%

of volumes sold on healthy<sup>(1)</sup> categories in 2018

87%

of volumes sold in 2018 in line with 2020 Nutritional targets<sup>(2)</sup> for added sugar



### Better Choices

We innovate to create and promote healthier alternatives



### Better Habits

We encourage healthier eating and drinking practices

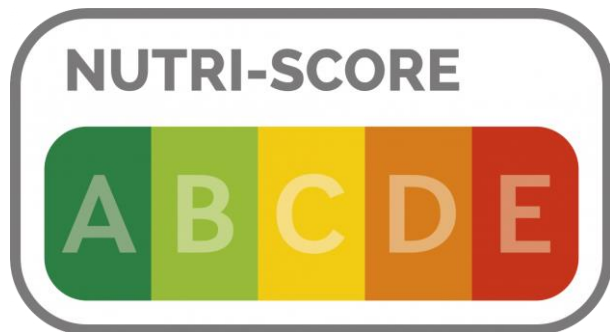
**30** education programs were active in 2018, impacting **35** million of people

(1) 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. Excludes former WhiteWave activities.  
 (2) In 2017, Danone has unveiled its targets on Health & Nutrition including targets on sugar, salt and saturated fat reduction. Added sugars targets are defined for most of our product categories, and summarized in the publicly available leaflet "Danone Nutritional Targets 2020". These targets are maximum values, and are expressed in terms of grams of added sugars per 100g or per 100 kcal.



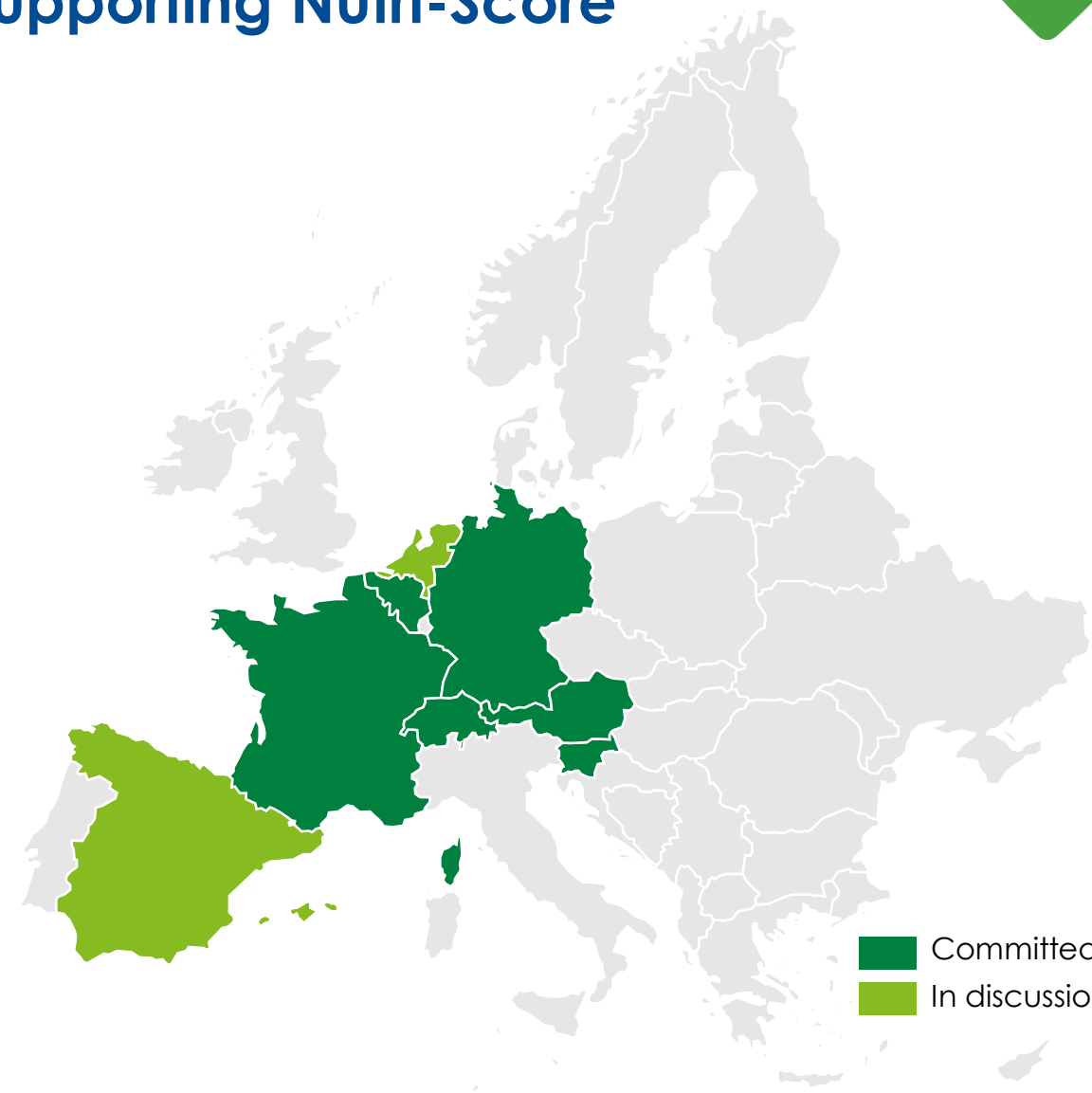
# Impact people's health locally

## Better choices through transparency: supporting Nutri-Score



A voluntary information on nutritional quality

A robust, science-based, consumer-tested system with proven impact on consumer understanding and nutritional quality of food basket



■ Committed  
■ In discussion

# Grow Manifesto brands

Purpose-driven brands with a positive impact on health, society and planet

gender equality

circular economy

lower impact on the planet

support to farmers

nourishing happiness



Purpose-led Manifesto brands  
**growing 3 times faster**  
than the average

# Preserve and renew the planet's resources

## One Planet strategy based on four pillars



**Climate**



**Water**



**Circular Economy**  
(Packaging & Food Waste)



**Regenerative  
Agriculture**



# Preserve and renew the planet's resources

## Climate: committed to carbon neutrality by 2050



### Reduction in CO<sub>2</sub> footprint

Emission intensity (g/CO<sub>2</sub> equivalent/Kg product)

2018

**16%**

Intensity reduction<sup>(1)</sup> full scope baseline 2015



TARGET

**50%**

Reduction in emission intensity on Danone's full scope by 2030

### Reduction in CO<sub>2</sub> footprint

Absolute emissions (in kTCO<sub>2</sub>e)

2018

**20%**

Absolute reduction<sup>(1)</sup> of scope 1 and 2 emissions baseline 2015



TARGET

**30%**

Absolute reduction on Danone scope 1 and 2 emissions by 2030

### Renewable electricity

2018

**34%**

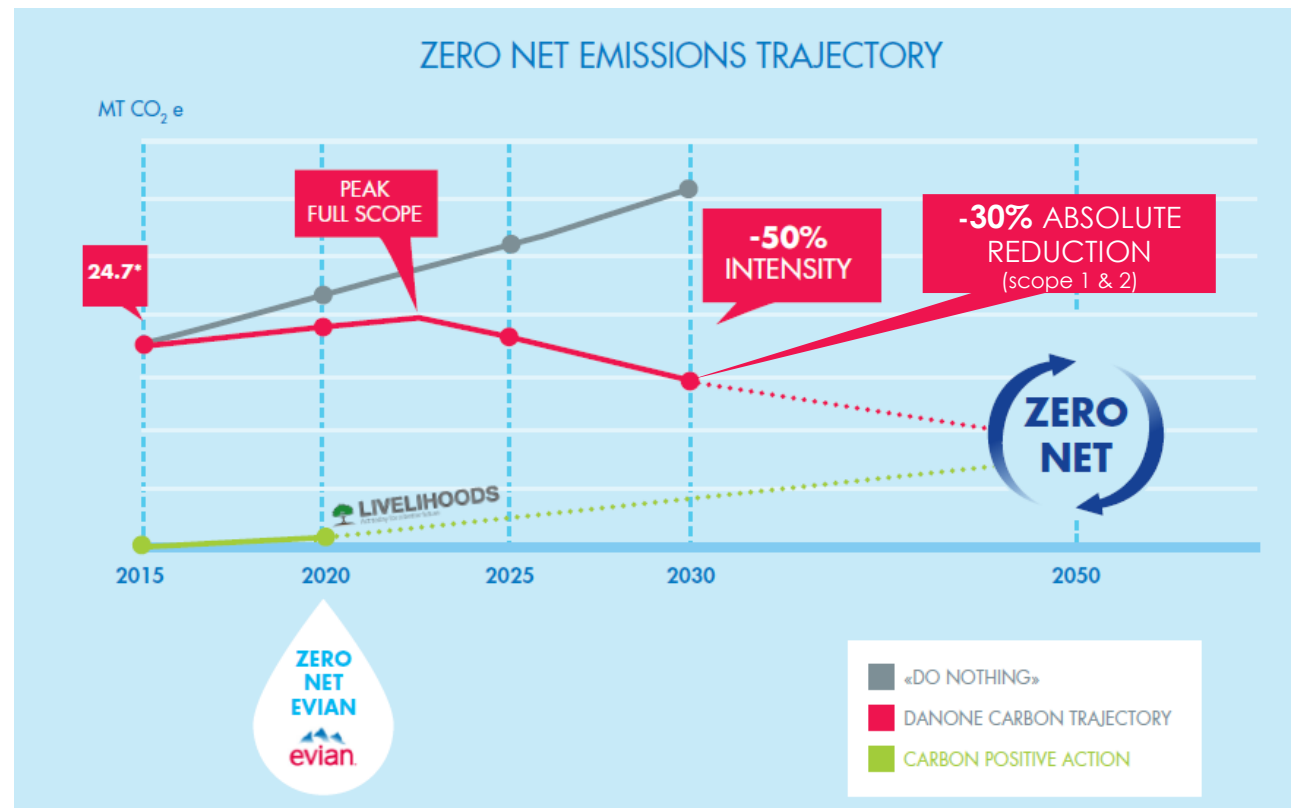
Renewable electricity



TARGET

**100%**

renewable electricity by 2030  
50% by 2020



SCIENCE  
BASED  
TARGETS

(1) At constant scope and methodology

# Preserve and renew the planet's resources

## Protect water, preserve its quality and gives access to safe drinking water



### WATER RESOURCES & ECOSYSTEMS



We protect and restore our watersheds and natural ecosystems especially in water-stressed areas

**100%** of Waters division sites have run SPRING<sup>(1)</sup> audits in 2018

**Evian** and **Villavicencio** belong to the **Ramsar** Convention list on wetlands

(1) Sustainable Protection and Resources managING audit tool

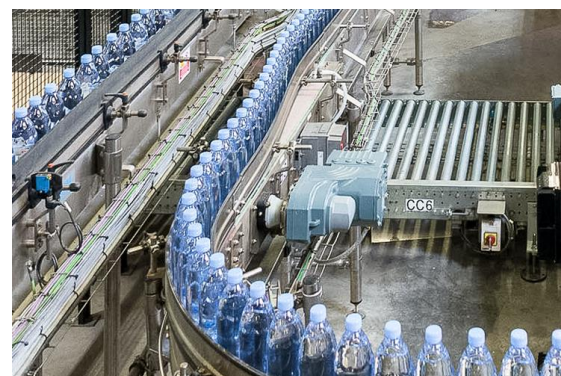


### WATER IN AGRICULTURE



We work with farmers to promote agricultural practices optimizing water efficiency

**Aqueduct Water Risk Atlas** tool used to manage risks in supply chain in 20 countries covering 8,000 milk collection centers



### WATER IN OPERATIONS



We reduce water use in operations

Danone has reduced its water intensity by **48%** in 2018 vs. 2000



### WATER ACCESS



We expand access to safe drinking water and sanitation

**800,000** beneficiaries had access to safe drinking water and sanitation with Danone Communities

# Preserve and renew planet's resources

## Accelerating the transition towards a circular economy of packaging



LEVERAGING THE ACTIVIST  
ROLE OF OUR BRANDS

PURSUING 100%  
CIRCULAR BRANDS

OFFERING ALTERNATIVES  
BEYOND PLASTIC & SINGLE USE

CO-DESIGNING  
COLLECTION SYSTEMS



### By 2025

- 1 All packaging will be **100% recyclable, reusable or compostable**<sup>(1)</sup> and **alternatives to plastic packaging** or **single-use packaging** launched in all major water markets
- 2 **Collection and recycling initiatives** launched or supported in all top-20 markets
- 3 **50% of recycled PET** in water and other beverage bottles<sup>(2)</sup> and use of **renewable bio-based materials** developed at commercial scale

**Collaboration through new alliances** to address roots causes of plastic waste and pollution

(1) vs. 87% in 2018, according to Ellen MacArthur foundation definition – Total packaging put on the market, based on sales volumes  
(2) vs. 17% in 2018 in countries where allowed

# Preserve and renew planet's resources

## Accelerating the transition towards a circular economy of packaging



100% rPET  
oct/2018

**Indonesia's First  
100% Recycled Plastic.  
100% Recyclable.**

**AQUA 100% RECYCLED**

We commit to accelerate packaging innovation to address plastic waste challenges in Indonesia  
#BijakBerplastik #BaiknyaBerulang

USA Q1 2018

fall in love with the bottle too. We start with renewable sugarcane\* which is turned into your bottle. made from at least 80% plants\*\* it is also recyclable\*\*\*. That's a choice you can celebrate with every sip.

35% DAIRY FREE  
**SO DELICIOUS**  
DAIRY FREE  
**ORGANIC almondmilk**  
WITH CASHEW  
unsweetened  
SIMPLY 6 INGREDIENTS  
Featuring Organic Almonds & Cashews  
CARRAGEENAN-FREE  
I'm green

simplicity has never tasted so good. When you're as passionate about deliciousness as we are, it's easy to understand why we love this simple, tasty recipe. Every ingredient has a purpose. Coconut sugar brings a subtle caramel-like sweetness. Light tasting and smooth. And made with only what's needed—nothing else. Sounds pretty great, right? Wait until you taste it.

48 FL. OZ (1.5 QTS) 1.4 L

Argentina EU Q2/Q3 2018

**Villavicencio**  
**Volvic**  
EAU MINÉRALE NATURELLE  
RECYCLABLE PAPER SUSTAINABLE CARTON

France 100% rPET  
apr/2019

**Volvic**  
EAU MINÉRALE NATURELLE  
**100% PLASTIQUE RECYCLÉ**  
NOUVEAU 8L

Argentina 100% rPET  
oct/2019

**Villavicencio**  
1.5L

**ÚNICA 100% BOTELLAS RECICLADAS**

USA 50% rPET  
nov/2018

**evian**  
ENSEMBLE, CONSTRUONS UNE ÉCONOMIE CIRCULAIRE. SÁMEN ASA ENN CIRCULÁRNE ÉCONOMIE SOUVEN.

6x1,5L

Spain 100% rPET  
aug/2018

**100% Reciclada Reciclable**

**¡Ya disponible!**

**PROYECTO Lanjarón**  
ASOR MINERAL NATURAL  
1.25L  
PURA DE SIERRA PENAS

**Lanjarón 100%**

# Preserve and renew the planet's resources

## Fostering regenerative agriculture practices



### Protect soils

Sourcing **100%**  
of ingredients produced in France from  
regenerative agriculture by 2025.

### “Green Day”

All Danone's brands in France donated a full day  
sales to support regenerative agriculture projects

**€5.4M**  
donated

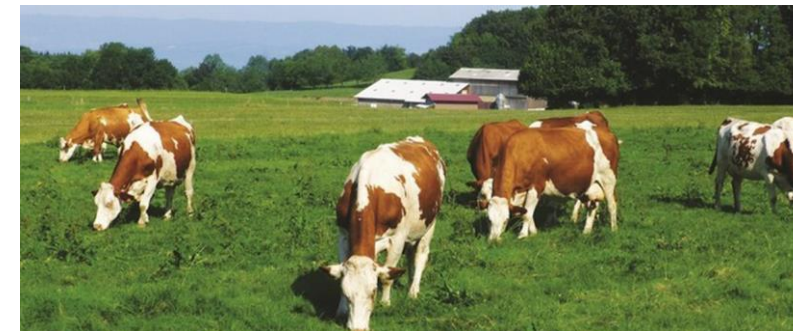
**1,500** Danone  
employees in store



### Empower farmers

**> 90%**  
of milk suppliers are smallholder farms (i.e. less than  
ten cows)

**43%**  
of total milk volumes collected in the EU and in the  
U.S come from producers working under CPM  
contracts <sup>(1)</sup>



### Respect animal welfare

**43%**  
of fresh milk volumes worldwide assessed on animal  
welfare <sup>(2)</sup>

**50%**  
of non-organic fresh milk volumes are non-GMO <sup>(3)</sup> in  
the U.S. in 2018

<sup>(1)</sup> CPM contracts: Cost Performance Contracts reducing milk price volatility, offering farmers greater financial stability and enabling them to plan ahead

<sup>(2)</sup> Assessed in 15 countries covering more than 80% of fresh milk volumes through the animal welfare assessment tool or via Validus certification in the Essential Dairy and Plant-Based Division

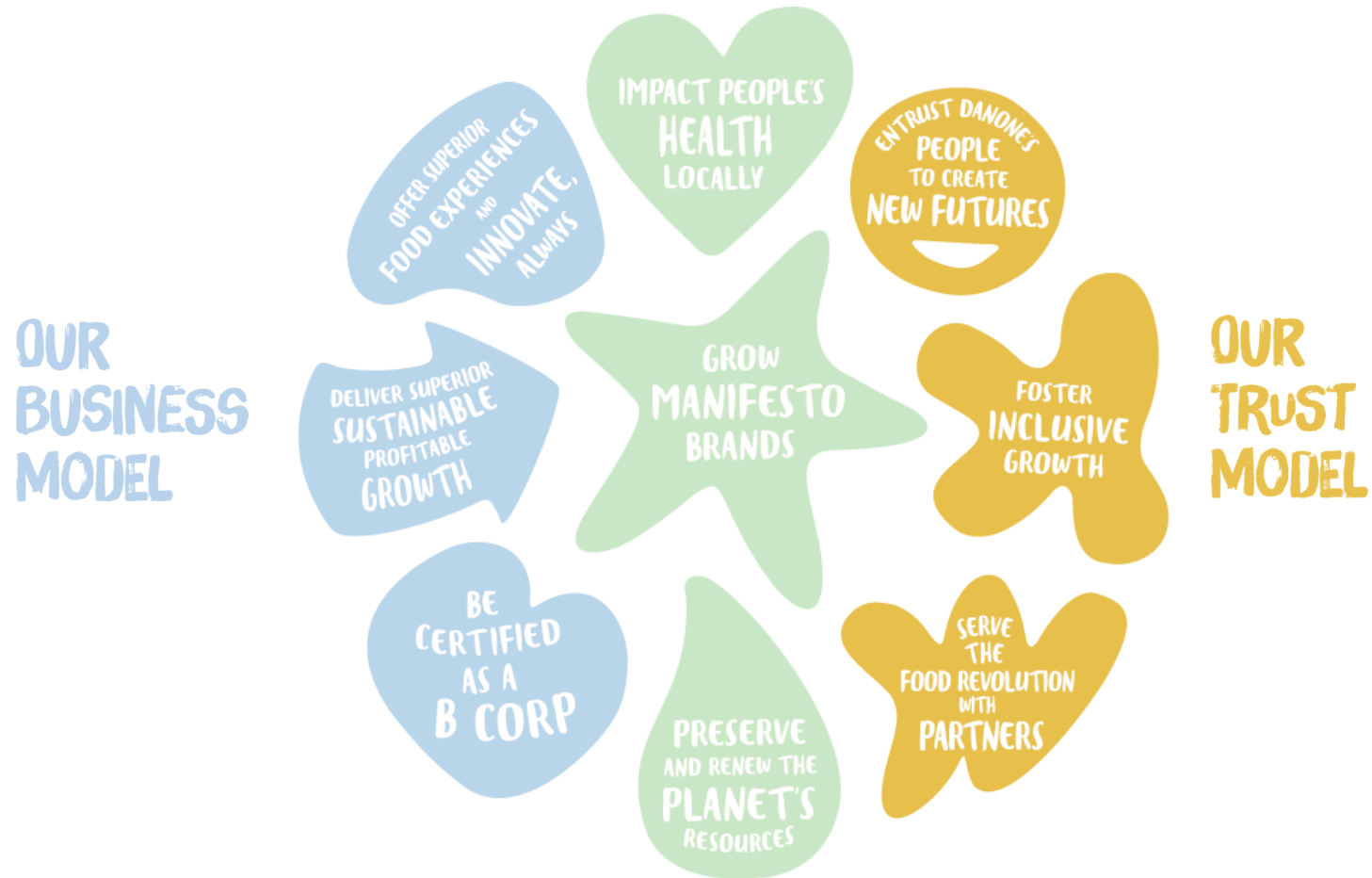
<sup>(3)</sup> Milk volumes converted to non GMO project verified in the U.S.



# OUR TRUST MODEL

We will grow in an inclusive way, empowering our people and working with partners to create and share sustainable value

## OUR BRAND MODEL



# Entrust Danone's people to create new futures +100,000 employees as a driving force of the food revolution



## Danone's People Health



Providing all employees with quality healthcare coverage

**>74,000**

employees have a healthcare coverage with quality standards defined by Dan'Cares<sup>(1)</sup>



## Inclusive Diversity



Gender-neutral parental policy to be deployed globally by 2020

**50%**

of Danone managers, directors and executives are females in 2018



## Talents



Offering training & career development programs for all employees

**94%**

of Danone employees trained in 2018

(1) The Dan'Cares program provides with quality healthcare coverage for major risks: hospitalization and surgery, maternity care, medical exams and pharmacy services

# Entrust Danone's people to create new futures One Person, One Voice, One Share.



## ONE PERSON

## ONE VOICE

## ONE SHARE

Let's shape Danone TOGETHER

FROM SEPTEMBER 25<sup>TH</sup> TO OCTOBER 7<sup>TH</sup>  
**CONSULTATION**

**MAKE YOUR VOICE COUNT**  
PARTICIPATE IN THE SURVEY

2030 GOALS

October 2018:  
digital consultation  
**Sharing voices to shape the future**

> **75,000** participants  
**35,000** volunteers  
**360,000** verbatim



April 2019:  
shareholders' meeting  
**Fostering an ownership mindset**

**One share**  
granted to every Danone employee

—

**Employee**  
share purchase plan

# Foster inclusive growth

## Pioneering social innovation through dedicated platforms



### Growing inclusive business solutions

Mutual investment fund fighting against poverty by giving access to safe drinking water and alleviating malnutrition

10 social businesses in 14 countries

800,000 beneficiaries with access to drinking water

300,000 beneficiaries in the fight against malnutrition and poverty



### Fostering inclusive growth in our value chain

Endowment fund supporting activities of general interest to strengthen Danone's ecosystem, promote job creation and develop micro-entrepreneurship

85 projects since creation in 2009

4.4 million indirect beneficiaries

> 57,000 people professionally empowered



### Building resilient communities, natural ecosystems & businesses

Investment funds dedicated to carbon assets restoration and family farming

LIVELIHOODS CARBON FUND #1

LIVELIHOODS CARBON FUND #2

LIVELIHOODS FUND FOR FAMILY FARMING

1.2 million people positively impacted since 2011

126 million trees planted since 2011

1,550,000 tons of carbon emissions avoided or sequestered since 2014

# Serve the Food revolution with partners

## Building on partnerships to achieve our vision



### THEMATIC PARTNERSHIPS

#### EMBRACING CIRCULAR ECONOMY

Global partnership with Ellen MacArthur Foundation



#### PROMOTING HEALTHY SUSTAINABLE DIET

Initiative led by WBCSD (World Business Council for Sustainable Development) and the EAT Food foundation



### INDUSTRY COLLABORATION

#### COLLABORATION FOR HEALTHIER LIVES

Global partnership to make healthier decisions easier for people around the world.



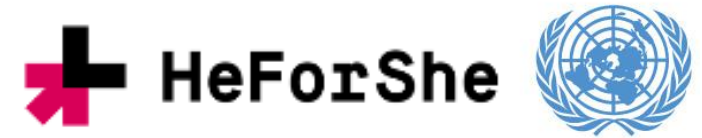
#### FOSTER BIO-BASED PACKAGING

Partnership with Origin Materials and Nestlé to develop and launch at commercial scale a PET plastic bottle made from bio-based material



### MULTILATERAL ORGANIZATIONS

#### ADVOCATE FOR INCLUSIVE DIVERSITY



Emmanuel FABER UN Inaugural Thematic Champion

#### WETLANDS PROTECTION

Global partnership raising awareness on the importance of wetlands and supporting integrated watershed management at the local level



#### STRENGTHEN INCLUSIVE GROWTH

OECD and Danone initiative to strengthen inclusive growth through public-private collaboration



# Serve the Food revolution with partners

## Investing in innovative companies



**MANIFESTO**  
**VENTURES**



**Invest**

in innovative companies

**Support**

them to their next stage of development

**Cross-fertilize**

Danone with an entrepreneurial mindset

**AGRICOOOL**  
Urban farming



**mitte** 

Purified & Personalized mineral content home water



**YUMBLE**

Direct-to-consumer kids meal kits



Innovative oat offering for plant-based foods



**epigamia**

Creating a modern Greek Yogurt in India



2018



2019...

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# Governance driving long term sustainable value creation

## Balanced board composition focused on efficiency, diversity and expertise

 Emmanuel FABER Chairman & CEO	 i Michel LANDEL Lead independent director	 i Guido BARILLA	 Frédéric BOUTTEBA
 Cécile CABANIS	 i Gregg L. ENGLIS	 i Clara GAYMARD	 i Gaëlle OLIVIER
 Benoît POTIER	 Franck RIBOUD Honorary Chairman	 Isabelle SELLIER	 i Jean-Michel SEVERINO
 i Virginia A. STALLINGS	 i Bettina THEISSIG	 i Serpil TIMURAY	 i Lionel ZINSOU-DERLIN

**i Independent Director**

16 members

57% independent

43% women

36% non-French

~7 years average length

Increased focus on **Consumer** expertise

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



# Incentives supporting sustainable value creation

## Balancing economic, social & societal, and managerial criteria

### Short-term incentives

Mix of economic, social and managerial KPIs for annual variable compensation

- Economic (60%)
- **Social and societal (20%)**
- Managerial (20%)

### Long-term incentives

Three financial criteria for grants of long-term performance shares, vesting after 4 years

- 3-year like-for-like net sales growth relative to peers
- Achievement of designated 3-years free cash flow level (between €6bn and €6.5bn)
- **Sustainability criteria, weighting for 20%: 3 consecutive years ranking in CDP Leadership List for Climate change (A or A-)**

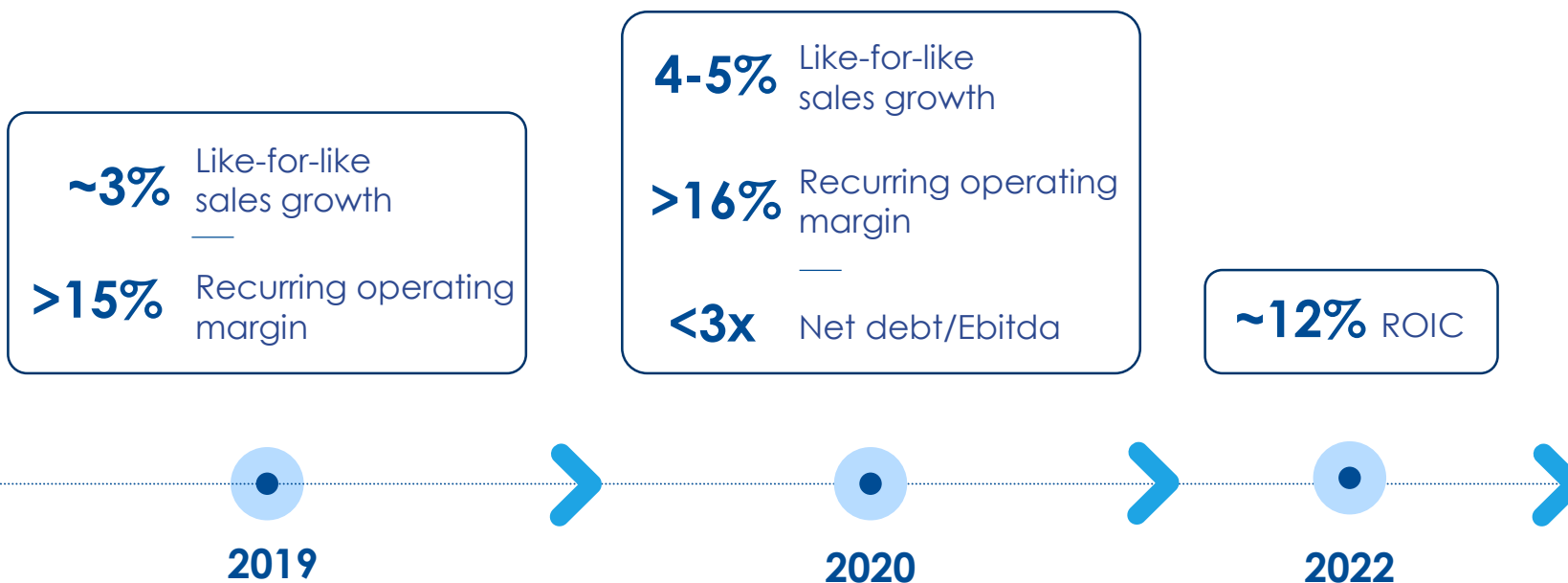


# Transformation and delivery towards 2030

## Sustainable value creation

# 2030 GOALS

## SUPERIOR SUSTAINABLE PROFITABLE GROWTH



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# Our Nutrition strategy and commitments to provide health through food



(1) 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.

# 2018 Health and Nutrition achievements<sup>(1)</sup>



## Understand local nutrition practices and public health issues

**57** countries are covered by in-depth studies of local nutrition and health contexts<sup>(2)</sup>

### Among these 57 countries :

**11** countries are covered by studies focusing on food habits related to dietary<sup>(3)</sup> and fluid intakes<sup>(4)</sup>

**10** countries are covered by studies focusing on food cultures<sup>(5)</sup>



## Better products : the nutritional quality of our product portfolio

**89%** of volumes sold are in healthy Categories<sup>(6)</sup>

**78%** of volumes sold are in line with the 2020 Nutritional Targets

**10%** of volumes sold are products that have been nutritionally improved within the year



## Better choices : encouraging "healthy habits"

**98%** of Danone's television advertising is compliant with the EU Pledge criteria

**100%** of Danone's websites and brand profiles are compliant with the EU Pledge criteria



## Contribute to addressing local public health challenges

**30** education and information programs are active and **35** million people were potentially reached since their launch

**13,000+** employees are trained in nutrition and/ or hydration in the last two years

(1) Nutrition and Health Scorecard: representing 61 reporting entities and 68% of Danone's annual turnover.

(2) Nutriplanet program which covers: syntheses on the local nutritional and health context, more precise surveys on the consumption of food and/or fluids, socio-anthropological studies;

(3) Dietary intake assessments are used to understand what people are eating and drinking and to compare their intakes with dietary recommendations;

(4) Fluid intakes studies: scientifically validated and published original approach developed by the Waters division to gather data of individual drinking habits of population groups;

(5) FoodStyles studies: comprehensive study generating data, for a given community and at country level, on people's real-life practices, norms and representations associated with food;

(6) These data do not include WhiteWave entities. In operational terms, "Healthy product categories" for Danone include: water, yogurts and other daily dairy products, beverages with 0% sugar, early life nutrition products (except biscuits and beverages for children under 3 years old) and medical nutrition.

# 2018 Nature achievements



## CLIMATE

### 2018 Performance

### Targets

We are fighting climate change by reducing our carbon footprint and helping nature sequester more carbon

<b>Reduction in CO<sub>2</sub> footprint</b> Intensity (g CO <sub>2</sub> equivalent/Kg product)	<b>15.6 %</b> Intensity reduction <b>Danone Full scope</b> vs 2015	<b>50%</b> intensity reduction <b>Full scope</b> 2015-2030 <b>Zero net</b> Carbon by 2050
<b>Reduction in CO<sub>2</sub> footprint</b> Absolute reduction (ktons CO <sub>2</sub> equivalent)	<b>20.3%</b> absolute reduction on <b>Danone's scope 1 and 2</b> emissions vs 2015	<b>30%</b> absolute reduction on Danone's scope 1 and 2 emissions by 2030
<b>Renewable electricity</b>	<b>34%</b> renewable electricity	<b>100%</b> renewable electricity by 2030; 50% by 2020
<b>Reduce energy consumption of factories</b> Intensity (KWh/tons of products)	<b>46%</b> energy reduction vs 2000	<b>60%</b> energy reduction by 2020
<b>Eliminate deforestation from our supply-chain</b> Relevant standards specific to each commodity	Palm oil : <b>58%</b> RSPO Segregated and <b>96%</b> RSPO segregated excluding WhiteWave	<b>Eliminate deforestation</b> by 2020 for commodities at risk: Paper & Board; Palm Oil; Soy for animal feed; Sugar; timber
<b>evian Zero net carbon</b>	<b>Carbon neutrality in NORAM</b> achieved in 2017	<b>Zero net carbon by 2020</b>

## WATER

We are protecting water resources, particularly when scarce, and using them in harmony with local ecosystems and communities

<b>Protect natural mineral water resources in our watersheds</b> % Waters division sites	<b>100%</b> of Waters division sites have run SPRING audits	<b>100%</b> of Waters division sites have run SRPING audits by 2020
<b>Reduce water consumption in production sites</b> water consumption intensity related to production process (M <sup>3</sup> /tons of products)	<b>48%</b> water consumption intensity reduction vs 2000	<b>60%</b> of water consumption intensity reduction by 2020

CO<sub>2</sub> and food waste reduction data are based on a constant consolidation scope and a constant methodology. All other KPI are followed based on historic value;

# 2018 Nature achievements



## PACKAGING

### 2018 Performance

### Targets

We are committed to playing our part in accelerating the transition towards a circular economy and to having all of our packaging recyclable, reusable or compostable by 2025.

<b>Use 100% recyclable, reusable or compostable packaging</b>	<b>87%</b> of our total packaging is recyclable, reusable or compostable	<b>100%</b> of our total packaging is recyclable, reusable or compostable by 2025
<b>Reintegrate recycled materials</b> % of rPET used in Waters division	<b>12%</b> rPET in Waters division and <b>17%</b> in countries where local standards and regulations allow it	<b>50%</b> rPET on average in the Waters division by 2025 and <b>25%</b> by 2020 in countries where local standards and regulations allow it
<b>Zero plastic landfill for post-industrial packaging waste</b> % post-industrial packaging waste diverted from landfill	<b>97%</b> of post-industrial packaging waste diverted from landfill	<b>Zero plastics landfill</b> by 2020 in countries with developed collection systems and by 2025 in all our production sites

## REGENERATIVE AGRICULTURE

We are working with our partners to develop regenerative farming models that are competitive, inclusive and resilient.

<b>Respect animal welfare</b> Animal welfare in dairy farms in the Essential Dairy and Plant-Based division	<b>43%</b> of fresh milk volumes worldwide assessed through the new Animal Welfare Assessment Tool or via Validus Animal Welfare Certification, in Essential Dairy and Plant-Based division	<b>80%</b> of fresh milk volumes worldwide assessed through the new Animal Welfare Assessment Tool or via Validus Animal Welfare Certification by 2020 in Essential Dairy and Plant-Based division
<b>Promote regenerative agricultural practices</b>	<b>50%</b> of non-organic fresh milk volumes converted to non-GMO Project verified in the U.S	<b>50%</b> of non-organic fresh milk volumes converted to non-GMO Project verified in the U.S by 2018
<b>Source raw materials sustainably</b>	Palm oil: <b>58%</b> RSPO Segregated and <b>96%</b> RSPO segregated excluding WhiteWave	

## PREVENTING FOOD WASTE

We are preventing food-waste and maximizing its recovery within our own operations

<b>Reduce by 50% non recovered food waste</b> Baseline defined according to FLW Protocol	<b>1.6%</b> increase of food waste within Danone operations vs 2016 (mainly due to Morocco boycott)	<b>50%</b> reduction by 2025
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# Social innovations key performance indicators



## SOCIAL

**10** BUSINESSES

**14** COUNTRIES

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

**1.1 Million**

### Beneficiaries in total.

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

**300,000**

### Beneficiaries in the fight against malnutrition and poverty.

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

**800,000**

### Beneficiaries with access to drinking water.

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

## MEASURING THE COMMITMENT OF DANONE'S EMPLOYEES

**30%**

Danone's employees hold 30% of the Danone Communities mutual investment fund (SICAV) in 2018.

**56%**

Of Danone France employees subscribed to the FCPE Danone Communities fund.

## SICAV

**> 5%**

Total performance of the mutual investment fund (SICAV).

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



# Social innovations key performance indicators



## SOCIAL IMPACT

**85** projects since creation in 2009

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**4,087** jobs created

**35,701** women professionally empowered

**57,259** professionally empowered people

**4.4M** indirect beneficiaries

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**€196M** total funding

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**81** partners

## ENVIRONMENTAL IMPACT

**3,252** tons of PET plastic collected annually through Danone Ecosystem Fund projects

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**6,000** waste pickers have received support and training through Danone Ecosystem Fund project to support inclusive recycling since 2014

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**46,000** tons of waste are recycled through Danone Ecosystem Fund project to support inclusive recycling

# Social innovations key performance indicators



## LIVELIHOODS CARBON FUND #1

9 active projects:

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

### ENVIRONMENTAL IMPACT

Achievements since 2011

**126** million trees planted up to 2018

Objective

**130** million trees planted

### CARBON IMPACT

Achievements since 2014

**1,550,000**

tons of carbon emissions avoided or sequestered

Objective

**10,000,000** carbon offsets to deliver over 20 years (tons of CO<sub>2</sub>)

## LIVELIHOODS CARBON FUND #2

OBJECTIVES OVER A 20-YEAR SPAN.

**1.5 Million** beneficiaries in Africa, Asia and Latin America

**170 Million** trees to be planted

**13 Million** tons of CO<sub>2</sub> to be sequestered or avoided

## LIVELIHOODS FUND FOR FAMILY FARMING

7 active projects:

- Cocoa in Ivory Coast
- Watershed protection in Mexico and Brazil
- Coconut, organic and rice in the Philippines
- Vanilla in Madagascar

**1,500** farms

connected to markets or supply chains of investors in the funds

**13,900** people reached

**2,200** people directly empowered by the projects

# Becoming the first carbon-neutral and circular global brand of Danone



By **2020**: evian global brand to become **carbon neutral**

- Revamped bottling site in France certified as carbon neutral by the Carbon Trust in 2017

By **2025**: evian global brand to become a **100% circular brand** making all of its plastic bottles from 100% recycled plastic (rPET)

Lines able to produce **100% recyclable bottles**

**60%** of the products are shipped **by train**

Creation in 1992 of the **Association for the Protection of the evian Mineral Water Impluvium** together with 13 municipalities around the catchment area

Converting **40,000 tons** of organic waste annually into natural fertilizer used by local farmers, while producing biogas to provide power for **1,200 inhabitants**, equal to the annual gas consumption of evian's bottling site

# Livelihoods Carbon Fund

## Mangrove restoration in Senegal



This project to restore a mangrove forest — the biggest initiative of its kind in the world to date — proved hugely popular, with 100,000 people from 450 villages pitching in to plant trees. Local communities have now planted 80 million mangrove trees over an area of nearly 8,000 hectares, with backing from the Livelihoods Carbon Fund and French tour operator Voyageurs du Monde. The project will be monitored over 20 years. It is expected to sequester — i.e. capture and store in the soil — around 600,000 tons of CO<sub>2</sub>.

### WHY DOES IT MATTER?

Senegal's Casamance and Sine Saloum river deltas have lost more than 100,000 acres of mangrove forests to drought and human activities since the 1970's. This has put the livelihood of local communities at risk: farming is being jeopardized as salt water infiltrates and degrades arable land. Stocks of fish and firewood, two of the resources that local people depend on, are also being rapidly depleted as mangroves — one of the world's most complex ecosystems — disappear.

### HOW DOES IT WORK?

The Livelihoods Carbon Fund and Senegalese NGO Oceanium set up the project, building on widespread community participation. Local project representatives travelled to villages to spread awareness of the importance of mangroves. Villagers were asked to choose the plots where they wanted to plant and turned out in great numbers to collect and plant the mangrove propagules or seed pods.

### HOW DOES THIS PROJECT CREATE VALUE?

Restoring mangroves not only sequesters atmospheric CO<sub>2</sub>, it also boosts depleted fish stocks along with the shrimps, oysters, and molluscs that shelter in mangrove forests. Mangroves also prevent salt water from entering rice fields. This results in more food being available for local communities, and higher incomes for fishermen and farmers.

### PERFORMANCE 2018



# Livelihoods Carbon Fund

## Danone Ecosystem Fund: 'Les 2 Pieds sur Terre'



### HELPING FRENCH DAIRY FARMERS TO REDUCE THEIR ENVIRONMENTAL FOOTPRINT

'Les 2 Pieds sur Terre' supports French milk farmers in their environmental footprint reduction. Apart from reducing their costs, carbon footprint reduction will allow them to improve the profession's reputation and profitability. The project was created by the Danone Ecosystem Fund, Danone Produits Frais France, Les Prés Rient Bio (brand Les 2 vaches), Idele organization (French Livestock Institute), and Miimosa (a crowdfunding platform dedicated to agricultural and food projects).

### WHY DOES IT MATTER?

The milk sector represents 6% of France's greenhouse gas emissions. The project aims at reducing farmers' carbon footprint as well as increasing the attractiveness and reputation of agriculture with civil society for future generation.

### HOW DOES IT WORK?

The project aims to help farmers reduce their environmental footprint, by managing audits to identify best practices to implement. Once these best practices are identified, farmers can share their carbon reduction-related projects on the Miimosa crowdfunding platform, potentially gaining extra funding from the civil society as well as visibility for their efforts to fight climate change. The best practices identified will be disseminated to inspire and support all farmers.

### HOW DOES THIS PROJECT CREATE VALUE?

By reducing their carbon footprint, farmers have the opportunity to adopt an environmentally-friendly approach while having a better control over their costs, and an improved income. This project will help restore pride within the farming profession and show civil society that farmers are taking action to combat climate change at their own level. Thus, this project participates to rehabilitate the reputation of the whole livestock sector.

### PERFORMANCE 2018

€ 2.6M

FUNDING BY THE DANONE ECOSYSTEM FUND

38

PEOPLE TRAINED ON CARBON REDUCTION

23

FARMERS HAVE BENEFITTED FROM A CROWDFUNDING CAMPAIGN

# Danone Ecosystem Fund

## 'Cartoneros', Inclusive recycling in Argentina



To support the development of the recycling industry and improve working and living conditions for waste pickers in Argentina, the 'Cartoneros' project is professionalizing cooperatives, investing in the infrastructure of recycling cooperatives and building the capacity of large generators to increase recycling rates. Cartoneros tackles social, economic and environmental issues at the same time. The project was created with support from the Danone Ecosystem Fund, Aguas Danone de Argentina and its local partners, the Regional Initiative for Inclusive Recycling (IRR) and Fundación Avina.

### PERFORMANCE 2018

€ 1.8M

FUNDING BY THE  
DANONE  
ECOSYSTEM FUND

### WHY DOES IT MATTER?

Following the 2001 crisis in Argentina, many people lost their jobs and became waste pickers to support their families. Except in Buenos Aires where public policies exist, most waste pickers work informally, under poor safety conditions.

### HOW DOES IT WORK?

The project is increasing recycling rates from large waste generators, connecting them with the cooperatives, and investing in infrastructure, including several recycling sorting facilities in Buenos Aires and Mendoza operating under a cooperative model. Both cooperatives and large waste generators receive training and technical assistance is offered to the cooperatives. Local partners work closely with public authorities, supporting the implementation of policies that recognize the contribution of waste pickers.

### HOW DOES THIS PROJECT CREATE VALUE?

'Cartoneros' empowers waste pickers through management, safety and life skill trainings. It helps them secure a fair wage along with better living and working conditions. The project contributes to the organization and professionalization of Argentina's recycling industry, thus increasing recycling rates. In the middle to long run, this will also positively impact the environment.

# Danone Ecosystem Fund

## Eyes wide open in Mexico



### SUPPORTING SOCIAL INCLUSION OF BLIND PEOPLE IN MEXICO

To support social inclusion for blind people in Mexico and improve their working conditions, Eyes Wide Open provides entrepreneurship training and creates new opportunities to become a successful vendor in Mexico City's subway stations.

The project was created by the Danone Ecosystem Fund, Bonafont and its local NGO partner Yo quiero Yo puedo (Mexican Institute of Family and Population Research).

### PERFORMANCE 2018

€562,000

FUNDING BY THE DANONE ECOSYSTEM FUND

504

PEOPLE WITH SECURED OR INCREASED REVENUE

486

BLIND PEOPLE WITH ACCESS TO MEDICAL SERVICES

### WHY DOES IT MATTER?

In Mexico City, people with disabilities are isolated from the labor market. Authorities seek to support social inclusion, including by providing allocated spots in the subway system where blind and visually impaired people can sell products.

### HOW DOES IT WORK?

The Eyes Wide Open project aims to train and empower blind and visually impaired people in Mexico City who sell various products in the subway stations. The project offers physical rehabilitation and entrepreneurship training to support the salespeople, build their life skills and enable them to create new sales opportunities; while bringing health and social benefits to not only the salespeople but also their families at one centralized location.

### HOW DOES THIS PROJECT CREATE VALUE?

The project supports the recognition of blind people in Mexico and encourages their social inclusion, improving working conditions, revenues and fullness of life for blind people currently selling in the subway. The number of subway sales stands being limited, the project supports other income generating activities, including massage therapy certification. All of these individuals, as well as their children, grandchildren and other family members who they often support, are also able to access health, educational and social benefits.

# Danone Ecosystem Fund

## Reine Mathilde, organic dairy farming in France



The Reine Mathilde project, supported by the Danone Ecosystem Fund, Danone France, Les 2 Vaches and l'Institut de l'Élevage, is developing and strengthening the ecosystem around organic milk producers in Normandie in France, by training farmers, technical advisors, veterinaries on the most organic and sustainable agriculture practices. The project aims to experiment new types of cultures to support farmers autonomy and economic resilience to feed their cows while protecting soils, water resource, and biodiversity.

### WHY DOES IT MATTER?

The French government has set a target of 20% organic milk production by 2020, but today a very low percentage of total milk production is organic (4% in 2018). The protection of soils fertility and biodiversity by reducing the tillage, while maintaining yield, is a growing challenge for organic agriculture.

### HOW DOES IT WORK?

The project leverages its network of farmers, technical experts, and representatives of the agricultural sector, to support more farmers for their conversion to organic, and test new agricultural practices to tackle these challenges. The project includes trainings, sharing sessions with farmers, experimentations, and open source knowledge formalization to develop the expertise in organic milk production of farmers as well as veterinaries, teachers and students in agriculture.

### HOW DOES THIS PROJECT CREATE VALUE?

The project promotes basic organic practices such as no uses of pesticides and will also deploy innovative organic regenerative agriculture practices by 2021, ensuring high-quality milk production, preserving the natural environment and soil quality.

#### PERFORMANCE 2018

€1.6

MILLION FUNDING BY DANONE ECOSYSTEM FUND

552

PEOPLE TRAINED TO SUSTAINABLE AGRICULTURE PRACTICES

3,200

HECTARES OF LAND WITH SUSTAINABLE AGRICULTURE

Among projects

TO RECEIVE FUNDING FOLLOWING DANONE'S GREEN DAY IN FRANCE



# Danone Communities

## Grameen Danone



### FIGHTING POVERTY AND MALNUTRITION IN BANGLADESH

In October 2005, Danone Chairman and CEO Franck Riboud met Muhammad Yunus, who had founded Grameen microcredit bank and would soon win the 2006 Nobel Peace Prize. Together, the two men decided to explore the possibility of a Danone-Grameen partnership in Bangladesh, and in March 2006 announced the creation of Grameen Danone Foods, Ltd (GDFL) in Dhaka. GDFL aims to fight poverty and malnutrition in Bangladesh and to create positive social impact throughout its value cycle.

### WHY DOES IT MATTER?

In Bangladesh, over 54% of preschool-aged children—some 9.5 million youngsters—are malnourished, and 56% of them are underweight. Bangladeshi children also suffer from high rates of micronutrient deficiencies, particularly vitamin A, iron, iodine and zinc. And all of these deficiencies have an immediate impact on physical and cognitive development. Malnutrition is nearly as prevalent in towns and cities as in rural areas, affecting 38% of children, while stunting affects 42% of urban youngsters.

### HOW DOES IT WORK?

GDFL aims to overcome poverty in Bangladesh while being financially and economically sustainable and as community-relevant as possible. The company sells Shokti + yogurt—designed to deliver 30% of the daily requirement for iron, zinc, vitamin A and iodine—at an affordable price through a dense distribution system serving both urban and rural populations.

### HOW DOES THIS PROJECT CREATE VALUE?

GDFL produces Shokti but the company generates broader social benefits as well. On the supply side, it supports small local farmers by buying their milk, and on the distribution side it provides work and empowerment for the 'Grameen Ladies' who sell GDFL products in rural areas.

### PERFORMANCE 2018



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- *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”, “objective”, “believe”, “forecast”, “guidance”, “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, predictions of future activities, operations, direction, performance and results of Danone.*
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More information in Danone Integrated Annual Report:  
[www.iar2017.danone.com](http://www.iar2017.danone.com)

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