

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 ★

★ D'ANONE COMPANY ★

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

★ D'INTEGRATED REPORT ★

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



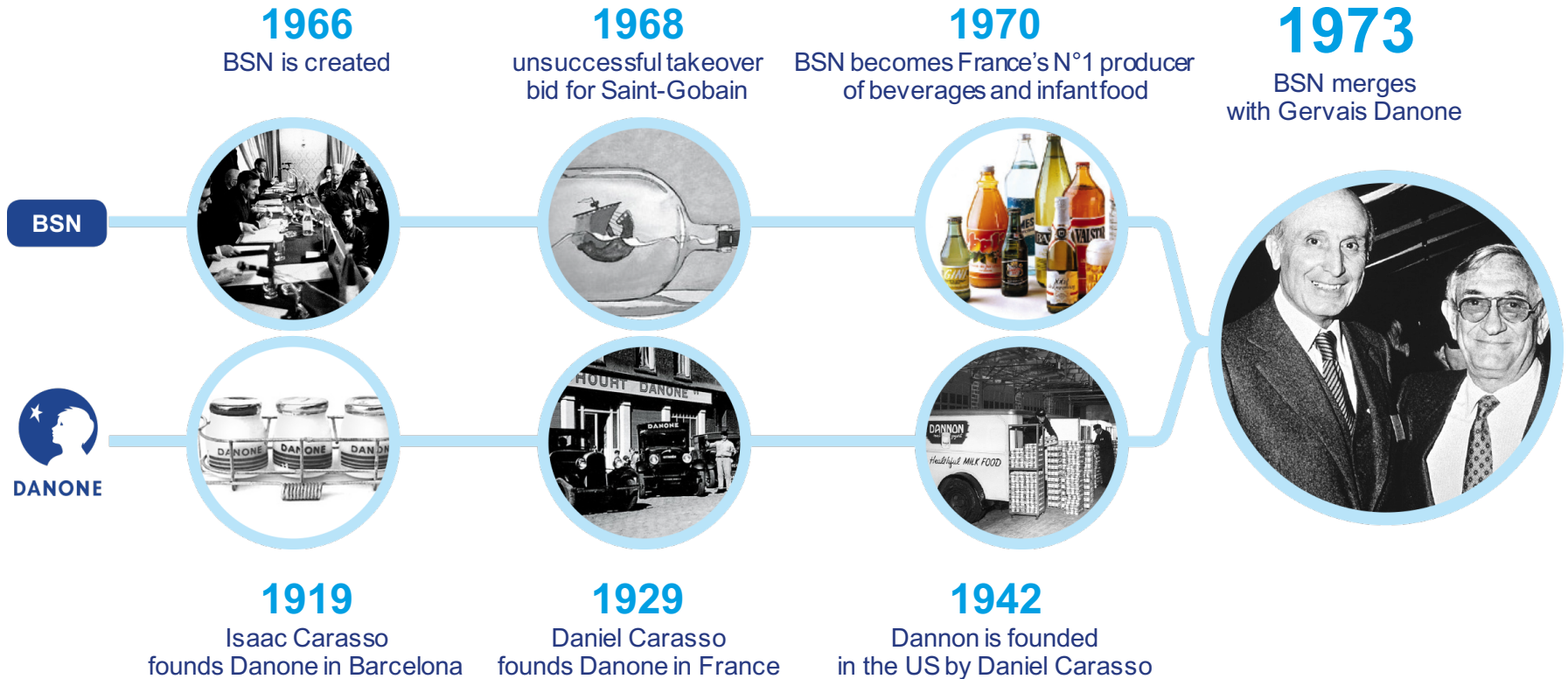
★ DANONE COMPANY ★

HERITAGE,
MISSION AND VISION

A. HERITAGE



OUR HISTORY IN A NUTSHELL



GROUP'S ROOTS: FROM GLASS TO FOOD

GROUP'S ROOTS



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



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

since 2007

International
development strategy



2014

Franck Riboud
Chairman of the Board
Emmanuel Faber
Chief Executive Officer



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

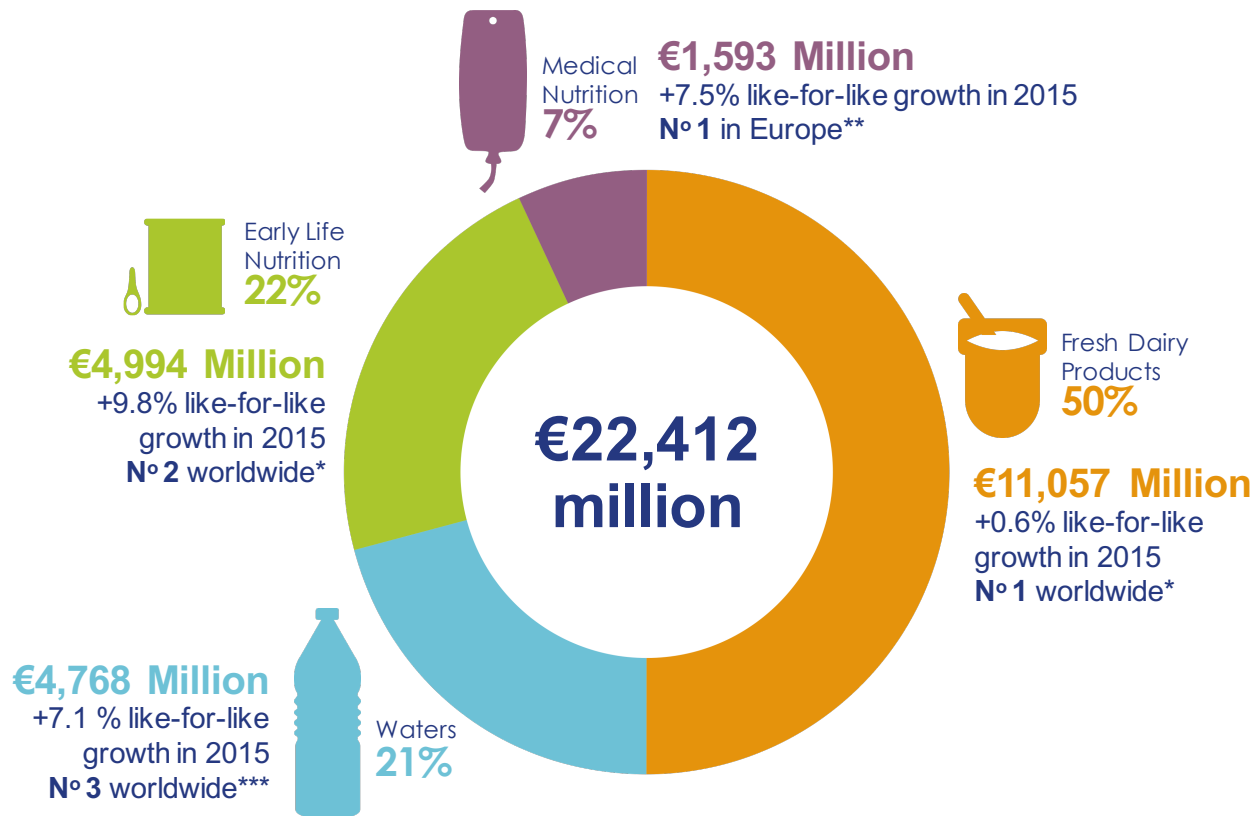
A GLOBAL FOOD COMPANY



A UNIQUE CULTURE



A LEADERSHIP POSITION ON OUR 4 BUSINESS ACTIVITIES



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



BASED ON A HEALTH-DRIVEN PORTFOLIO



**FRESH DAIRY
PRODUCTS**



WATERS



**EARLY LIFE
NUTRITION**

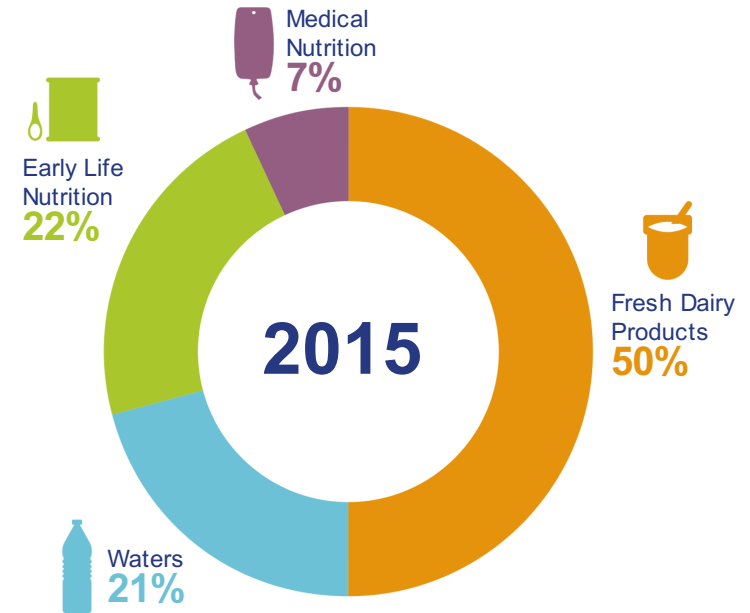
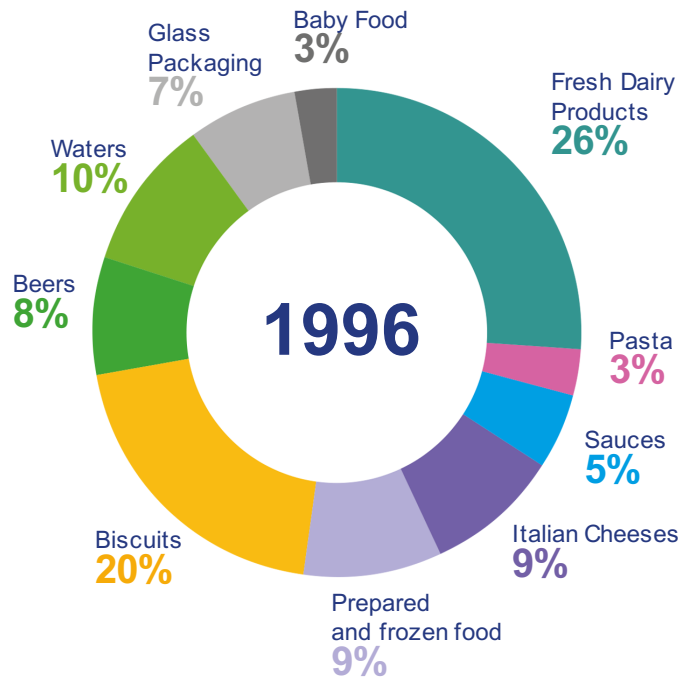


**MEDICAL
NUTRITION**



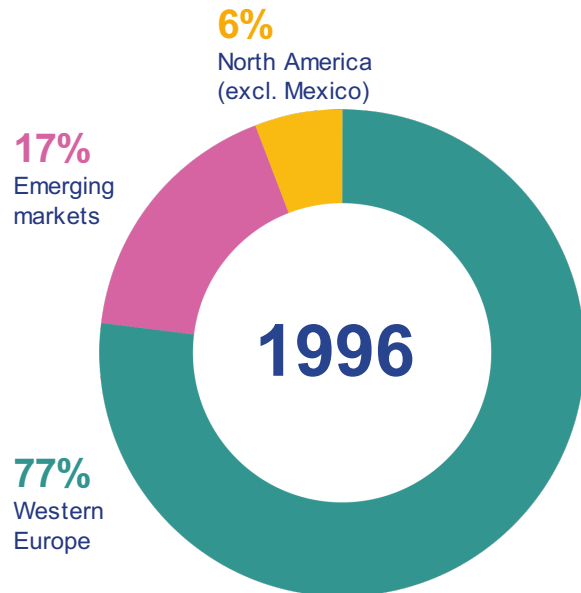
1996-2015: FOCUSING THE PRODUCT PORTFOLIO ON HEALTHY FOOD

Sales breakdown



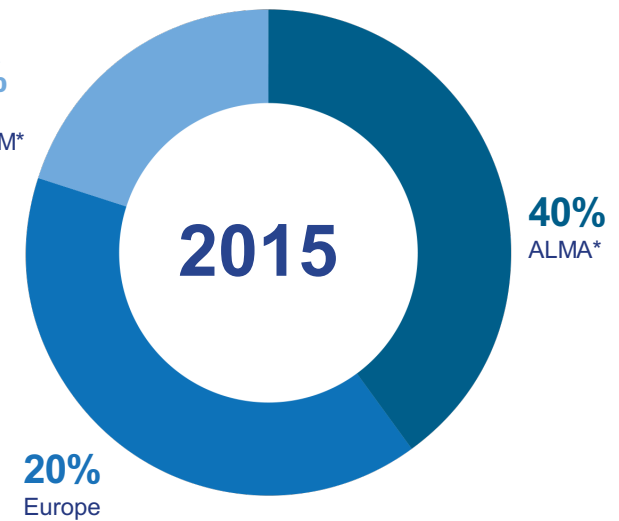
1996-2015: A NEW GLOBAL EQUILIBRUM

Sales breakdown



23%

GROWTH MARKETS
(realized outside Europe)



60%

*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.”*

DANONE Manifesto

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 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 banding 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



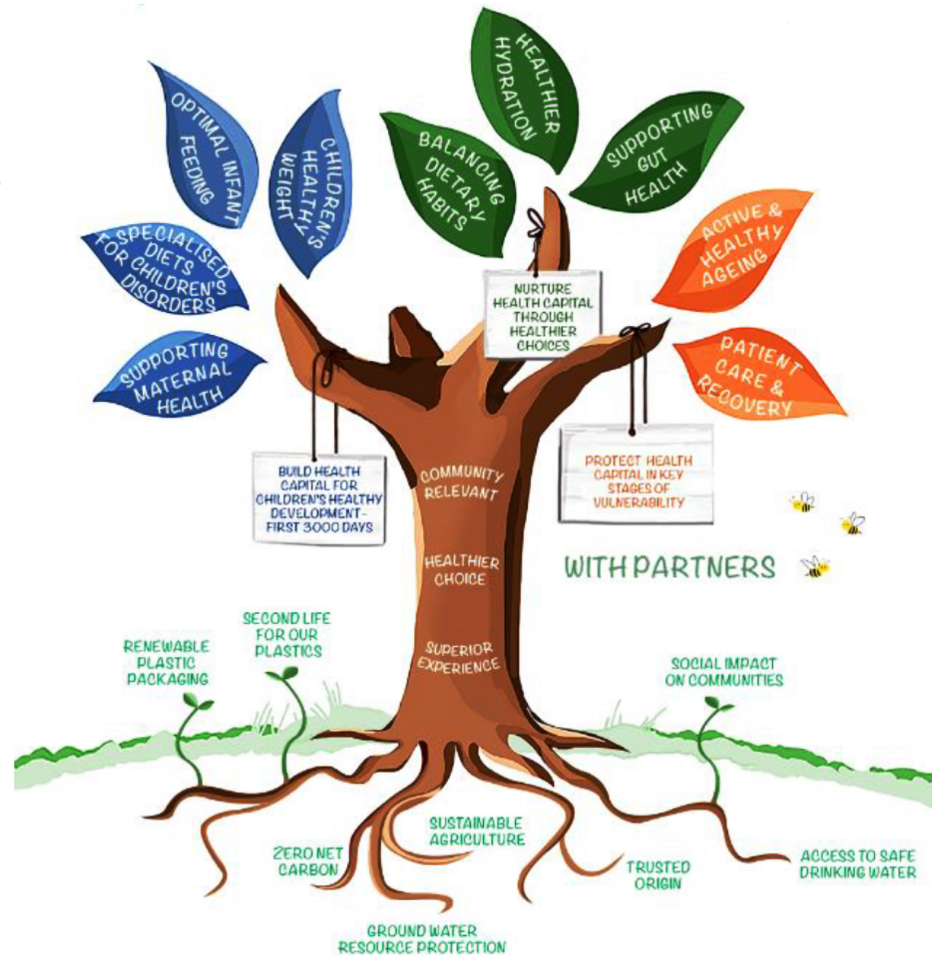
People & organization

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



**PROFITABLE
SUSTAINABLE
GROWTH**



**STRONG
PROFITABLE
SUSTAINABLE
GROWTH**

2016

...

**DANONE
2020***

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.



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



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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 HEALTH - PROJECT



PHOSPHATINE



Anemia is a major health problem in Africa. Although the condition is well known, there is a general lack of awareness of the importance of diet. Inappropriate “traditional” treatments, too, are real obstacles to solving the problem. Here at Danone, we are committed to preventing iron-deficiency anemia by offering a suitable and affordable complementary food item: iron-rich Phosphatine instant cereal.

16%

prevalence of
underweight children
in sub-Saharan Africa
in 2014
(23% in 1980)

150

healthcare professionals
taught in 2014 about the
social aspects of food
and nutrition

Babies are at increased risk
of malnutrition during the diet
diversification phase because
they are given unsuitable
solid foods.



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BETTER HEALTH - PROJECT



PHOSPHATINE

WHY IT MATTERS

- The only way to prevent anemia is to find ways to overcome the lack of awareness of the importance of diet, and discourage the use of inappropriate “traditional” medicine to cure it.

HOW IT WORKS

- We carried out two surveys on food habits in Cameroon and Ivory Coast with help from outside experts, who interviewed over 100 mothers in these two countries to understand their eating habits, attitudes and behaviors. In 2014, we trained 150 healthcare professionals on the social aspects of food and nutrition, as this is a key factor when treating health problems.
- We also produced a new, iron-enriched Phosphatine cereal formula.

HOW DOES THIS PROJECT CREATE VALUE?

- The program has helped us build a stronger relationship with healthcare professionals, as sociology of food courses are now routinely offered on continuing medical education programs.
- It has also given Danone the opportunity to publish three information booklets for new mothers: on pregnancy, breastfeeding and diversifying Baby's diet.
- In addition, Blédina® has created a new range of Phosphatine products providing vital supplies of iron (up to 70% of the iron needs of babies and children). This has enabled us not only to increase sales of Phosphatine, but also to take 30% off the retail price, thereby making it more affordable.



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



BETTER LIVES - 2015 RESULTS



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

- “ConnectLand” 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 LIVES - PROJECT



KITEIRAS



Our Kiteiras project is an inclusive business model, providing jobs as door-to-door vendors to women in low income communities in the city of Salvador, in Brazil. It improves the women's living conditions, empowers them and helps build self-esteem. Danone Brazil co-created the project in partnership with our local partners Aliança Empreendedora and Veli, with backing from the Danone Ecosystem Fund.

160%

Increase in income
for beneficiaries
since 2011

793

women earning higher
incomes

Project co-created by
Danone Brazil in partnership
with its local partners Aliança
Empreendedora and Veli,
with the support of the
Danone Ecosystem Fund.



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BETTER LIVES - PROJECT



KITEIRAS

WHY IT MATTERS

- This project empowers women and helps them break into the formal labor market. Eastern Brazil is a region of high wealth inequality, and women in underprivileged communities—especially single mothers—are the worst affected. Most have no choice but to accept underpaid jobs in the informal sector. Danone Brazil is aiming to establish a new distribution channel and raise awareness of the importance of balanced nutrition in the country's low-income neighborhoods.

HOW IT WORKS

- Danone's Ecosystem Fund takes an inclusive approach, and the innovative business models it creates promote social progress through their impact on local communities, while benefiting our local subsidiaries.
- Danone Brazil co-created Kiteiras with our local partners Aliança Empreendedora and Veli and the support of the Danone Ecosystem Fund. Aim: promote direct-to-consumer distribution involving women from the poorest communities in Salvador de Bahia. This micro-distribution network employs door-to-door vendors managed by madrinhas, or godmothers, who provide training and Equipment.
- Our project also empowers women by teaching them about entrepreneurship, nutritional needs for each stage of life, and life skills. Plans call for the project to be rolled out in other parts of Brazil.

HOW DOES THIS PROJECT CREATE VALUE?

- Kiteiras helps create jobs in the formal economy in poor areas of Brazil, and empowers women. By providing training and building professional skills, it improves living conditions for them and their families, transforming marginalized workers into micro-entrepreneurs while making it easier for them to access social benefits. Kiteiras also has a positive impact on our business, helping Danone Brazil secure a new direct-to-consumer distribution channel and build consumer brand preference.



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BETTER WORLD - STRATEGY & RESULTS



CLIMATE

- 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.



WATER

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.



PACKAGING

- 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.



SUSTAINABLE
AGRICULTURE

- 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



Strategic resources cycles



- 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



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BETTER WORLD - PROJECT



KITETERRAGR'EAU METHANIZATION



Based in France, the Terragr'Eau Methanization project aims to protect the Evian watershed by building a biodigester and creating a farmers' cooperative to help family farms grow Protected Designation of Origin (PDO) products in sustainable ways. The project is backed by the Danone Ecosystem Fund and was co-created by Evian and our local partners: the Communauté de Communes du Pays d'Evian, the Terragr'Eau Methanization company, and SICA, a cooperative of 41 farmers committed to making farming practices more profitable and sustainable.

63%

The project covers
63% of the farmland
in the Evian
catchment area

72

Working conditions
have improved
for 72 people

The project promotes
sustainable farming
in the region and protects
long-term water quality
by reducing nitrates in the soil.



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BETTER WORLD - PROJECT



KITETERRAGR'EAU METHANIZATION

WHY IT MATTERS

- Our mineral water has to meet very strict quality standards for purity, composition, stability and nitrate levels. Some 60% of the land in the Evian spring watershed is used for agriculture, and as industrial agriculture expands, the risks of nitrate pollution increase. Adapting farming practices to address these risks requires a major investment, which family farmers cannot afford. At Evian, we have a long history of involvement in regional development, and we are committed to helping farmers and local authorities meet the challenge of reducing nitrate pollution risk.

HOW IT WORKS

- The Terragr'Eau Methanization project is the product of an inclusive partnership between Evian SAEME (Société Anonyme des Eaux Minérales d'Evian) and local authorities, farmers and non-profits. Together, we are building a biodigester that will convert cattle manure into biogas to power the town of Evian and compost to fertilize local fields. A dedicated farming cooperative will manage the compost-spreading operation, cutting fertilizer costs and supporting sustainable agricultural development.

HOW DOES THIS PROJECT CREATE VALUE?

- The Terragr'Eau project helps make family farms more sustainable, and by monitoring the quality of drinking water, it promotes local development and enables rural communities to avoid water purification treatments. Overall, it promotes sustainable farming practices in the region and helps reduce nitrate levels in the soil, thus protecting long-term water quality.
- By participating in this project, we are raising awareness of the importance of water quality and nitrate management and promoting rural livelihoods in the Evian watershed.



B. KEY PERFORMANCE INDICATORS



UNIQUE BUSINESS
APPROACH

BETTER
HEALTH

BETTER
LIVES

BETTER
WORLD

HEALTHIER FUTURE KPI's - MATERIAL ASPECT

BUSINESS
IMPACT



NUTRITION & HEALTH

SOCIAL

ENVIRONMENT

COMMUNITIES

RESPONSIBLE PROCUREMENT

STRATEGY

FIGHT AGAINST FRAUD AND CORRUPTION

1 Production and commercialization of safe and healthy products

2 An open and constructive social dialogue with employees

3 Assessment of suppliers' CSR performance

4 Guarantee of employees' health and wellbeing at work

5 Management and protection of water resources

6 Sustainable raw materials supply

7 Guarantee of access to water for everyone

8 Fight against fraud and corruption

9 Individual employee development

10 Taking into account of CSR challenges in the Danone's strategy

11 Reduction in the quantity of waste and recycling

12 Sustainable relationships with suppliers

13 Reduction of the environmental footprint of products and activities

14 Supporting the local economy and local supply

15 Promotion of a healthy lifestyle and nutritional education



HEALTHIER FUTURE KPI's - MATERIAL ASPECT

Danone reports on its impacts and performance based on internationally recognized standards.

Danone structures its Integrated Report so as to comply with the guidelines of the Global Reporting Initiative 4. The GRI affirms the importance of communication on the relevant challenges of the business, reflecting the economic, environmental, social and societal impacts of the organization and influencing the assessments and positions of stakeholders towards the company. In order to refine its understanding of the key challenges and confront them strategically, Danone has conducted a materiality assessment using the following contributions:

- analyzing the available documentation about Danone and its environment in order to identify relevant challenges;
- sharing these challenges with a representative sample of stakeholders (nine internal and 13 external);
- ranking them according to their potential impact on the activity and their importance for the stakeholders questioned. This impact is assessed according to several criteria: regulatory impact, financial impact, impact on reputation, on the confidence of investors, customer loyalty and employee satisfaction. The fight against forced labor, child labor, all types of discrimination, the limiting of the number and seriousness of workplace accidents and the promotion of Human Rights within the company have not been included in these priorities since these are considered to be fundamental challenges.



HEALTHIER FUTURE KPI's - UNIQUE BUSINESS APPROACH



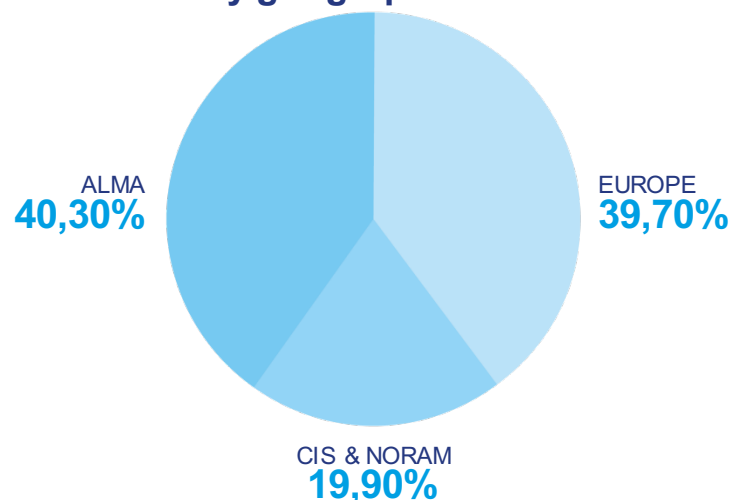
Sales growth⁽¹⁾

+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



« 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



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HEALTHIER FUTURE KPI's - BETTER HEALTH



COMMUNITY RELEVANT

Nutriplanet:

53 countries are covered by Nutriplanet studies

« Fluid intake »:

15 countries are covered by specific fluid intake studies



RESPONSIBLE COMPANY PRACTICES

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

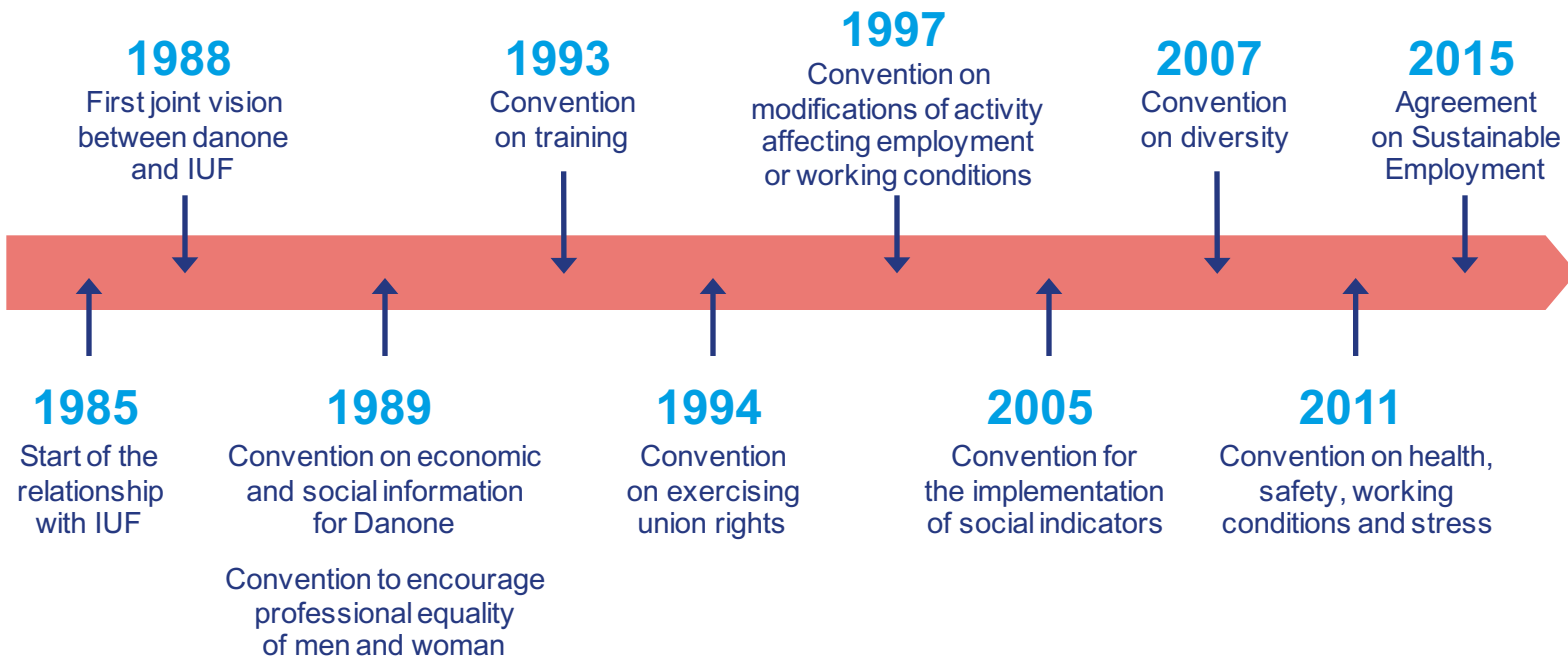
Health Nutrition Scorecard subsidiaries are in regular contact with **1,743** experts around the world



HEALTHIER FUTURE KPI's - BETTER LIVES




SOCIAL
DIALOGUE



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, including **40,000** employees whose coverage resulted from the action plans launched since 2011.



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".





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.





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%**.





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





SUSTAINABLE AGRICULTURE

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

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:

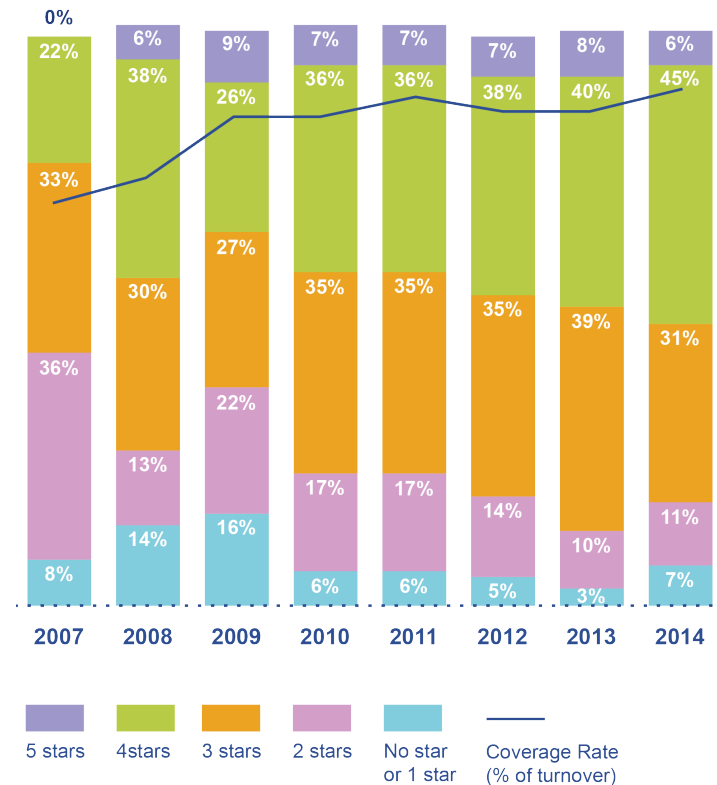
- Provides all guidelines to include, Danone's strategic priorities in respect of sustainable development,
- Helps them understand which is their level of maturity,
- Shows them the path to keep progressing on this topic.

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:

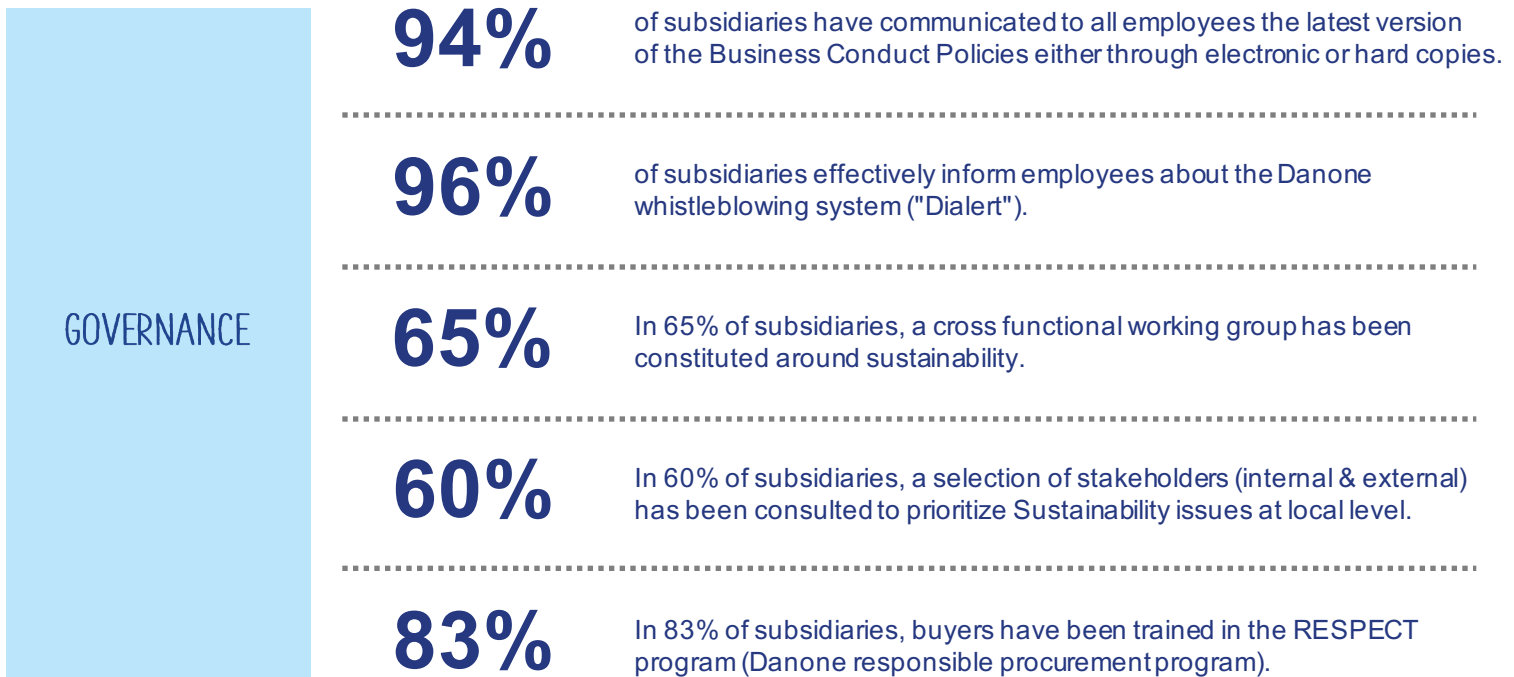
Coverage of the Danone Way program continued to increase in 2015, **reaching 95,3% of Danone turnover**. Our objective is to keep improving this coverage rate year after year.

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

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

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

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.

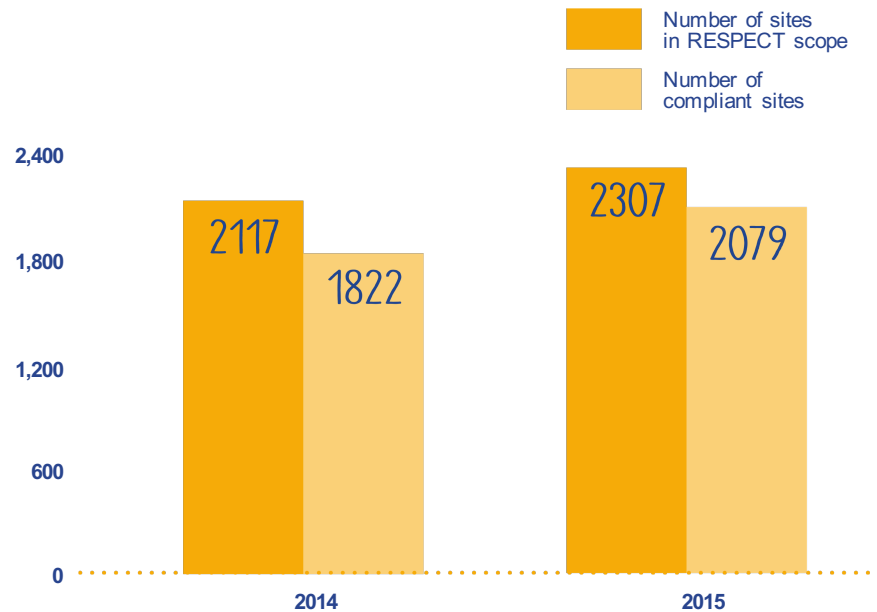


RESPONSIBLE PROCUREMENT OUR RESPECT PROGRAM



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.

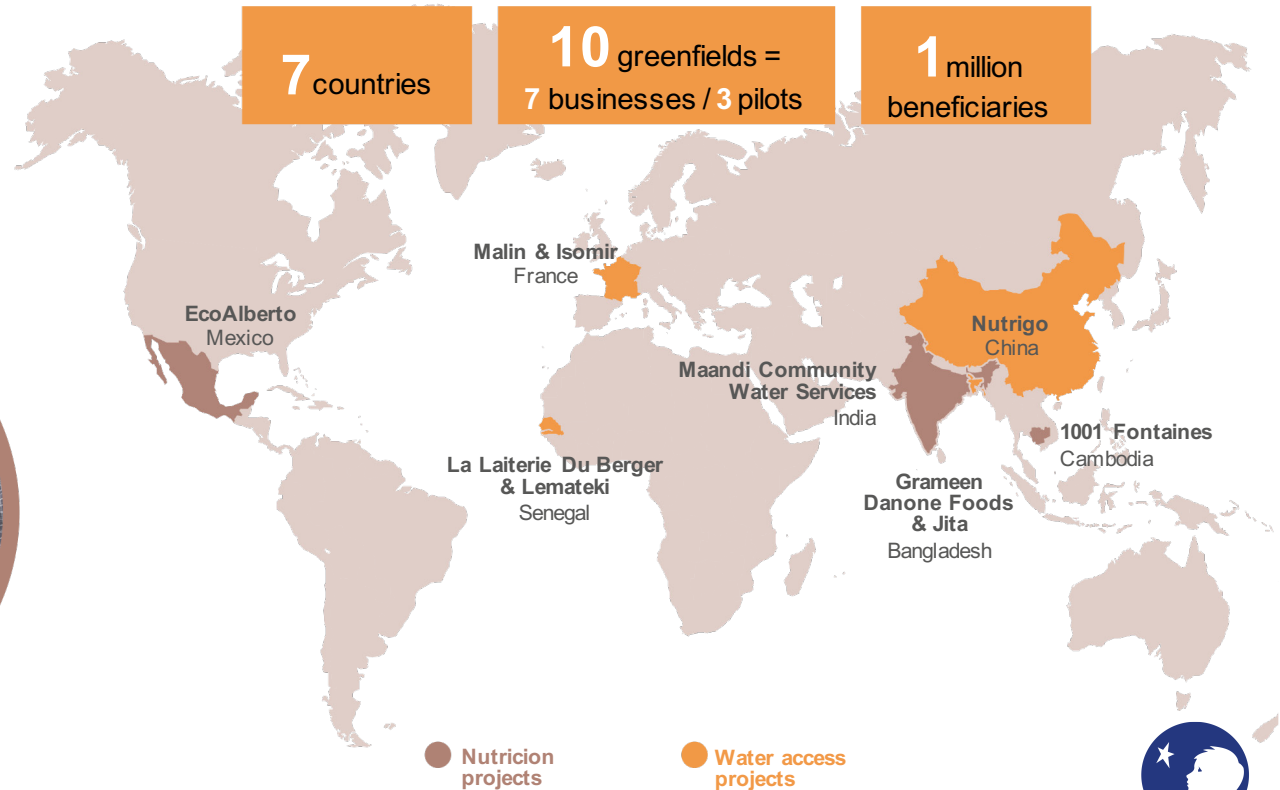


Danone.communities' achievements to date

7 countries

10 greenfields =
7 businesses / 3 pilots

1 million
beneficiaries



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



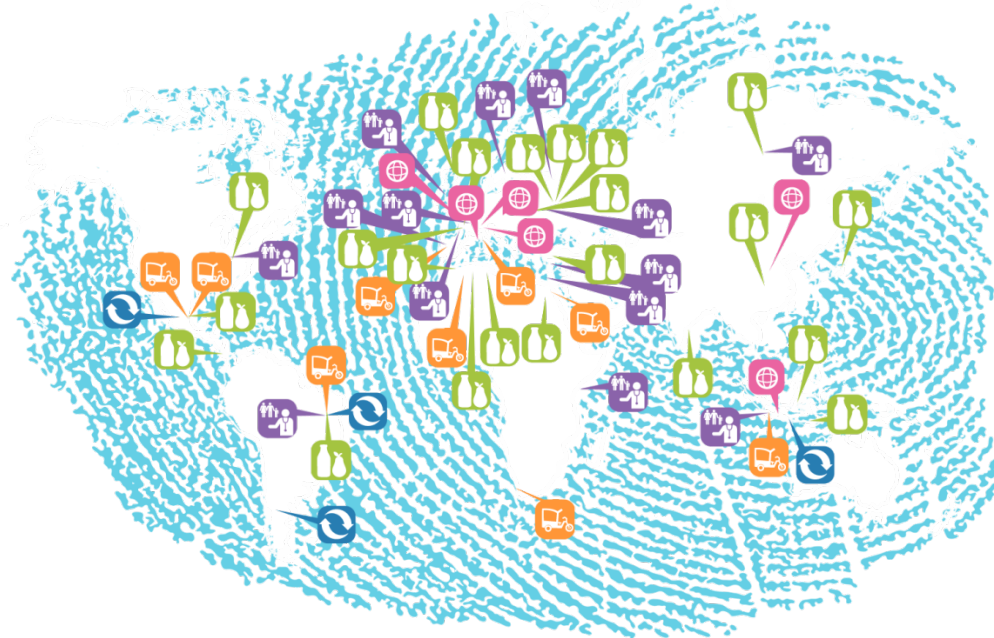
Micro distribution
Small distributors



Caring services
Care givers

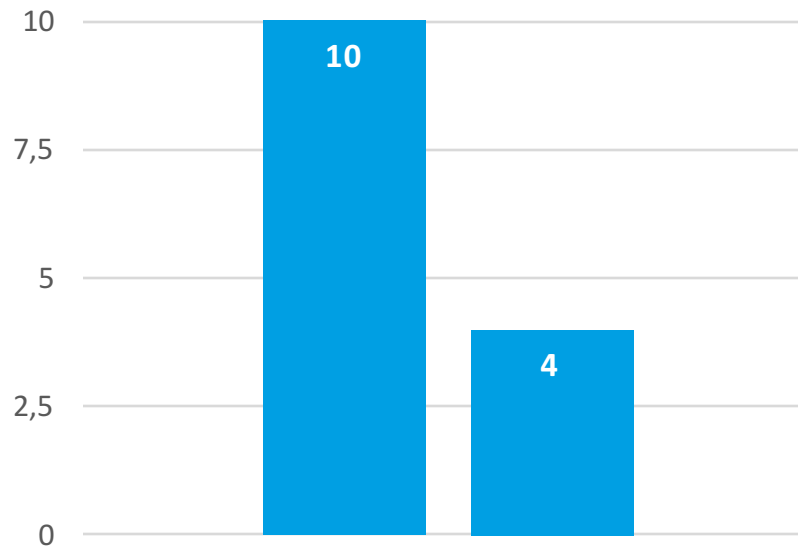


Recycling
Waste pickers



Nature impact

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

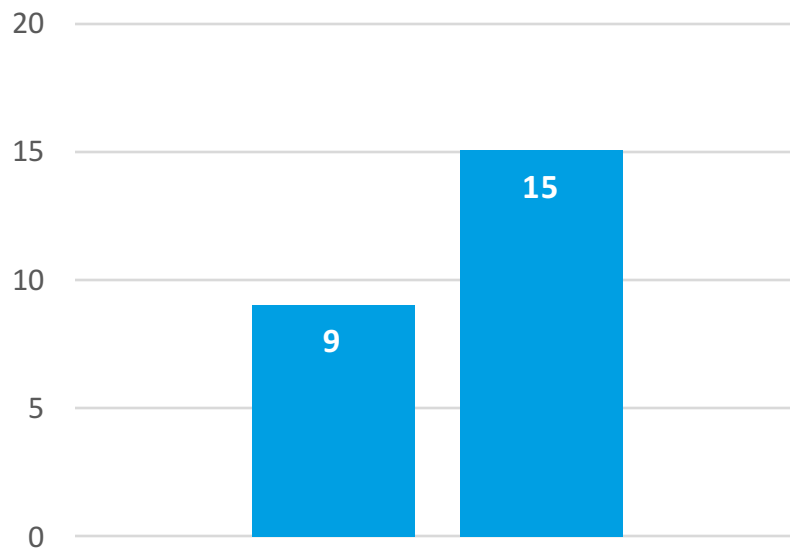


This indicator refers to the volume of milk sourced from project in Tons during the period on the total volume sourced by the Danone subsidiary during the same period.

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

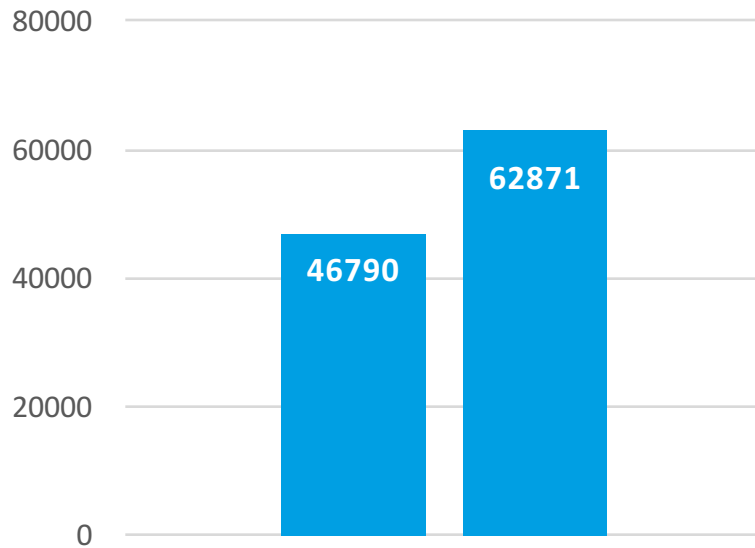
**% of PET sourced from operational projects
versus total need of the Danone subsidiary**



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.

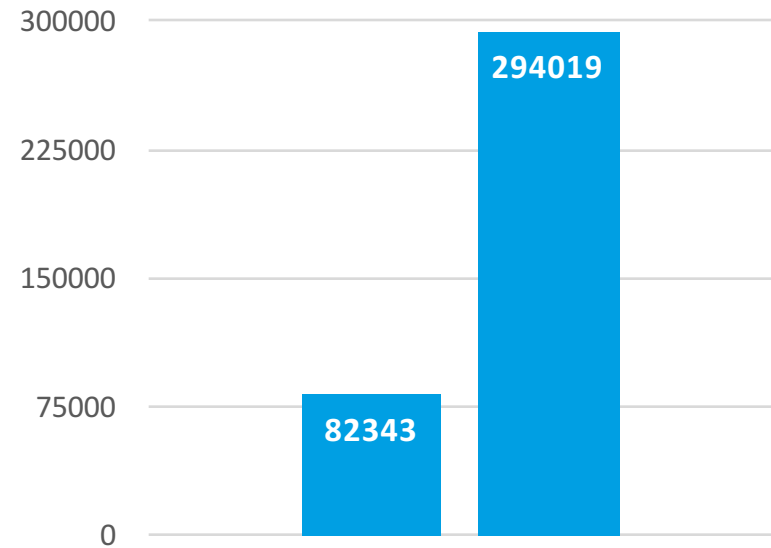
Economic impact

**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

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

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 **2 000 000 people**
positively impacted

120M€
Total investment volume objective



C. EXTERNAL EVALUATIONS



MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



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



CDP
-
WATER
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.

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).

