



**DANONE**  
ONE PLANET. ONE HEALTH

## **EXANE BNP PARIBAS**

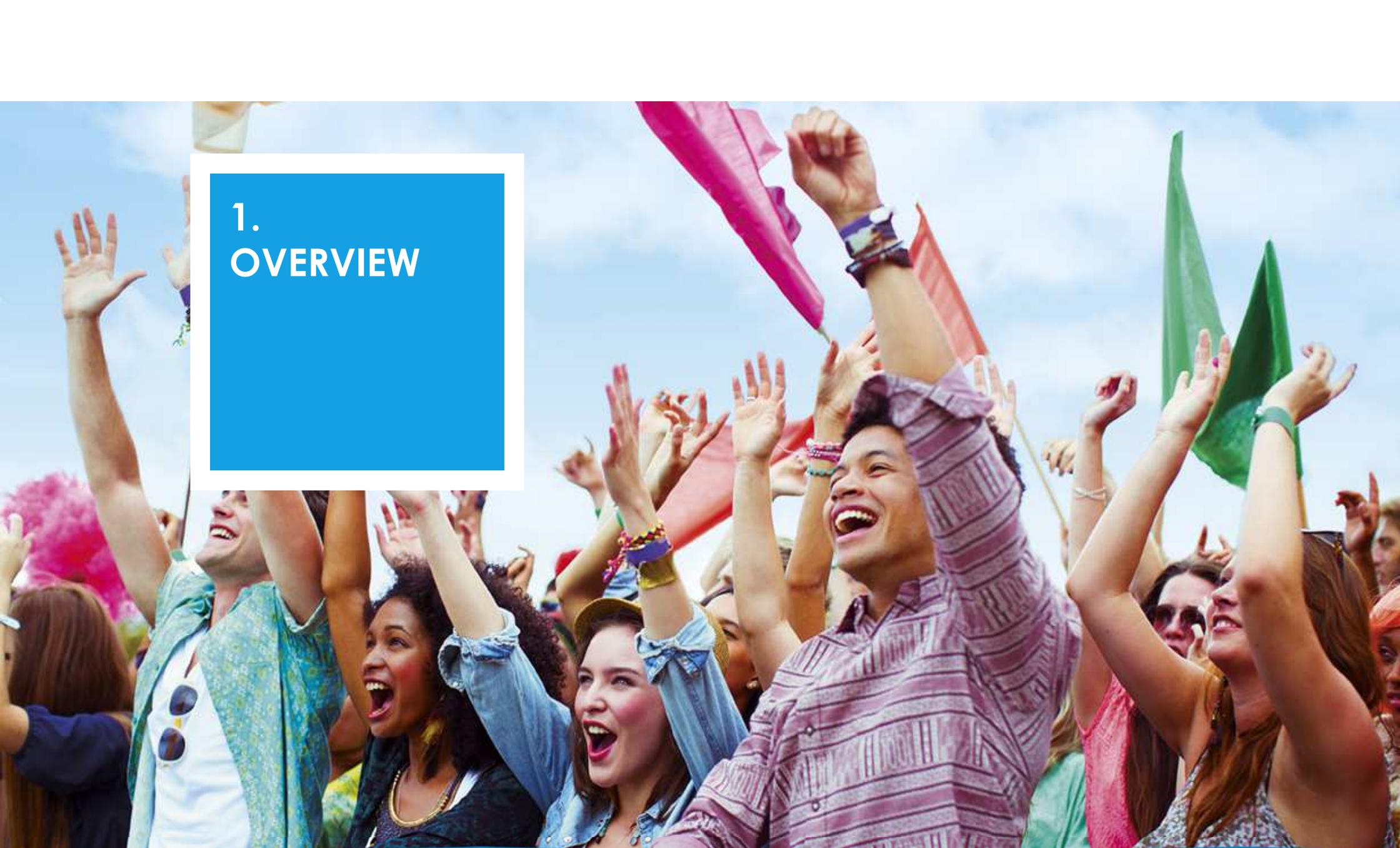
5<sup>TH</sup> ANNUAL SRI CONFERENCE

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November 22<sup>nd</sup>, 2017



- 1 OVERVIEW
- 2 DEEP DIVE IN OUR UNIQUE BUSINESS MODEL
- 3 GOVERNANCE
- 4 INSPIRING SUSTAINABILITY EXAMPLES
- 5 CONCLUSION – DRIVING VALUE

A vibrant crowd of people at a festival, with many individuals raising their arms and holding colorful flags (pink, green, red) against a bright sky. The scene is filled with energy and joy.

# 1. OVERVIEW

# DANONE AT A GLANCE

## A GLOBAL LEADER IN HEALTH AND NUTRITION



# DANONE AT A GLANCE

## SUSTAINABILITY: STRONG COMMITMENT AND TRACK-RECORD

### 2020 OBJECTIVES



### 2017 ACHIEVEMENTS: ON TRACK



(1) All product categories except packaged water, cooking aids, and products for which a target is not yet defined. Products must meet all nutrient thresholds for their category in the « Danone Nutritional Targets 2020 ».  
If a product contains both compliant and non-compliant recipes, only the compliant ones are counted.

(2) Frequency rate of workplace accidents with lost time of one day or more that occur over a 12-month period for every one million hours worked.

# EXTERNAL EVALUATIONS

## CONTINUOUS ADVANCED SUSTAINABILITY PERFORMANCE



On January, 2016, the second edition of the global Access to Nutrition Index (ATNI) was released by the Access to Nutrition Foundation (ATNF). This new edition ranks Danone among **the top 3 performing** food companies, along with Unilever and Nestlé.



In 2016, **Danone was recognized by the Dow Jones Sustainability Index**, which each year selects the best performing companies based on criteria such as social responsibility, innovation and economic performance, as a benchmark company in the food and beverage sector, particularly in terms of packaging, water-related risk management and health and nutrition.



Danone has been included in the ESI Excellence Europe, ESI Excellence Global, NYSE Euronext Vigeo Europe 120, NYSE Euronext Vigeo Eurozone 120, NYSE Euronext Vigeo France 20 and NYSE Euronext Vigeo World 120 indices. **With a Corporate Social Responsibility score of 65/100, Danone is considered as an “advanced performer”** and remains the leader in the food and beverage sector in terms of environmental performance (Vigeo’s Global Food Universe).



**Score B for palm oil and B for soy and paper paste.**

Danone participated in the Forest Footprint Disclosure (FFD), which primarily aims to mitigate the growing effects of deforestation.

This global rating, created by the CDP, assesses the impact that very large companies have on forests, based on their use of five raw materials: soy, palm oil, wood and paper pulp, animal feed and biofuels. Danone was able to report the data necessary for this evaluation based on its Forest Policy published in 2012, illustrating the company's concern for its impact on the upstream part of the value chain.



Danone has been reconfirmed as a constituent of the **Ethibel Sustainability Index (ESI) Excellence Europe** and the Ethibel Sustainability Index (ESI) Excellence Global since March 2017.



In 2017, Danone received a **A- rating** entering **Leadership level** for environmental performance from the Carbon Disclosure Project.



Danone has participated in the CDP Water Disclosure since it was created in 2010. This program seeks to gather critical data from the world's largest companies on water shortages and related issues. This global database facilitates access to vital information on the sustainable use of water. In 2017, **Danone received a A rating maintaining its Leadership level.**

# EXTERNAL EVALUATIONS

## CONTINUOUS ADVANCED SUSTAINABILITY PERFORMANCE



FTSE4Good

In June 2016, **Danone entered the FTSE4Good Index**, a global responsible investment index designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE4Good Index is based upon independently reviewed standards of environmental commitments, social practices and governance. Danone's entrance shows the recognition of the company's focus on doing business in a sustainable way. This means delivering economic, social and environmental value to all the communities with whom it operates around the world.



2017 Constituent  
MSCI Global  
Sustainability Indexes

In 2016, **Danone was rated AAA by the MSCI ESG Research according to its outstanding performance on Environmental, Social and Governance (ESG) issues.**

The MSCI ESG Research is designed to identify sustainability's stakes to be integrated into investment decision-making.

Danone has been upgraded from AA in 2015 to AAA in 2016, owing to very good scores in the following areas: toxic emissions & waste, carbon emissions, raw materials sourcing, health & safety, nutrition & health and corporate governance.



In March 2017, **Danone was awarded "Prime" status by the OEKOM Corporate Rating**, which evaluates companies' Corporate Responsibility performance using a comprehensive and mainly industry specific approach.

Danone obtained a C+ rating and was particularly well-rated in terms of equal opportunities and non-discrimination, climate change strategy and strategy to minimize food waste. Danone positioned itself among the industry leaders.



In 2016, Danone received for the third year in a row the maximum **score of 5/5 in the Forest500 ranking of the Global Canopy Program**. It remains ranked among the 6 best companies worldwide.



**Danone is included in several indices of ECPI**, an investment and sustainability advisory services provider since 1997.

ECPI assesses and selects companies thanks to a rule-based approach which involves almost 100 environmental, social and governance (ESG) key performance indicators.

In 2016, Danone was included in the following indices: ECPI Global Developed ESG Best in Class Equity, ECPI EMU Ethical Equity, ECPI Euro Ethical Equity, ECPI Global Ethical Equity, ECPI Euro ESG Equity, ECPI World ESG Equity, ECPI Global Livestock Equity, ECPI Global Longevity Winners Equity, ECPI Global Megatrend 100 Equity, ECPI Global Science for Life Equity and ECPI Global Agriculture Equity indices.

# OUR MISSION AND AMBITION

## VALUE CREATION IN A SUSTAINABLE MANNER

A company that is aligned with consumer values, creates value...  
...at the core of Danone's growth model



Healthier eating and drinking...



*Bringing health through food  
to as many people as possible*

... in a responsible way



**DanoneWave**  
US entity, largest  
public benefit  
corporation  
in the world



**CBUs certified in 2017**

- Happy Family,
- Danone Spain,
- Aguas Argentina,
- Les 2 Vaches

# B CORP AS A NATURAL NEXT STEP

## DEFINITION AND OBJECTIVES

### A COMMON GOAL:

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

### A TRUSTMARK:

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

### A BUSINESS OPPORTUNITY:

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



An external recognition  
of our achievements

A driver  
of engagement both  
internally & out

A trusted reference  
for consumers

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

Robert Shiller, Nobel Laureate of Economics

\*Source: Nielsen, 12th October 2015



2.  
DEEP DIVE IN  
OUR UNIQUE  
BUSINESS  
MODEL

# WE HAVE ALWAYS BEEN DRIVEN BY A PURPOSE AGENTS FOR CHANGE IN THE ALIMENTATION REVOLUTION

1972



Antoine Riboud  
1973-1996

## FOUNDATION OF THE DUAL PROJECT

**“The frontiers of the company  
do not stop at the factory gates...”**

2006



Franck Riboud  
1996-2014

## HEALTH MISSION

**Bringing health through food  
to as many people as possible**

2014



Emmanuel Faber  
2014-...

## MANIFESTO & DANONE 2020

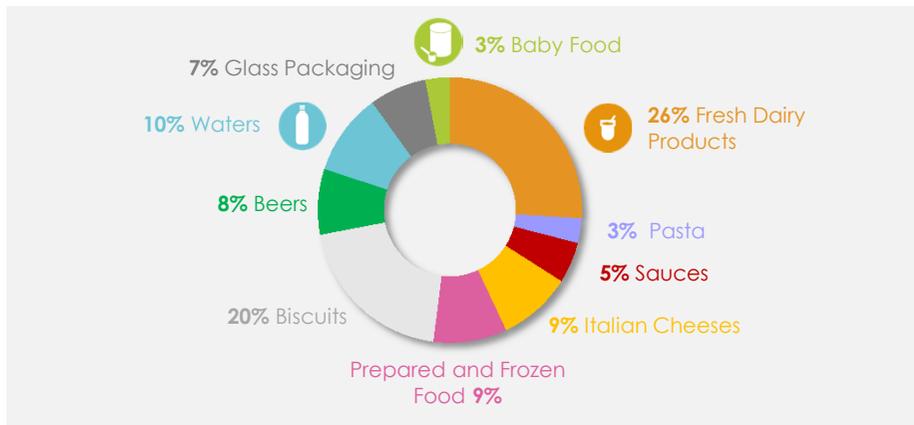
**“As CEO, I pledge to pursue Danone’s  
dual commitment to business success  
and social progress”**

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

# A STORY OF CONSTANT REINVENTION TOWARDS A HEALTH-DRIVEN PORTFOLIO

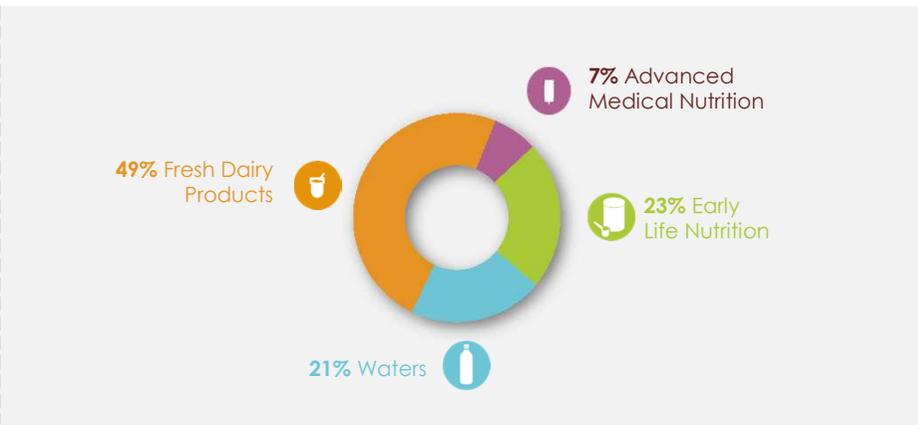
## 1996

### European food conglomerate



## 2016

### Global health-focused portfolio



BSN: GLASS



1960's

FOOD



1980's

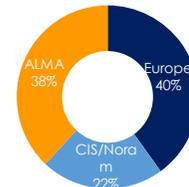
FOCUS & INTERNATIONALIZATION



NUMICO

1996-2007

ACCELERATED INTERNATIONALIZATION



2008-2014

WHITEWAVE ACQUISITION:  
Global leader in organic  
and plant-based

WhiteWave



2016

# OUR UNIQUE BUSINESS MODEL BASED ON FOUR KEY PILLARS

## ECONOMIC

- Unique portfolio of brands & categories
- Structural efficiencies on a sustainable manner
- Value creation from WhiteWave acquisition
- Agile and efficient organization
- Discipline in resource allocation

## NATURE

- Climate
- Water
- Packaging & Waste
- Sustainable Agriculture



**DANONE**  
ONE PLANET. ONE HEALTH

## HEALTH

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

## SOCIAL

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

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# 2017-2020: SHAPING THE GROWTH MODEL TO MAKE IT MORE RESILIENT PREPARING FOR STRONG PROFITABLE SUSTAINABLE GROWTH



**Focus on results, shareholder returns and long-term vision  
Confidence in delivering 2017 and 2020 targets**

Please refer to financial indicators definition

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# HEALTH & NUTRITION COMMITMENTS



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



Healthier alternatives that maintain **consumer preference**



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



Leveraging **partnerships** to address local health challenges



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



**Marketing** even more responsibly, especially to **children\***

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

# HEALTH & NUTRITION COMMITMENTS

WHAT WE ARE DOING



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



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



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



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

HOW WE ARE DOING

- **88%** of volume from Healthy Products
- **67%** of volume of products compliant with Danone's 2020 nutritional targets
- **36%** of volume of products have been nutritionally improved over past 3 years
- **99%** of volume of products with off-pack nutritional information
- **99%** of volume of products with on-pack nutritional information
- **74%** of volume of products indicate the portion size
- **33%** of volume of products have front-of-pack nutritional info

- **45** out of 49 subsidiaries have a Health @ Work programme
- 51,349 (**69%**) employees have access to the Health @ Work programme
- **100%** of subsidiaries allow employees to take paid maternity leave
- **85%** of subsidiaries have made arrangements to help employees continue to breast-feed after returning to work.

- **61%** of volume of products have positive nutritional claims
- **97%** compliance with the international chamber of commerce framework for responsible food & beverage marketing
- **118** education, information and activity programs impacting **481** million people
- **31,427** employees trained on nutrition and/or hydration in the last two years.
- **120** external food safety certification audits; 66 internal audits

- **54** countries are covered by Nutriplanet studies.
- **15** countries are covered by specific fluid intake studies.

(\*) In operational terms "Healthy product categories" for Danone include: Dairy with more than 50% milk (Codex definition of dairy), Waters and calorie-free beverages, Early Life Nutrition (except teas, juices, biscuits, rusks), and all Medical Nutrition.

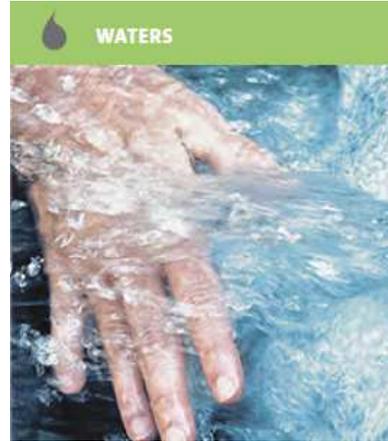
# NATURE COMMITMENTS

WHAT WE ARE DOING



We have committed to a climate policy with a long-term goal of zero net carbon emissions - and not just direct emissions, but indirect emissions as well, what we call our extended scope of responsibility. To reach this target, we will work with the farmers, suppliers, customers and local communities within our ecosystem to find solutions. **We are aiming to be zero net carbon by 2050.**

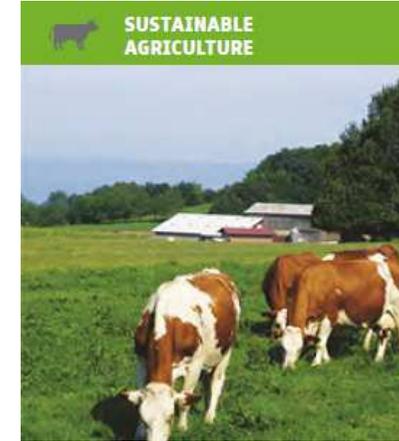
In November 2017, Danone reaffirms climate commitment with **official recognition from the Science-Based Targets Initiative** and steps up focus on regenerative agriculture.



We are committed to **preserving this vital resource and to respecting its natural cycles by adopting responsible practices at every stage of the value chain.** We are targeting 60% reduction in water consumption in our factories by 2020.



We have an ambition to **co-build the circular economy of packaging.** Breakthrough innovation, whether technical, social or environmental, as well as collaboration all along the supply chain, will play key roles in this transformation.



In agriculture, we're looking for ways to **source sustainably, promoting farming models that are competitive but respectful of natural cycles and ecosystems.** We will also continue to work with farmers to develop new tools and solutions to support climate smart farming.

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# NATURE: HOW WE ARE DOING



## 2016-Performance

## Targets

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

**Reduction in CO<sub>2</sub> footprint**  
Intensity (g CO<sub>2</sub>equivalent/Kg product)

**50,1%** Intensity reduction **Danone Direct Responsibility (DDR) scope** VS 2007

**50%** intensity reduction **DDR** 2007-2020

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

**5,6%** Intensity reduction **Danone Full scope** VS 2015

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

**Use climate friendly refrigerants in our new cooling installation within our operations**  
Number of new coolers & fridges compliant

**51%** energy reduction

**60%** energy reduction by 2020

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

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

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

**Evian Zero net carbon**

Paper & Board Policy: **86%** compliance (**97%** compliance in top risky countries)

Palm oil policy: **100%** RSPO full segregated

Soy policy: **joined RTRS (RoundTable on Responsible Soy)**

Sugar and timber: **In progress**

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

Reduction and offset trajectories in line with target

Zero Net Carbon by 2020

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

**Protect natural mineral water resources in our watersheds**

**87%** of sites have run SPRING audits in Waters Division

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

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

**63%** of sites compliant with CWS discharging **56%** of clean water to nature.

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

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

**47%** water reduction

**60% water** reduction by 2020

# NATURE: HOW WE ARE DOING



## 2016-Performance

## Targets

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

**Develop the use of sustainable resources**

11% rPET in Water division excluding Turkey & China

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

**Zero plastic landfill for post-industrial packaging waste**

**90%** of post-industrial packaging waste are diverted from landfill

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

**Co-create a second life for all plastics**

2nd life roadmap under development

**2nd life roadmap** for 10 priority countries by end 2017

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

**Promote Sustainable Agriculture**

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

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

**Dannon US Pledge:**

**90%** direct Milk sourcing is compliant

**Dannon US Pledge:**

**100%** animal welfare Compliance US direct milk sourcing by 2017

**50%** Oikos, Dannon, Danimals; non GMO Project Certified by 2018.

**Source raw materials sustainably**

Palm oil policy: **100%** RSPO full segregated

Soy policy: **joined RTRS**

Sugar: **In progress**

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

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

2016 Food waste Baseline: **12 kg / tons product sold**

**50%** reduction by 2025

# SOCIAL

WHAT WE ARE DOING



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

HOW WE ARE DOING

10 Worldwide agreements have been signed between Danone and the IUF and joined visits are organized to monitor their implementation in more than 55 entities between 2009 and 2016.



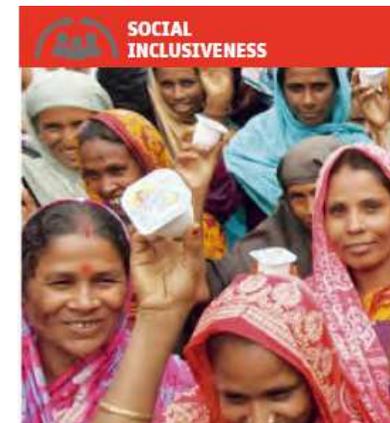
Our Work In Safe Environment (WISE) program takes a comprehensive approach to all types of risk, focusing on day-to-day operations, to promote the physical, mental and social well-being of Danoners all around the world.

- **FR1 rate of 1.8:** frequency rate of workplace accidents with lost time of one day or more that occur over a 12-month period for every one million hours worked.
- **FR2 rate of 3.0:** frequency rate of workplace accidents w/o lost time.
- **Severity rate 0.1:** number of calendar days of absence due to workplace accidents with lost time for every 1,000 hours worked.
- Absenteeism rate of **2.4%**.
- **70,000** employees in 25 countries had healthcare coverage in line with standards defined by Dan'Cares.



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

- Training provided to **91%** of employees.
- **25** training hours per person trained in 2016.
- **49%** of managers, directors and executives are female.
- In France, **3.8%** of employees have disabilities.



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

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

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# OUR INNOVATION PLATFORMS TO PROMOTE SOCIAL INCLUSIVENESS

## Danone supports four financial funds:

- Danone communities,
- The Danone Ecosystem fund
- The Livelihoods carbon fund
- The Livelihoods fund for family farming

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

|  |  |  |
|--|--|--|
|   |   |   |
| <p>Danone.communities mutual investment fund invests in <b>businesses with significant social impact</b> located mainly in emerging countries.</p> | <p>The purpose of the Danone Ecosystem Fund is <b>to strengthen and develop activities of public interest</b> within the Danone ecosystem.</p> | <ul style="list-style-type: none"><li>• The Livelihoods Fund is an investment fund <b>dedicated to ecosystem and carbon assets restoration.</b></li><li>• The Livelihoods Fund for Family Farming invests in <b>projects making the supply of strategic agricultural raw materials more sustainable.</b></li></ul> |

# SOCIAL INNOVATIONS KEY PERFORMANCE INDICATORS



## SOCIAL

**10** BUSINESSES

**12** COUNTRIES

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

**1 Million**

### Beneficiaries in TOTAL.

The indicator refers to the total number of beneficiaries of the social businesses supported by danone communities, in regards to the 8 countries in the fund.

**300,000**

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

The indicator refers to the total number of beneficiaries of the nutrition social businesses supported by danone communities.

**700,000**

### Beneficiaries with access to drinking water.

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

## MEASURING THE COMMITMENT OF DANONE'S EMPLOYEES

**23%**

### Danone's employees represent 23% of the danone communities fund.

(Vs 20% in 2015)

**43%**

### Of danone employees in france Subscribed at least once to the danone communities fund in 2016.

(Vs 34% in 2015)

## SICAV

**10.29%**

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

The indicator refers to the total performance net of fees over 5 years. (It was 8.55% in 2015)

# SOCIAL INNOVATIONS KEY PERFORMANCE INDICATORS



## SOCIAL IMPACT

**67** Projects  
**29** Countries

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**4,650** jobs created  
**40,912** people professionally empowered  
**2.9m** indirect beneficiaries  
**22,500** women professionally empowered

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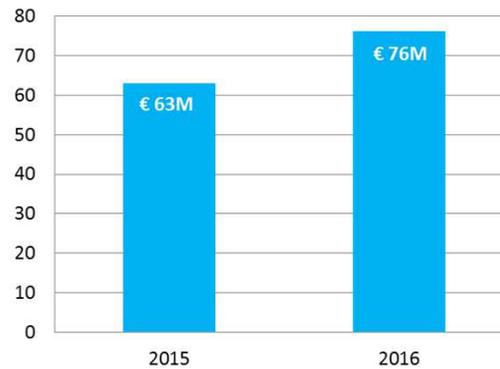
**€ 139M** funding  
**€ 62M** Ecosystem  
**€ 77M** co-funding

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**46** CBUs  
**56** NGO partners

2016 INTEGRATED REPORT SUMMARY DANONE

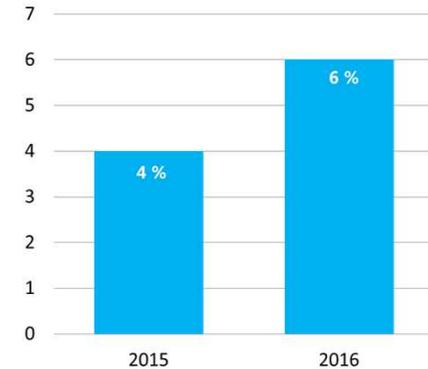
## ECONOMIC IMPACT



### Sales generated by Danone Ecosystem Fund capabilities.

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

## ENVIRONMENT IMPACT



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

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

# SOCIAL INNOVATIONS KEY PERFORMANCE INDICATORS



## THE LIVELIHOODS CARBON FUND

9 active projects:

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

## THE LIVELIHOODS FUND FOR FAMILY FARMING

First project on resilient vanilla supply chain with farmers in Madagascar.

### SOCIAL IMPACT

#### Achievements since 2011

**122** million trees planted in 2016  
(vs 120 million in 2015)

#### Objective

**130** million trees planted

### ENVIRONMENTAL IMPACT

#### Achievements since 2011

**107,000** households equipped with efficient cook stoves in 2016 (vs 56,000 in 2015)

#### Objective

**120,000** households equipped with efficient cookstoves

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

Objective of **2 million people**  
positively impacted

**€ 120M**

Total investment volume objective

### 3. GOVERNANCE

## STRONG GOVERNANCE AT BOARD LEVEL

Compliant with substantial majority of the AFEP-MEDEF recommendations  
Danone's governance benchmarks strongly against CAC 40 peers



*Note: As of November 2017. In accordance with local regulations/practices, the directors representing employees are not taken into account in the calculation of the percentages of independent directors, women and non-French Directors*

# COMPLIANCE AT DANONE

## ORGANIZATION

- Chief Compliance Officer oversees Compliance Department & reports directly to General Secretary and Audit Committee.
- Supported by compliance teams and local compliance committees, reporting to the Chief Compliance Officer.

## POLICIES

- Clear Corporate Compliance policies and Code of Business Conduct setting out standards of behavior
- All employees of Danone, its subsidiaries and controlled companies, expected to follow the Code of Business Conduct
- Business partners expected to adhere to our Code of Conduct for Business Partners.

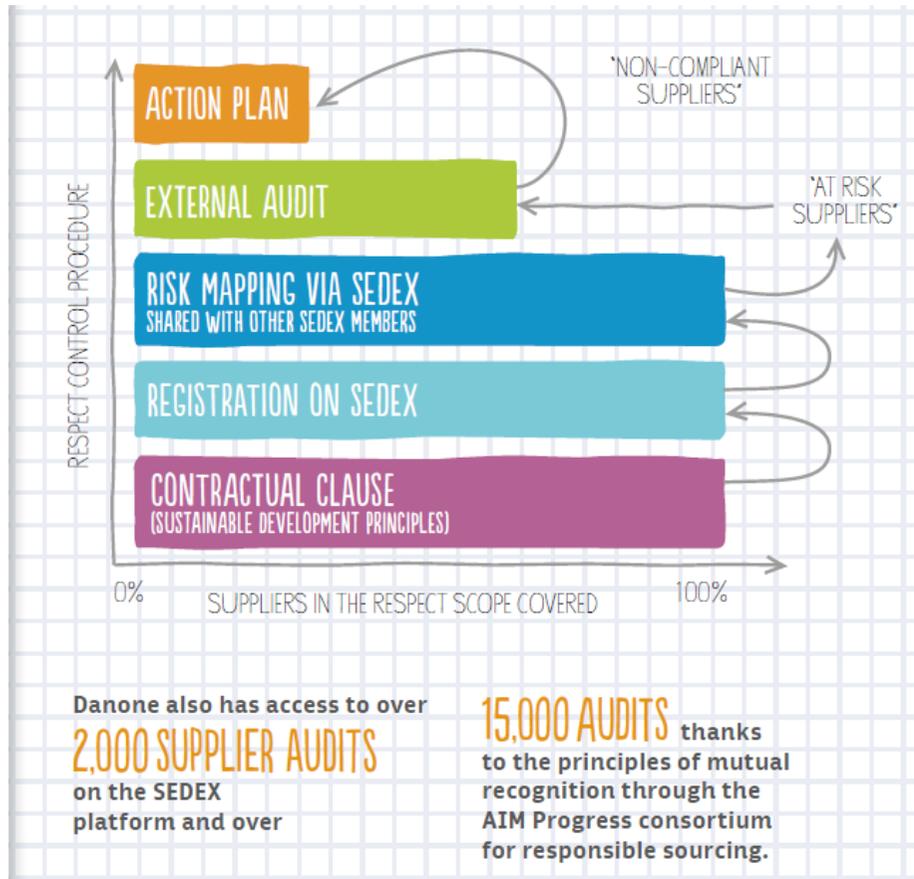
## DANONE ETHICS LINE

- Supports reporting of potential infringements or seek advice on compliance implementation
- Maximises detection of non-compliance and facilitates the sharing of the information
- Enables appropriate response to and remediation of cases of non-compliance.

## TAX POLICY

- Danone recognizes the importance of taxation for the budgets and development of the countries where we do business.
- Support the BEPS initiative and have contributed to it actively
- Tax policy made publicly available, reflecting our commitment to explaining our guiding principles

# RESPECT: OUR RESPONSIBLE PROCUREMENT PROGRAM



- Launched in 2005, **RESPECT program** extends Danone's dual commitment to business success and social progress throughout our entire supply chain
- Suppliers\* undergo a rigorous process of assessment of social, environmental and ethical performance
- Member of the AIM-Progress forum and Consumer Goods Forum
- RESPECT's social, environmental and ethical fundamentals are included in all contracts.

*\*except for milk producers covered by the sustainable agriculture program FaRMS.*

# COMPLIANCE IN ACTION

## HUMAN RIGHTS WITHIN DANONE'S SUPPLY CHAIN

Danone includes the following seven rights in supplier contracts to ensure suppliers uphold workers' fundamental rights and freedom:

- **CHILD LABOR:** No children below the age 15 employed
- **FORCED LABOR:** no forced or compulsory labour
- **NON-DISCRIMINATION:** zero discriminatory practices
- **FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING:** employees' freedom of association and right to choose representatives; employees' right to collective bargaining
- **WORKPLACE HEALTH AND SAFETY:** safe workplace and environment that does not endanger the physical integrity or health of employees. Reducing the causes of accidents and improve working conditions
- **WORKING HOURS:** national applicable legal restrictions on working hours, including overtime
- **COMPENSATION:** no wages paid are lower than the applicable legal minimum, employees receive a decent wage, as compared to standard local pay overtime rates higher than normal hour rates

In 2016, Danone launched a global audit program for the top 7 fruit categories covering 75% of Danone's volumes of fruits purchased, mapping the fruit supply chain to the farm across 8 geographical areas. The assessment is based on the Farm Sustainability Assessment questionnaire by SAI. The program's focus is to identify sustainability "hot spots", including labor and human rights topics, such as health and safety and temporary worker conditions, and develop a baseline, a gap analysis and a subsequent improvement plan to be implemented in 2017 onwards.

# DANONE WAY

## OUR MISSION IS EMBEDDED IN THE WAY WE DO BUSINESS

### DANONE WAY IS THE ENGINE OF OUR SUSTAINABLE DEVELOPMENT

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

### DANONE WAY HAS DRIVEN CONTINUOUS PROGRESS

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

### DANONE WAY NOW UBIQUITOUS THROUGHOUT BUSINESS

- Coverage has expanded to **94.1% of Group sales** in 2016
- Certified by independent third party since 2002

# DANONE WAY

## EXAMPLES OF KEY PERFORMANCE INDICATORS 2016

### HEALTH

**73%** of subsidiaries systematically consider three points in recommendations for new product launches: appropriate nutritional composition vs needs of target consumers; comparison of nutritional composition to alternatives available on the market; consistency of advertising / communications and nutritional quality.

**65%** of subsidiaries have teamed up with local stakeholders to address a relevant public health issue.

### SOCIAL

**80%** of subsidiaries formalized in minutes the information/discussion meetings between management and employee representatives bodies.

**98%** of subsidiaries have set up a "learning plan" and budget allocation target for collective & individual needs for all populations (workers, staff and supervisors, managers, sales representatives if applicable).

### NATURE

**67%** of subsidiaries have adopted a one or two year roadmap to reduce their carbon footprint on their Direct Responsibility Scope (production, packaging, logistics, product end of life, etc.) in keeping with Danone's targets.

**63%** of subsidiaries have a concrete action plan with local or centralized procurement teams that shows progression to eliminate deforestation from/due to soy by 2020 in line with Danone's commitments described in the soy Policy.

### ECONOMIC

**95%** of subsidiaries have communicated to all required employees the latest version of the Compliance Policies and Code of Business Conduct .

**71%** of subsidiaries have set up a cross-functional working group or committee on sustainability, including a Danone Way coordinator and the head of Public Affairs.

# FROM DANONE WAY TO B CORP A LOGICAL SEQUEL TO THE DUAL ECONOMIC AND SOCIAL PROJECT

**2015**

## **B Corp – Danone partnership**

- Danone Way opensource
- Board member of B Lab EU

**2001**

## **Danone Way**

- 250 business-processes-audit system

**1972**

"The dual economic and social project"



**2016**

## **Danone joins B Lab's MPMAC**

(Multinationals & Public Markets  
Advisory Council)

**14 pilot subsidiaries** have begun  
the B Impact  
Assessment process

**2017**

## **DanoneWave**

- The largest « Public Benefit Corporation » in the U.S.
- Aiming at becoming a B Corp
- B Lab on the Advisory Committee
- 4 CBUs certified in 2017 (Happy Family, Danone Spain, Aguas Argentina, Les 2 Vaches)

4.  
INSPIRING  
SUSTAINABILITY  
EXAMPLES



# HEALTH: PROJECT



## "STAND BY MUMS" IN ROMANIA

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

619

HEALTHCARE PROFESSIONALS TRAINED IN THE NEEDS OF VERY YOUNG CHILDREN AT THE END OF 2016

9,133

MOTHERS WITH A NEW AWARENESS OF THE IMPORTANCE OF BREASTFEEDING AND NUTRITION FOR VERY YOUNG CHILDREN

### WHY IT MATTERS?

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

### HOW IT WORKS

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

### HOW DOES THIS PROJECT CREATE VALUE?

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

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

# NATURE: PROJECT



## ORISA ORGANIC RICE HELPS PROTECT WATER QUALITY

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

### WHY IT MATTERS?

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

### HOW IT WORKS

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

### HOW DOES THIS PROJECT CREATE VALUE?

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



# EVIAN

## FIRST CARBON-NEUTRAL DANONE BRAND BY 2020



- New production line in France certified as carbon neutral by Carbon Trust in 2017
- €280 million investment by 2020 to expand carbon neutrality internationally

New line produces  
100% recyclable  
bottles

60% of the  
produce will be  
shipped by train

Part of investment  
to offset emissions  
from  
transportation

Plant converts  
40,000 tonnes of  
organic waste  
annually

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

# SOCIAL: PROJECT



## EYES WIDE OPEN

The "Eyes Wide Open" project has set up a micro-distribution network for bottled water in the Mexico City subway. The aim is to promote social inclusion for Mexico's visually impaired and improve their working conditions by giving them the opportunity to become vendors.

Bonafont co-created the project in partnership with Ojos Que Sienten A.C., an NGO that specializes in training and empowering the blind, with backing from the Danone Ecosystem Fund.



## WHY IT MATTERS?

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

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

## HOW IT WORKS

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

## HOW DOES THIS PROJECT CREATE VALUE?

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

5.  
CONCLUSION  
– DRIVING  
VALUE



DANONE  
NATIONS CUP



DANONE  
NATIONS CUP

# OUR PURPOSE DRIVES VALUE THE CORE OF OUR GROWTH MODEL

## ALIGNED TO MARKET TRENDS

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We have long been pioneers of healthy, responsibly sourced and produced food and, today, we are fortunate to live in a world where consumers increasingly share our values.

## BUILDING TRUST

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We are building brand equity that leverages global consumer trends; we want our brand to serve as trustmark around the world, and this is core to our growth model.

## PROTECTING FOOD CYCLE

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We believe that food produced and packaged sustainably can help protect and restore the health of our planet, enhance the quality of our products, and support our business initiatives now and into the future.

## MANAGING RISK

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Our deeply embedded strategies for health and sustainability are highly effective tools for the risk management of our business operations.

## DRIVING LONG- TERM GROWTH

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We are encouraging healthy lifestyles and food choices, we are nurturing a healthy planet and – as a result – we are building a healthy company which can continue to deliver strong, profitable growth.



**DANONE**  
ONE PLANET. ONE HEALTH

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