



DANONE
ONE PLANET. ONE HEALTH

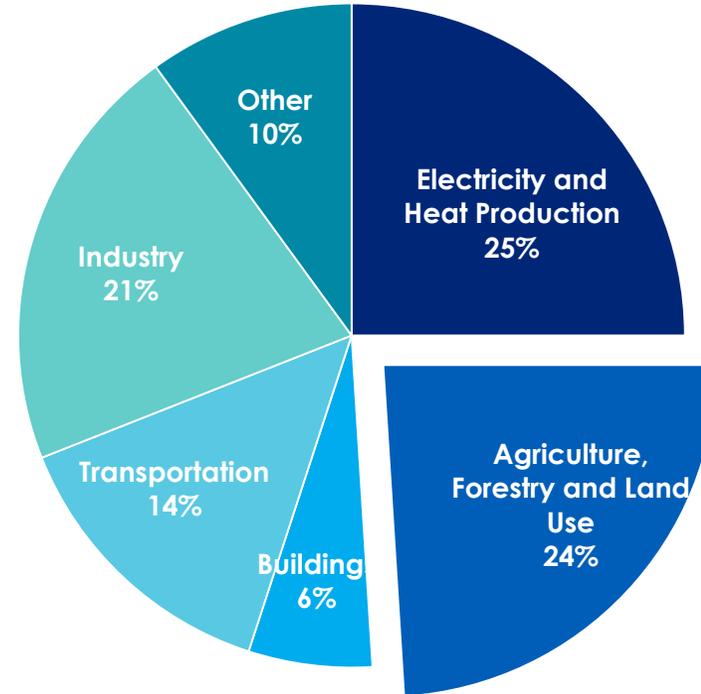
Investor Seminar
October 22, 2018

Climate & Regenerative Agriculture

Eric Soubeiran
Global Nature & Water Cycle & Human Rights Director

**How is Danone's agriculture vision
good for the planet and
a value creation trigger for the company?**

Climate & Agriculture Are Strongly Connected



24% **Agriculture**
of global GHG emissions

Source: [IPCC \(2014\)](#); [Exit](#) based on global emissions from 2010.

Agro-ecology Is key to the Climate agenda



Green Revolution

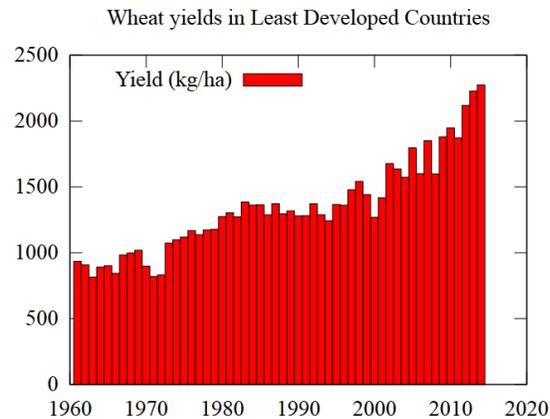
1960-1990

Feeding People
#Increased Yield
#Productivity

High efficiency crops

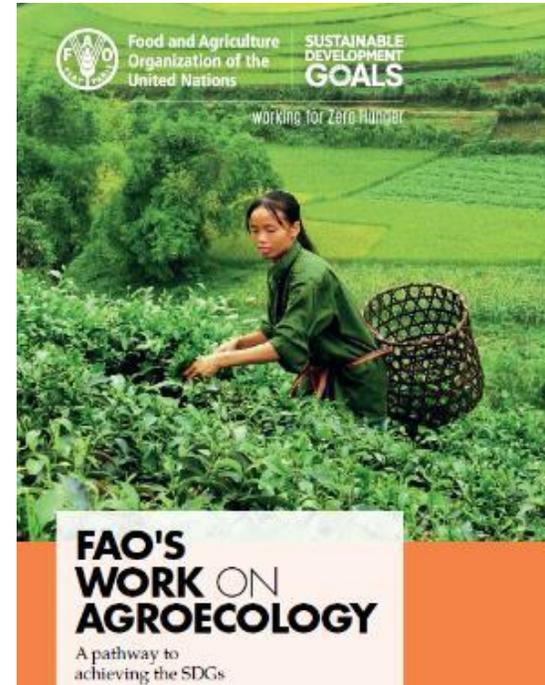
Inputs & pesticides

Water waste &
Deforestation



Agroecology

1990-...



Feeding The Planet
#Be Resilient
#Efficiency

Soil Health
> Ecosystem protection

Less Chemicals
> Water protection

Animal welfare

Danone 's Agriculture footprint

Cost Footprint



We are sourcing **45+** agricultural products

50 % of Danone material costs (4.8 B€)

Social Footprint



75% (Volume) from direct sourcing = **130,000 farms**

25% (Volume) from indirect sourcing > **400,000 farms**

Environmental Footprint



60% of CO₂ Footprint

75% of Water Footprint

1.5 million hectares = half of Belgium !

Agriculture is a key lever for our Company Goals

OUR BUSINESS MODEL

OUR BRAND MODEL



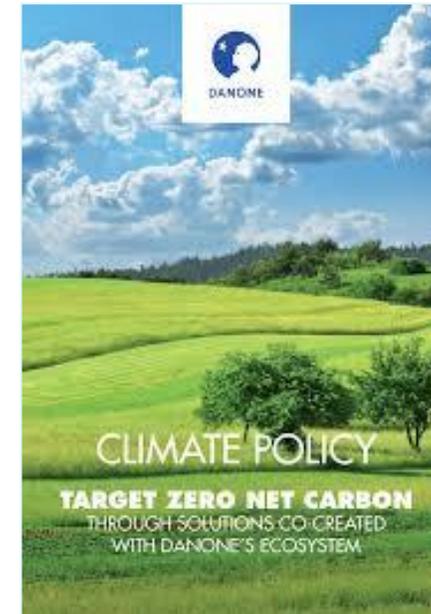
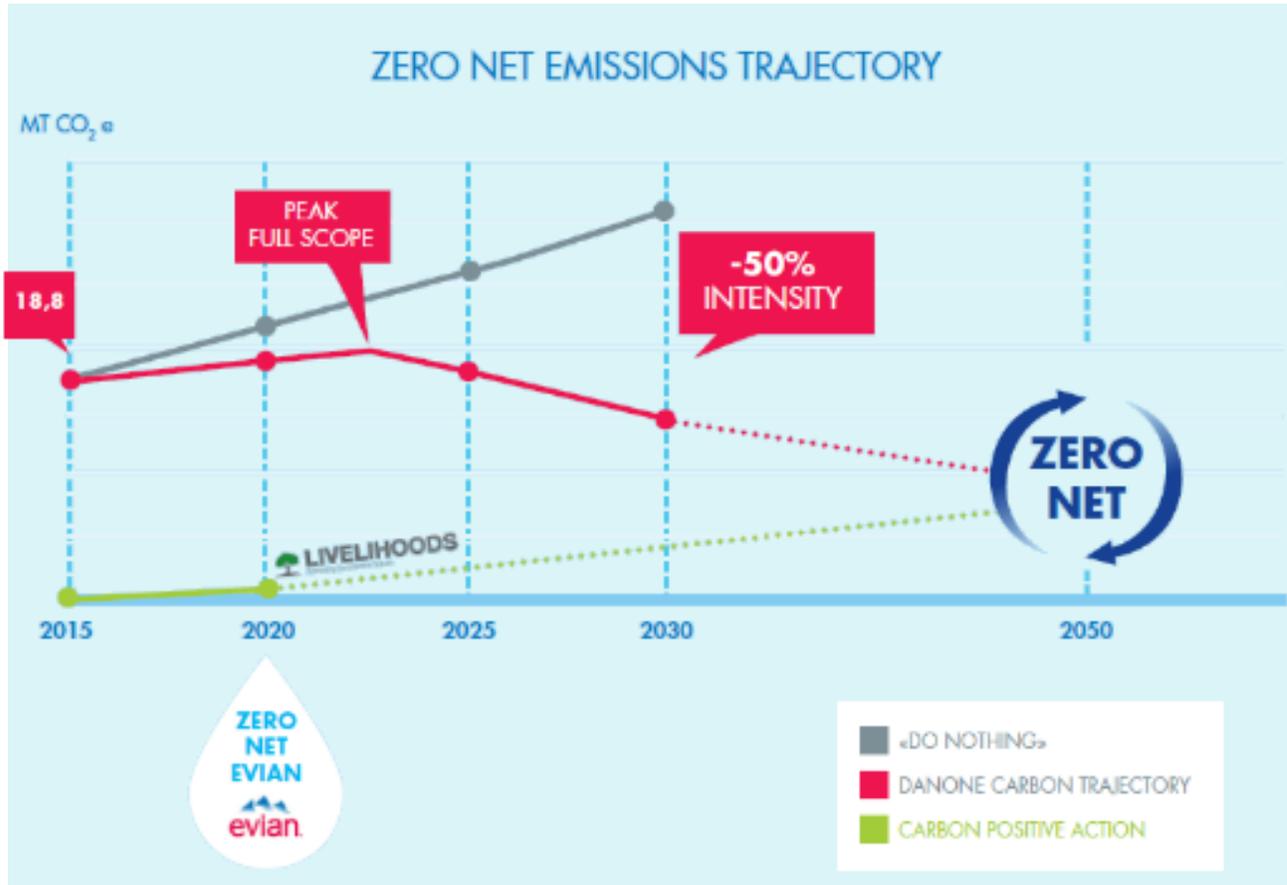
OUR TRUST MODEL



CONTRIBUTES TO UN SDGs



Danone is science based and committed to Carbon Neutrality (for full scope 1, 2 & 3)



Agriculture represents 60% of our CO₂ footprint

REDUCTION
Danone emissions



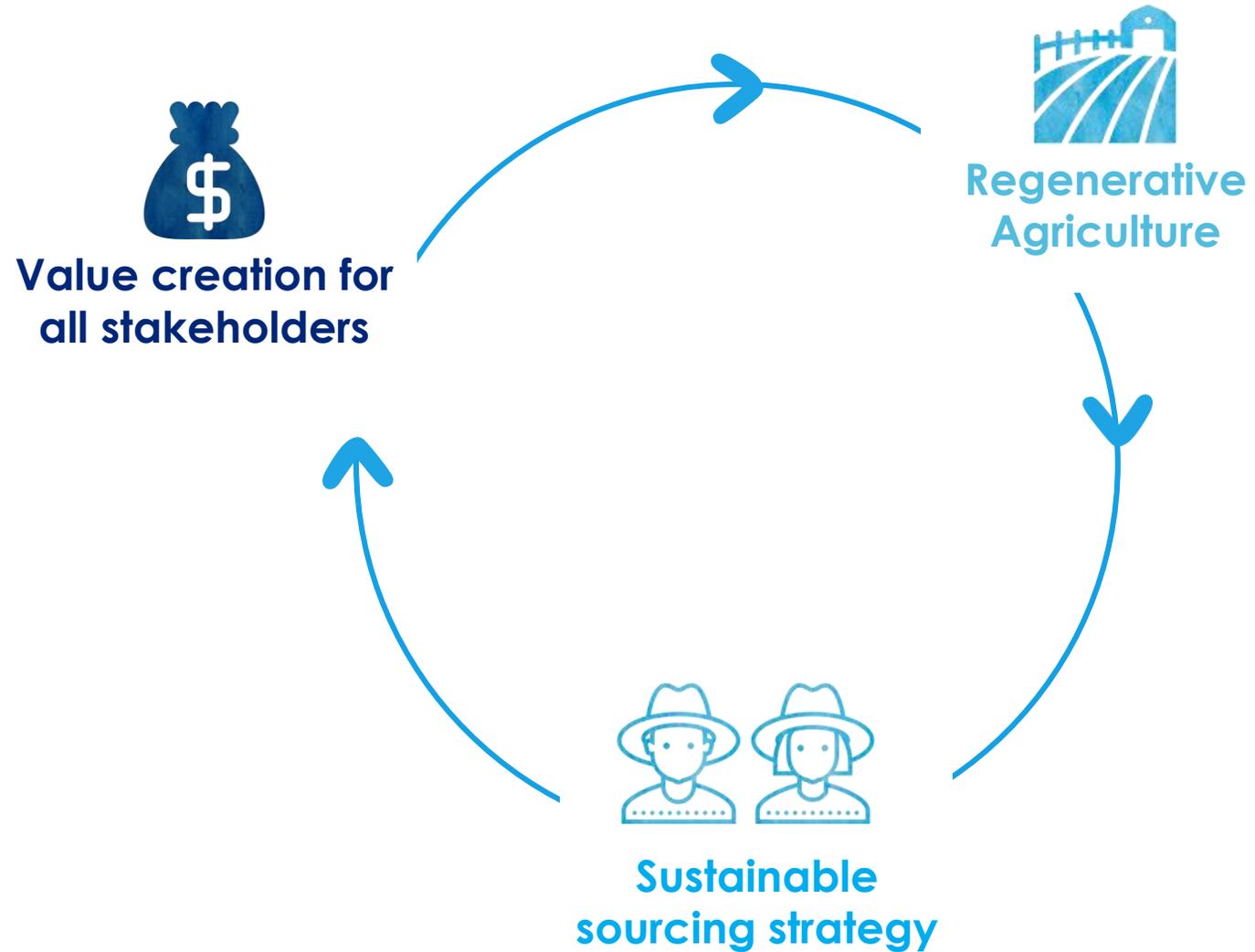
CARBON SEQUESTRATION
Fix GHG within Danone Value Chain



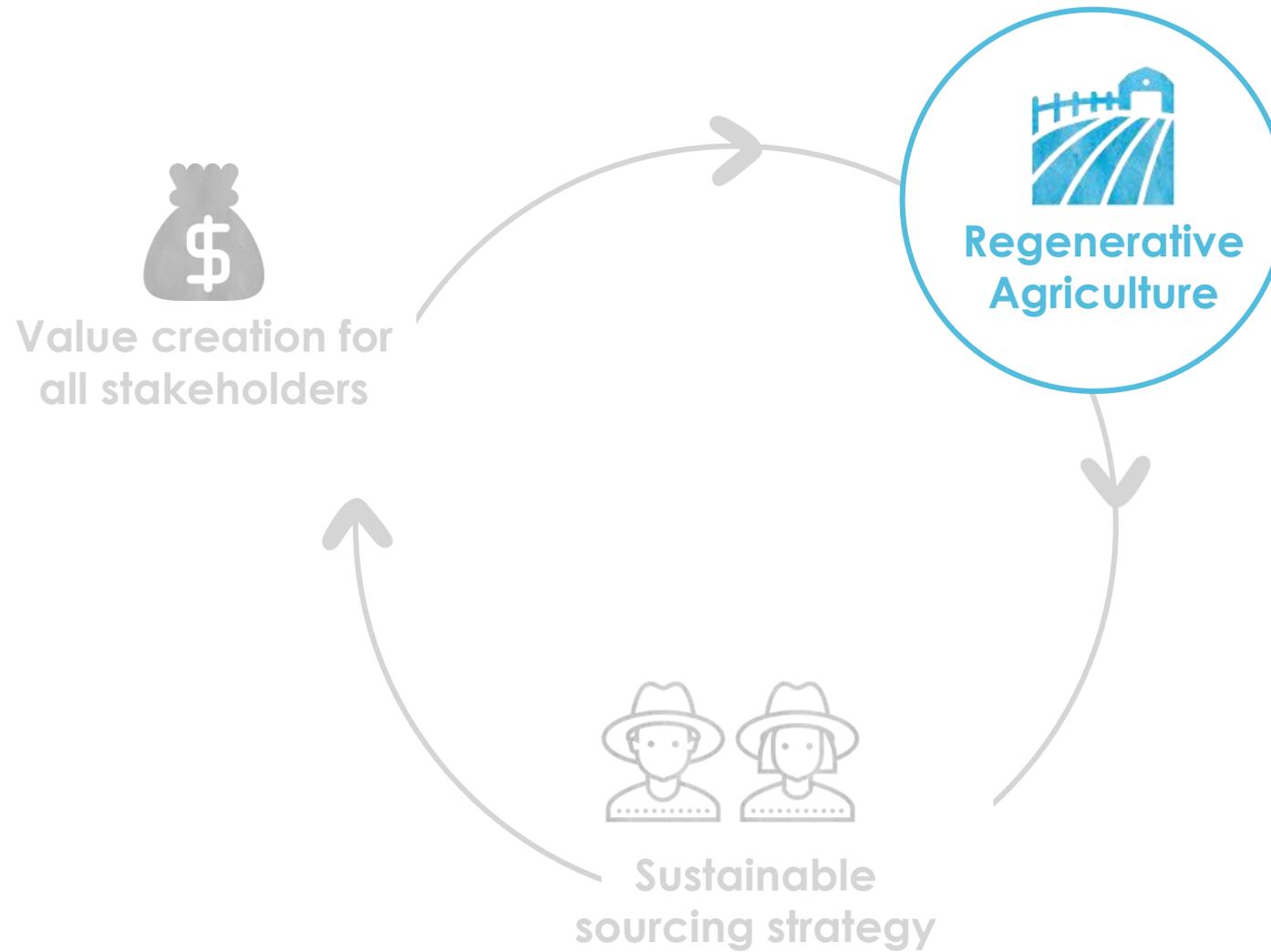
OFFSET
Fix GHG outside Danone Value Chain



Thanks to agriculture, we can build a virtuous cycle



Thanks to agriculture, we can build a virtuous cycle





Regenerative Agriculture by Danone

“ A set of farming practices that protect **soil, water and biodiversity**, and respect **animal welfare**

This system acknowledges the **key role of farmers** and the **positive impact of farming** while taking into account its **economic viability**.

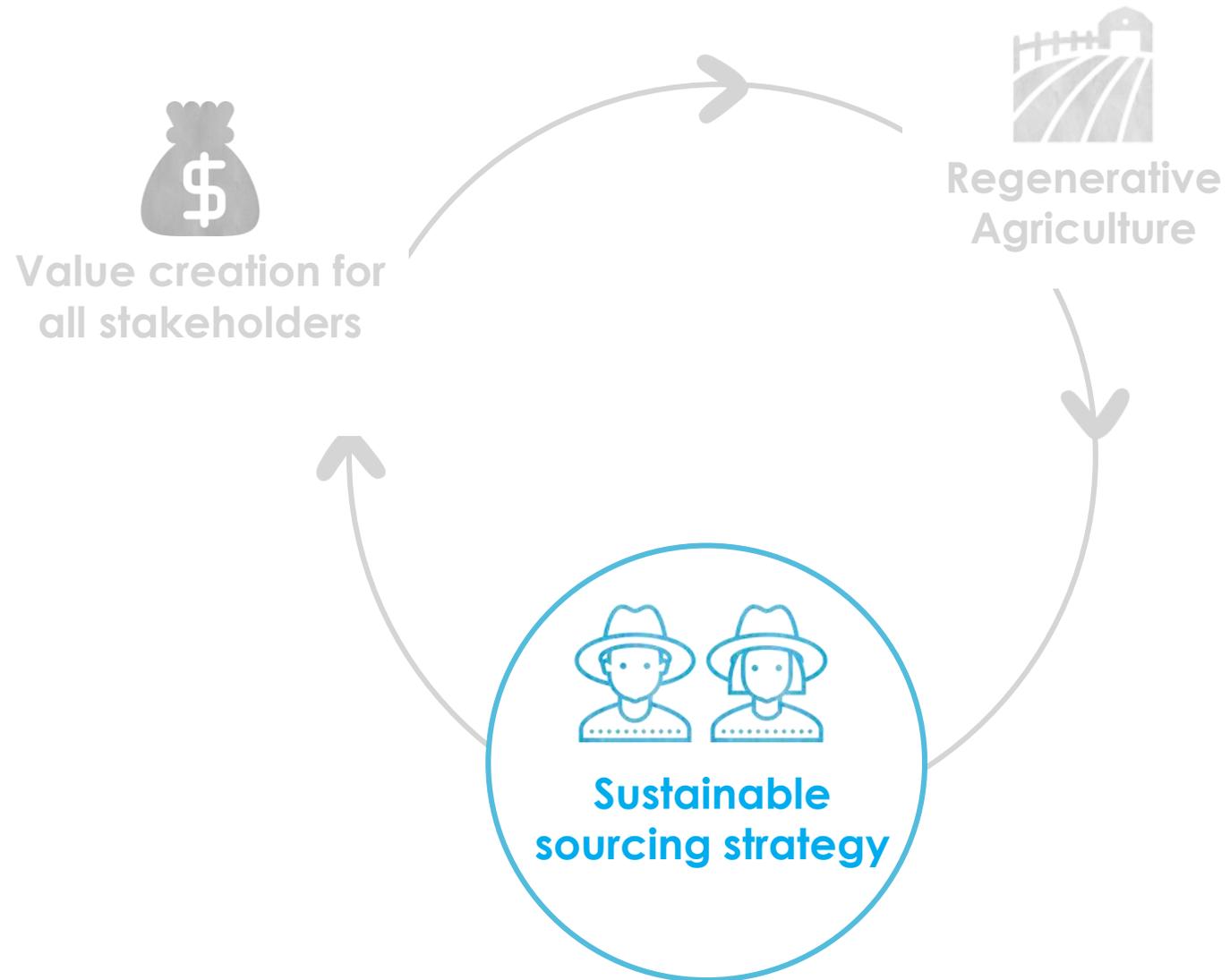
It helps restore **ecosystems**, contributes to **climate change mitigation**, and ensures resilient agro-food systems to **feed future generations**

”

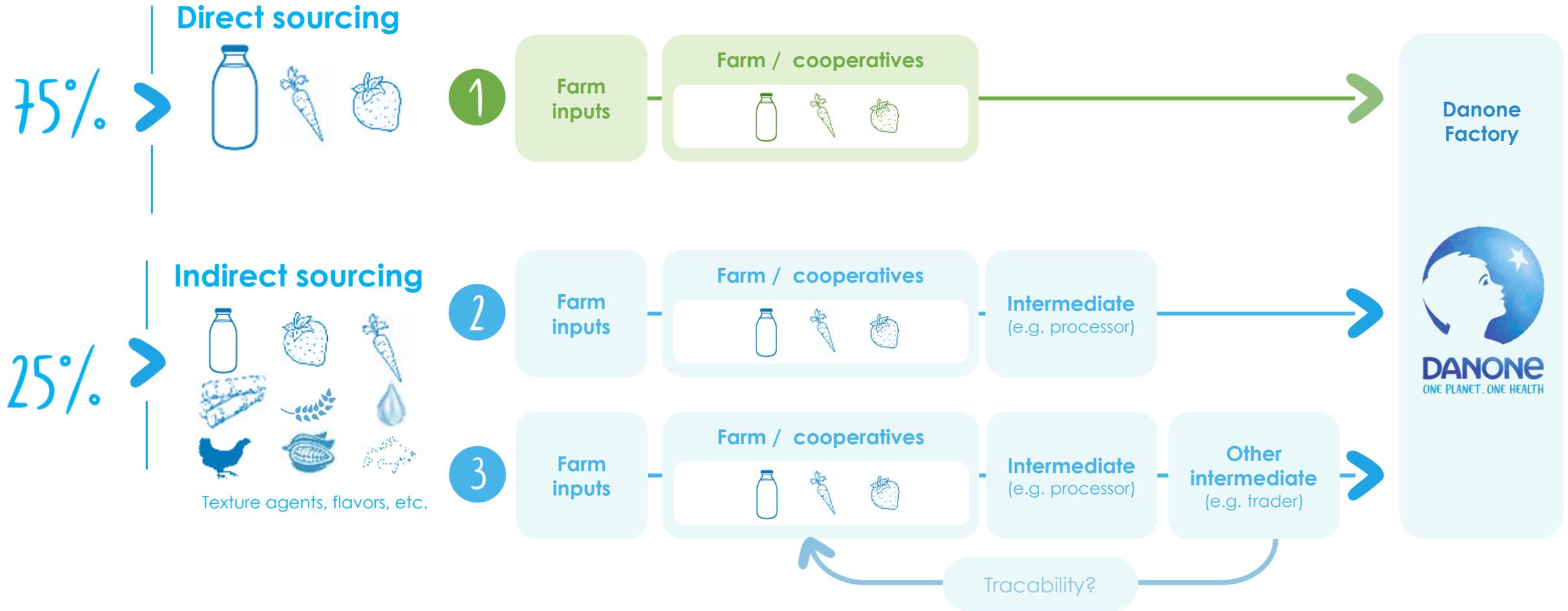


SCOPE: Conventional, Organics, Non-GMO

Thanks to agriculture, we can build a virtuous cycle



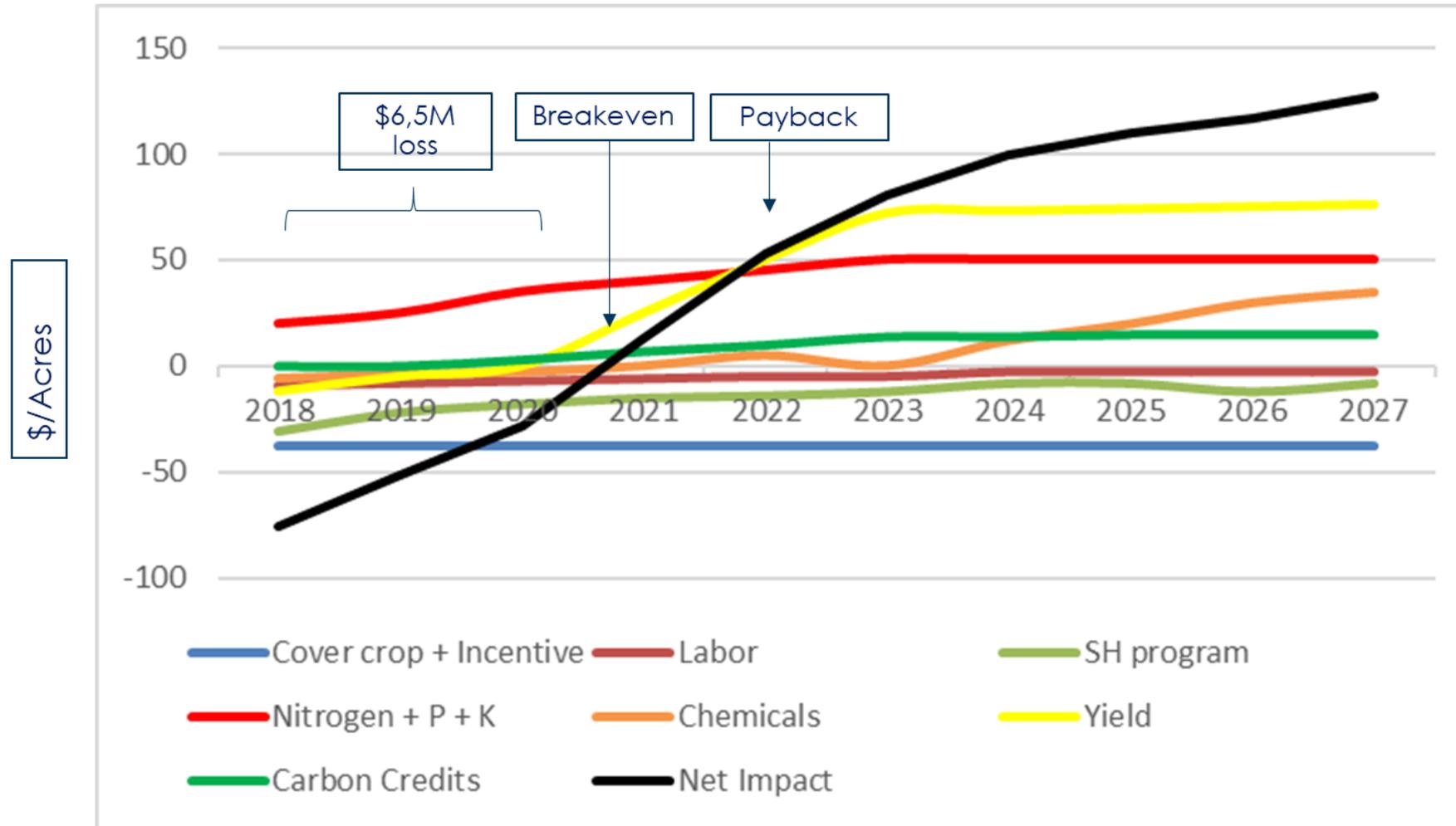
Direct sourcing is our main model



Value Creation: Sustainable Supply Chain

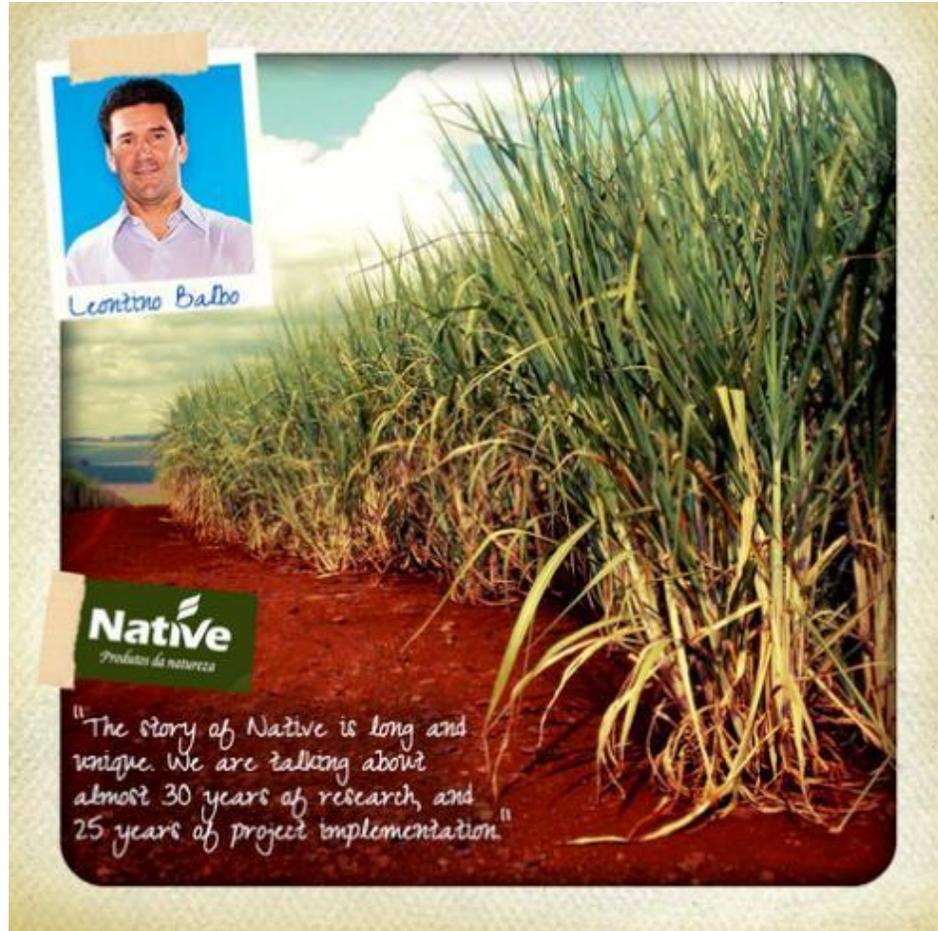
US growers plan

Example of soil health program for animal feed in US: 100,000 Acres or 400 Km²



Value Creation: Efficiency in the supply chain

For our suppliers – Case study on sugar cane and the Balbo Group in Brazil



The Balbo group:

1.2 million tons of cane

75,000 tons of organic sugar annually, i.e. 34% of the world market

Supplier of Danone Organic Brands and Brazilian CBU

The need: to reduce the cost of farms inputs (pesticides and fertilizers) and preserve soil health

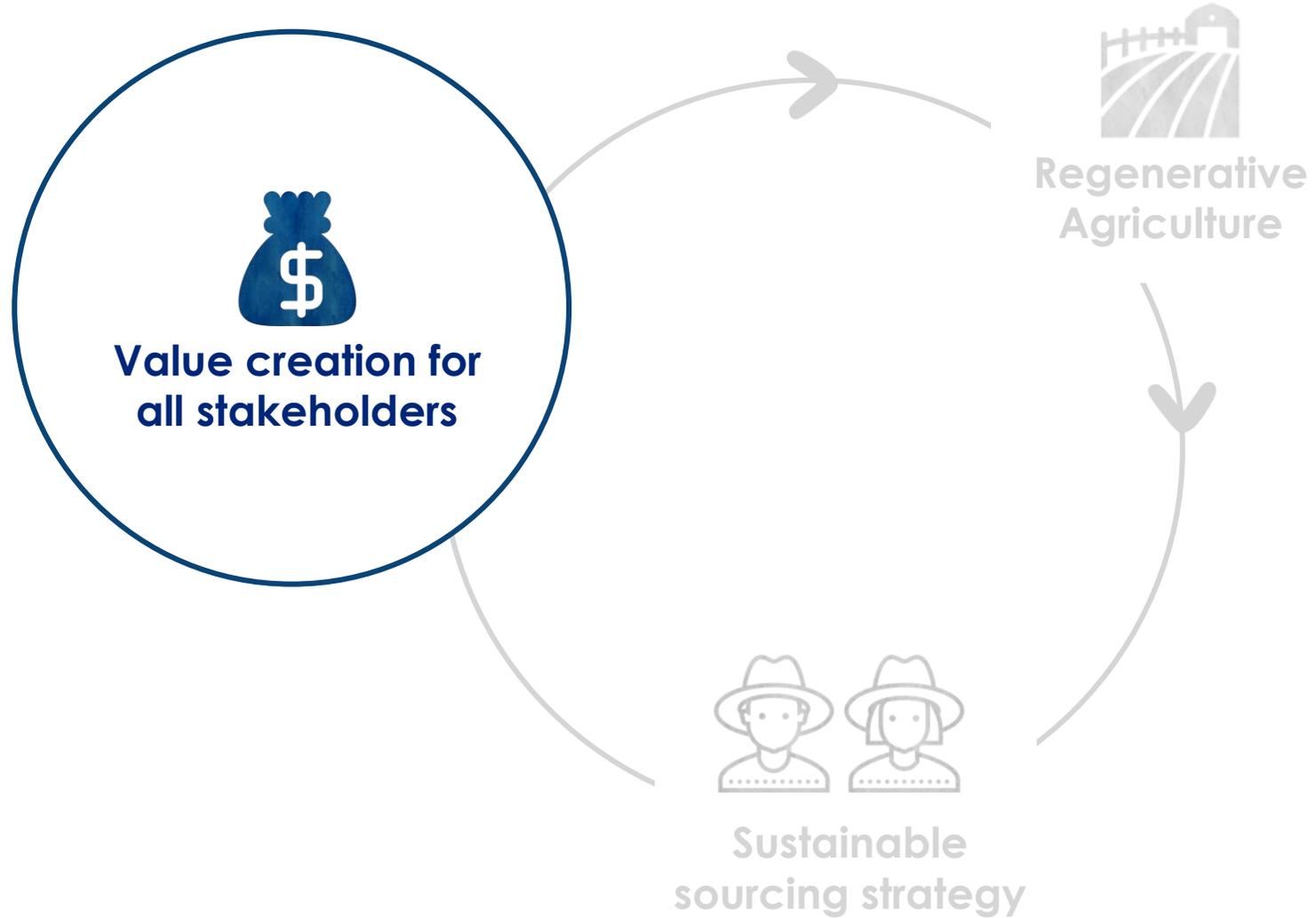
The solution: regenerative agriculture at scale (investment in new equipment to reduce compaction and enhance the soil)

The results in 3 to 5 years: double win - reduced costs and increased productivity

complete elimination of chemical inputs & water savings

20% increase in productivity

Thanks to agriculture, we can build a virtuous cycle



Value Creation

Differentiation for growth



All « organics » categories outpacing category growth by +7% (1)



(1) Euromonitor



Grassfed

Soil & Farmers



Optimize Cost Structure

Decrease volatility
Expl. Cost Performance Model (CPM)
Long term approach



Economic viability for the farmers

Cost management for Danone



#BeRegenerative
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