



DANONE
ONE PLANET. ONE HEALTH

COMPANY DASHBOARD 2018

FINANCIAL
AND
EXTRA-FINANCIAL
RESULTS



DANONE 2030 GOALS

IN LINE WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



OUR BRAND MODEL

OUR BUSINESS MODEL



OUR TRUST MODEL



SUSTAINABLE DEVELOPMENT GOALS





OFFER SUPERIOR FOOD EXPERIENCES AND INNOVATE, ALWAYS



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
FOOD SAFETY AND QUALITY			
FSSC 22000 certification of our production sites	67%	74%	100% by 2020
E-COMMERCE			
Double e-commerce size		€1 bn	€2 bn by 2020
PLANT BASED BUSINESS			
Tripling the Plant-Based business		€ 1.7bn	≈ € 5bn By 2025
DANONE MANIFESTO VENTURES			
Investment by the Danone Manifesto Ventures		€100M	€200 M by 2020

2018 KEY HIGHLIGHTS



1/4

Innovations/Renovations accounted for 1/4 of our sales in 2018 (vs 16% in 2016).

40%

We are 40% faster in bringing recent innovations to market this year, thanks to design-thinking, fast prototyping and a more open innovation process involving partners and consumers.

INNOVATIONS IN 2018

WATERS



ESSENTIAL DAIRY AND PLANT-BASED



SPECIALIZED NUTRITION





DELIVER SUPERIOR SUSTAINABLE PROFITABLE GROWTH



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
FINANCIAL PERFORMANCE			
LFL sales growth	3.9%	2.9% ⁽¹⁾	4 to 5% by 2020
Recurring operating margin	14.4%	14.5%	> 16% by 2020
Net debt / EBITDA	3.3 x	2.9x	< 3.0 x by 2020
ROIC	10.3%	9.0%	≈ 12% by 2022

PROTEIN

Protein gross savings	-	€300M [≈]	€1bn by 2020
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2018 KEY HIGHLIGHTS

+2.9% (€ 24.7 bn)	+51 bps ⁽²⁾ (14.45%)	+12.8% ⁽³⁾ (€ 3.56)	+7.1% ⁽⁴⁾ (€ 2.2 bn)
NET SALES	RECURRING OPERATING MARGIN	RECURRING EPS GROWTH	FREE CASH FLOW

SYNDICATED CREDIT FACILITY

Syndicated €2 bn credit facility

Payable margin adjusted yearly to integrate ESG criteria

SOCIAL BOND

First emission of a social bond by a multinational company in line with the new Social Bond Principles⁽⁵⁾

€300 M to finance and refinance projects with a positive social impact

(1) Like-for-like New Danone. +3.6% excluding Morocco boycott impact.
 (2) Like-for-like New Danone. +58 bps excluding Morocco boycott impact
 (3) At constant exchange rate, excluding impact of Yakult Transaction Impact and IAS29
 (4) On a reported basis
 (5) The new Social Bond Principles, as set out in June 2017 by the International Capital Market Association. Please refer to the Press Release from March 19, 2018



68/100
Advanced Performer
+ 3 pts vs. 2017
Danone is sector leader



68/100
+ 5 points compared to 2017



AAA



Part of the FTSE4Good Index Series



1/10
Best score in Social Reporting as of January 2019



BE CERTIFIED AS A B CORP



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
B CORP™ CERTIFICATION			
B Corp™ certification	5 entities	11 entities	Global certification By 2030



2018 KEY HIGHLIGHTS

INCREASE GLOBAL COVERAGE

≈30% of our global business is covered by the B Corp™ certification⁽¹⁾



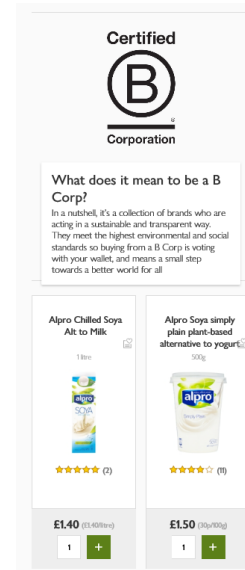
DANONE NORTH AMERICA AND DANONE CANADA CERTIFICATION

- Achievement two years ahead of target
- Danone North America is the largest Certified B Corporation® in the world
- Danone Canada becomes the largest consumer-facing Certified B Corporation® in Canada

LEVERAGING THE CERTIFICATION

7 out of 9 Subsidiaries started leveraging the certification at brand level using social media and on-pack marketing

E-COMMERCE ACTIVATION



WAITROSE & PARTNERS

Virtual shelf dedicated to products from B Corps™ certified companies on Waitrose online shop

(1) Excluding Grameen Danone and Danone Manifesto Ventures turnover, not consolidated as both are treated as equity affiliates



IMPACT PEOPLE'S HEALTH LOCALLY



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
BETTER PRODUCTS			
Volumes of products compliant with our 2020 Nutrition Targets ^{(1) (2)}	73%	78%	100% by 2020
Volumes of products in line with the sugar target	77%	86%	100% by 2020
Volumes of products in line with the saturated fat target	98%	98%	100% by 2020
Volumes of products in line with the salt target	86%	86%	100% by 2020



Data are calculated through the One Health Scorecard, representing 61 reporting entities and about 65% of Danone's annual net sales in 2018.
 (1) Danone Nutrition Targets are available [here](#)
 (2) All product categories except packaged water, cooking aids, and products for which a target is not yet defined. 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.
 (3) Refers to water, yogurts, milks and other daily dairy products, beverages with 0% sugar, early life nutrition products (except biscuits and beverages for children under 3 years old) and medical nutrition. The remaining categories are mainly low sugar beverages and indulgent products.

2018 KEY HIGHLIGHTS

BETTER PRODUCTS	BETTER CHOICES	BETTER HABITS
<p>89% (88% in 2017) of volumes of products sold are in healthy categories⁽³⁾</p> <p>10% (21% over 2015-2017) of volumes of products sold have been nutritionally improved in 2018</p> <p>81% of volumes of products sold are without added sugar</p> <p>25% (30% in 2017) of volumes of products sold are fortified products</p>	<p>99% (same as in 2017) of volumes of products sold with on-pack information</p> <p>100% (same as in 2017) of volumes of products sold with off-pack information (online, call center...)</p> <p>73% (74% in 2017) of volumes of products sold providing an indication of the portion size</p>	<p>92% of entities have declared a public health cause and are committed to act on it</p> <p>30 (28 in 2017) active education and information programs</p> <p>>35M (28M in 2017) people potentially reached since the launch of these programs</p>

- We are among the **TOP 3** performing companies
- We are **1st** on Breast-Milk Substitutes Marketing sub-ranking

Nutriscore implementation in EU
 A voluntary information on nutritional quality

- In 2018, gradual roll out in France to reach 100% of our fresh dairy packaging by the end of 2019
- In 2019, start roll-out in Belgium, Austria, Germany, Switzerland and Slovenia



GROW MANIFESTO BRANDS



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
MANIFESTO BRAND			
Brands embarked on Manifesto Brand journey	40	46	All by 2020

Manifesto brands are purpose driven brands that act as true activists towards their point of view. They pursue a purpose based on social, health and / or environmental issues that matter to its consumers and communities, and are committed to creating a positive social impact whilst delivering sustainable, profitable growth.



**MANIFESTO BRANDS ARE GROWING
3 TIMES FASTER THAN AVERAGE
DANONE BRANDS**

65% of our business has already embarked on a Manifesto Brand journey

(1) Villavicencio, Les 2 Vaches, Bonafont, Happy Family, evian, Alpro, Aqua, Blédina, Nutrilon, Phosphatine

2018 KEY HIGHLIGHTS

10 MANIFESTO BRANDS⁽¹⁾ **>** **20%** accounting for 20% of Danone sales in 2018

gender equality

circular economy

lower impact on the planet

support to organic agriculture

nourishing happiness







PRESERVE AND RENEW THE PLANET'S RESOURCES



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
CLIMATE CHANGE ☁️			
Reduction in CO ₂ emissions intensity on Danone's full scope (g of CO ₂ eq/kg products sold) ⁽¹⁾ 	10.5%	15.6%	50% by 2030
Absolute reduction on Danone's scope 1 and 2 CO ₂ emissions ⁽¹⁾ 	9.7%	20.3%	30% by 2030
Renewable electricity	18%	34%	100% by 2030
WATER STEWARDSHIP 💧			
Waters division sites having run a SPRING audits <i>SPRING: Sustainable Protection and Resources managING</i>	100%	100%	100% by 2020
Reduction in water consumption intensity in operations since 2000	50%	48% ⁽²⁾	60% by 2020
CIRCULAR ECONOMY ♻️			
Packaging recyclable, reusable or compostable	86%	87%	100% by 2025
Recycled PET used in average in Waters Division	10%	12%	50% by 2025
REGENERATIVE AGRICULTURE 🐄			
Fresh milk volumes worldwide assessed against animal welfare requirements in Essential Dairy and Plant-Based Division ⁽³⁾	-	43%	80% by 2020


2018 KEY HIGHLIGHTS


 **26,318,000**
(21,614,000 in 2017)


tons of CO₂ equivalent emissions of for our total scope of responsibility.


Our ambition


Carbon neutrality by 2050




68% of volumes of products covered by the ISO14001 certification 


16% of total renewable energy 

38% of packaging is made of recycled materials 

79% of paper and board packaging is made of recycled fibers or FSC certified fibers 

 **CIRCULAR ECONOMY**

- Natur'All Bottle Alliance created in 2017 by Danone, Nestlé and Origin material to scale up production of bio-based plastic is joined by Pepsico
- The Water subsidiary AQUA launched its pledge to address the issue of plastic waste in Indonesia
- Partnership between evian and Loop Industries to create bottles with 100% recycled plastic by 2025

 **REGENERATIVE AGRICULTURE**

On September 21st, all French Danone brands donated a full day's sales to support regenerative agriculture projects. 1,500 Danone employees and farmers rallied in stores across France to raise consumers awareness on regenerative agriculture.

> €5 M to be invested in regenerative agriculture projects

For more information on the reporting scopes, see our [Methodology Note](#)

(1) The data is based on a constant consolidation scope and a constant methodology, 2015 baseline. Scope 1, 2 and 3 definitions are available in our 2018 Integrated Annual Report : iar2018.danone.com

(2) Decrease is mainly due to WhiteWave integration

(3) Include the following countries : Algeria, Argentina, Belgium, Brazil, Egypt, France, Germany, Mexico, Poland, Romania, Russia, South Africa, Spain, and the U.S.A..



ENTRUST DANONE'S PEOPLE TO CREATE NEW FUTURES



PERFORMANCE TOWARDS OUR AMBITION

	2017	2018	TARGET
INCLUSIVE DIVERSITY			
Percentage of women at Executive level	25%	28%	30% by 2020
Percentage of Executives from non-Western European countries	23%	28%	30% by 2020
Roll-out Danone Parental Policy	3 countries	9 countries	All by 2020
HEALTHCARE			
Employees covered by Dan'Cares ⁽¹⁾ or equivalent health coverage standards	≈ 70,000	74,420	100%
HEALTH & SAFETY			
Fatal accidents	2	2	0 by 2020
Reduction of workplace accidents with lost-time ⁽²⁾ (Frequency rate of workplace accidents with lost-time)	1.8	1.6	50% by 2020

For more information on the reporting scope, see our [Methodology Note](#)

(1) 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.
 (2) Baseline 2014

2018 KEY HIGHLIGHTS

105,783 employees (104,843 in 2017)

DIVERSITY	TALENT	SOCIAL DIALOGUE
50% of female manager, Director and Executive (49% in 2017)	94% of permanent employees trained (90% in 2017)	10 worldwide agreements signed between Danone and the IUF
57 countries in which we have employees	25 Training hours per person (27 in 2017)	

'ONE PERSON, ONE VOICE, ONE SHARE' PROGRAM

We are one of 230 companies selected for the 2019 Bloomberg Gender-Equality Index

- > 75,000 participants to the worldwide digital consultation and some 35,000 volunteers to analyze the consultation's result and insights.
- Each employee will be granted one Danone share combined with an annual, amplified dividend-based incentive scheme, starting in 2019. We will also implement employees share purchase plan similar to the French mechanism.





FOSTER INCLUSIVE GROWTH



2018 KEY HIGHLIGHTS



Social businesses fighting against poverty by giving access to safe drinking water and adapted alimentation

€18.9M invested

10 social businesses in 14 countries

1.1 million

Beneficiaries in total

300,000

Beneficiaries in the fight against malnutrition and poverty

800,000

Beneficiaries with access to safe drinking water



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

€ 196M in funding

Including € 119M of co-funding from project partners

45 active projects

in 2018

4,087

jobs created

57,259

People professionally empowered



Investment funds dedicated to carbon assets restoration and family farming

LIVELIHOODS CARBON FUND #1

€ 27.8M invested by the fund's shareholders

1.2 million people positively impacted since 2011

126 million trees planted since 2011

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

LIVELIHOODS CARBON FUND #2

Launched in 2018 with the objective of accelerating actions for climate and for most vulnerable populations

LIVELIHOODS FUND FOR FAMILY FARMING

€ 18.4M invested by the fund's shareholders

13,900 people reached

1,500 farms connected to markets or supply chains of investors in the fund



FOSTER INCLUSIVE GROWTH



2018 KEY HIGHLIGHTS

WORKING WITH RAW MATERIAL PRODUCERS

58,000
farms from which we source directly or indirectly our milk

> 90%
are smallholder farms (less than ten cows)



COST-PERFORMANCE MODEL

24%
(19% in 2017)

of total milk volumes collected come from producers working with Danone under long-term contracts also called Cost-Performance Model (CPM)⁽¹⁾ contracts

43%
(40% in 2017)

of total milk volumes collected in Europe and in the U.S come from producers working with Danone under CPM contracts⁽¹⁾

INGREDIENTS TRACEABILITY

CANE SUGAR **43%** traceability back to the mill **41%** traceability back to plantation

FRUITS **100%** of fruits traced back to the first level of industrial processing after harvest

CACAO **70%** traceability back to country

PALM OIL **58%** of palm oil purchased is certified "RSPO segregated" **96%** is certified "RSPO segregated" excluding WhiteWave scope

RESPECT PROGRAM

Our responsible procurement program for our direct suppliers*

4,043
suppliers' sites
are registered on the SEDEX platform

333
SMETA audits
were conducted on Danone tier 1 suppliers identified as high-risk, commissioned either by Danone or by peers (vs 195 in 2017)

**Program scope: suppliers except milk producers*

(1) The Cost-Performance Model (CPM) contracts with producers are deployed in the U.S., in Europe and in Russia to reduce milk price volatility, offering better visibility and financial stability.



SERVE THE FOOD REVOLUTION WITH PARTNERS



2018 KEY HIGHLIGHTS

THEMATIC PARTNERSHIPS

EMBRACING CIRCULAR ECONOMY

Global partnership with Ellen MacArthur Foundation



PROMOTING HEALTHY SUSTAINABLE DIET

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



INDUSTRY COLLABORATION

COLLABORATION FOR HEALTHIER LIVES

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



FOSTER BIO-BASED PACKAGING

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



MULTILATERAL ORGANIZATIONS

ADVOCATE FOR INCLUSIVE DIVERSITY



Emmanuel FABER UN Inaugural Thematic Champion

WETLANDS PROTECTION

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



STRENGTHEN INCLUSIVE GROWTH

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





SERVE THE FOOD REVOLUTION WITH PARTNERS



2018 KEY HIGHLIGHTS

WORKING WITH BUSINESS PARTNERS



3RD EDITION OF TESCO HELPFUL LITTLE SWAPS IN THE U.K.

Helpful 'little swaps' purpose is to make it both simpler and cheaper for consumers to make healthier choices in store

Helpful Swaps are highlighted in stores



INVESTING IN THE FUTURE OF FOOD

DANONE MANIFESTO VENTURES



INVESTMENT

Health for Life Capital (HFLC) investment fund

OPEN INNOVATION

