

ANNUAL REPORT 2019

Danone

Accelerating
the **FOOD**
revolution
TOGETHER

Celebrating
100 YEARS
of pioneering healthy
innovation

**'ONE PERSON,
ONE VOICE, ONE SHARE'**
100,000 employees
co-owning our future

**BUSINESS-LED
COALITIONS**
for inclusive growth
& biodiversity

Contents

#1

Danone in 2019

4

Danone
at a glance

6

2019
Key milestones

8

Interview with our Chairman and CEO,
Emmanuel Faber,
by Danone employees

10

Progressing towards
our 2030 Goals

11

Empowering employees
to co-own our vision

12

Celebrating 100 years of pioneering
healthy innovation together

13

Collective action
for greater impact
& transformational change



#2 Performance

Creating sustainable & profitable value for all

15
3 questions to
Cécile Cabanis, CFO

16
Health & Nutrition
performance

18
Environmental
performance

20
Social performance

22
Essential Dairy
& Plant-Based

24
Waters

26
Specialized Nutrition

#3 Collaborative innovation

Building a healthier
& sustainable food system together

29
Boosting
innovation

30
Growing with purpose

32
Biodiversity:
from farm to fork

34
Co-creating
the future of food

36
A people-powered
company



For more information:
danone.com/integrated-annual-report-2019



Danone at a glance

OUR MISSION: 'BRINGING HEALTH THROUGH FOOD TO AS MANY PEOPLE AS POSSIBLE'

LEADING POSITIONS⁽¹⁾

#1
WORLDWIDE

in Fresh Dairy products
in Plant-Based products

#1
EUROPE

in Advanced Medical Nutrition

#2
WORLDWIDE

in Early Life Nutrition
in Packaged Waters (by volume)

SALES BY REPORTING ENTITY

30%

Specialized
Nutrition

18%

Waters



52%

Essential Dairy
& Plant-Based

A GLOBAL PRESENCE

120+

countries where
Danone products are
available around the
globe

100,000+

employees in over
55 countries

67%

of sales outside
Europe

TOP 3 BRANDS in % of 2019 sales

ACTIVIA



#2

APTAMIL



#1

DANONE



#3

A GLOBAL LEADER WITH A UNIQUE HEALTH-FOCUSED PORTFOLIO IN FOOD AND BEVERAGES

STRONG PROGRESS ON PROFITABLE GROWTH IN 2019

€25.3 bn

Sales

15.21%

Recurring operating
margin

€3.85

Recurring earnings
per share (EPS)

€2.10

Dividend per share
payable in cash

+2.6%

Sales growth⁽¹⁾

+76 bps⁽²⁾

Recurring operating
margin expansion

+8.3%

Recurring earnings
per share (EPS) growth

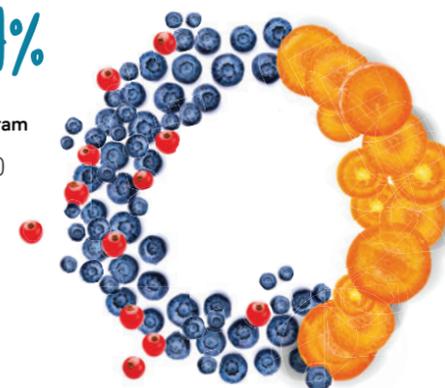
€2.5 bn

Free cash flow

SALES BY REGION

54%

Europe
and Noram
(U.S.A.,
Canada)



46%

Rest of
the world
Asia-Pacific,
Latin America,
Middle East,
Africa, C.I.S.⁽³⁾

TOP 3 COUNTRIES in % of 2019 sales



#2

CHINA

#1

U.S.A.

#3

FRANCE

HEALTH, SOCIAL AND ENVIRONMENTAL PERFORMANCE

90%

of volumes of products
sold are in healthy
categories⁽⁴⁾

24.8%

reduction in CO₂
footprint intensity
on our full scope⁽⁵⁾

>1/3

of our global business
is covered by B Corp™
certification

81%

of our packaging
is recyclable, reusable
or compostable

51%

of women among our
managers, directors
and executives

(1) Only in the subcategories and countries where Danone operates.

(2) Basis points, on a reported basis. (3) C.I.S.: Commonwealth of Independent States.
(4) In operational terms, 'healthy product categories' for Danone refers to water, yogurts, milks and other daily dairy products, daily plant-based products (not yet included in our performance figures), beverages with 0% sugar, and specialized nutrition products (except the following early life nutrition products: foods for children over 3 years old as well as biscuits and beverages for children under 3 years old). The remaining categories are mainly low sugar beverages and indulgent products.
(5) Baseline 2015. The data is based on a constant consolidation scope and a constant methodology.

2019 KEY MILESTONES

JANUARY



Accelerating our plant-based journey

In January, we kicked off multiple plant-based innovations with *Silk Oat Yeah*, responding to major trends and lifestyle choices and occasions, from oats and low sugar, to on-the-go formats and indulgent treats. We even launched a plant-based version of our iconic *Activia* yogurt.

MARCH



New sustainable Nutricia plant

We opened a state-of-the-art, zero-waste facility in Cuijk (the Netherlands), powered by 100% renewable electricity. This €240M site primarily produces specialized baby formula products (including our *Aptamil* and *Nutrilon* brands) to meet specific needs of babies with medical conditions such as cow's milk allergy.

APRIL

Healthy hydration

Launched in Sweden and Denmark, *Aqua d'Or Sparkles* offers a healthy alternative to traditional carbonated drinks. Made with 99% water and natural fruit flavors, this zero-calorie drink is available in five flavor combinations.



APRIL

Fruity indulgence

In Russia, we introduced *Versa*, a bold, adventurous premium brand, designed for today's young adults. Composed of natural ingredients and chopped fruits in dynamic taste combinations, *Versa* offers fruity intensity with no compromise on good nutrition.

APRIL

Advancing our B Corp™ journey

Blédina became the largest B Corp™ in France and Danone Egypt also obtained certification. More than a third of our global business is now covered by B Corp™ certification, reflecting our commitment to promote socially and environmentally responsible business.



MAY

Sharing our legacy

To celebrate Danone's 100th anniversary and promote open science, we opened our collection of 1,800 strains. This initiative to foster research and cooperation in food, health and sustainability was welcomed by the international research and education institute, Institut Pasteur. *See p. 12*



MAY

Empowering employees to shape our future

We took our pioneering program 'One Person, One Voice, One Share' to the next level: every eligible employee received a share in Danone and we selected 26 volunteers from across the world to regularly share the voices of our 100,000 employees with our senior leaders. *See p. 11*



JULY

Reinventing a classic with no added sugar

Actimel refreshed its classic recipe to offer its *L. Casei* ferments in its original flavor and two new flavors comprising 30% fruits and vegetables, as more people seek delicious, convenient foods with health benefits.



AUGUST

Innovating towards packaging circularity

Several of our iconic water brands launched 100% recycled PET bottles, such as the *Volvic* 8L format in Europe and the *Żywiec Zdrój* 5L bottle in Poland. To keep tackling packaging waste, *AQUA* partnered with *Re>Pal* in Indonesia to convert its plastic labels into pallets.

SEPTEMBER

Unique blend

In several markets, we launched our latest innovation, *Aptamil Profutura*: our unique blend of prebiotics and oligosaccharides 2'FL and 3'GL, which are structurally identical to those found in breast milk. It includes vitamins C and D to support a toddler's immune system.



SEPTEMBER

Collaborating to catalyze systemic change

Together with partners, we launched two business-led coalitions 'One Planet Business for Biodiversity' (OP2B) and 'Business for Inclusive Growth' (B4IG), to transform farming and promote inclusive growth. These pioneering initiatives will help accelerate the food revolution and impact at scale. *See p. 13*

OCTOBER

Investing in food entrepreneurs

Danone Manifesto Ventures invested in *Forager* Project, a Californian start-up specializing in organic, plant-based food and beverages. Partnering with this unique, high potential brand supports our ambition to meet the growing global demand for plant-based products. *See p. 34*



OCTOBER

Joining forces to promote sustainable diets

We teamed up with the UN's Food and Agriculture Organization (FAO) to improve global nutrition, encourage more diverse and healthier diets, and promote responsible farming. This agreement will contribute to shaping climate-resilient and future-proof food systems.

OCTOBER

Supporting circular innovation

To advance our commitments in favor of a circular economy of packaging, Danone with *AQUA* and *evian*® is taking part in a research mission with The Ocean Cleanup, a Dutch non-profit pioneering advanced technologies to intercept plastic in rivers before it reaches the ocean.



OCTOBER

Play football, change the game!

2 million+ girls and boys from 27 countries aged 10-12 participated in the Danone Nations Cup. By promoting excellence in sport and diversity while supporting water access in schools with the Watering Minds foundation, we aim to inspire children to create change in their communities.



NOVEMBER

Award-winning design

Our next generation of tube-feeding, the *OpTri* bottle, is the winner of four packaging innovation awards and is designed to make tube feeding safer and easier for patients, carers and healthcare professionals, while using 85% less water than the traditional production process.



NOVEMBER

Educating on healthy nutrition

NutriDay launched its 'Strong Everyday' campaign to raise awareness of child nutrition among mothers in South Africa. Crafted to deliver common lacking micronutrients and promote healthy development, *NutriDay* is the country's only yogurt to provide a source of zinc.





INTERVIEW WITH OUR CHAIRMAN AND CEO EMMANUEL FABER BY DANONE EMPLOYEES

As we celebrated our 100th anniversary, 2019 was the year of collaborative innovation towards fulfilling our 'One Planet. One Health' vision. Some of the 26 volunteers who share the voices of our 100,000 employees at leadership level interviewed Emmanuel Faber about Danone's priorities and our collective ambition to build a sustainable food future.

Mark Piercy (U.K.):
What has made Danone so successful for 100 years?

Emmanuel Faber: Key to our long-term success has been our capacity for constant self-adaptation through a century of revolutionary change. And a unique vision, actualized over generations by our leaders and fueled by the passion from our teams, who have often perceived and acted first on connections between health, food, nature as well as societal change, well ahead of the curve.

Ahmed Lotayef (U.S.):
How did our 'One Planet. One Health' vision help to create sustainable, profitable growth in 2019?

EF: 2019 has been a year of strong progress, both in terms of delivery and the transformation of Danone. We

continued to develop our unique health-focused portfolio, leading on flexitarian proteins, organic food and regenerative agriculture, and pursued our focus on innovation and efficiencies. At the same time, we advanced on our B Corp™ journey and were proud to reach the peak of our full-scope carbon emissions five years ahead of our commitment - a great achievement for our company that has adopted 'One Planet. One Health' as a vision and a business model. We delivered a strong growth of recurring EPS (+8,3%) in 2019 thanks to the contribution of all our businesses. Specialized Nutrition strong profitable growth was fueled by the first synergies from the integration of its two units, the success of Aptamil in China and our premium ingredients innovations leveraging science. Essential Dairy and Plant-Based captured healthy eating trends, supported by the deployment of

new brands such as *Light&Free* and *YoPro*, and went back to growth in Europe where *Alpro* has become as big as *Activia*. The Waters division continued to advance our circular packaging ambitions: about 50% of Waters' volumes were offered in reusable formats (notably multi-liter jugs by *AQUA* in Indonesia and *Bonafont* in Mexico) and the use of recycled PET increased to reach 16% worldwide.

Tao Gu (China):
How can 'One Person, One Voice, One Share' make a positive difference?

EF: This pioneering governance model marks our transformation to becoming a people-powered company, where each voice counts. It was amazing to see that, for our second consultation, 90,000 of our team members voiced their opinions for the company's local

“ Collective action is the only way to deliver our 'One Planet. One Health' vision to accelerate the food revolution and create sustainable value for all in an inclusive way. ”

and global strategy, and 40,000+ raised their hands to help analyze these inputs. In 2019, we selected 26 volunteers for a direct and structured dialogue with our leaders and our 100,000 employees have joined us as co-owners of the company. By aligning everyone's interests for the long-term, our participative model will yield a huge competitive advantage to seize new business opportunities.

Tria Rosemiarti (Indonesia):
Why does Danone promote open innovation and collaboration?

EF: We read the last months as a shifting point in civil society, consumer, government and financial institutions' attitudes and expectations towards the issues we are collectively facing - climate change, biodiversity loss, packaging waste or social inequality, to name a few. And we believe that we need a collective effort to drive change and transform the way we grow, make

and consume food. In 2019, we co-created two international business coalitions to promote inclusive growth and biodiversity and we opened access to our unique collection of strains for research purposes. We hope it will help foster cooperation and progress towards a healthier and more sustainable world.

Carolina Del Hoyo (Argentina):
What will be our main priorities for the future?

EF: We are convinced there is an urgent and significant opportunity to put climate actions even more at the core of our business model, to join people's fight for climate and nature with the power of our brands. While focusing on our 2030 Goals to shape the future of food together with our partners, we will invest about €2 billion over three years to further transform our agriculture, energy and operations, packaging, and digital capabilities so that we will fully

leverage our climate action to create a virtuous cycle, fuel a superior growth model and create value for all.

However, as we speak, the world is struggling with a global epidemic that will remain the number one priority for the coming months. My primary focus (and that of everyone at Danone) is the health and safety of our employees and their families and the continuity of our workflows. These priorities are essential for us to keep fulfilling our missions: indeed, food supply chains will be critical in helping dozens of countries face covid-19. Never has our 'One Planet. One Health' vision been so relevant. It requires us to step up our commitment and our operational capability to respond to society's needs. And we will emerge from this crisis stronger. In this respect, I'm particularly proud of how our people have adapted their ways of working to the current circumstances and continued to serve our communities. In the long term, I believe that this global epidemic will create a new awareness and a change of habits and priorities that will further drive the food revolution. I am more convinced than ever that - during this crisis and after it - the way we eat and drink will remain an essential foundation of our health and pleasure, as well as a source of social and cultural connection for each and every one of us.



Discover the video on:
danone.com/integrated-annual-report-2019

PROGRESSING TOWARDS OUR 2030 GOALS

In order to fulfill our 'One Planet. One Health' vision – which reflects our strong belief that the health of people and that of the planet are interconnected – we defined a set of nine integrated goals for 2030. Our more than 100,000 employees are the driving force to achieve these goals and accelerate the food revolution, while creating sustainable, profitable value for all.



Our nine 2030 Goals, aligned with the Sustainable Development Goals of the United Nations, embed our business model, brand model and trust model. They formalize our ambition to deliver superior, sustainable, profitable growth through Manifesto brands that act as true activists towards a clearly defined purpose, while empowering employees and working with partners in an inclusive way.

DRIVING ECONOMIC SUCCESS & SOCIAL PROGRESS

Our strategic focus on innovation and healthy, fast-growing food & beverage categories enables us to deliver sustainable, profitable value and promote health through food. In line with our legacy dual project of economic success and social progress, we aim to become one of the first multinational

companies to be B Corp™ certified. In 2019, more than a third of our global business was already covered by the certification.

Through our purpose-led brands, we aim to protect and nourish the health of people and that of the planet. We have set ambitious Nutritional Targets aimed at continuously improving the nutritional quality of our products and our ambition is to become carbon neutral across our full value chain by 2050; we continue to co-create carbon positive solutions, notably by helping our partners to adopt regenerative farming practices.

We also continue to pioneer ways to empower our employees and foster inclusive growth for all our stakeholders in our value chain. As we promote gender equality, the proportion of Danone female managers, directors and executives has improved to 51%

this year and we plan to roll out our Parental Policy in all the countries where we operate by the end of 2020.

MEASURING PROGRESS

In 2019, we connected KPIs to our 2030 Goals to measure our progress, using them as a framework to communicate our performance to our stakeholders. This year, we achieved sector-leading scores in the Vigeo-Eiris and Sustainalytics environmental, social and governance (ESG) ratings⁽¹⁾. These form part of the criteria influencing, upwards or downwards, the margin of our €2 billion syndicated credit facility, further confirming that combining financial and sustainability performance is the future.

For more information:
danone.com/integrated-annual-report-2019

(1) As of October 2019.

EMPOWERING EMPLOYEES TO CO-OWN OUR VISION

People are at the heart of our success: they have the power to deliver our goals today and shape what these goals should entail in the future so that together we can be at the forefront of the food revolution. At Danone, we have decided to empower our employees to play a pivotal role in accelerating innovation and fulfilling our 'One Planet. One Health' vision. Through our pioneering 'One Person, One Voice, One Share' governance model and engagement program, we are entrusting our teams to shape a more sustainable future, both at local and global level, and create greater long-term value for all.



CO-BUILDING OUR ROADMAP

As part of our new strategic annual routine leveraging the insights of Danone's 100,000 employees, 'One Person, One Voice, One Share' became fully connected with the development of our strategy. Transparency is guiding this effort, with our teams benefiting from a digital learning experience exploring our 'One Planet. One Health' vision and the existing business plans behind each of our Danone 2030 Goals. By connecting what is at stake and how we, at Danone, are part of the solution, we empower each employee to share their views and shape our future. Demonstrating a high engagement rate, 90% of employees took part in the second edition of our 'One Voice' consultation in 36 languages, with 41,000 volunteers helping to collate 175,700 verbatims. This enables us to leverage our employees' views and insights to inform our strategic planning. The results showed that they recognize how our vision will help Danone succeed and that they are ready to go the extra mile to contribute in their local entities and deliver profitable, sustainable growth.

26 VOLUNTEERS SHARE EMPLOYEES' VOICES WITH OUR LEADERS AND BOARD

Every year, we select 26 volunteers to share the voices of Danone's 100,000 employees with members of the Board of Directors and the Executive Committee. These meetings foster a rich, meaningful discussion to contribute to our strategy. This unprecedented interaction and collaboration between employees and senior leaders is enabling us to gain further insight into needs and expectations, catalyze faster decision-making, drive innovation and empower our local teams to act and progress towards our 2030 Goals, addressing planetary and health issues.

FOSTERING AN OWNERSHIP MINDSET

We believe that nurturing an ownership mindset is critical to unleashing the energy and talent of our employees to deliver our goals. In 2019, we granted every eligible employee one share in the company, which gives them the right to vote at the Annual Shareholders' Meeting. It is combined with an annual dividend-based incentive scheme which, for the first year, delivered a payout of 40 times the dividend.



“ Deepening the connection between our company and our teams creates both value and trust, advancing our dual project as a truly people-powered company. ”

Bertrand Austruy
 Executive Vice President, Human Resources and General Secretary

CELEBRATING 100 YEARS OF PIONEERING HEALTHY INNOVATION TOGETHER

As we celebrate our centennial, we are reminded of our founder's dream to bring health through food to as many people as possible. His ambition and pioneering spirit still inspire us today in everything we do. It drives us to constantly innovate and create superior food experiences, build a healthier and more sustainable future and accelerate the food revolution with our partners.

100 years ago, Isaac Carasso created our first yogurt – a simple food, with a simple aim of improving health. Concerned by child malnutrition in Barcelona and naturally entrepreneurial, he mixed ferments and fresh milk to create a yogurt that he affectionately named 'Danone', after his son Daniel. His purpose sits at the heart of our mission. Through a century of revolutionary change, as lifestyles and tastes evolved, we have continued to innovate to offer a unique range of foods and beverages enjoyed by millions of people around the world, inspiring healthier and more sustainable habits.

RE-IMAGINING FOOD TOGETHER

We celebrated our centennial year with a collective sense of purpose to accelerate the food revolution with all our stakeholders. In May, we held 'The Love Behind Food Summit' in Barcelona, gathering hundreds of employees, partners, experts and changemakers in food, health and sustainability to share inspiration, powerful ideas and stories of progress.

2,000+ children learned more about nutrition, provenance and circularity in our kids labs, in partnership with Ashoka, Fundación Trilema and the Spanish Ministry of Education.

In parallel, to present the people behind our brands, 47 Danone sites worldwide – including production sites and offices – welcomed 50,000+ visitors in 17 countries during our 'Open Doors' event.

PROMOTING OPEN SCIENCE TO BUILD A SUSTAINABLE FUTURE

Leveraging a century of investment and research in good bacteria and yogurt fermentation, we have opened access to our unique collection of 1,800 strains to the world's researchers. We aim to foster collaboration and catalyze potential solutions to health, societal and environmental challenges such as reducing crop and food losses, protecting and regenerating soils and preventing antibiotic resistance.



COLLECTIVE ACTION FOR GREATER IMPACT & TRANSFORMATIONAL CHANGE

With our food system and society facing major challenges, joining forces with stakeholders is vital to bringing our 'One Planet. One Health' vision to life and creating sustainable value for all. In 2019, we collaborated with multiple partners to build pre-competitive business coalitions to promote biodiversity and inclusive growth.

COLLABORATING WORLDWIDE TO SUPPORT INCLUSIVE GROWTH



To help tackle social inequalities and promote inclusive growth, we partnered with the OECD to found the 'Business for Inclusive Growth' (B4IG) coalition, launched at the G7 Leaders' Summit in August 2019. Sponsored by the French President, Emmanuel Macron, B4IG brings together more than 40 companies, organizations and philanthropic organizations such as the Bill & Melinda Gates Foundation and the Rockefeller Foundation. Each member has pledged to advance human rights and promote inclusion in their workplaces and supply chains. To date, B4IG members have invested \$1.4 billion in more than 70 inclusive

growth initiatives, benefiting some 120 million people. The coalition has rapidly expanded, concretizing plans, identifying 'incubator' projects to inform economic policies and launching an Inclusive Growth Financing Forum. To help promote economic success and social progress, we also participate in the French 'Collectif d'entreprises pour une économie plus inclusive'⁽¹⁾, which unites 35 companies employing nearly 1.5 million people to empower young and underprivileged people to find employment and achieve greater financial security.

(1) Business coalition for a more inclusive economy.



"We're joining forces because we recognize the value of collective impact. Now is the time to collaborate for change."

Mathias Vicherat, General Secretary



JOINING FORCES TO PROTECT BIODIVERSITY AND SOIL HEALTH

Of the 6,000 plant species cultivated for food, just nine account for 66% of total crop production⁽²⁾, while 60% of biodiversity has been lost. Business must promote a more diverse, resilient agriculture system. In line with our Goals to protect natural resources and serve the food revolution with partners, we co-built with the World Business Council for Sustainable Development the 'One Planet Business for Biodiversity' (OP2B) business coalition. Launched by Emmanuel Faber at the UN General Assembly in September 2019, OP2B unites 19 leading companies in a collective effort to promote biodiversity - by scaling up regenerative farming practices, diversifying crop production, eliminating deforestation and conserving ecosystems - and will report transparently on progress and impact.

(2) UN Food & Agriculture Organization, 2019.

CREATING sustainable & profitable VALUE FOR ALL



3 QUESTIONS TO CÉCILE CABANIS

Executive Vice President, Chief Financial Officer, Technology & Data, Cycles & Procurement

How did Danone perform in 2019?

2019 was a year of strong progress on profitable growth. Sales increased by +2.6% on a like-for-like basis. All businesses grew and recurring operating margin improved for the fifth consecutive year to 15.2%, with continued record productivity and savings. Our €1 billion efficiency program 'Protein' kept delivering ahead of plan and we benefited from the first synergies of the further integration of Specialized Nutrition. We end this five-year period of our 'Danone 2020' plan with a strong financial track record, including a recurring EPS cumulative increase of 50% and a financial deleverage of our balance sheet one year ahead of our plan, thanks to all-time high free cash flow delivery and very disciplined capital allocation.

In the covid-19 context, what are your expectations for 2020 and beyond?

Our top priority is to ensure the safety of our 100,000 employees worldwide and protect our ecosystems to maintain the availability of our daily food supply to consumers. We expect market conditions to be volatile and unpredictable for the rest of the year. However, we are confident in the resilience of our business. In February, we set out a €2 bn investment plan on brands, agriculture, packaging and digitalization to put climate action even more at the core of our growth model. We believe that, in the post-covid-19 world, these factors will be even more important.

How is Danone leading the way to connect financial and environmental performance?

For more than 10 years, Danone has been a pioneer in setting carbon emission targets on its entire value chain. We are very proud to have reached in 2019 the peak of our full-scope carbon emissions, five years ahead of our initial commitment, and to become one of only six companies worldwide with a 'triple A' score by CDP⁽¹⁾ in recognition of our leading environmental efforts. From this year forward we will show a 'carbon-adjusted' EPS evolution, an important step to start measuring carbon externalities and enable shareholders to make more informed and therefore better decisions for the long-term.

(1) CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

“ *It is critical to manage the tension between short-term delivery and transformation for long-term sustainable value. We urgently need to highlight our externalities in our financial performance to ensure the right conversation with our investors.* ”

Health & Nutrition performance

Our mission to 'bring health through food to as many people as possible' is embodied by our unique product portfolio. To encourage balanced and more sustainable food choices, we work on improving both the nutritional quality of our products and encouraging healthier practices, moving away from conventional food systems to new models tailored to local diets.

OUR SIX NUTRITION COMMITMENTS

We pledged to achieve six Nutrition Commitments by the end of 2020.



#1

Continuously improve the nutritional quality of our products



#2

Design healthier alternatives relevant to consumers



#3

Reinforce our understanding of local nutrition practices and public health contexts



#4

Contribute to addressing local public health challenges through partnerships



#5

Develop even more responsible marketing practices, with regard to children



#6

Provide the most appropriate product labeling to encourage healthier practices



GLOBAL ACCESS TO NUTRITION INDEX⁽¹⁾

Among the top 3 performing companies

No. 1 in Breast-Milk Substitutes Marketing sub-ranking



For more information: [danone.com/integrated-annual-report-2019](https://www.danone.com/integrated-annual-report-2019)

(1) Danone's 2018 Global Access to Nutrition Index (ATNI) rank. The ATNI assesses major food and beverages companies on their nutrition-related performance every two years: <https://www.accessstonutrition.org/>

Key Achievements in 2019



Having a good understanding of local nutrition practices and public health contexts is key in constantly adapting our health and nutrition strategies at country level in order to target locally relevant health issues and account for the world's highly diverse dietary habits and cultures.

56

countries are covered by in-depth studies of local nutrition and health contexts⁽¹⁾



BETTER PRODUCTS:
Improve our offer



BETTER CHOICES:
And drive demand



BETTER CONSUMPTION:
To improve habits and health

We have created a unique portfolio of products from healthy categories for which we have set ambitious and comprehensive Nutritional Targets aimed at continuously improving nutritional quality. This will be achieved by improving our portfolio profile, fostering innovation and expanding our organic and locally-made ranges.

90%

of volumes of products sold in 2019 are in healthy categories⁽²⁾⁽³⁾

82%

of volumes of products sold at the end of 2019 are in line with the 2020 Nutritional Targets⁽³⁾⁽⁴⁾

82%

of volumes of products sold in 2019 are without added sugars⁽³⁾⁽⁵⁾

We actively promote better choices through transparent nutrition labeling, responsible marketing practices and the design of nutritionally rich solutions to promote sustainable healthy eating and drinking habits. We also accelerate current and new initiatives together with our partners to positively impact communities and people around the world, including our employees.

23

education and information programs were active in 2019⁽³⁾

12M

people were potentially reached by these education and information programs since their launch⁽³⁾

10

local marketing to children pledges signed to date by Danone, in addition to the European Pledge and the IFBA Pledge⁽⁶⁾⁽⁷⁾

By offering better products to our consumers and encouraging them to make better choices, we help to foster better consumption habits. We aim to demonstrate the potential of our products and programs to improve food and drink consumption and drive progress towards our 2030 Goal 'Impact people's health locally'.



The data provided on this page does not include plant-based products.
 (1) 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.
 (2) In operational terms, 'healthy product categories' for Danone refers to water, yogurts, milks and other daily dairy products, daily plant-based products (not yet included in our performance figures), beverages with 0% sugar, and specialized nutrition products (except the following early life nutrition products: foods for children over 3 years old as well as biscuits and beverages for children under 3 years old). The remaining categories are mainly low sugar beverages and indulgent products.
 (3) One Health Scorecard: representing 66 reporting entities and about 74% of Danone's annual net sales in 2019.
 (4) All product categories except packaged water, cooking aids, and products for which a target is not yet defined, and plant-based products that are not included in the scope of our 2020 Nutrition Commitments. Products must attain all nutrient thresholds for their category in the 'Danone Nutritional Targets 2020'. Compliance is weighted by volumes of products sold. This rule applies both at portfolio and product (i.e. multipack) levels.
 (5) All product categories except plant-based products (not yet included in the performance) and medical nutrition products.
 (6) IFBA: International Food and Beverage Alliance.
 (7) These local pledges are in addition to Danone's global Pledge on Marketing to Children which was updated in 2019.

Environmental performance

Our approach is driven by four key ambitions: fight climate change, promote regenerative agriculture, protect water cycles and co-build a circular economy of packaging.



CLIMATE CHANGE

We are fighting climate change by reducing our carbon footprint and working to sequester more carbon. We have committed to become carbon neutral by 2050 across our full value chain. Our carbon reduction targets were officially approved by the Science-Based Targets initiative in 2017 and we signed the 'Business Ambition for 1.5°C' pledge in 2019.

REGENERATIVE AGRICULTURE

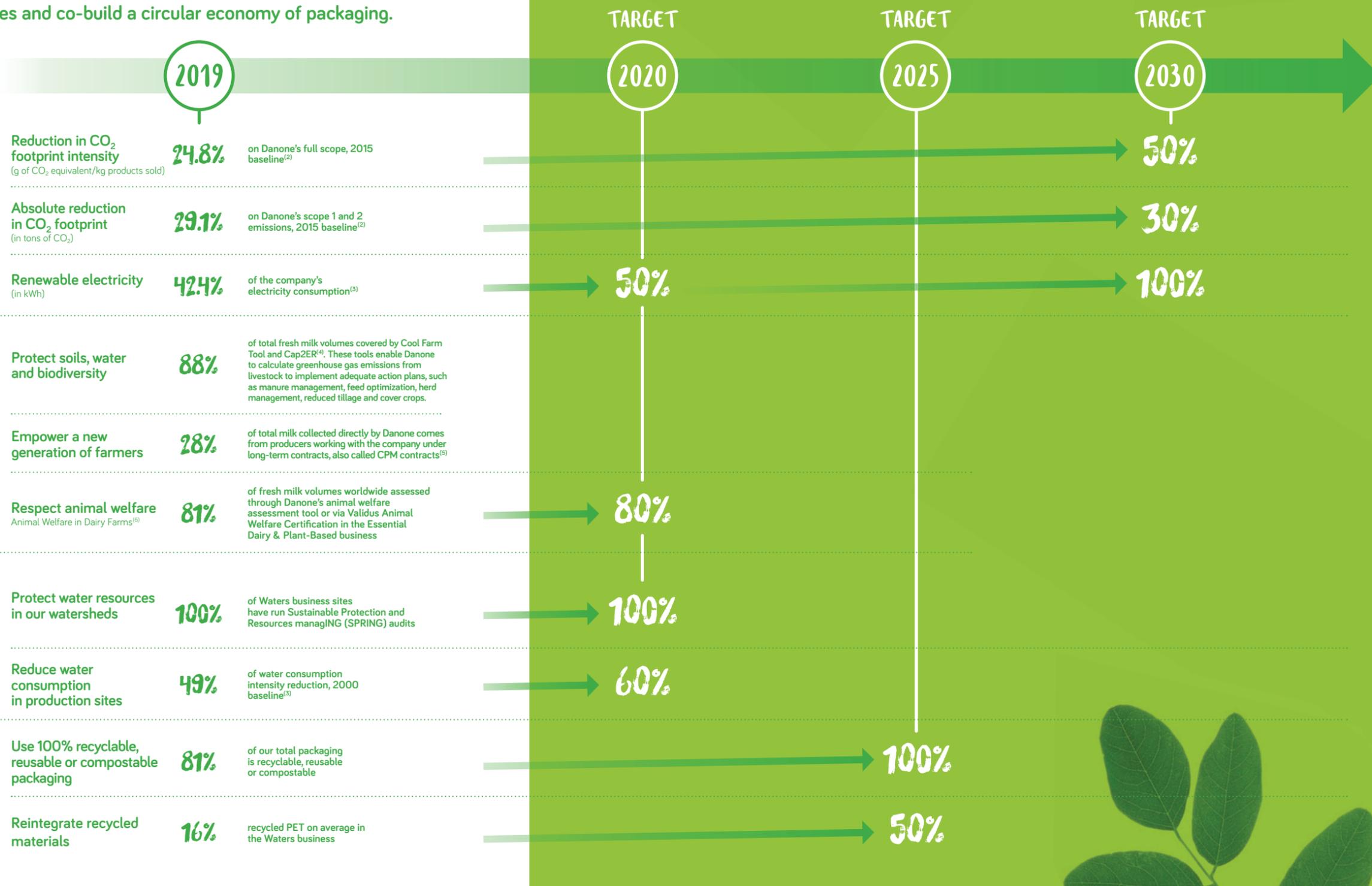
We are working with our partners to develop regenerative farming models that are competitive, inclusive and resilient. We aim to develop new agricultural practices to tackle issues such as climate impact, soil health, loss of biodiversity, animal welfare and water scarcity.

WATER STEWARDSHIP

We have adopted a water stewardship strategy focusing our efforts on the most at-risk areas by supporting locally-adapted solutions to water quality, quantity and access, both in our operations and our value chain.

CIRCULAR ECONOMY

We want to play our part in accelerating the transition from a linear to a circular economy. We partnered with the Ellen MacArthur Foundation to further embed circular economy principles both internally and externally. We aim to make our packaging 100% circular.



(1) CDP Climate Change, CDP Water and CDP Forests scores awarded in 2019 for our overall climate change and water stewardship strategies and our commitment to fight against deforestation. Danone has been recognized as a global environmental leader, becoming one of only 6 companies – among 8,400 organizations assessed – with a 'triple A' score by CDP.
 (2) The data is based on a constant consolidation scope and a constant methodology. The GreenHouse Gas protocol defines three scopes for carbon footprint assessment: Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream.
 (3) Production Sites Environment Scope. In 2019, 185 (of Danone's 190) production sites representing approximately 99% of the total production of its industrial sites reported environmental indicators.

(4) Cap2ER is a tool developed by the French milk industry that Danone applies to its milk sourcing in France.
 (5) The Cost-Performance Model (CPM) long-term contracts with producers are deployed in Europe, in Russia and in the U.S. to reduce milk price volatility, offering them better visibility and financial stability.
 (6) Including the following countries covering more than 80% of total fresh milk volumes (Algeria, Argentina, Belgium, Brazil, Egypt, France, Germany, Mexico, Poland, Romania, Russia, South Africa, Spain, and the U.S.).

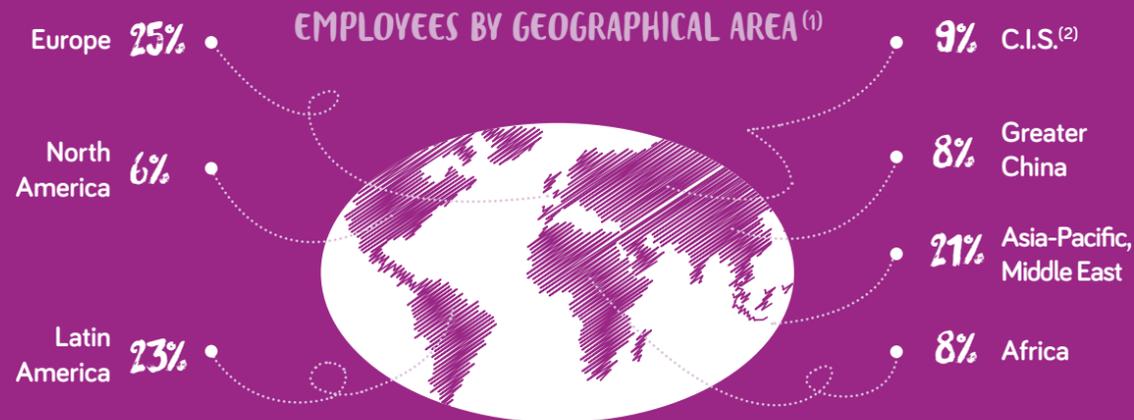
For more information:
danone.com/integrated-annual-report-2019

Social performance

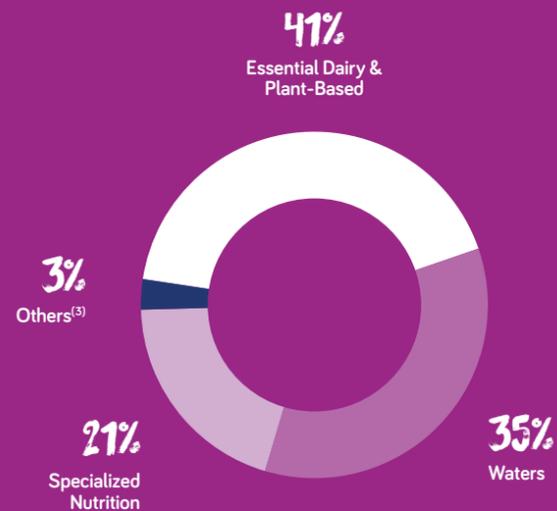
We provide our 100,000+ employees with a safe and inclusive working environment, relying on constructive social dialogue and relevant talent management and development.

102,398

Total number of employees in over 57 countries⁽¹⁾



EMPLOYEES BY BUSINESS LINE⁽¹⁾



(1) Scope: total number of Danone's employees at the end of 2019.
 (2) C.I.S.: Commonwealth of Independent States.
 (3) Others: Global headquarters, Danone Research, Evian Resort.
 (4) The indicator scope covers over 85% of Danone's total headcount.

89,000+

employees took part in the second edition of our 'One Voice' consultation

TALENT DEVELOPMENT

23

hours of training per employee on average⁽⁴⁾

HEALTHCARE

99,627

employees in 53 countries had healthcare coverage in line with the standards defined by Dan'Cares⁽⁵⁾

INCLUSIVE DIVERSITY



27% female at executive level (target of 30% by 2020)

30% executives from under-represented nationalities⁽⁷⁾ (2020 target achieved)

(5) The Dan'Cares program aims to provide all Danone employees with quality healthcare coverage for major risks, while taking account of different market practices. The three main risks are hospitalization and surgery, outpatient care and maternity care.
 (6) The Bloomberg Gender-Equality Index distinguishes companies committed to transparency in gender reporting and advancing women's equality.
 (7) Under-represented nationalities are nationalities within the Africa, Americas, Asia, Eastern Europe and Oceania regions.

Social Innovation Platforms



GROWING INCLUSIVE BUSINESS SOLUTIONS

Danone Communities is a Venture Capital fund investing in social businesses. The fund empowers innovative social entrepreneurs to achieve sustainable social impact. The fund does this by investing in social businesses as minority shareholder and providing capital, technical and managerial expertise, as well as networking opportunities.

15

countries

12

social businesses

6M

people impacted



FOSTERING INCLUSIVE GROWTH IN OUR VALUE CHAIN

For 10 years, the Danone Ecosystem Fund has strengthened and developed activities of general interest within Danone's ecosystem, including stakeholders such as smallholder farmers, micro-entrepreneurs, caregivers and waste-pickers. The fund supports projects co-designed by a local Danone subsidiary and a non-profit partner, addressing both social and economic challenges, as well as environmental or public health issues.

36

active projects

4.7M+

indirect beneficiaries

62,000+

people professionally empowered



BUILDING RESILIENT COMMUNITIES, NATURAL ECOSYSTEMS & BUSINESSES

We have created the Livelihoods Impact Investment Funds, inviting other companies to join us in helping rural communities boost food security, improve livelihoods and fight climate change.

Livelihoods Carbon Funds

Created in 2011, the Livelihoods Carbon Fund (LCF#1) finances environmental restoration, agroforestry and rural energy projects benefiting vulnerable people in developing countries. Projects are implemented in the field by local NGOs and monitored for over 10 to 20 years. Building on its success, investors launched a second compartment of the Fund (LCF#2) in 2018.

130M

trees being planted

LCF#1

10M

tons of CO₂ to be sequestered over 20 years

1.5M

beneficiaries

Livelihoods Fund for Family Farming

Created in 2015, the Livelihoods Fund for Family Farming aims to build sustainable supply chains for companies while improving the lives of smallholders through sustainable agricultural practices that help to restore ecosystems and improve yields.

800+HA

converted to sustainable farming practices

1,100+

farms connected to markets

15,000+

people reached



For more information:
danone.com/integrated-annual-report-2019

OUR B CORP™ JOURNEY

Seeking to combine financial success with the highest standards of overall social and environmental performance.

At the end of 2019, the following Danone entities were B Corp™ certified: Danone North America in the U.S., Danone dairy in Spain (Danone S.A.), Aguas Danone Spain, Blédina in France, AQUA in Indonesia, Danone Egypt, Danone dairy in Belgium, in the Netherlands, in the U.K. and in Ireland (Danone Ltd), Les Prés Rient Bio in France, Happy Family in the U.S. (Nurture), Aguas Danone de Argentina, Danone Canada (Danone Inc.), Alpro, Nutricia Bagó in Argentina, Danone Waters of America, Danone Waters Germany, Grameen Danone Foods Ltd in Bangladesh and Danone Manifesto Ventures in the U.S.

Over one third of our global business is covered by B Corp™ certification.



20

entities certified

ESSENTIAL DAIRY & PLANT-BASED

In 2019, Essential Dairy & Plant-Based experienced +1.1% growth⁽²⁾ with offerings tailored to healthy eating trends and younger generations' consumption habits, innovating and maximizing opportunities across our dairy and plant-based portfolio.

(1) In % of 2019 sales.
(2) Like-for-like change.

#1 WORLDWIDE
in Fresh Dairy products
in Plant-Based products

€13.2 BN
Total sales

TOP 3 BRANDS (1)
#1 Activia
#2 Danone
#3 International Delight

Consumers, especially millennials, responded well to our strategy to adapt offerings to meet their diverse needs. Additionally, we decisively embraced the acceleration of healthy eating trends including the growing demand for plant-based, organic, natural and low-sugar, locally sourced and high-protein products.

Our plant-based business demonstrated strong growth, performing particularly well in Europe, where *Alpro* grew double digit, in line with our ambitions to triple our plant-based business by 2025. Cross-fertilizing ideas between our dairy and plant-based segments delivered a breakthrough innovation in the form of a 100% plant-based *Activia*.

In a rapidly evolving retail landscape, we are continuing to develop our business across all channels, especially fast-growing convenience, impulse and online.



FRANCISCO CAMACHO

Executive Vice President,
Essential Dairy & Plant-Based

“ Today, more than ever, people are looking for healthier options and re-thinking their relationship with food. We are transforming our business to meet their needs and confirming our position as the world's leading flexitarian company. ”

HEALTHY LIVING ON THE GO

With high-protein content and less sugar, *YoPro* provides nutrients to sports enthusiasts who need their body to perform. It is proving a hit globally, and is already available in 18 countries.

GOOD FOR YOU

Alpro's new look highlights the diverse plant-based ingredients and nutritional benefits of its wide global range. To reflect *Alpro's* sustainability commitments, it is coupled with a move to plant-based packs across its 1-litre drinks range and backed by our 'Good for you' campaign.

CELEBRATING CULTURAL DIVERSITY

In Mexico, *Danone* launched a range of yogurts celebrating local ingredients and the cultural diversity of five regions. Sweetened with agave, they feature 100% Mexican milk, our natural ferments and regional fruits: guavas from Michoacan, figs from Morelos, coconuts and lemons from Veracruz, berries from Jalisco and bananas from Tabasco.

LOW SUGAR

Thanks to an innovative, unique, slow-straining process, *Two Good* has 80%⁽¹⁾ less sugar than average Greek yogurts, with 2g of total sugar per cup, delivering a delicious, creamy taste while meeting the growing demand for low-sugar products.

PLANT-BASED BREAKTHROUGH

As flexitarian diets continue to grow in popularity, we launched our new plant-based *Activia* across Europe, giving consumers the best of both worlds by combining 100% plant-based ingredients with the unique blend of *Activia's* cultures.



(1) *Two Good*: 2g total sugar per 5.3 oz. Average Greek yogurt: 11g sugar per 5.3 oz.

WATERS

In 2019, the Waters business delivered sales growth of +1.5%⁽²⁾, contributing multiple innovations to a rapidly-evolving category, and re-imagining the packaging of our most iconic brands to improve circularity.

(1) In % of 2019 sales.
(2) Like-for-like change.



#2 WORLDWIDE
in Packaged
Waters
(by volume)

€4.6 BN
Total sales

TOP 3 BRANDS⁽¹⁾
#1 AQUA
#2 Mizone
#3 evian®

We took action to lead the 'drinking revolution', as more people voted for the world they want through their drink choices and hydration habits.

Our circular packaging innovations were centered on reuse, recycled content and recyclability. Our reusable water formats (roughly half of our offering by volume) achieved strong growth. Many of our iconic brands, including Volvic, AQUA and Żywiec Zdrój launched 100% rPET bottles and we increased the use of rPET to reach 16% worldwide. To respond to evolving tastes and lifestyles, we expanded our aquadrinks range with natural, unsweetened options.

Aguas Danone Spain, Danone Waters Germany and Danone Waters of America achieved B Corp™ certification, and four of our brands committed to become fully carbon neutral in the coming years: evian® and Volvic in 2020, Lanjarón by 2025 and Font Vella by 2030.



HENRI BRUXELLES

Executive Vice President,
Waters and Africa

“ We are committed to bringing healthy hydration and safe drinking water to people throughout the world, now and for the generations to come, in a way that preserves natural resources and improves lives. ”

(RE)NEW

In-home natural mineral water appliance, evian® (re)new, features a collapsible, 100% recycled and recyclable 5L 'bubble', using 66% less plastic than a 1.5L bottle. The prototype and an exclusive tumbler were designed by sustainable design expert Virgil Abloh.

LOCAL

We launched L'mon from the makers of Volvic in the U.K., combining locally sourced spring water with at least 25% real fruit juice in three blended citrus combinations and no added sugars⁽¹⁾, in a fully recyclable aluminum can.

REUSE

To offer people great drinking experiences at home in Indonesia, we have made our AQUA jugs available in an additional 1,000 retail stores and through another 500 AQUA Home Service outlets.

NATURAL

In Poland, to help meet conscious consumers' expectations for water in a glass bottle to complete their fine dining experience, Żywiec Zdrój launched the first glass formats of its pure mountain spring water.

AUTHENTIC

Combining an authentic citrus taste with Salus natural mineral water, the new Salus Limonadas range in Uruguay is made with premium lemon flavoring and appeals to new generations seeking fresh-tasting, simple drinks.



(1) Contains naturally occurring sugars.

SPECIALIZED NUTRITION

The Specialized Nutrition business delivered strong growth of +5.8%⁽²⁾ in 2019, driven by the acceleration of consumer-centric innovation anchored in science, and by the integration of our early life and medical nutrition units to unleash synergies and capture additional growth.

(1) In % of 2019 sales.
(2) Like-for-like change.

#1 EUROPE
in Advanced
Medical Nutrition

#2 WORLDWIDE
in Early Life
Nutrition

€7.6 BN
Total sales

TOP 3 BRANDS⁽¹⁾
#1 Aptamil
#2 Nutrilon
#3 SGM

We accelerated innovation, working with parents, patients and healthcare professionals to understand local needs and preferences—for organic ingredients or alternatives to cow's milk for example—while embracing digitalization. In China, we introduced a digital service allowing consumers to verify the authenticity of our baby formulas.

Leveraging our scientific expertise, our latest innovations in early life nutrition were based on our research into the role of human milk oligosaccharides. We also introduced new products addressing the growing prevalence of food allergies in babies and children worldwide.

In 2019, we successfully integrated our early life and medical nutrition business units into a single entity. Stronger together, we are well positioned to drive growth, unified by a shared purpose to serve people's specific nutritional needs throughout life.



VÉRONIQUE
PENCHIENATI-BOSETTA

Executive Vice President,
Specialized Nutrition

“ We strive to make a positive impact on people's health every day, partnering with families, carers and local health communities to create science-based solutions that meet the nutritional needs and preferences of people at different stages of life. ”



LOCALLY SOURCED

KariCare Sheep is a new baby formula made in New Zealand with 100% local sheep milk, introduced in New Zealand, Australia and China. It reflects growing consumer interest in baby formulas based on different milk varieties.

LEVERAGING SCIENCE

This year, we continued the global roll-out of the Aptamil Prosyneo growing-up milk for toddlers. This growing-up milk is tailored to support sensitive toddlers' development and immune system with vitamins C and D.

HIGH PROTEIN

Nutrison Protein Intense is the first and only intact protein tube feed for critically ill patients with high protein needs that meets International Critical Care guidelines.

SPECIFIC INGREDIENTS

Our Cow & Gate A2 Milk, launched in Hong Kong, uses milk from New Zealand cows that have been selected through DNA testing as producing the A2 β -casein protein (only 30% of all cows produce the A2 β -casein protein).

ORGANIC

In France, Blédina launched its ready-to-cook offering, Les Récoltes Bio à mélanger, providing 20 nourishing meal ingredients for babies, while supporting regenerative, organic farming.

BUILDING a healthier & sustainable food system TOGETHER

Boosting innovation

Our ability to collectively accelerate the food revolution relies on our capacity to harness technology and develop pioneering products - from design to market - in an inclusive and transparent way. To boost innovation and bring health through food, we listen to consumers, cultivate relationships through dynamic digital activations and anticipate new trends.

L'MON: PROMOTING HEALTHY AND TASTY HYDRATION

Volvic, the U.K.'s #1 bottled water brand⁽¹⁾, launched L'mon, from the makers of Volvic: a new range of zesty, sparkling drinks produced in the U.K., combining at least 25% real fruit juice and British spring water. Tapping into the ever-growing demand for healthier hydration options, it offers all the taste of a traditional fizzy drink with no added sugar⁽²⁾, no artificial sweeteners, colors or flavors and no preservatives, in a 100% aluminum can that can be recycled infinitely. We supported the launch of this exciting innovation with a major summer marketing campaign, reaching 75% of the U.K. population.

(1) IRI Marketplace MAT to 03.11.2019.
(2) Contains naturally occurring sugars.



TWO GOOD: A SIMPLE ACT OF GOOD FOOD

In the U.S., 76% of consumers are looking to limit their sugar intake. To meet health-conscious people's needs and respond to a clear growth space in the market, we created a revolutionary protein-rich Greek yogurt with reduced sugar: Two Good. It features 80%⁽³⁾ less sugar than average Greek yogurts because it's made by slow straining our unique combination of milk and culture. This removes sugar from the milk, before adding the final touch of flavor, leaving 2g of sugar, 12g of protein, and 80 calories per serving.

(3) Two Good: 2g total sugar per 5.3 oz. Average Greek yogurt: 11g sugar per 5.3 oz.

>30% Innovations accounted for >30% of our sales in 2019, supporting our profitable growth agenda.



"We drive innovation in a way that makes a meaningful difference to people's health locally, supports the communities we operate in and preserves the planet's resources. Leveraging digital technology to transform the way we connect with consumers enables us to engage hearts and minds with our brands' purpose."

Nigyar Makhmudova
Executive Vice President, Growth & Innovation

Growing with purpose

At Danone, we believe that combining economic success with positive social and environmental impact is essential to create sustainable value for all. Our purpose-led Manifesto brands sit at the heart of our 'One Planet. One Health' vision. Driving change on topics that really matter to people, they play a key role in accelerating the food revolution and create a competitive advantage, as 64% of consumers choose, switch or avoid a brand based on its stand on social issues.⁽¹⁾

PROMOTING TRANSPARENCY TO INSPIRE HEALTHIER CHOICES

We strive to empower employees and consumers to lead healthier lives while creating shared value for our business and local communities. We are promoting transparency and helping people to make informed choices, for instance, by adding the B Corp™ logo or the Nutri-Score label to some of our product packaging in several countries. This is also the aim of **Collaboration for Healthier Lives**, a project we are co-creating with the Consumer Goods Forum and more than 100 partners in 10 cities worldwide to encourage healthier eating and drinking habits. For example, in the London boroughs of Southwark and Lambeth, Danone and retailer Tesco have joined forces with key stakeholders to launch healthy eating campaigns in stores and encourage change in consumers' behavior.



Customers tell us they want to eat more healthily and would like retailers and manufacturers to help. At Tesco, we believe we can be more effective by collaborating with our supplier partners to develop initiatives helping customers to understand, find and choose healthier options.

Dave Lewis,
CEO, Tesco

(1) 2019 Edelman Trust Barometer Special Report.



SGM: HELPING TO TACKLE MALNUTRITION IN INDONESIA

Building on its mission to promote children's health, our SGM brand is helping to tackle nutritional deficiencies that hinder child growth and development in Indonesia, where 37% of children under five suffer from stunting⁽¹⁾. In 2019, SGM set up the *Aksi Nutrisi Generasi Maju* program in West Java, collaborating with the Indonesian government, NGOs, healthcare professionals and canteen operators to champion better nutrition for school children. It also partnered with e-retailer Lazada⁽²⁾ to raise awareness of the importance of good nutrition locally, inviting parents to make a digital pledge for a healthier generation. The campaign generated 20 million interactions and an exceptional engagement rate (20%), highlighting the potential of our Manifesto brands to improve lives.

BONAFONT: CELEBRATING WOMEN'S EMPOWERMENT

In 2019, Bonafont built on its 25-year commitment to empower Mexican women by encouraging men to celebrate this cause through a major nationwide campaign: 'A tu manera'. In addition, Carrera Bonafont 5K, the world's largest women's running race, celebrated its 15th anniversary on International Women's Day. Some 70,000 women took part in support of our gender equality partnership with UN Women. Bonafont's efforts have raised awareness of gender equality in Mexico, inspiring more partners to join the cause.

HORIZON ORGANIC: LEADING THE WAY IN ORGANIC DAIRY

As organic pioneers and the largest organic dairy brand in the world, *Horizon Organic* is helping to lead the way in responsible dairy in the U.S. We work closely with farmers to prioritize animal welfare, promoting healthy, stress-free environments, grazing in open pastures and all-organic diets. To protect the environment, *Horizon Organic* also helps its farmer partners to improve the soil, while offsetting 100% of the electricity used to make its products with renewable energy credits. Already B Corp™ certified, *Horizon Organic* has recently committed to become carbon positive across its full supply chain by 2025.



I'm proud to have contributed to creating a market for organic dairy products in the U.S. and remain committed to improving agriculture.

Mark Retzlaff,
Co-Founder, Horizon Organic



(1) Basic Health Research (Riskesdas) 2007.
(2) Part of the Alibaba Group.

Biodiversity: from farm to fork

Producing food for future generations and farming responsibly depends on biodiversity - from soil regeneration to water filtration, pest control and pollination. Together with partners, we are striving to both protect and restore biodiversity and transform people's relationship with nature, helping to create a healthy, resilient food system.

BUSINESS ACTION TO CATALYZE SYSTEMIC CHANGE

As companies worldwide deepen their understanding of the vital link between protecting our planet and creating a more resilient food system, multi-sector collaboration is emerging as a driving force for transformation. The 'One Planet Business for Biodiversity' coalition (OP2B) recognizes the urgent need to work with farmers and all stakeholders to step up alternative farming practices and protect biodiversity. *Read more on p. 13*

No one company can address the global issues of climate change and biodiversity loss alone. OP2B offers a strong platform for collaborative, impactful and positive action by a broad range of major stakeholders, helping to promote regenerative agriculture at scale and transform our global food system together.

Max Koeune,
President & CEO, McCain Foods



FARMING FOR THE NEXT GENERATIONS

Danone co-founded the Farming for Generations alliance of agricultural sector leaders to support dairy farmers in the U.S., Europe and Russia in preserving and renewing resources, respecting animal welfare and ensuring economically viable farming for the next generations.



PRESERVING AN ICONIC LANDSCAPE

In Argentina, *Villavicencio* has helped to safeguard the exceptional landscape that is home to its unique natural mineral water for more than 20 years. Within the 72,000-ha Villavicencio Nature Reserve, it helps to eliminate deforestation, protect diverse fauna and flora, and preserve water resources. The Reserve became the first privately-owned wetland to be certified as a Ramsar Site of International Importance in 2017. *Villavicencio* also collaborated with NGO Banco de Bosques to create a new National Park, 'El Impenetrable', to help protect 4,800ha of native forest. In 2019, *Villavicencio* promoted 14 scientific research projects and encouraged people to engage responsibly with the reserve's heritage.

My family has been producing milk since 1936 and I am part of the fourth generation on our farm in Catalonia. The five-year contracts with Danone provide us with stability and allow us to plan our investments. We give our best and Danone provides us with significant support to adopt regenerative farming practices and protect biodiversity in the region. Every year, Catalan farmers are invited to engage with Danone teams to support this transition to sustainable agriculture.

Josep Maria Ruiz Suris,
Dairy Farmer, Spain



SCALING UP REGENERATIVE AGRICULTURE AND LOCAL SOURCING

To help nourish the soil for future harvests, *Blédina* is working with farmers across France to help improve the way they cultivate fruits, vegetables and grains through our Specialized Nutrition responsible supply program, *Socrates*. Partnering with agronomy experts, we support farmers to adopt the latest sustainable practices. Recognizing the value of organic farming for both the soil and babies' health, *Blédina* has committed to support around 100 French farmers in converting to organic farming as it expands its organic baby food range *Les Récoltes Bio*. For this range, *Blédina* has already fulfilled its initial commitment to source 80% of ingredients in France.

PROMOTING SUSTAINABLE FARMING IN THE U.S.

To promote biodiversity in the U.S., we have expanded our portfolio of yogurts to include non-GMO Project Verified options since 2016, in line with people's preferences. In particular, we have supported farmers in cultivating non-genetically modified feed for their cows. We have also launched a multi-year, \$6 million research program to help improve soil health and productivity. Importantly, we display the non-GMO Project Verified logo on packs and highlight any GM ingredients in our portfolio to help people make informed purchasing decisions.

Co-creating the future of food

Open innovation and disruptive technologies are key to accelerating the food revolution. We collaborate with many partners, from researchers to suppliers, to retailers and start-ups, in order to transform the way we grow, make and consume food, and achieve our 'One Planet. One Health' vision.



INVESTING IN A BETTER FOOD FUTURE

Danone Manifesto Ventures continued to invest in talented food tech start-ups. **Epigamia**, our first investment in Asia, is an Indian start-up specializing in healthy dairy products. In line with our plant-based ambition, we invested in San Francisco-based **Forager Project** to help grow its organic, cashew-based creamery. Our investee **How Good**, a purpose-driven New York-based company, evaluates brand and food sustainability. We also support **Sustainable Bioproducts**, a company creating edible protein with great nutritional value from volcanic microorganisms.

"We believe in human ingenuity, and we believe in science as a force for good. Inventing a new, more sustainable protein source is our contribution to the environmental movement. We know people increasingly want to live their values through their food and drink choices, and we are thrilled to have the support of partners such as Danone, as we scale up and deliver our offering to new consumers across the world."

Thomas Jonas,
CEO, Sustainable Bioproducts



RE-INVENTING WAYS TO DRINK WATER

We are continuously offering people new, convenient ways to drink our natural waters, adopting alternative reuse or delivery models, as we seek to advance the circular economy of packaging. In 2019, we unveiled the *evian® (re)new* prototype – an in-home appliance providing consumers with *evian®* natural mineral water, with 66% less plastic than a 1.5L bottle. We have also developed our home and office delivery services in several markets: for example, *Bonafont* in Mexico and *AQUA* in Indonesia are providing consumers with multi-liter jugs that can be regularly refilled over four years, before we collect them for recycling.



EMPOWERING PARENTS WITH PERSONALIZED INFORMATION

Today, people want to know more about the origins of food and drink, especially when it comes to nourishing their babies. Consumers in China can now use our new Track and Connect service by scanning QR codes on *Aptamil* packs to find out where the products were made, as well as to verify their authenticity. This innovative technology will eventually empower parents with personalized information and care services, enabling us to connect more closely to our consumers with valued after-sales services.



CITIZEN SCIENCE FOR GUT HEALTH

Understanding gut health could transform the lives of millions of people. To discover the best diets and foods to nourish our gut, scientists from Danone Nutricia Research and the **University of California San Diego** have teamed up with citizen scientists worldwide to create 'The Human Diets and Microbiome Initiative.' Using cutting-edge techniques, we will conduct global research, making our findings open to all, as we continue to explore the role of a healthy gut in revolutionizing health.



DIGITAL INNOVATION TO PROMOTE HEALTHIER LIFESTYLES IN STORES

As part of its drive to encourage healthier living, retailer Migros, with the endorsement of the Turkish Ministry of Health, collaborated with Danone and other brands to build a coalition of action with the **Consumer Goods Forum (CGF)**. Through a pioneering app providing personalized nutritional recommendations to shoppers, we aim to inform and guide consumers towards healthier eating and drinking options. 1.5 million people are already using the Migros app, and many of them have added healthier food and beverage options to their shopping baskets.

"We share a common ambition to promote health through food. We strongly believe that collaborative action, building upon digital innovation, can encourage healthier eating and drinking practices to build a sustainable future."

Özgür Tort,
CEO, Migros Ticaret

A people-powered company

We are 100,000+ employees in over 55 countries, uniting in our differences to accelerate the food revolution. Our unique governance model places us at the center of fulfilling Danone's 'One Planet. One Health' vision. As we promote inclusive diversity and through innovative training and advocacy programs, we leverage our collective energy to serve our communities and build a bright future together.



CO-BUILDING OUR ROADMAP

We are empowering employees to co-build Danone's future through our 'One Person, One Voice, One Share' governance strategy. In 2019, we selected 26 volunteers to share employees' voices with members of the Board of Directors and the Executive Committee on a regular basis, exploring how we can transform as a business to deliver our 2030 Goals. [Read more on p. 10-11](#)

'One Person, One Voice, One Share' is a unique opportunity to unleash the people power we need to achieve our vision and drive change. Employees have shared a lot of ideas and information and we can really feel the change on the ground.

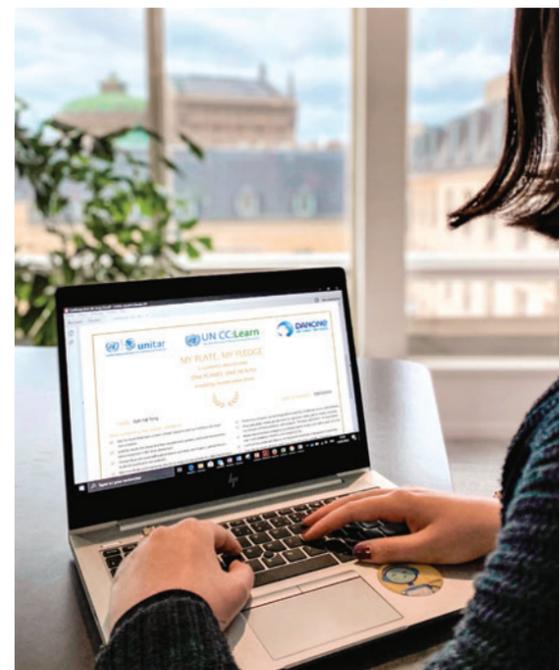
Mark Piercy,
Senior Packing Technician, Nutricia U.K.

OUR DIFFERENCES MAKE THE DIFFERENCE

In 2019, we launched our first Global Inclusive Diversity (ID) Week. It ranged from organizing unconscious bias workshops to engaging employees in cross-cultural celebrations, thanks to our 200 ID champions who are also building and activating local ID roadmaps around the globe. In light of our women's empowerment efforts, our Poland business achieved GEEIS-Diversity certification (joining Danone HQ, Italy and Singapore), while we were awarded the international GEEISSDG trophy from the Arborus Foundation. Moreover, we aim to offer a global parental policy - with dedicated pre and post-natal support and extended paid leave - to all employees by the end of 2020, as part of our HeForShe champion commitment.



Anne-Claire Berg, VP Culture & Engagement Danone (on the right)



E-LEARNING: SHIFTING MINDSETS ON SUSTAINABLE DIETS

Thoughtful consumption starts with empowering people through education. On World Environment Day (June 5th), Danone and the **United Nations Institute for Training and Research** launched an innovative e-learning course on sustainable diets for Danone's 100,000+ employees and some 200,000 UN CC:Learn learners. Also accessible to the general public, it enables everyone to better understand the environmental and social impacts of food production. It also invites learners to develop an individual plan and identify what they can do to become agents of change, shifting mindsets and promoting healthier choices for people and the planet.

FOSTERING #EMPLOYEEADVOCACY

Through our new 'Digital Squad' advocacy program, 175 employees worldwide volunteered for the first time to become food revolution ambassadors on social media. They benefit from social media training and some of them were invited to cover key events throughout 2019.

It was truly a unique experience to be part of the Digital Squad during our 100 years celebration in Spain. It allowed me to better connect with Danone's mission and contribute to raising awareness of the ongoing food revolution.

Luis Collaço,
Sustainability & Nature Analyst, Danone Brazil



PROMOTING INTRAPRENEURSHIP FOR GOOD

Harnessing employees' skills and creativity while sharing knowledge across companies are powerful levers for business to become a force for good in society. Together with **BNP Paribas** bank and energy group **Engie**, we took action to share expertise and engage our employees in intrapreneurship for positive social impact. Through our collective **#Intrapreneur4Good** program, employees have the opportunity to dedicate more time and energy to pursuing projects combining business and social goals. In 2019, 60 experts from this partnership helped 15 intrapreneurs to make progress on their projects in France, and in 2020 the initiative will expand internationally.



Magali Laurent, Innovation Manager Danone and Intrapreneur



DANONE

17, bd Haussmann - 75009 Paris
Tel: +33 1 44 35 20 20
www.danone.com

Mailing address

15, rue du Helder - 75439 Paris - Cedex 09

Corporate Affairs

Tel: +33 1 44 35 26 33

Shareholder hotline

0800 320 323—toll-free from
landlines in metropolitan France

Director of Publication

Mathias Vicherat

Deputy Director of Publication

Laetitia Noël

Project Managers

Magalie Bourgeois
Sybille Bernard

Photos

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Web contributors

Julie Detraz
Jessica Jugganadum
Lucie Diem

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Danone in France has signed the Responsible
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A PDF version for visually impaired readers
is available at danone.com.



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“ Never before have the health of people and the health of the planet been so closely interconnected. We continue to evolve to create more resilient business models and even more relevant brands, joining forces with all of our stakeholders to accelerate the food revolution. ”

EMMANUEL FABER

Chairman and CEO

About Danone (www.danone.com)

Dedicated to bringing health through food to as many people as possible, Danone is a leading global food & beverage company building on health-focused and fast-growing categories in 3 businesses: Essential Dairy & Plant-Based, Waters and Specialized Nutrition. Danone aims to inspire healthier and more sustainable eating and drinking practices, in line with its 'One Planet. One Health' vision which reflects a strong belief that the health of people and that of the planet are interconnected. To accelerate the food revolution and create superior, sustainable, profitable value for all its stakeholders, Danone has defined nine 2030 Goals, aligned with the Sustainable Development Goals (SDGs) of the United Nations. Danone commits to operating in an efficient, responsible and inclusive manner, as reflected by its ambition to become one of the first multinationals certified as B Corp™. With more than 100,000 employees, and products sold in over 120 markets, Danone generated €25.3 billion in sales in 2019. Danone's portfolio includes leading international brands (*Actimel, Activia, Alpro, Aptamil, Danette, Danio, Danonino, evian, Nutricia, Nutrilon, Volvic*, among others) as well as strong local and regional brands (including *AQUA, Blédina, Bonafont, Cow & Gate, Horizon, Mizione, Oikos, Prostokvashina, Silk, Vega*). Danone is committed to leading the battle against climate change by putting climate actions even more at the core of its growth model, joining people's fight for climate and nature with the power of its brands. Danone is one of only 6 companies worldwide with a 'triple A' score by CDP in recognition of its leading environmental efforts to tackle climate change, fight deforestation and protect water cycles.

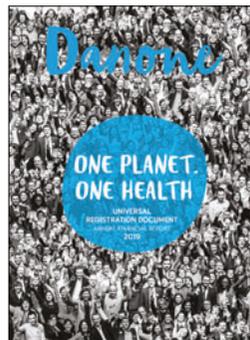
Listed on Euronext Paris and on the OTCQX market via an ADR (American Depositary Receipt) program, Danone is a component stock of leading sustainability indexes including the Dow Jones Sustainability Indexes, Vigeo Eiris, Sustainalytics, the Ethibel Sustainability Index, MSCI Global Sustainability, MSCI Global SRI Indexes, the FTSE4Good Index and Bloomberg Gender Equality Index.

DANONE 19

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