

DA NO NE 15

**INTEGRATED
REPORT**

BRINGING HEALTH
THROUGH FOOD
TO AS MANY PEOPLE
AS POSSIBLE





DANONE

★ DANONE,
A GLOBAL FOOD COMPANY
WITH A UNIQUE MISSION,
CULTURE AND BUSINESS MODEL ★

★ DANONE COMPANY ★

- A. Heritage
- B. Mission
- C. Vision

★ INTEGRATED REPORT ★

- A. Our Projects
- B. KPI's
- C. External evaluations



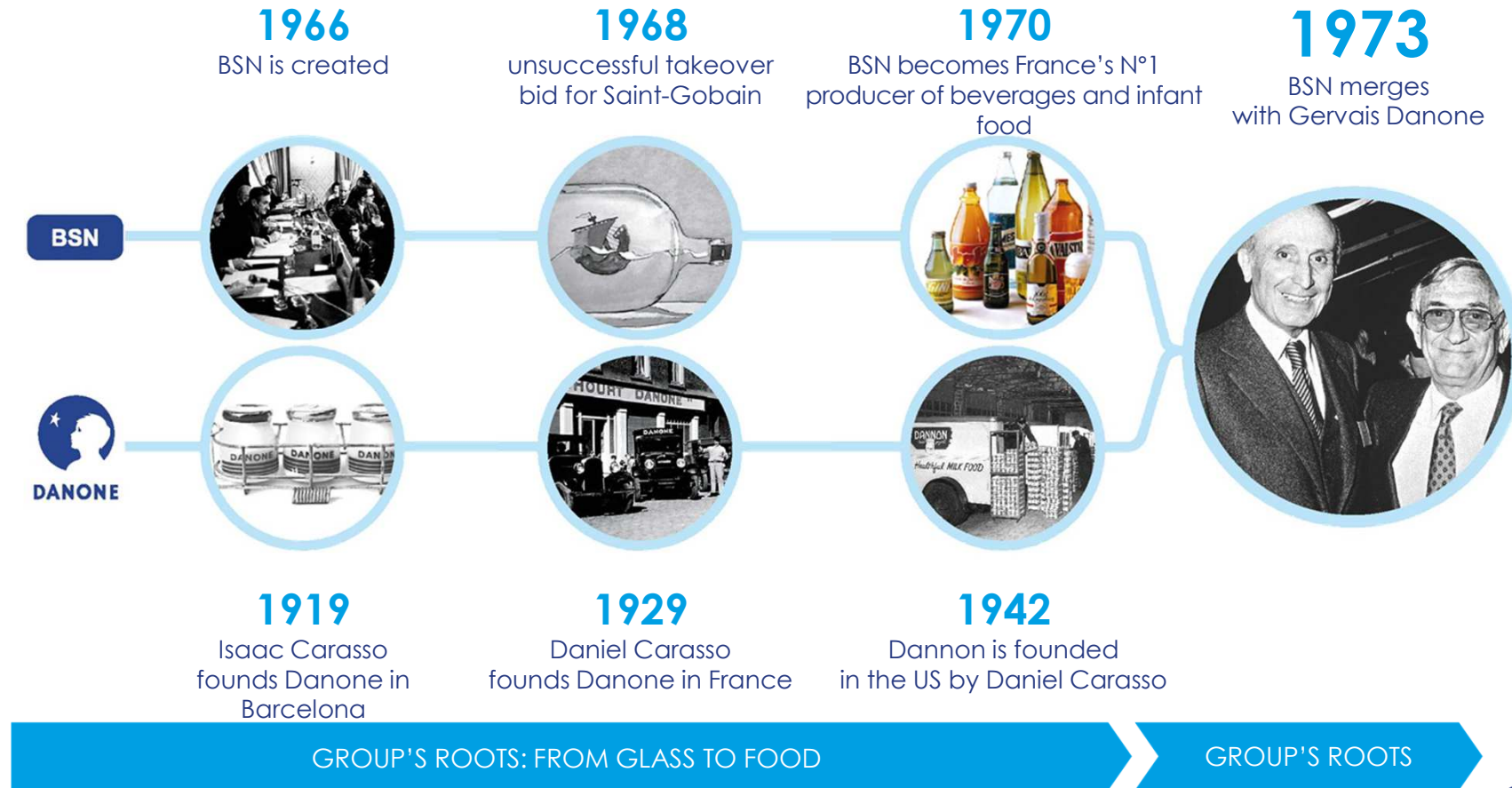
★ DANONE COMPANY ★

HERITAGE,
MISSION AND VISION

A. HERITAGE



OUR HISTORY IN A NUTSHELL



OUR HISTORY IN A NUTSHELL

1989

The BSN group became the third largest diversified food and beverage company in Europe, and the largest in France, Italy, and Spain



90's

Laid the groundwork for its international development



1994

BSN is renamed Danone Group. A new logo is created



1973-1990 EUROPEAN EXPANSION

1990-1996 GLOBAL AMBITIONS



OUR HISTORY IN A NUTSHELL

1996

Riboud succeeds to his father Antoine as CEO



2006-2007

Formalization of the mission and acquisition of Numico



since 2007

International development strategy



2014

Franck Riboud
Chairman of the Board
Emmanuel Faber
Chief Executive Officer



Bringing health through food to as many people as possible.

1996-2007 REFOCUS ON HEALTH FOOD

Since 2007 ACCELERATION OF INTERNATIONAL DEVELOPMENT



THREE CEOS SINCE THE BSN AND GERVAIS DANONE MERGER

Foundation of the Dual Project



**Antoine Riboud
(1973-1996)**

*1972: "The frontiers
of the company do not stop
at the factory gates..."*

Health Mission



**Franck Riboud
(1996-2014)**

*2009: "How can a company
expect to thrive in an economic
and social desert?"*

Manifesto & Danone 2020



**Emmanuel Faber
(2014-)**

*2014: "As CEO, I pledge to pursue
Danone's dual commitment
to business success and social
progress"*



B. MISSION

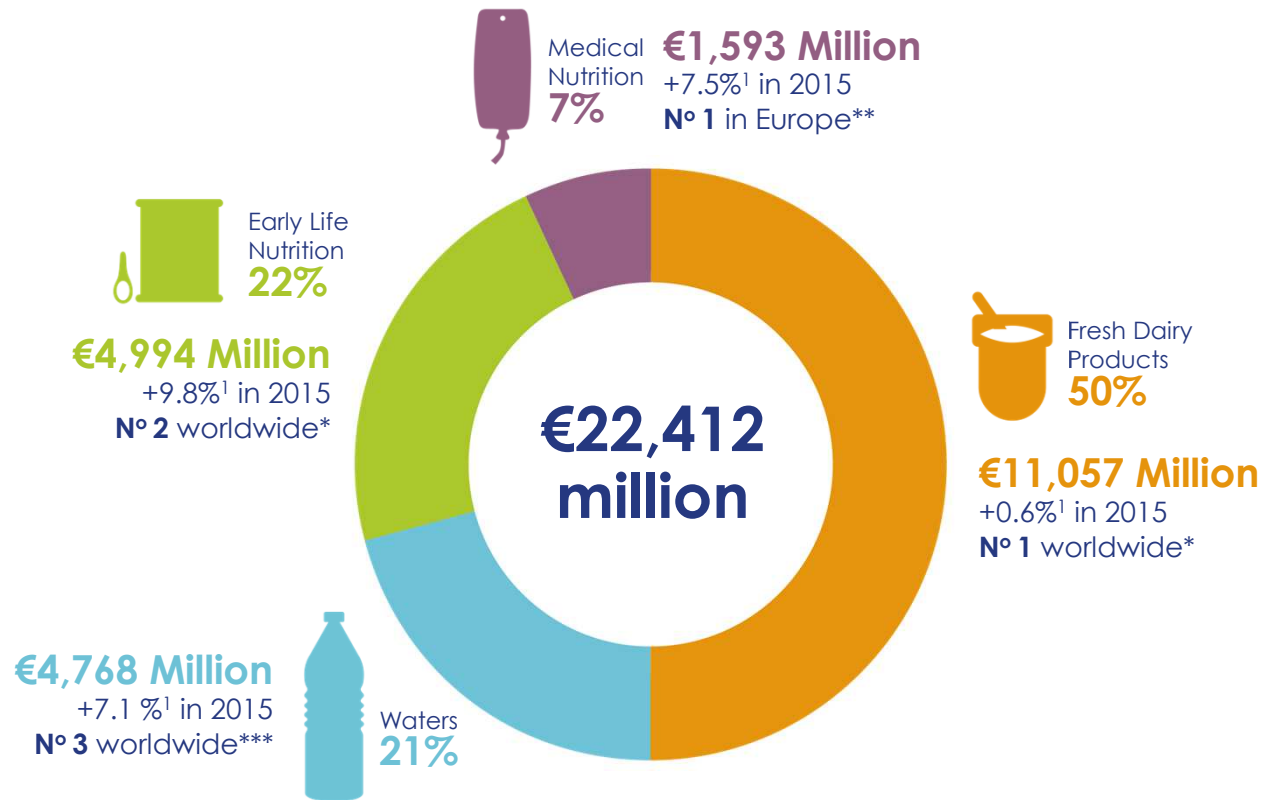
A GLOBAL FOOD COMPANY



A UNIQUE CULTURE



A LEADERSHIP POSITION ON OUR 4 BUSINESS ACTIVITIES



¹ like-for-like sales growth

All rankings are in value / sources: *Nielsen, **IMS Europe, ***Canadean.



BASED ON A HEALTH-DRIVEN PORTFOLIO



FRESH DAIRY PRODUCTS



WATERS



EARLY LIFE NUTRITION

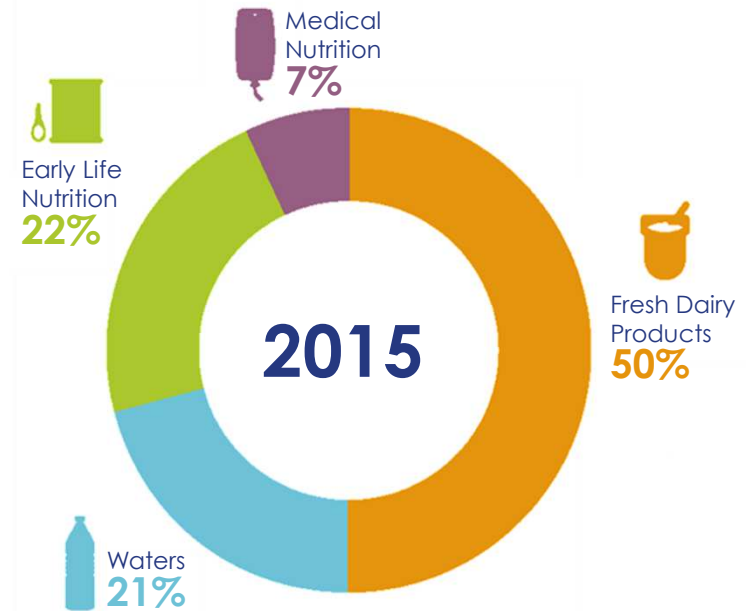
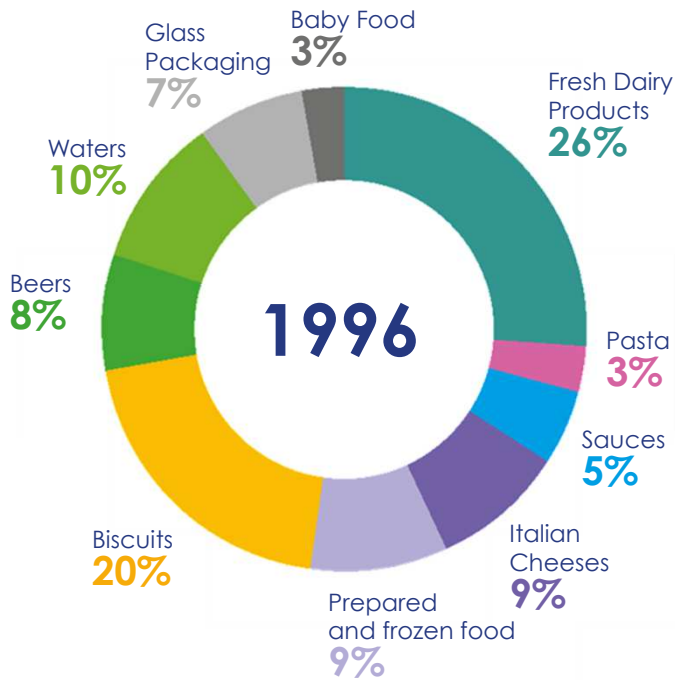


MEDICAL NUTRITION



1996-2015: FOCUSING THE PRODUCT PORTFOLIO ON HEALTHY FOOD

Sales breakdown



39%

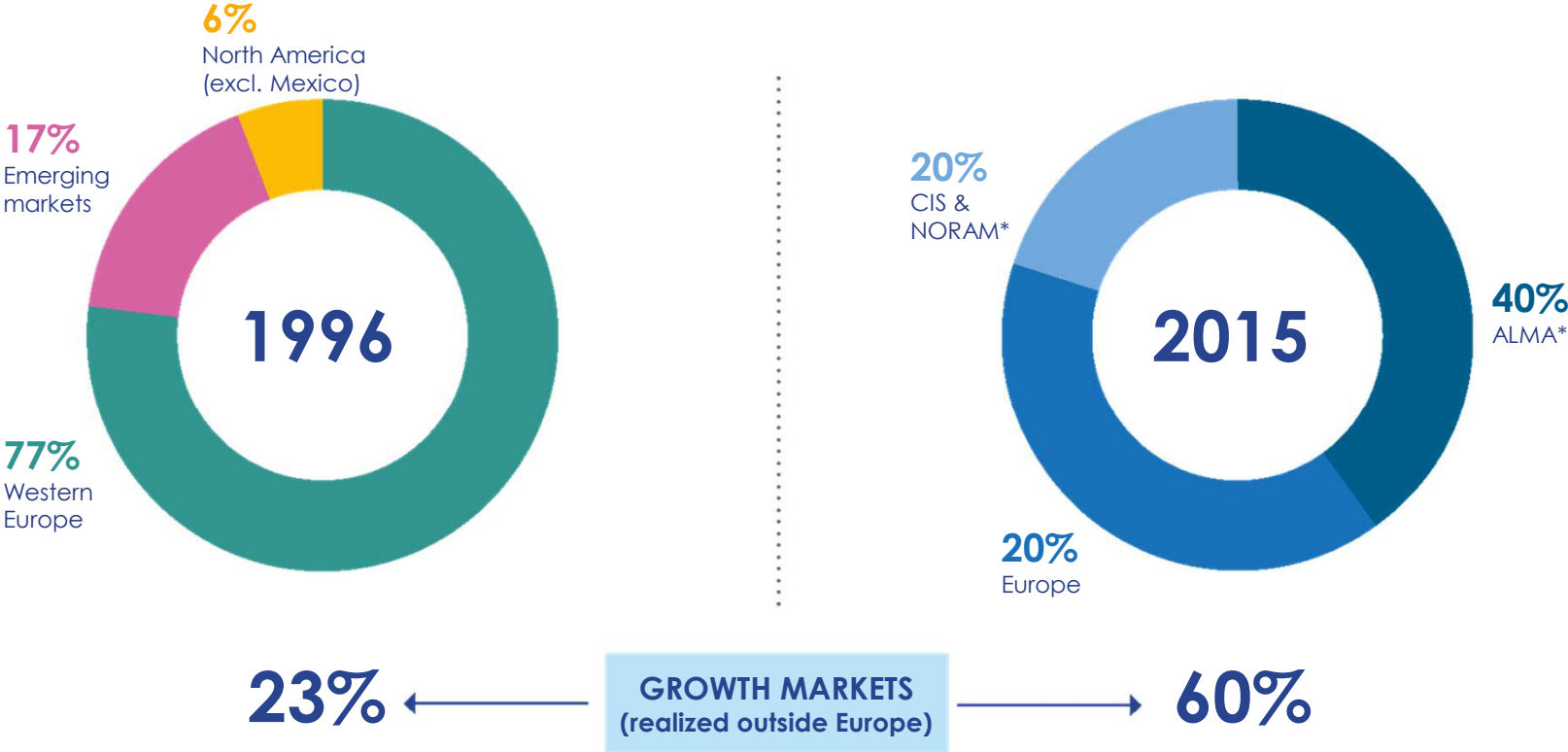
HEALTHY FOOD

100%



1996-2015: A NEW GLOBAL EQUILIBRUM

Sales breakdown



*NORAM – North America: USA+ Canada / ALMA: Asia Pacific + Latin America + Middle East + Africa.



C. VISION

A UNIQUE MISSION AND A DUAL ECONOMIC AND SOCIAL PROJECT AT THE HEART OF THE COMPANY

Our mission

Bringing health through food to as many people as possible.



Our dual economic and social project

As early as 1972, Antoine Riboud was drawing attention to the environmental and social impact of businesses on the planet.



TRANSFORMATION IN MOTION:
TOWARDS STRONG, PROFITABLE AND SUSTAINABLE GROWTH BY 2020



**STRONG
PROFITABLE
SUSTAINABLE**

GROWTH

THE MANIFESTO



Emmanuel Faber,
Chief Executive Officer, Danone

“The Manifesto is an invitation to share ideas and feelings. It invites for the 1st time 100,000 collaborators to a discussion and a collaborative experience.”



OUR CONVICTIONS

At Danone, we believe that...

GOOD HEALTH IS EVERYTHING TO ALL OF US

Good health is a state of general well-being. It involves the mind as well as the body, and emotion as well as sensation.

FOOD IS HEALTH'S MOST SIGNIFICANT PARTNER

Healthy eating is an essential part of life, to build and to maintain our well-being. From the earliest times, all over the world, people have always understood this.

HEALTH CANNOT LIVE LONG WITHOUT PLEASURE

Without appetite and delight, no one would eat or keep eating well. Pleasure in food is a precondition of every healthy lifestyle.

FOOD IS THE WARMTH BEHIND EVERY CULTURE

Healthy eating is an idea that goes beyond nutritional needs and appetites. Its richness is a part of every culture - always different and always special - and worth taking the time to understand.

THE WEALTH OF NATIONS GROWS FROM A HEALTHY PLANET

Everything we eat depends on the earth that it grows in or feeds on. As gardeners of this planet, we have a duty of care to manage its resources responsibly and sustainably.

RESEARCH IS OUR BEST ALLY

Food is more than nature. It is the outcome of human endeavour, combining technological progress with deeper understanding of its value and its potential.

PREPARING FOR TOMORROW IS THE BUSINESS OF TODAY

New ways can and will be found, to better serve this generation and the next, and to bring healthy, affordable food and safe water to the greatest number, across the world.

MISSION IN ACTION

At Danone, we stand for...

FOR HEALTH AND WELL-BEING

We will stand next to our employees and our consumers in their quest for good health, by encouraging diets and lifestyles that will bring the most benefit in people's lives.

WITH THE BEST WE CAN DO, ALWAYS

We will stand by all our products and services, with pride, as a guarantee of their quality and integrity - whatever a consumer may choose, and wherever they may choose it.

FOR EVERY INDIVIDUAL, AT EVERY AGE, WITH PLEASURE

We will stand for the widest range of products and services to feed the needs and wishes of every person at every key stage of life, encouraging balanced nutritional habits or delivering specific health benefits.

FOR YOUR HOME, NOT SOMEONE ELSE'S

We will stand up for the principle that every culture has the right to preserve its own way of eating and living well, by offering products inspired and developed out of local needs and ideas.

FOR OUR PLANET AND ITS LIVING HERITAGE

We will stand together for a healthy planet and devote all our energies to protect and preserve the abundance of life and the variety of nature, in all its forms and ecosystems.

FOR WHAT IS INVENTED AND WHAT STILL NEEDS TO BE INVENTED

We will always respect our obligation to prepare the future through new, sustainable ways to provide healthy food and access to safe water for all, by bonding with communities and stakeholders. We will keep our place at the forefront of these efforts.

NOT ALONE, BUT WITH PARTNERS AND FRIENDS

We will stand firmly by our belief that it is better to walk together than apart, by engaging always with more consumers and more communities, in our common quest to find better health through better food, for the greatest number.



DANONE 2020: A JOURNEY OF COMPANY TRANSFORMATION

There are 3 streams that will ensure
Danone's relevance to the challenges of our time:

DANONE 2020*



Alimentation

Beyond selling food and beverage products

- Alimentation essentials
- Community engagement
- Manifesto in action incubators
- Danone city units



Food & water cycle

Beyond buying materials

- Milk cycle
- Water cycle
- Plastic cycle

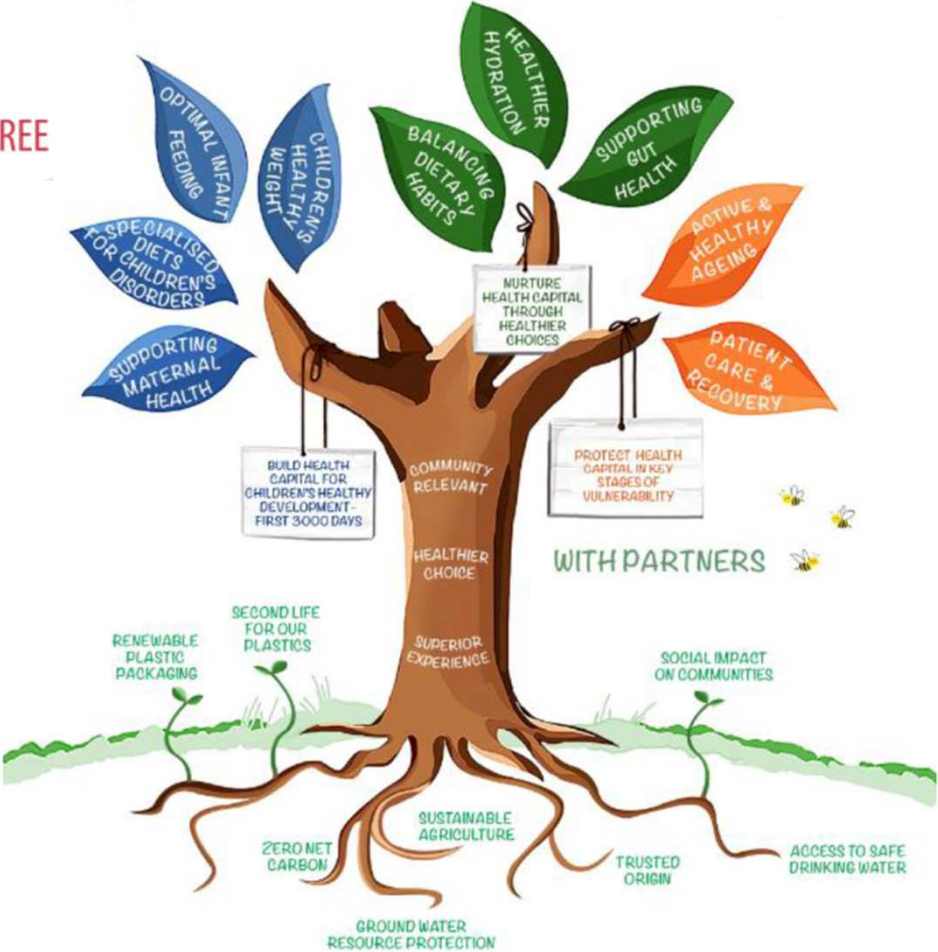


People & organization

Beyond traditional organization structure and process

- 100,000 talents
- One Danone organization
- Beyond budget

OUR VISION OF ALIMENTATION





★ INTEGRATED REPORT ★

OUR MISSION, OUR VISION,
OUR ACTIVITIES
AND OUR APPROACH
FOR A HEALTHIER FUTURE

A. OUR PROJECTS: HEALTHIER FUTURE IN ACTION



UNIQUE BUSINESS APPROACH BETTER HEALTH BETTER LIVES BETTER WORLD

UNIQUE BUSINESS APPROACH



UNIQUE BRANDS AND CATEGORIES

True to its mission of "bringing health through food to as many people as possible", Danone has reaffirmed and translated this mission into a Manifesto, core of the transformational "Danone 2020" five-year plan.

Sales growth*
> +5%



3-5%*



7-10%*



7-10%*



6-8%*

*Like-for-like.



DANONE

UNIQUE BUSINESS APPROACH - COMPLIANCE IN DANONE



ORGANIZATION

- Establishment of the General Secretary organization
- Introduction of a new Corporate Compliance function:
 - ✓ Further develop the company-wide compliance culture
 - ✓ Ensure a globally consistent compliance program
- The Chief Compliance Officer reports to the General Secretary (COMEX member)

POLICIES

- The Corporate Compliance function developed a number of Corporate Compliance policies including the new version of the Code of Business Conduct.
- The new Code of Business Conduct reflects Danone dual project and contains a top-level commitment to high standards of compliance Danone must adhere to.
- In addition to the Code of Business Conduct a number of policies in the core areas of integrity, competition, personal data privacy and international trade sanctions and related subjects have been developed.

DIALERT ETHICS LINE

- Allow employees to report potential infringements of the Compliance Program
- Ask questions on the Compliance program implementation:
 - ✓ Minimize accidental detection of non-compliance
 - ✓ Facilitate the information in the organization
- A best in class tool in terms of security and privacy (European Privacy Seal)

UNIQUE BUSINESS APPROACH SUSTAINABLE PROCUREMENT



THE RESPECT PROGRAM (Launched in 2005)

- Expand Danone's dual commitment to business success and social progress throughout its entire supply chain except for milk producers covered by the sustainable agriculture program FaRMS.
- Assess supplier's social, environmental and ethical business performance in order to secure Danone's supply chain, conserve the planet's natural resources, and protect the people who work for and with the Company.
- Put responsible, sustainable sourcing practices into place throughout Danone's supply chain (Danone is a member of the AIM-Progress forum).
- Danone's Sustainability Principles structured the RESPECT program around social, environmental and ethical fundamentals that are built into the General Terms of Procurement and thus are included in all contracts.
- Danone asks its suppliers to join SEDEX, a data-sharing platform widely used by members of AIM-Progress.
- SEDEX platform members are asked to complete a comprehensive self-assessment to assess the level of risk.

UNIQUE BUSINESS APPROACH - TAX POLICY



- Over the past few years, perceived international tax avoidance by large multinational corporations has come under increasing scrutiny from the media, the public and non-governmental organizations.
- "OECD" has responded with an intensive effort to develop 15 Action Plans under the Base Erosion and Profit Shifting (BEPS) initiative.
- As a global corporation, Danone recognizes the importance of taxation for the budgets and development of the countries where we do business.
- Danone supports the BEPS initiative and have contributed to it actively by providing input for business consultations.
- The first corporate tax policy is reflecting Danone's commitment to explaining its guiding principles in relation to taxes.



BETTER HEALTH - STRATEGY & COMMITMENTS



HEALTHIER PRODUCTS

- Focus our business on categories that make people healthier
- Improve the nutritional quality of our products
- Provide healthier alternatives with our products: Nutriways



HEALTHIER LIFESTYLES

- Encourage healthier diet and lifestyles practices
- Create education programs with local stakeholders



COMMUNITY RELEVANT

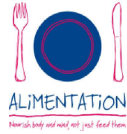
- Understand the diet and nutrition landscape in each country
- Nutriplanet: a comprehensive database of eating, drinking, cultural and social practices



RESPONSIBLE COMPANY PRACTICES

- Food safety
- Product nutrition labelling
- Responsible advertising, especially to children
- Responsible marketing of Breast Milk Substitutes





BETTER HEALTH - 2015 RESULTS



HEALTHIER PRODUCTS

- **88%** of our sales (by volume) came from healthy product categories
- **86%** of volume of products compliant with Danone's nutritional standards
- **29%*** of volumes were nutritionally improved between 2012 and 2015
- **Nutriways:** program monitoring nutrition in 32 countries

HEALTHIER LIFESTYLES

- **43** of the 44 subsidiaries reporting for the Health and Nutrition Scorecard provided their employees access to "Health at work" programs
- **100%** of the Health Nutrition Scorecard subsidiaries have a maternity policy that allows employees to take paid maternity leave

COMMUNITY RELEVANT

- **53** countries are covered by a Nutriplanet study, **15** by a fluid intake survey

RESPONSIBLE COMPANY PRACTICES

- Education programs: **148** consumer programs, reaching **520** millions of people
- **99.2%** compliance with the International Chamber of Commerce Framework for Responsible Food and Beverage Marketing Communications
- More than **21,000** employees training on nutrition and/or hydration in the last two years

*Waters & Medical Nutrition not included as designed to meet very specific patient needs.





BETTER LIVES - STRATEGY & COMMITMENTS



SOCIAL DIALOGUE

- Deeply rooted in Danone's dual economic and social project since Antoine Riboud Marseille's speech of **1972**
- Still a fundamental part of Danone Committee for Information & Consultation (CIC)

HEALTH & SAFETY

- Health and Safety of employees: cornerstone of Danone's dual social and economic project
- Integration of Health and Wellbeing into a successful "Wise" Safety program (Wise2)

TALENTS

- Fuel growth by attracting outside talents to bring in new passion, leadership and related skills

SOCIAL INCLUSIVENESS

- Fighting against malnutrition, guaranteeing access to water for everyone, supporting the local economy and supply while respecting and promoting human rights
- Develop meaningful brands integrating purpose for consumers and takes an inclusive approach to small or vulnerable actors along our value cycle



SOCIAL DIALOGUE

- **10** worldwide agreements have been signed between Danone and the IUF and joined visit are organized to monitor their implementation in more than 55 entities between 2009 and 2015.



HEALTH & SAFETY

- The number of workplace fatalities among Danone employees and on-site contractors in 2013-2015 **was down by two-thirds** relative to 2010-2012
- **7 000** lost time accidents avoided since the launching of Wise in 2003
- Stabilization of Health related absenteeism



TALENTS

- "Connect Land" program for marketing teams, with an app and a MOOC launched (2015)
- By year-end 2015, **43%** of Danone employees had more than 24 hours of training to supplement digital and on-the-job learning
- The proportion of women managers, directors and senior executives at Danone has risen from 26% in 2009 to **34%** in 2015.
- Relaunch of a digital training platform accessible to **32,000** employees



SOCIAL INCLUSIVENESS

- 1 million people have benefited from danone.communities projects
- 3 million people have benefited from Danone Ecosystem Fund projects
- 1.2 million people have benefited from Livelihoods projects



BETTER WORLD - STRATEGY & RESULTS



- Danone is 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.
- Danone will rely on co-creation, working with the farmers, suppliers, customers and local communities within its ecosystem to find solutions.



- Danone is committed to:
- Preserve the quality of this indispensable resource,
 - Respect its natural cycles by adopting responsible practices at every stage of its value cycle.



- Danone's strategy is to help create a circular economy for packaging.
- Danone aims to transform waste into a resource and use materials made from sustainable resources.
- Innovation will be the key to success.



- Danone is looking for ways to source sustainably, promoting farming models that are competitive but respectful of natural cycles and ecosystems.
- Danone will also work with farmers to develop new tools and solutions to support smart farming.





BETTER WORLD - 2015 RESULTS



- Reduction in CO₂ footprint - Intensity (g CO₂equivalent/Kg product): Danone's Direct Responsibility (DDR) is down **46%** since 2007 and 33% since 2010
- Measure CO₂ Full Scope : **35%** of revenue covered with SAP module
- Energy reduced **48%**
- Use only natural refrigerants - Point of Sale fridges & coolers: **81%** compliant
- Eliminate deforestation impacts from our supply-chains applying standards specific to each commodity: Paper & Board Policy - **95%** compliance in top four high-risk countries; Palm oil policy- **100%** compliance; Soy policy - pilot in Brazil complete.



- Protect natural Mineral Water resources: **79%** of sites have run SPRING audits
- "Clean Water Standards" for waste water: defined in 2015, 2016 will be first year of follow up on compliance
- Water consumption reduced by **42%**
- Measure Water Footprint: SAP Pilot launched in one CBU



- Give all packaging a second-life by transforming waste into a resource: The Ecosystem Fund has launched 5 projects with this goal
- Use more recycled materials: Waters uses **7%** rPET, Dairy uses 57% rPaper, Other divisions use **87%** rPaper
- Innovate with bio-sourced materials: Activia, Volvic, Danone Canada and Stonyfield are on board.
- Source 100% recycled paper or virgin paper from responsibly managed forests, with preference for FSC: Paper Board Policy: **88%** reached (and 95% for top 4 high-risk countries)



- Promote a Sustainable Agriculture: Criteria for sustainable milk and Early Life Nutrition raw materials have been defined
- Source raw materials sustainably: Palm oil: 100% RSPO fully segregated
- Soy : Pilot in Brazil



B. KEY PERFORMANCE INDICATORS



UNIQUE BUSINESS APPROACH BETTER HEALTH BETTER LIVES BETTER WORLD

HEALTHIER FUTURE KPI's - UNIQUE BUSINESS APPROACH



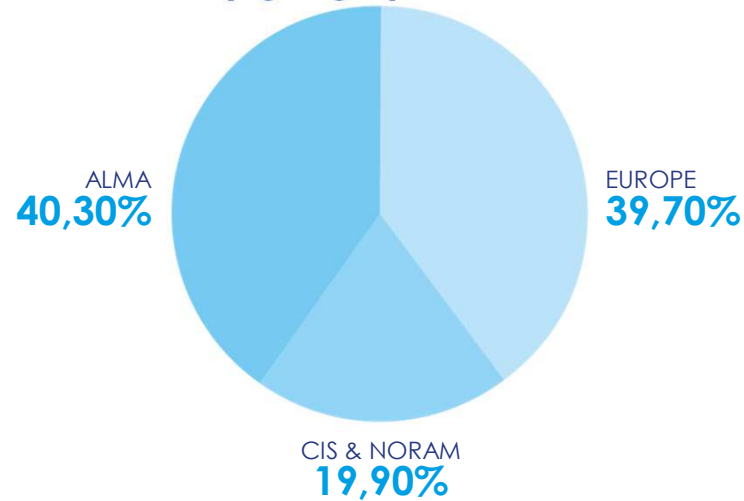
Sales growth⁽¹⁾

+4,4%⁽¹⁾

Trading operating margin⁽²⁾

+17 bps⁽¹⁾

Breakdown of sales by geographic area



FRESH DAIRY

WATER

EARLY LIFE NUTRITION

MEDICAL NUTRITION

Sales growth⁽¹⁾

+0,6 %

+7,1 %

+9,8 %

+7,5 %

Trading operating margin⁽²⁾

+49 bps

⁽¹⁾Like-for-like ⁽²⁾At constant exchange rates



HEALTHIER FUTURE KPI's - BETTER HEALTH



Healthy Products:

- **88%** of our sales (by volume) came from healthy product categories

Nutritional quality:

- **86%** of volume of products compliant with Danone's nutritional standards
- **29%** of volumes were nutritionally improved between 2012 and 2015
- **51%** of volume of 2015 products were fortified items

Nutritional information:

- **99%** of volume of products with on-pack or off-pack nutritional information
- **69%** of volume of products indicate the portion size
- **98%** of volume of products in Europe have front-of-pack nutritional information

HEALTHIER FUTURE KPI's - BETTER HEALTH



HEALTHIER
LIFESTYLES

« Health @ Work »:

- **43** out of **44** subsidiaries reporting for the Health and Nutrition Scorecard provided their employees access to "Health at work" programs
- **73%** of the employees covered by the scope of the Health Nutrition Scorecard

Maternity leave:

- **100%** of the Health Nutrition Scorecard subsidiaries have a maternity policy that allows employees to take paid maternity leave

Support for nursing mothers:

- **70%** of the Health Nutrition Scorecard subsidiaries have made arrangements to help employees continue to breast-feed after going back to work



HEALTHIER FUTURE KPI's - BETTER HEALTH



Nutriplanet: 53 countries are covered by Nutriplanet studies

“Fluid intake”: 15 countries are covered by specific fluid intake studies



Claims and advertising:

59% of products have nutritional claims

99,2% compliance with the International Chamber of Commerce Framework for Responsible Food and Beverage Marketing Communications

148 education and information programs were active this year, potentially reaching more than 520 million people.

881 information programs for healthcare professionals within the Advanced Medical Nutrition division

Skills, responsibility and outside opinions

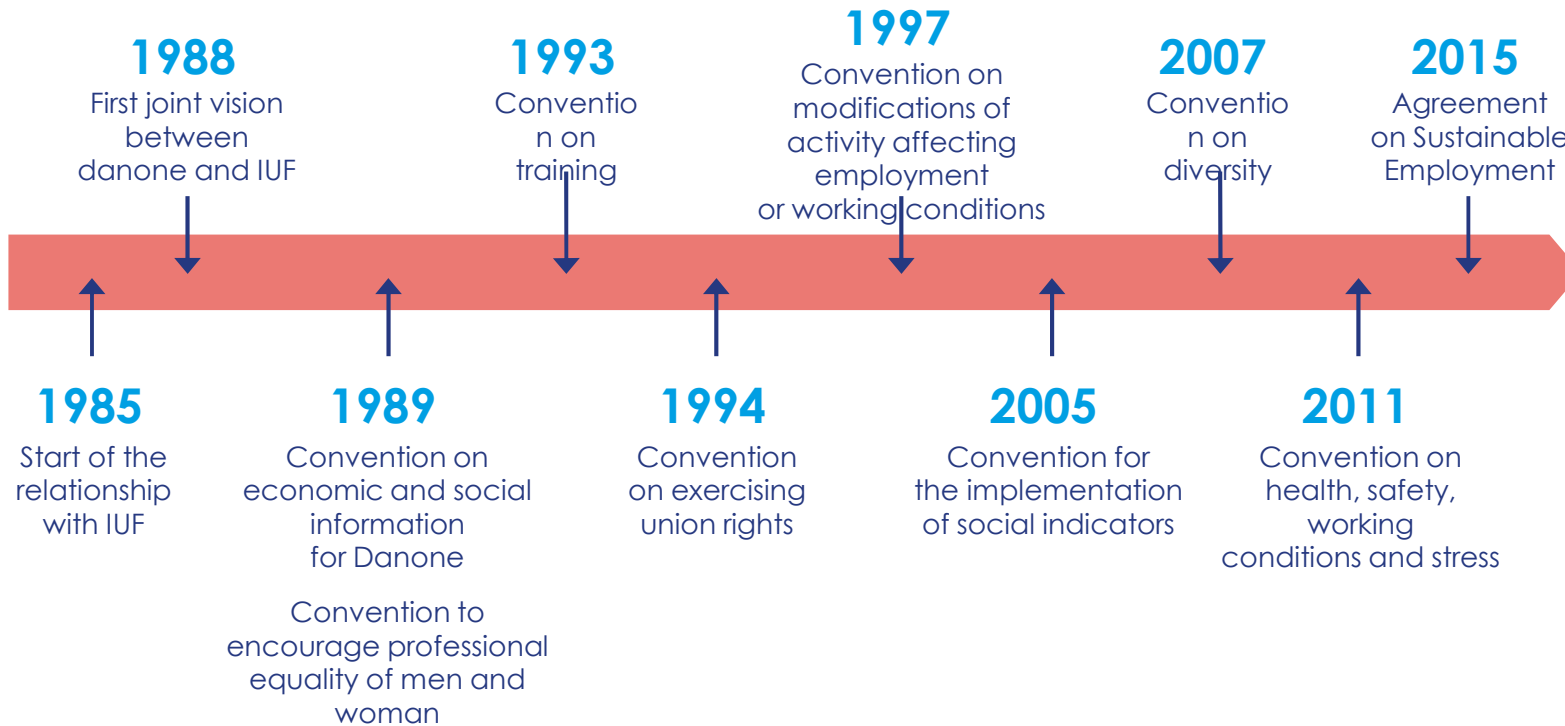
More than 21,000 employees training on nutrition and/or hydration in the last two years

80% of Health Nutrition Scorecard subsidiaries entrusted their handling of health and nutrition subjects to a clearly-identified person

Health Nutrition Scorecard subsidiaries have created 165 expert committees

Health Nutrition Scorecard subsidiaries are in regular contact with 1,743 experts around the world

HEALTHIER FUTURE KPI's - BETTER LIVES



HEALTHIER FUTURE KPI's - BETTER LIVES



Safety:

- Danone's 2015 frequency rate for workplace accidents with medical absence (FR1) was **2.0** for the Safety Scope
- Danone's 2015 frequency rate for workplace accidents without medical absence (FR2) was **3.5** for the Safety Scope
- Danone's 2015 severity rate (SR) for workplace accidents with medical absence was **0.1** for the Safety Scope

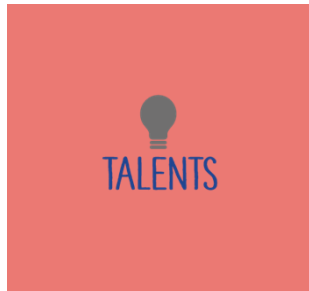
Absenteeism:

- The absenteeism rate was estimated at **2.3%** in 2015.

Health:

- **70,000** employees in 25 countries had healthcare coverage in line with the standards defined by Dan'Cares..

HEALTHIER FUTURE KPI's - BETTER LIVES



- **Training:** provided to **86%** of employees in 2015 (25 training hours per person trained vs 23 hours in 2014)
- **Gender equality:** proportion of Danone managers, directors and senior executives who are women: **34%** in 2015 (vs. 26% in 2009).
- **Disabilities:** in France, the percentage of persons with disabilities employed by Danone was **3.8%** in 2015



- Key Performance Indicators related to the thematic "Social Inclusiveness" concern Danone 4 funds and are detailed from page 52 "Social Innovation".

HEALTHIER FUTURE KPI's - BETTER WORLD



Measure CO₂ intensity across our food chain (full scope):

- Two methodologies for measuring greenhouse gas emissions: a “product life cycle ” approach and an “organization” approach.

Reduction in CO₂ footprint:

- At end 2015, a **46.4%** reduction had been achieved since 2008, and **32.8%** since 2010 (on a like-for-like basis) on Danone’s direct responsibility scope
- Emissions intensity on the Full scope was 718.2 g CO₂ equivalent/Kg product and the total emissions in absolute value are estimated at 25 million metric tons equivalent.

Reduce energy consumption of factories:

- Danone reduced its energy intensity by **5.0%** between 2014 and 2015 and by **5.4%** on a like-for-like basis.
- **4.7%** productivity efforts across all divisions.
- Danone has reduced its total energy intensity by **48%** since 2000. The goal for 2020 is **60%**.

Use only natural refrigerants:

- At end 2015, **81 %** of total new purchased refrigerators and coolers at point of sales use climate friendly refrigerants.

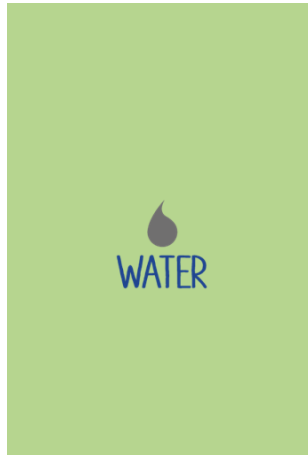
Carbon positive with Livelihoods:

- Consistent with its commitment, and after reducing its carbon footprint by more than **40%** over the 2008–2014 period, the Evian brand offset its remaining emissions in 2012 by supporting several high quality projects. Evian’s goal is to achieve zero net emissions by 2020.



DANONE

HEALTHIER FUTURE KPI's - BETTER WORLD



Protect natural Mineral Water resources:

- At end 2015, **79 %** of waters division site have run a SPRING audit

Danone “Clean Water Standards” for wastewater:

- The net chemical oxygen demand ratio per metric ton of product decreased by **7.9%** from 2014 to 2015, and by **20.3%** on a like-for-like basis: reduction of material losses in wastewater improvement in installation purification performance.

Reduce water consumption in factories:

- Water consumption intensity related to the production processes decreased by **5.4 %** between 2014 and 2015 and by **8.6%** on a like-for-like basis.
- Danone has reduced its total water usage related to production process intensity by **42%** since 2000. The goal for 2020 is **60%**.

HEALTHIER FUTURE KPI's - BETTER WORLD



Total weight of waste by type and disposal method:

- In 2015, the waste recovery rate slightly decreased from **83.3 % in 2014 to 82.1 %**, due to the closure of sites during the year

Develop the use of recycled materials:

- A major strategic objective for the group for several years, whether through improved collection or optimized packaging end of life.
- More than quarter of the group's primary and secondary packaging is made of recycled materials, of which **77%** for cardboards.

Packaging material made from sustainable resources:

- Danone committed in its forest footprint policy to achieving a supply that is sourced from **100%** recycled paper or virgin paper from responsibly managed forests (preferably FSC) by 2020 and by end 2015 in regions with a high deforestation risk such as Brazil, China, Indonesia and Russia

HEALTHIER FUTURE KPI's - BETTER WORLD



Sustainable agriculture new criterion:

- Introduction in 2015 of **10** new sustainable agriculture criteria in Danone's monitoring tool for milk production sites covering 50% of the milk delivered globally

New countries according to RISE methodology:

- More in-depth analysis of the sustainability of the farms, based on the RISE methodology in 4 new countries in 2015.

Pilot projects on sustainable agriculture:

- Launching new pilot projects in 4 European countries on the subjects of wastewater management, animal wellbeing, protein autonomy and farm succession plans.

DANONE WAY

The Danone Way program:

- Address the goal of spreading the culture of the dual project and the basics of sustainable development throughout the company ;
- Allow Danone's subsidiaries to measure the maturity of their practices and corresponding performance levels against seventeen "topics" contained in five themes: Governance, HR fundamentals, People development, Nature, Health and Nutrition.

To subsidiaries, Danone Way:

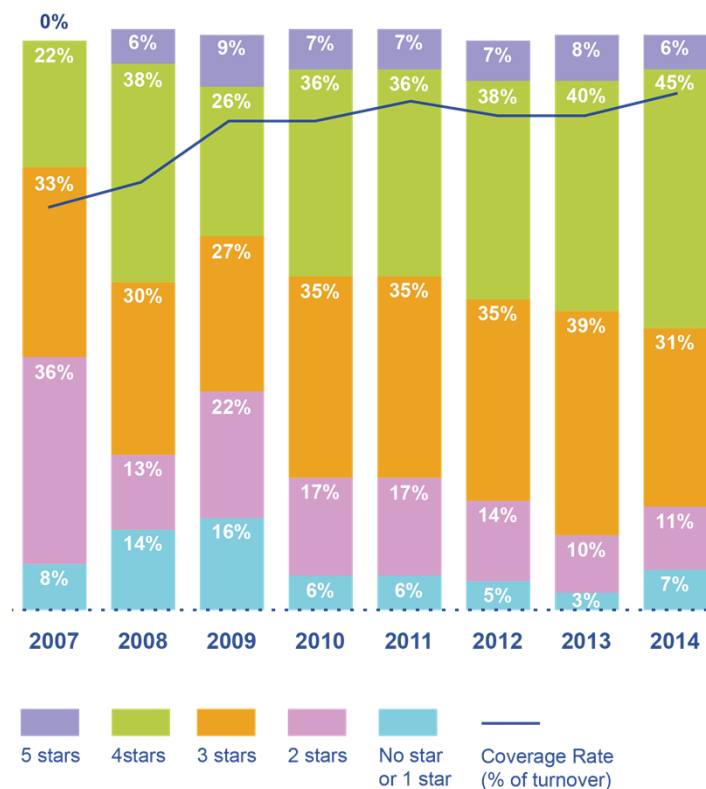
- Provides all guidelines to include, Danone's strategic priorities in respect of sustainable development ;
- Helps them understand which is their level of maturity ;
- Shows them the path to keep progressing on this topic.

For central teams, Danone Way

- Allows monitoring on how the subsidiaries perform on these topics and allows targeted support.

Danone Way results showing continuous progress through the years

In 2015, The Danone Way assessment methodology evolved enabling a more detailed assessment.



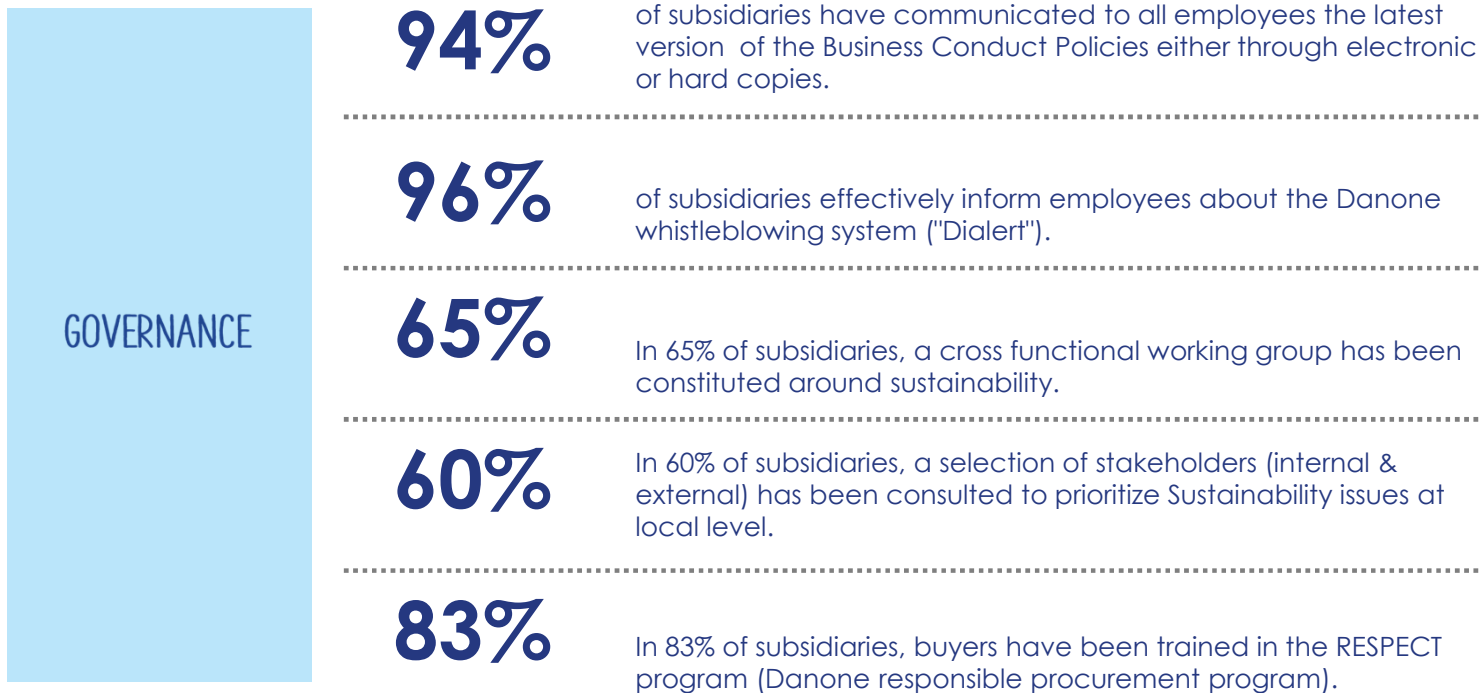
DANONE WAY - 2015 DANONE WAY RESULTS IN A SNAPSHOT

2015 DANONE WAY RESULTS IN A SNAPSHOT:

- Coverage of the Danone Way program continued to increase in 2015, **reaching 95,3% of Danone turnover.**
- Our objective is to keep improving this coverage rate year after year.
- Danone Way includes more than 240 practices split into the various themes addressed in the referential and enabling the level of implementation of each of them to be tracked. For each one of the practices, subsidiaries declare if it is in place, not in place or if they have a local equivalent practice. In the results below, we have taken local equivalent practice into consideration. It is worth noting that certain subsidiaries do not self-assess on all of the key practices of the Danone Way approach, as certain evaluation criteria do not apply to them. Danone undertakes to systematically verify the conditions of non-applicability.

DANONE WAY - 2015 DANONE WAY RESULTS IN A SNAPSHOT

Examples of practice implementation within the Danone Way reporting scope:



DANONE WAY - HR FUNDAMENTALS

HR FUNDAMENTALS

86%

In 86% of subsidiaries, information and discussions between management and staff representative bodies are held regularly and formalized in meeting minutes.

99%

In 99% of subsidiaries, an employee survey analysis is done to identify working organisation challenges. For example: the Danone People Survey or Great Place to Work survey or another study based on employee feedback concerning working time, working organisation, work-life balance, workload and stress.



DANONE WAY - PEOPLE DEVELOPMENT



95%

In 95% of subsidiaries, a learning plan, supported by necessary resources, and a budget allocation target for collective and individual needs and for all populations (workers, staff and supervisors, managers), is in place.

92%

In 92% of subsidiaries, career paths are formalized according to group guidelines. Mobility of Managers between positions is structured and involves line management and HR.

83%

In 83% of subsidiaries, all team leaders are trained on people development and on talent assessment. People development is part of their annual performance assessment.



DANONE WAY - NATURE



69%

of subsidiaries have an action plan in progress with a clear pipeline of projects to reduce CO2 impact under their direct responsibility: Manufacturing, Packaging, Logistics, Product End of life.

49%

of the subsidiaries develop, with local or global R&D and procurement teams, innovative packaging solutions to reduce their environmental impact (such a renewable material) through partnership or new packaging sourcing strategy.

84%

For 84% of subsidiaries, the procurement and Supply Chain teams have considered and included in the sourcing supply strategy the relevant Danone environmental policies.



DANONE WAY - HEALTH AND NUTRITION



88%

In 88% of subsidiaries, regular assessments are made both of the compliance of their products with the Nutritional Standards of the Division, and of their nutritional superiority to competitors in the same category.

92%

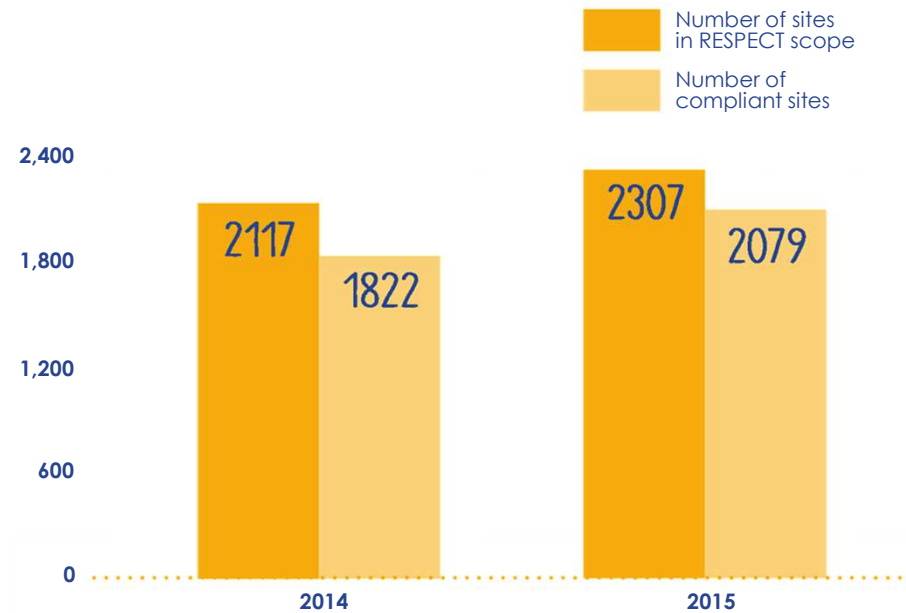
In 92% of the subsidiaries, there are collaborations with local stakeholders (authorities, scientists, HCPs, NGOs, etc.) to support research and share knowledge, in order to document with reliable data the local nutrition and health context (food practices, dietary intakes, excesses and deficiencies etc.) and the potential beneficial role of Danone categories.



RESPONSIBLE PROCUREMENT OUR RESPECT PROGRAM



- Year after year we are further improving the RESPECT Program by increasing the scope as well as reviewing our criteria to provide the most accurate picture of our supply chain sustainability risks and performance.
- While restructuring our processes and the supplier base poses as the focus during 2014, this year we increased the scope by 10% and are now applying the Program to all our third party as well as raw material and packaging suppliers.



SOCIAL INNOVATIONS

danone).communities



Livelihoods Carbon Fund



Livelihoods Fund for Family Farming



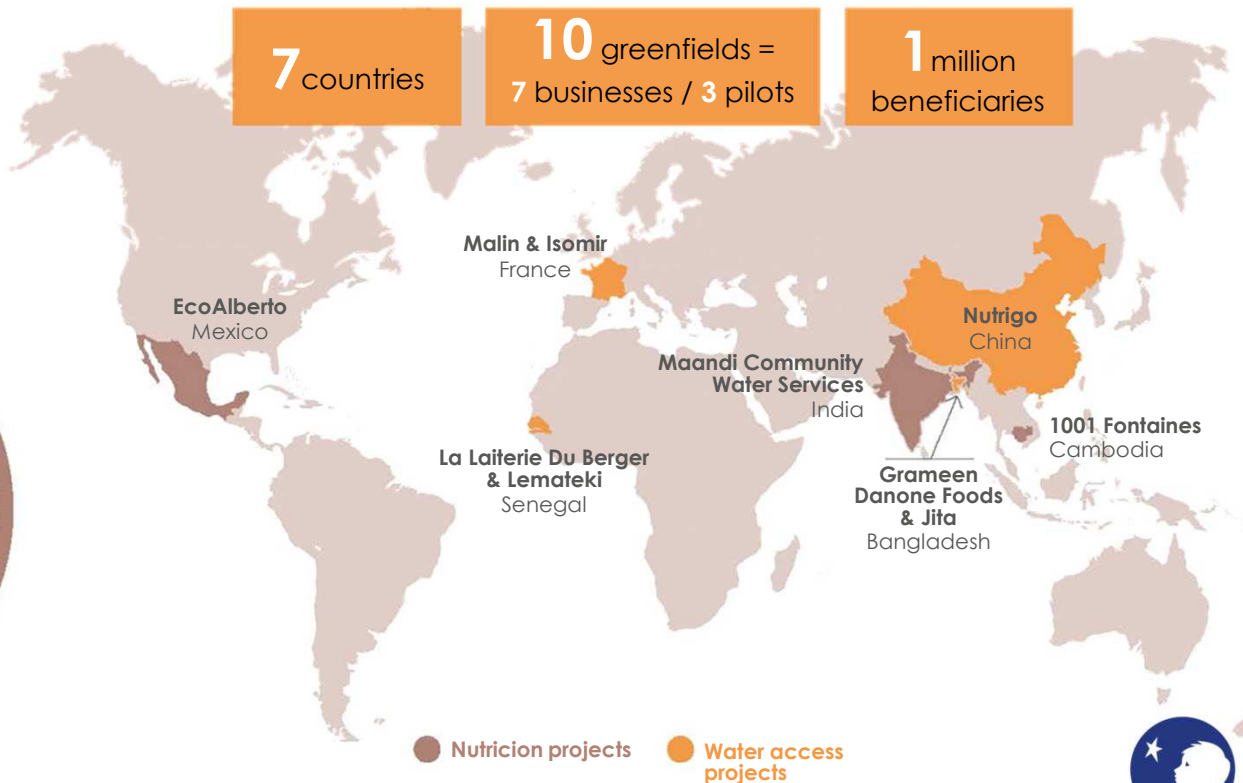
Danone.communities' mission

To bring funds & expertise to social businesses addressing issues around malnutrition and access to water.

To advocate Social Business, ie awareness and inspiration.



Danone.communities' achievements to date



SICAV

8,55%

Of the total performance of the sicav (mutual fund)

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

SOCIAL

1 000 000

Beneficiaries in all

700 000

Beneficiaries with access to drinking water

300 000

Beneficiaries in the fight against malnutrition and poverty

MEASURING THE COMMITMENT OF DANONE'S EMPLOYEES

20%

Danone's employees represent 20% of the danone.communities fund.

€2 050

The average sum invested per subscriber in 2015.





Committed within Danone to build a more inclusive society, the Danone Ecosystem Fund's aim is to develop and strengthen the activity of the partners that make up the Danone ecosystem.

63 projects

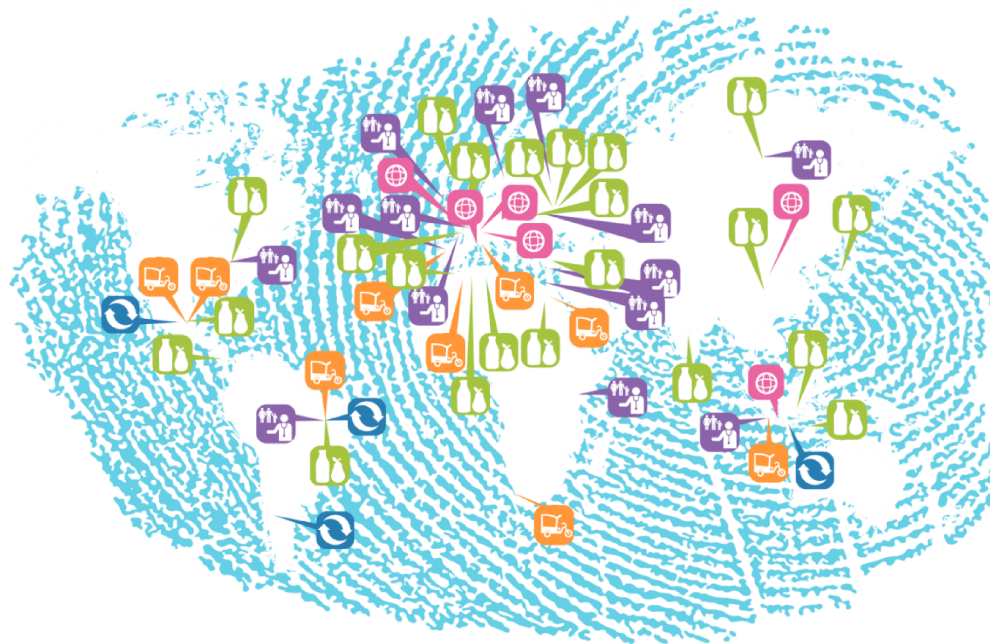
28 countries

3 420 jobs created
32 200 people empowered
3M indirect beneficiaries
16 246 women empowered

129 M€ funding
58 M€ Ecosystem
71 M€ co-funding

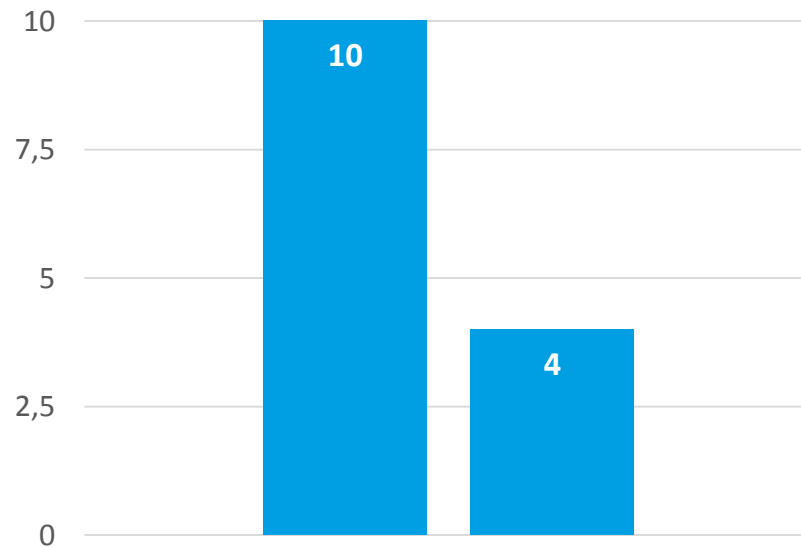
45 CBUs
51 NGO partners

-  **Sourcing**
Small farmers
-  **Territory**
Agricultors
-  **Micro distribution**
Small distributors
-  **Caring services**
Care givers
-  **Recycling**
Waste pickers



Nature impact

% of milk sourced from operational projects
versus total sourcing of the Danone subsidiary

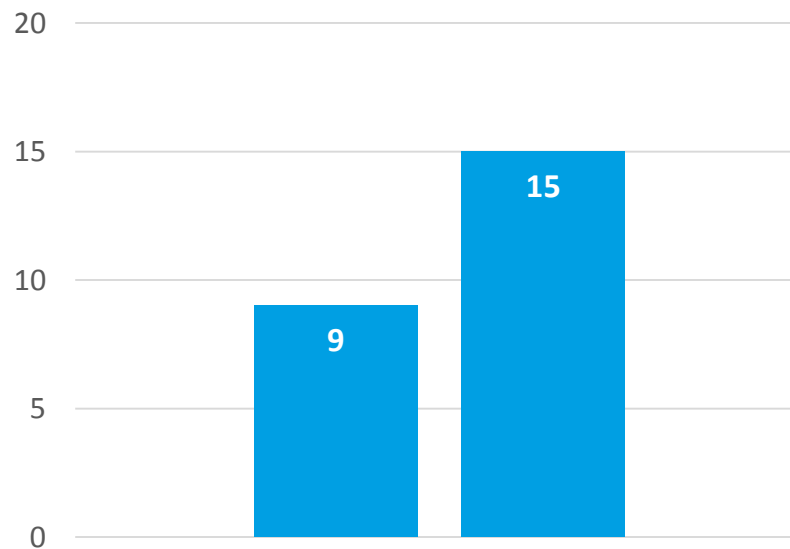


This indicator refers to the volume of milk sourced from project in Tons during the period on the total volume sourced by the Danone subsidiary during the same period.

The scope of the calculation method has changed between 2014 and 2015 for milk sourcing: before only active projects were included in the average, while now we include all projects (including inactive projects - who do not source milk yet) in the average, which drags down the 2015 results.

Nature impact

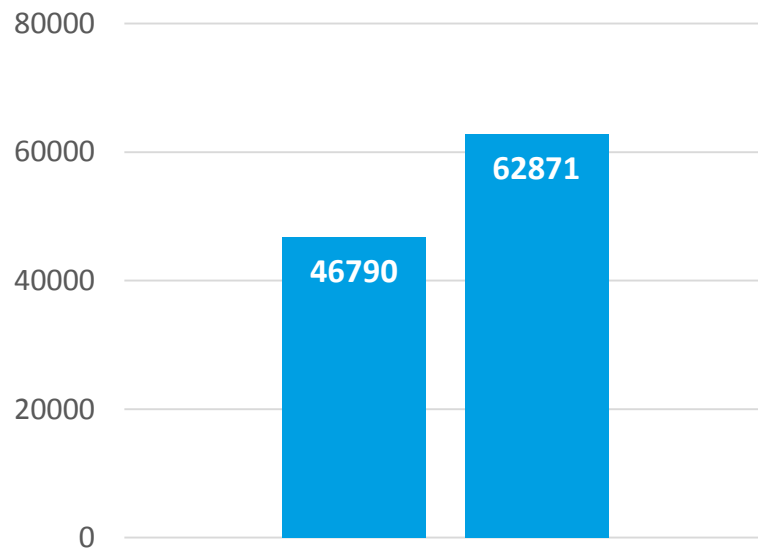
% of PET sourced from operational projects
versus total need of the Danone subsidiary



This indicator refers to the volume of PET in Tons sourced by the project during the period on the Total volume PET sourced by the Danone subsidiary during the same period.

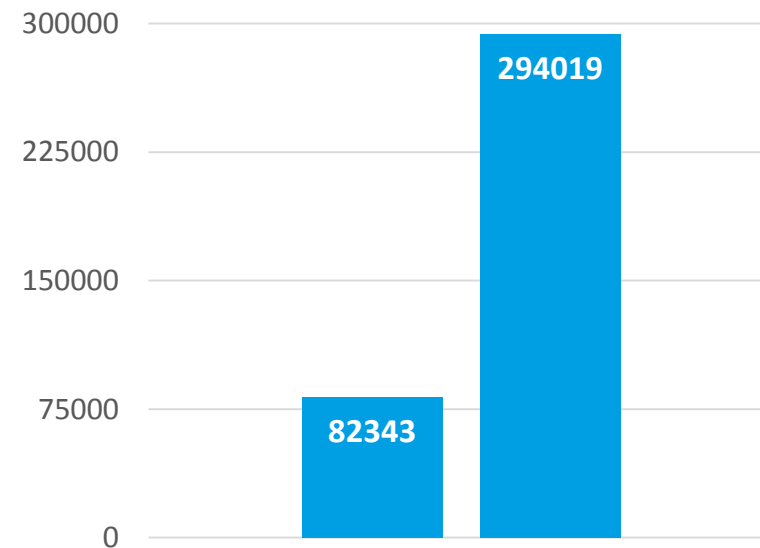
Economic impact

CA turnover generated by Ecosystem capabilities



This indicator refers to the Net income generated by the project.

Number of consumers sensitized to Danone categories of products



This indicator refers to the sum of mothers and elderly people reached by the project.



Livelihoods Carbon Fund

The mission of Livelihoods Fund is to support the efforts of poor rural communities in developing countries to restore their natural ecosystems, which improves their food security, increases their economic revenues, and improves their livelihoods.

Livelihoods Carbon Fund is an investment fund which seeks to generate maximum social, economic and environmental value for the local communities in Africa, Asia, Indonésia & Latin America.

It invests in three types of projects, mangrove restoration, agroforestry and rural energy. Projects are implemented on-the-ground by local NGOs and monitored over 10 to 20 years.



9 active projects:
3 ecosystem restoration projects
3 agroforestry projects
3 rural energy projects

SOCIAL IMPACT:

120 Millions of people positively impacted

120 000 households equipped with efficient cookstoves.

In addition to mitigating deforestation, efficient cookstoves have direct impacts on women's lives: less exposure to toxic smokes and burns, less time needed for wood collecting and cooking.

Achievement in 2015 : **56 000**

40M€

Total investment volume

ENVIRONNEMENTAL IMPACT:

130 Millions of trees planted in 2015

10 Millions of tons of carbon emissions avoided (Trees sequester CO₂, thus efficiently contributing to mitigate climate change).

47 000 Hectares restored.

Alongside restoration of degraded lands, projects aim at empowering farmers with smart agricultural practices to sustainably preserve their ecosystems: **24 800** hectares restored in 2015.



Livelihoods Fund for Family Farming

The Livelihoods Fund for Family Farming (L3F) is the second fund created by Livelihoods. Just as the Livelihoods Carbon Fund (LCF), it bears the conviction that environmental degradation, climate change and rural poverty are interlinked. Its model provides a solution to address all three challenges at once, linking them to sustainable sourcing.

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

Objective of **2 000 000 people**
positively impacted

120M€
Total investment volume objective



C. EXTERNAL EVALUATIONS



CDP
-
FOREST
FOOTPRINT
DISCLOSURE



CDP
-
WATER
DISCLOSURE



EXTERNAL EVALUATIONS



On January 14th 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 2015, Danone was recognized by the DJSI (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 also appears in the Ethibel index, which provides potential investors with an overview of the companies with the best performance in sustainable development and social responsibility. Danone is rated in the Ethibel Excellence Europe category.

EXTERNAL EVALUATIONS

CDP - FOREST FOOTPRINT DISCLOSURE

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.



In 2015, Danone received a B rating for environmental performance and a transparency score of 98 from the Carbon Disclosure Project.

CDP - WATER DISCLOSURE

Score B

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.



EXTERNAL EVALUATIONS



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 CSR (Corporate Social Responsibility) score of 64/100, Danone is considered an “advanced performer” and remains the leader in the food and beverage sector in terms of environmental performance (Vigeo’s Global Food Universe).

