




IDA NO NE 15

**ECONOMIC
AND SOCIAL
REPORT**

BRINGING HEALTH
THROUGH FOOD
TO AS MANY PEOPLE
AS POSSIBLE

A close-up, low-angle shot of a person's arm and hand resting on a white plate. The person is wearing a blue denim jacket with visible buttons. The background is dark and out of focus, suggesting an indoor setting like a restaurant or cafe. The lighting is soft, highlighting the texture of the denim and the smooth surface of the plate.

**BRINGING HEALTH
THROUGH FOOD
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FROM THE CHAIRMAN

FRANCK RIBOUD



Any company, first and foremost a human shared by men and women

mission, a dream of growth. In 1996, Antoine Riboud and Danone's Board of Directors entrusted that shared dream to me. Twenty years later, I felt it was my turn to entrust it to a team of people who would have enough time ahead of them to take the company to a whole new level and build the Danone of tomorrow.

and Danone in particular, is an adventure. An ambition that centers on a project, a

When a company has had only two leaders in 50 years, the succession process calls for care and sensitivity, and our Board of Directors naturally wanted a gradual transition. After 18 years at my side, Emmanuel Faber had built an outstanding record at Danone, and the Board gave him full powers as CEO, while providing for me to continue as Chairman, with temporarily expanded duties.

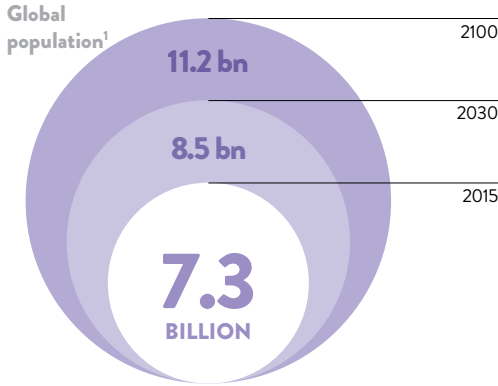
I am happy to see that the transition has been successful—so successful, in fact, that we could even call it exemplary. With the Board's support, Emmanuel has built a new management team that has met the economic and financial targets it set for its first fiscal year. In a volatile and uncertain environment, they have calmly gone about doing things their way and putting their stamp on the company, with deep respect for its core culture and its mission to bring health through food to the greatest number. They are changing Danone so that it can stay Danone, which is precisely in the spirit of what we wanted to do.

A stylized, abstract landscape illustration. The background features a gradient from light blue at the top to a warm orange and yellow at the bottom. Large, soft-edged shapes in shades of blue and white represent clouds. In the middle ground, there are orange and yellow mountain peaks. The foreground is dominated by various green shapes representing rolling hills and trees. A blue river flows through the lower part of the scene. In the bottom left corner, there are dark purple and black shapes that look like reeds or tall grasses.

2015 OVERVIEW

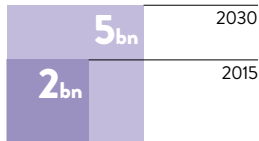
Our challenges

Keep pace with major trends and issues around the globe, including the central question of food.

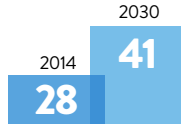


BY 2050, AFRICA
will account for over half of global demographic growth.¹

POPULATION in the middle class, Asia-Pacific region.³



Urbanization⁴
CITIES with over 10 million inhabitants

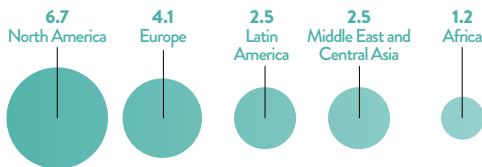


Health & Nutrition

80%
OF CHRONIC DISEASE⁵
could be avoided with a healthy diet, regular exercise, and elimination of tobacco.

Environmental footprint⁶

Expressed in hectares (ha) per person per year, this measures the area required to produce everything that a person or population consumes—for food, housing, travel and more—and absorb the resulting waste.



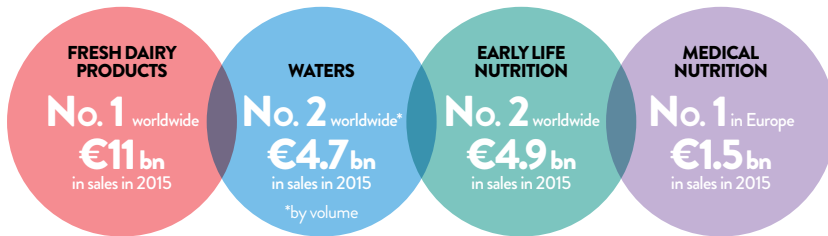
Sources: 1. *World Population Prospects: 2015 Revision*, United Nations (UN). 2. World Health Organization (WHO). 3. *The Emerging Middle Class in Developing Countries*, OECD, 2010. 4. *World Urbanization Prospects: 2014 Revision*; *World Urbanization Trends 2014: Key Facts*; UN, 2014. 5. Heart disease, stroke and type 2 diabetes. *Preventing chronic diseases: A vital investment*, WHO, 2006. 6. Global Footprint Network, 2011 data. 7. FAO.

Our mission

Bringing health through food to as many people as possible.

Our business

Encourage people to choose healthier foods and beverages through four business lines around the world.



By 2020

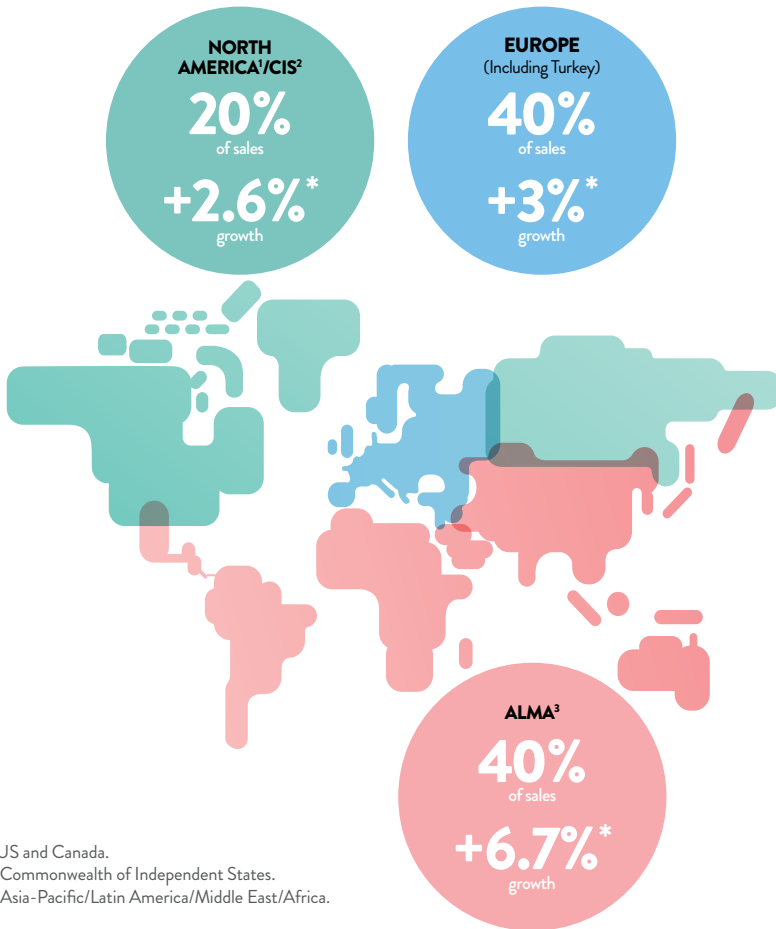
Build a model for strong, sustainable and profitable growth based on three pillars:

- 1. Alimentation:** encourage people to make healthier choices by meeting nutritional needs and by incorporating the cultural, social, emotional and physiological aspects of local eating habits in each region around the world.
- 2. Food and water cycles:** protect and secure our most strategic resources—milk, water and plastic—in ways that give us a genuine competitive edge.
- 3. People and organization:** develop effective teams and make our operations more efficient.



Our markets around the world

Present in over 130 markets, Danone generated sales of €22 billion in 2015, with more than 52% in emerging countries.



1. US and Canada.
2. Commonwealth of Independent States.
3. Asia-Pacific/Latin America/Middle East/Africa.

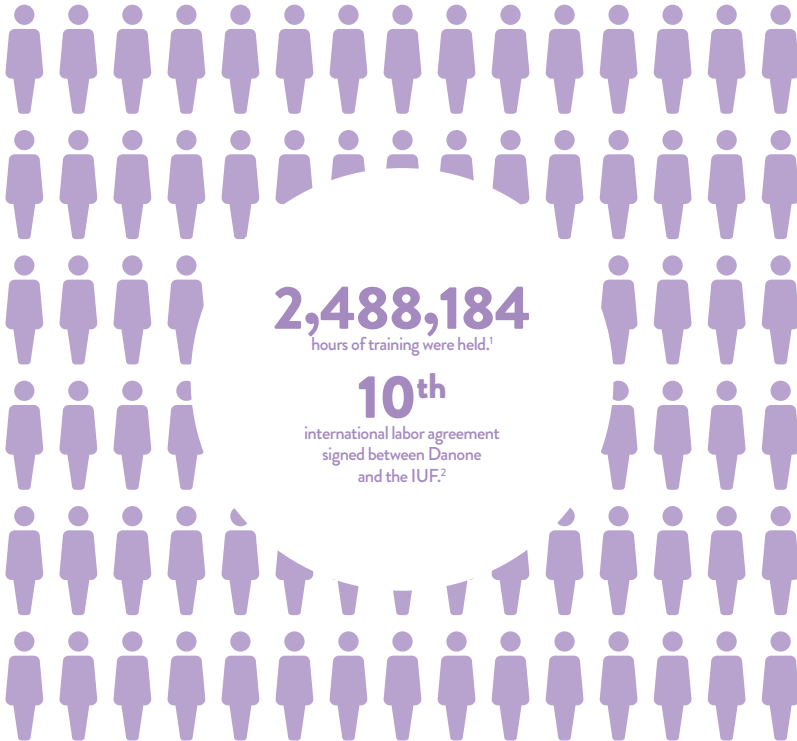
*All figures like-for-like.

Talent

We're injecting new energy into talent management, helping all 100,000 of our employees to grow their skills and creating the conditions for a more collaborative company.

86,319

employees took at least one training course.



1. Does not include subsidiaries that reported total workforce only.

2. International Union of Food Workers.

Solid results as we move towards 2020



EMMANUEL FABER
CHIEF EXECUTIVE OFFICER

In early 2015, you announced your goal of strong, profitable and sustainable growth for Danone. One year on, where are you with that?

EF: Our 2015 results are an integral part of the transformation that is leading us to 2020. In many respects, 2015 was a good year: we moved ahead, delivering solid results that are fully aligned with our objectives, despite a particularly volatile and uncertain environment. Sales growth of +4.4%¹ met our initial 4-5% organic growth targets for the year. And this, in turn, reflects two important facts. First, three of our four core businesses—Medical Nutrition, Early Life Nutrition and Waters—reported organic growth higher than 7% this year. Second, our Fresh Dairy Products division is gradually recovering: in the first half, growth was still slightly negative, but it moved into the black in the second half and by the fourth quarter was running at 2.6%.

+4.4%
organic growth
in 2015

Organic growth in margin came to 17 basis points¹, which is also aligned with our objectives. And net profit rose 12%². So 2015 is the first year of a major change, based on our Danone 2020 transformation plan and our vision of *alimentation*, that will lead to strong, profitable and sustainable growth by 2020.

+9.8%¹

Early Life Nutrition shows the strongest growth of all four categories.

How are your four core businesses doing?

EF: The work we did in 2015 produced the solid results we achieved in our four core businesses and across all our markets—in both developed and emerging economies. Our Medical Nutrition division reported a steep rise in pediatric products, while Neocate confirmed its position as a pace-setter in hypoallergenic products. Early Life Nutrition reported a very positive trend across all continents, particularly in Africa and Latin America. Europe was buoyed by the success of national brands, especially in the United Kingdom and the Netherlands. Our Waters division continued to generate very balanced growth of 7% for both still and sparkling waters, with innovations from international brands like evian and Volvic winning consumers’ hearts, while flavored waters—led by Bonafont in Latin America—are also reporting strong growth. Finally, our Fresh Dairy Products division has seen sales rise thanks to an upswing in North America. The “Greek yogurt” segment had levelled off, but we’re now back to sales growth of over 4% in the fourth quarter thanks to popular innovations that included Oikos Triple Zero, the relaunch of our children’s brand Danimals, and a protein-packed version of Light&Fit. In Europe, the decision to focus on our main brands Activia, Actimel and Danonino has begun to pay off.

1. Like-for-like. 2. As reported.

Returning to Europe—how can markets there help support a lasting recovery in Fresh Dairy Products?

EF: Europe accounts for nearly 40% of our total sales, all product categories combined. It is and has always been a key region for Danone, and over the past three years we've made the recovery in Fresh Dairy Products in Europe a priority. The projects we've launched are already paying off: 2015 marked a fresh start for our brand portfolio, from the launch of Activia Fusion to the relaunch of Actimel—in Spain in particular—and a new recipe for Danonino, our core brand for children's products. We also adopted a more selective promotion strategy. In short, our sales in Europe are continuing to rebound. We're on the right track.

What about Danone's expansion in Africa, which led you to create a cross-division business unit just over a year ago?

EF: Africa's robust economic, social and demographic momentum—fueled by growth in domestic markets and the emergence of a sizeable middle class—make this an important region for our future and our mission. In 2015 we took a fresh look at basics, expanding our supply circuits and creating and strengthening local systems. We also boosted our production and distribution capacity, focusing on neighborhood channels and building on local practices. At the same time we consolidated existing partnership agreements—in Morocco we raised our equity interest in Centrale Danone to over 95%, and in West Africa we became majority shareholders of Fan Milk. We've also continued to acquire strong local brands, many of them cultural icons



in their home countries and recognized by consumers for their quality.

Our most recent acquisition was Halayeb, a fresh cheese specialist that increased our production capacity and expanded our distribution network in Egypt.

Your results in other parts of the world seem uneven. Do you still view them as sources of growth?

EF: Absolutely. For us, all of the geographical regions where we do business are vital, and all of them contribute to our growth today. Europe saw a +3%³ rise, North America-CIS⁴ +2.6%³ and the ALMA⁵ region +6.7%³. Outside of Africa, ALMA's performance was affected as Mizone sales in China slowed and began a transition to more normal growth after very steep rises in the past few years.

What initiatives already under way give you confidence in the future?

EF: In the past few months we've started an in-depth transformation aimed at offering our consumers healthier, more attractive products that encourage them to make more sustainable food and beverage choices. We're adapting our brands to new consumer expectations, investing more in research (+9% in 2015) and expanding our production facilities to keep pace with our growing business. At the same time, we've begun transforming our internal structure and processes, and that, too, is laying the groundwork for Danone's future. For example, we've replaced our conventional annual budget with an ongoing reallocation process, reviewing performance and needs every quarter. In today's volatile environment, this new process lets us allocate resources where we need them, for the short, medium- and long-term. We benefit from greater flexibility while keeping our strategic goals clearly in sight. In 2016 we will also continue to roll out our One Danone project. This calls for giving Danone a new structure at the local level—one that cuts across business areas, is faster-moving and fully adapted to the features of each region where we operate. By pooling and strengthening the key corporate functions that support growth—finance, IT, human

3. Like-for-like. 4. Community of Independent States. 5. Asia-Pacific/Latin America/Middle East/Africa.

resources and a general secretary function—within each of our 30 regions, we gain impact, cohesiveness and efficiency to nurture growth and remain close to our markets. And none of this would be possible without the energy and engagement of the 100,000 men and women who work at Danone. It’s definitely the achievement I’m most proud of. It all gives me great confidence in the future.

“Today our Danone 2020 transformation plan is well under way, and that’s reflected in our 2015 results and the ongoing programs I’ve mentioned.”

Where are you with deploying Danone 2020, your medium-term transformation program?

EF: Franck Riboud launched Danone 2020 nearly 18 months ago. We began by reaffirming our mission—“bringing health through food to as many people as possible”—and examining together exactly what that means and how we want to fulfill it, given the dual commitment to business success and social progress that has inspired us for over 40 years. As a direct result, we drafted a manifesto for *alimentation* that summarizes our convictions and commitments, spelling out our goals and stating just how we plan to act on our mission and work with all of our stakeholders. This manifesto lies at the heart of our Danone 2020 transformation plan, which addresses three key issues. First, nourishing life and encouraging healthier eating not only by meeting nutritional needs, but by integrating a cultural, social, emotional and physiological dimension linked to local eating habits in each region of the world. Second, managing our strategic resources as a series of cycles, protecting and safeguarding essential raw materials—milk, plastic and water—in ways that give us a genuine



competitive edge. And finally, focusing on people and organizations to develop everyone's skills and make our operations more efficient. Today Danone 2020 is well under way, and that's reflected in our 2015 results and the ongoing programs I've mentioned.

You announced Danone's new climate policy to coincide with COP21, the United Nations' conference on climate change, along with a partnership with Veolia. Can you tell us more?

EF: COP21 offered an opportunity to announce our commitment to reducing climate change through a very ambitious policy, and we took it. We've now committed to achieving zero net carbon well in advance of the timelines defined by the UN and the COP21 agreement—and that includes farming and related areas upstream from production proper, which together account for two-thirds of our emissions. For the 15 years ahead, we've committed to reducing the carbon intensity of our emissions by 50%. And since 2008, we've succeeded in decoupling the growth of our business from growth in our emissions, which have levelled off in absolute value. In 2020, evian will be the first brand to be carbon neutral worldwide. So you can see that Danone has set ambitious goals and is maintaining its pioneering spirit by encouraging the emergence of unique new cooperative ventures that will promote change, like our partnership with Veolia.

What are your priorities for 2016?

EF: A year ago I assembled a new management team to lead the transformation at Danone. In 2016 we will continue to work together to build tomorrow's Danone and remain on course for

-50%

Danone is committed to reducing the carbon intensity of its emissions by 50% in the 15 years ahead.

2020. Faced with a persistently uncertain overall economy, we will continue to focus on deploying our programs and will remain dedicated to delivering strong, profitable and sustainable growth, raising sales growth to 5% or more by 2020. Danone has changed a lot in the past 18 months. Yet our business model remains unchanged: serving our dual commitment to business success and social progress, we're striving to create value for all of our stakeholders—our 100,000 employees, our consumers, our customers, our suppliers and our shareholders, including all of the communities that interact with us wherever Danone does business.



The Manifesto



*The world is changing. So is food.
And Danone is at the heart of that change.
To better fulfill our mission of bringing health
through food to as many people as possible, we've
written a manifesto—Danone's Manifesto.
It embodies our commitment to creating an
"Alimentation Revolution" that will bring health to
our company and its ecosystem, to our planet, and
to generations of people, now and in the future.
Danone 2020 is the first step in this revolution.
A blueprint for transformation, it defines our
strategic priorities and the work we need to do in
the next five years.*



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.

★ **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.

★ **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.

★ **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 endeavor, 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... ★ **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. ★

Executive Committee

Gustavo Valle

Executive Vice President
Fresh Dairy Products,
Executive Committee
member since 2015

Jean-Philippe Paré

Executive Vice President
Research & Development,
Executive Committee member
since 2011

Francisco Camacho

Executive Vice President Waters,
Executive Committee member
since 2011

Pascal De Petrini

Executive Vice President,
Strategic Resource Cycles,
Executive Committee
member since 2015

Felix Martin Garcia

Executive Vice President
Early Life Nutrition,
Executive Committee member
since 2008

Cécile Cabanis

Chief Financial Officer,
Executive Committee
member since 2015

Bertrand Austruy

General Secretary,
Executive Committee
member since 2015

Lorna Davis

Chief Manifesto Catalyst,
Executive Committee
member since 2015

Flemming Morgan

Executive Vice President
Medical Nutrition, Executive
Committee member since 2009

Emmanuel Faber

CEO and Vice Chairman of the Board
of Directors, Executive Committee
member since 2000

Pierre-André Têrisse

Executive Vice President Africa,
Executive Committee member
since 2008

Marc Benoit

Executive Vice President
Human Resources,
Executive Committee member
since 2014



Charting the future

THE EXECUTIVE COMMITTEE ON THE MANIFESTO
AND THE DANONE 2020 TRANSFORMATION PLAN



“Danone has always used transformation as a way to grow. Now we’ve begun a new metamorphosis: Danone 2020. And because we’ve made the key food challenges now facing society an integral part of it, Danone 2020 will ensure sustainable, strong and profitable growth.” *Emmanuel Faber*



“The Manifesto is a statement of belief that inspires people and lifts their hearts—that’s what makes it so powerful. People feel proud to be part of a company with that kind of intention.” *Lorna Davis*



“We’re making the transition from an approach that’s based on products to one that’s based on eating habits. This broader vision of food, in all its many dimensions, is a cultural revolution.” *Jean-Philippe Paré*



“Our newly created General Secretary function puts us in a better position to get out in front of challenges and take advantage of all the opportunities that are consistent with our goals under Danone 2020, in a changing political and economic environment. Strengthening the unique character of our company and engaging our stakeholders are key to building solid and sustainable growth.” *Bertrand Austruy*



“Danone 2020 is based on a holistic vision of food, and there’s probably no better illustration of that than yogurt. Its connections to health, nature, local cultures and lifestyles are a constant source of inspiration.” *Gustavo Valle*



“The Manifesto calls for commitment to communities, and that’s not a one-way street. Communities are at the heart of our business and our commitment is built on genuine dialogue with all stakeholders.” *Flemming Morgan*



“Our mission is to inspire people to adopt healthier hydration habits, and we base that approach on both science and observation of behavior. Guided by health, our mission calls us to make sustainable use of natural resources an integral part of the way we do business.” *Francisco Camacho*



“The only way to manage limited resources sustainably is to use the circular economy concept. That’s one of the pillars of the Manifesto, which seeks to generate more value for Danone, for local communities and for the planet.” *Pascal De Petrini*



“From conception through age two, diet is one of the primary determinants of a child’s health. Our approach to these 1,000 days is a way of putting our Manifesto to work toward a clearly defined goal: helping to build health capital for future generations in sustainable ways.”

Felix Martin Garcia



“Our Africa division can become our Manifesto in action—a way to live it day by day. Africa encourages us to think *alimentation* rather than just products, to care for natural resources, and to design inclusive business models.”

Pierre-André Térissé



“Danone 2020 is our company agenda. It connects our short-and-medium-term economic model and financial commitments to our short- and medium-term vision in order to ensure sustainable value creation for all stakeholders.” *Cécile Cabanis*



“Our goal is to become a collaborative, dynamic, mission-driven company where each of our 100,000 employees can flourish. What inspires us is a genuine vote of confidence in the potential of each and every Danoner.” *Marc Benoit*

Governance: smooth transition

In 2015 Danone’s governance structure changed significantly as the duties of the Chairman and Chief Executive Officer were separated. It is now up to the new management team— assembled and led by CEO Emmanuel Faber and actively supported by our Board of Directors—to successfully deploy the company-wide makeover that began when Franck Riboud launched the Danone 2020 transformation plan.

The changeover was natural and seamless, and the operations continued to run smoothly. To ease the transfer of responsibilities and allow the teams within the company to adapt gradually, the Board of Directors voted to expand the authority of the Chairman during the transition. As a result, Franck Riboud continued to represent Danone

on various occasions throughout the year, though he has stepped back from day-to-day operations. Yet he remained very involved in the company and was consulted on a number of issues, giving management the benefit of his operational experience and his deep knowledge of Danone’s markets and core businesses.

Meanwhile, the Board continued to change and intensified its engagement, striving to make a meaningful, productive contribution to the company’s growth and development. As part of this effort, the Board created a new Strategy Committee and renewed the position of Lead Independent Director, and more Board members are now involved in the work of Danone’s various committees. The Board’s membership also changed, reflecting Danone’s commitment to choosing

engaged, involved directors who can bring strong expertise, international experience and wide range of perspectives to our business. In 2015 the Board welcomed employee representatives Marie-Anne Jourdain of France and Bettina Theissig of Germany, as well as Serpil Timuray, a Turkish executive with deep knowledge of emerging markets and the mass-market and technology sectors. In 2016, the Danone Board will ask shareholders

to approve the appointment of Clara Gaymard, whose global experience and understanding of geopolitical issues will make a valuable contribution to its work [see box]. Ms. Gaymard's arrival will also increase the proportion of women and independent directors on the Danone Board.



CLARA GAYMARD

**56, French
Cofounder, RAISE**

Clara Gaymard served as director of the Invest in France Agency (AFII) from 2003 to 2006, when she moved to General Electric, serving as President and CEO of GE France and Vice President of GE International. She left GE in late 2015 and now serves as President of the RAISE Endowment Fund.

DANONE15



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THE BOARD OF DIRECTORS

1. FRANCK RIBOUD

60, Chairman of Danone's Board of Directors

2. EMMANUEL FABER

52, Chief Executive Officer of Danone and Vice Chairman of Danone's Board of Directors

3. JEAN LAURENT⁽¹⁾

71, Chairman of the Board of Directors, Foncière des Régions

4. SERPIL TIMURAY⁽¹⁾

46, Regional CEO of Africa, Middle East and Asia-Pacific and Executive Committee member, Vodafone Group

5. MARIE-ANNE JOURDAIN

58, Director representing Danone employees

6. BRUNO BONNELL⁽¹⁾

57, Chairman, I-VOLUTION

7. GAËLLE OLIVIER⁽¹⁾

44, Chief Executive Officer, General Insurance, AXA Asia

8. BENOÎT POTIER⁽¹⁾

58, Chairman and Chief Executive Officer, Air Liquide SA

9. ISABELLE SEILLIER

56, Head of Financial Institutions EMEA, J.P. Morgan

10. MOUNA SEPEHRI⁽¹⁾

53, Executive Committee member and Executive Vice President, Renault SAS

11. JEAN-MICHEL SEVERINO⁽¹⁾

58, Head of I&P SARL (Investisseurs & Partenaires)

12. VIRGINIA A. STALLINGS⁽¹⁾

65, Professor of Pediatrics, Children's Hospital of Philadelphia

13. BETTINA THEISSIG

53, Director representing Danone employees

14. JACQUES-ANTOINE GRANJON⁽¹⁾

53, Chairman and Chief Executive Officer, vente-privee.com

15. CLARA GAYMARD*⁽¹⁾

56, Cofounder of RAISE; Vice President of GE International and President and CEO of GE France until December 2015

**LAURENT SACCHI**

51, Danone's Secretary of the Board and Executive Vice President Chairman's Office

⁽¹⁾ Directors recognized by the Board as independent under the Afep-Medef Code.
* Subject to the approval of the Shareholders' Meeting on April 28, 2016.

2015 Highlights

Triple Zero: Packed with protein

With Oikos Triple Zero, available in six flavors, Dannon delivers on a triple promise—good health, good taste and variety—all in 150 g of Greek yogurt. Now the official yogurt of the National Football League, this new protein snack has zero fat, zero added sugar, and zero artificial sweeteners, and it packs a full 15 g of protein. Launched in the US in January 2015, Oikos Triple Zero generated more than half of the Oikos brand’s growth in just under a year.



Danone Day

We invited our entire workforce to attend Danone Day—the official launch of our Manifesto in Paris on July 7. Over 70,000 employees participated, some in person, some via live video and others by relay broadcast. The event provided an extraordinary forum for ideas as Danone employees shared their impressions of the Manifesto and discussed its core principles.

Music in Évian

After many years under the leadership of Maestro Mstislav Rostropovitch, Évian brought the curtain down on its Musical Encounters in 2000—only to raise it again in 2013 under the artistic direction of the famed Modigliani Quartet. The festival occupies a unique place on the international classical music calendar thanks to its exceptional setting in the Grange au Lac concert hall and its innovative programming, which creates profound, unexpected encounters among the world’s finest musicians. Over 10,000 people attended the second edition of the “new” festival, held July 4-11 at the Évian Resort.



Changing the world

When Fortune magazine published its first “Change the World” list in the summer of 2015, Danone was on it. Of the 200 candidates considered by Fortune, 51 companies were chosen for their positive impact on major social and environmental issues. Danone ranked 14th overall, 1st among food companies, and 3rd among companies with the greatest social and environmental impact.



Target: net zero carbon

Our new climate policy, unveiled on November 9, 2015, sets the long-term goal of reducing our net carbon emissions to zero. That's an ambitious target, especially because we've expanded the focus from our direct perimeter of responsibility—production, packaging, logistics and recycling—to include our indirect perimeter and primarily agricultural inputs, which account for 65% of our emissions. We've pledged to reduce emissions by 50% before 2030, and

will begin by reducing absolute levels before 2025. How? Through collaborative solutions, such as a partnership with the Livelihoods Carbon Fund to create programs for sequestering carbon in natural ecosystems. We also plan to eliminate deforestation from our supply chain by 2020—yet another milestone in our quest for responsible, sustainable economic growth.

Convenience, safety and hygiene

After years of research, the next-generation packaging for Danone Nutricia's powdered infant formulas is now on the market. Safer, more hygienic and more convenient, the new design features a closing system that's even more secure than before, and it can be used with just one hand, thanks to a wider opening, a longer handle on the measuring scoop and a new scoop-holder under the lid. The new packaging debuted in Germany with Aptamil Profutura, and has now launched in the Netherlands, the UK and Ireland.



Hydration heroes

Launched in Spain, small Font Vella mineral water bottles shaped like popular characters from Frozen, Star Wars and The Avengers (©Disney) have won a following in over 1.4 million households in less than a year. The same concept—with Minions and Star Wars characters—has been adopted by Volvic in France, Germany and the United Kingdom; Aqua Dor in Denmark; and Bonafont in Mexico and Brazil. Danone is using these licenses exclusively for water to promote healthier hydration for children.



Growing up with Danonino

Our Danonino website, designed for parents and young children, is live in France and Mexico. It offers edutainment games for children to learn and play, real life activities for parents and children to share quality time, tips for parents around key themes in kids’ autonomy, as well as Dino Adventures—an animated series of 20 episodes featuring little Dino. Together these initiatives are designed to help parents help their children grow up and take their first steps on the road to autonomy.

A first in the Philippines

Danone has expanded its enhanced flavored water platform in Asia by entering the Filipino beverage market with B’lue, an aquadrink launched under a joint venture with Universal Robina Corporation (URC), a leading food and beverage company in the Philippines. Designed with the innovation-hungry younger generation in mind, B’lue comes in three flavors: orange, lychee and calamansi, a citrus fruit commonly available in the Philippines. Eight months after its launch, brand awareness has already reached 77%*, and sales have topped 1 million liters a month.

* Ipsos Connect Brand Health Tracking. Among 15-34 year olds, Greater Manila Area.

Nutrimom program

Nutricia has entered the US early life nutrition market with an innovative program designed to help young mothers make baby’s first 1,000 days the very best they can be. Nutrimom offers support through nutritional coaches trained and certified by New York’s Cornell University, educational materials on maternal and infant nutrition, and an optional range of products tailored to the special needs of both mother and child.



Talent search

Danone has launched a new employer branding campaign to diversify our talent base and ultimately recruit 10,000 new employees by the year 2020. In a highly competitive labor market, we face two challenges: raising the company’s profile and convincing the candidates with the highest potential to join our team. To meet these challenges, we’ve highlighted our mission and our dual commitment to business success and social progress, as well as the autonomy we offer our employees and the Danone leadership style, which rewards entrepreneurial spirit and teamwork. And we’ve chosen an inspiring, energizing tagline: “Contribute to a healthier world”.

Allergy relief

In the US, where some 5% of children suffer from cow's milk protein allergies, Nutricia has created Neocate Footsteps, a digital platform designed to support their parents and doctors. Launched in 2015, the platform offers dietary advice and useful recipes, and helps parents connect with other families, nutritionists and health insurance specialists. It's a one-stop resource that helps parents give their children the best possible care.



Cutting-edge partnership

At Danone, we bring the very highest levels of scientific and managerial expertise to the fast-changing field of food safety management, and we reinforce our own cutting-edge expertise and internationally recognized management systems through partnerships with the best experts wherever we do business. In November 2015, we signed an agreement with Mérieux NutriSciences, world-class experts whose relationship with Danone goes back several decades.

Shared vision

In December, Danone signed a partnership agreement with B Lab—an international non-profit that promotes an engaged, responsible model for entrepreneurship—that will pave the way for listed multinationals to earn B Corp certification. Our open source partnership with B Lab will inject new energy into the movement to assess and certify corporate responsibility.



New plant in the Netherlands

In December 2015 we announced that we will build a new plant for the Early Life Nutrition Division. Nutricia's Cuijk facility will double production capacity in the Netherlands, keeping pace with growing demand for Aptamil, Nutrilon and other international brands. The €240 million plant, Danone's largest investment in European production capacity, will start up in late 2017, exporting output to over 80 countries.

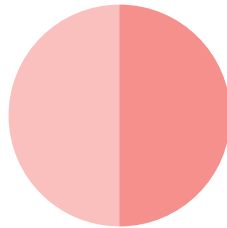


Learn more at danone.com/en/2015annualreport

Fresh Dairy Products

25%

Danone's share of the worldwide market for fresh dairy products (in value)



50%

of the company's sales came from the Fresh Dairy Products division.

TOP 3 BRANDS

that contributed most to the division's growth in 2015:

1. ACTIVIA
2. DANONE
3. VITALINEA



No. 1
WORLDWIDE
for fresh dairy products

€11 bn
(€11,057 M)
Division sales in 2015

+0.6%*

Sales growth

9.95%

Trading operating margin in 2015

+ 24 bps^{1*}

+ 49 bps¹ at constant exchange rates



TOP 3 COUNTRIES

that contributed most to the division's growth in 2015:

1. ARGENTINA
2. RUSSIA
3. MEXICO

* Like-for-like 1. Basis points.

Waters

TOP 3 COUNTRIES

that contributed most to the division's growth in 2015:

1. INDONESIA
2. MEXICO
3. ARGENTINA



TOP 3 BRANDS

that contributed most to the division's growth in 2015:

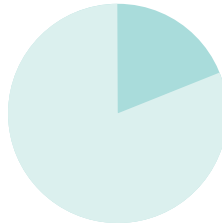
1. MIZONE
2. AQUA
3. BONAFONT



+7.1%*

Sales growth

€4.7 bn
(€4,768 M)
Division sales in 2015



21%

of the company's sales came from the Waters division.

11.37%

Trading operating margin in 2015

- 192 bps^{1*}

No. 2
WORLDWIDE
for packaged waters
(by volume)



36%

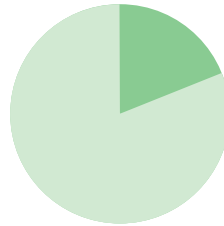
Share of aquadrinks in Waters division sales

* Like-for-like. 1. Basis points.

Early Life Nutrition

+9.8%*
Sales growth

€4.9 bn
(€4,994 M)
Division sales in 2015



22%
of the company's sales came from the Early Life Nutrition division.

TOP 3 BRANDS

that contributed most to the division's growth in 2015:

1. APTAMIL
2. NUTRILON
3. SGM



TOP 3 COUNTRIES

that contributed most to the division's growth in 2015:

1. GERMANY
2. AUSTRALIA / NEW ZEALAND
3. THE NETHERLANDS

(These rankings reflect the growing success of international brands sold in Europe for the Chinese market.)

3x

Sales in the United States have tripled since 2013.



No. 2
WORLDWIDE
in early life nutrition

19.32%

Trading operating margin in 2015

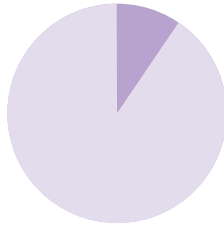
+ 142 bps*

* Like-for-like. 1. Basis points.

Medical Nutrition

7%

of the company's sales came from the Medical Nutrition division.



€1.5 bn
(€1,593 M)
Division sales in 2015

+7.5%*

Sales growth

TOP 3 BRANDS

that contributed most to the division's growth in 2015:

1. FORTIMEL
2. NUTRISON
3. NEOCATE



No. 1
IN EUROPE

17.95%

Trading operating margin in 2015

+ 1 bps^{1*}

>65%

of the division's sales came from mature markets.



TOP 3 COUNTRIES

that contributed most to the division's growth in 2015:

1. CHINA
2. BRAZIL
3. UNITED KINGDOM

* Like-for-like. 1. Basis points.

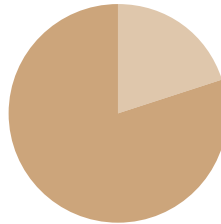
Africa

Danone is continuing to expand in Africa, a strategic region with scope for new sources of growth. We have raised our standards for supply, production and distribution, reflecting our ongoing commitment to developing a unique product offering for consumers. Today our most significant markets are Morocco and South Africa.

While both are focused on fresh dairy products, the Early Life Nutrition division reports strong growth, powered by a 35-country export model.

> 5%
of Danone sales

> €1 bn
IN SALES



80%
of all sales come from
Fresh Dairy Products.

DANONE FOOTPRINT



Fresh dairy products:
leader in Morocco, Egypt and South Africa

Early life nutrition:
leader in Morocco, Algeria, Tunisia and Egypt

MAJOR DEVELOPMENTS IN 2015

1. Danone **acquired an additional 5% equity stake in Centrale Danone in Morocco**, giving us over 95% of the company's capital.
2. In February 2016, we **increased our equity interest in Fan Milk** from 49% to 51%, giving Danone a controlling stake.
3. In February 2016, we **acquired Egypt's Halayeb for Dairy Products and Juice**. Halayeb specializes in fresh cheese, one of the most dynamic segments in the Egyptian dairy products category.
4. Danone Djurdjura **acquired assets from Algerian company Trèfle**, the country's third largest fresh dairy products player.

NOURISHING LIFE



Introduction

At Danone, we believe that food is health's most powerful ally. By encouraging healthy diets and lifestyles, we're nourishing life—meeting the needs and wants of every consumer at each of life's milestones, with products that respect local cultures.

Our aim is to promote healthier eating habits, and selling products is only the start.



Danone grew out of the conviction that food plays a role in building and preserving health. When our very first yogurts went on the market in 1919, they were sold in Spanish pharmacies. Made with cultures from the Pasteur Institute in Paris, they were formulated to protect children from intestinal infections caused by malnutrition and poor living conditions. Today, 86% of Danone's sales come from products that contribute to a healthy, balanced diet. And we always strive to combine nutritional value with taste appeal, because enjoyment is the key to making healthy diets and lifestyles sustainable.

It's been ten years since we first unveiled our mission, and that mission is now more important than ever. There is scientific and medical consensus on

the benefits of a balanced diet, whether the goal is to build health capital, maintain it, or prevent certain illnesses. Chronic diseases are up sharply, ushering in a host of ills—cardiovascular and respiratory disorders, cancer, allergies and diabetes. All are closely linked to our lifestyles, with poor diet the number-one risk factor. But changing eating habits isn't just a matter of calories, nutrients and vitamins. Food combines many different dimensions, from biology (nutrients) and pleasure (taste appeal) to culture (expressions of identity) and social interaction. After all, eating isn't just about satisfying hunger—it's also an opportunity to spend time together and enjoy ourselves. And health through food doesn't mean the same thing for everyone. Consider the differences between an Italian businesswoman and a Japanese mother and homemaker; between a teenage boy in Mexico and

a teenage girl in the UK; between an attorney in Dakar and a farmer in Ukraine. These demographic, geographic and economic factors come into play all the more given sharp new divisions caused by changing lifestyles, globalization, urbanization and the foods and beverages now available to consumers.

Understanding eating habits is fundamental, because health and diet are increasingly determined by lifestyle and culture. All over the world, depictions of food, standards, transmission, symbolism and values shape what and how people eat. At Danone, recognizing the many aspects of food and factoring in the wide diversity among consumers means taking a holistic approach. More than ever, the transition from making foods and beverages to encouraging healthy behaviors is in line with our mission to bring health through food to as many people as possible.

We already have what we need to make this transition. First, products that unite taste appeal, high quality and safety. Second, products and services that offer healthy choices with the highest possible nutrient density. And finally, solutions that are useful for a wide range

of communities because they meet local needs and reinforce the social and cultural fabric.

To maximize our impact, we've identified three key areas where food-related health issues meet our areas of expertise, and we're focusing on the stages of life where we can make a difference: building, maintaining and protecting health capital.

How will this revolutionary approach change Danone? It will shift our focus to nourishing life and change our relationships with stakeholders, as well as our approach to strategy and operations. And that is precisely why we launched our Manifesto: to spark the energy people need to link short term to long term, past to future, hearts to minds.

How will you
help transform Danone
between now and 2020?



“Feeling that I can contribute to the future of our planet and to the legacy we’ll leave to our children—especially on a continent like Africa, which faces enormous challenges—is a huge inspiration. This is how we should cultivate our difference.”

WILFRIED SAHI, Sales Director, Danone Nutricia ELN, Côte d’Ivoire

How will you
help transform Danone
between now and 2020?



“As a doctor, I share fully in the Manifesto’s convictions on the links between enjoyment and health on the one hand, and science and food on the other. I want to make patients and the scientific community more aware of medical nutrition and more knowledgeable about it. These convictions are the foundation for my work.”

ROBERTO PISATI, Medical Nutrition Director, Nutricia Advanced Medical Nutrition, Italy & Greece

Building, maintaining and protecting health capital

chapter 1

Food plays a development and well-every age. At Danone, our product categories to make people healthier in every way and at every stage of life, from promoting a balanced diet to delivering specific, targeted health benefits.



fundamental role in being for everyone, at we're committed to using

The first 1,000 days of life are critical to lifelong health. Where we grow up, how we live, and what we eat and drink between conception and our second birthday, affect our growth and our ability to resist chronic diseases. The World Health Organization has made nutrition during this period a priority¹, and at Danone, we're committed to encouraging breastfeeding and promoting food and beverages targeted to the special needs of both mother and child.

From conception through to breastfeeding, a mother's diet and lifestyle are decisive factors in her baby's health. In addition to needing a healthy, balanced diet, new mothers and mothers-to-be

have special nutritional requirements, including folic acid, iron, omega-3s, calcium, and vitamins A, C, D and E. In 2015, Danone Nutricia Early Life Nutrition (ELN) division offered simple, convenient ways to meet these requirements with new products such as Nutrimom cereal bars for pregnant women in the United Kingdom, and our Profutura Mama milk drink for nursing mothers in Germany. The division also launched a new product that treats mastitis (an inflammation of the breast that is among the main reasons why women stop breastfeeding prematurely) in Germany and Australia in 2015. Breastfeeding exclusively for the first six months is widely recognized as the most appropriate way to feed infants. Our Nutrimom program, launched in the US in 2015, supports this principle by offering nutritional information, tracking tools, and personalized nutrition coaching for new mothers. Nutrimom was developed in partnership with New York’s Cornell University, which also trained and certified the program’s nutrition coaches.

Even as children begin to eat a more varied diet, they continue to have special nutritional needs. Babies need five times more

“Feeding the planet is less a matter of quantity than quality. Hunger is poverty—nothing more, nothing less—and fortunately it continues to decline. What’s new is that three billion people, two billion of them in Asia, will join the middle class. They want safer food, better health and a more sustainable approach to the environment.”

PASCAL LAMY

Associate Professor at the Institut d’études politiques de Paris,
Director-General of the World Trade Organization, 2005-2013

iron and four times more calcium per kilo of body weight than adults, and they can develop health problems or nutritional deficiencies if they are introduced to cow's milk too soon, or if their diet contains too much sugar, fat or salt. In response to these problems in young children, Danone Nutricia ELN offers growing-up milks that are fortified with essential fatty acids, vitamins and trace minerals tailored to the special needs of this age group, in particular by helping to correct vitamin D and iron deficiencies.

And while the first few months are critical in building health capital, they're only the beginning. Maintaining health capital is a lifelong task. It isn't always easy to eat a healthy, balanced diet when we face so many pitfalls—too many high-sugar and/or high-fat foods, lack of variety, sedentary lifestyles and more. Wich is why Danone is working to promote eating habits that are not only healthy and balanced, but easy and enjoyable to maintain.

Good eating habits start with healthy hydration—a critical need for every organ in the body and an essential part of obesity prevention. In September 2015 the European Association for the Study of Obesity (EASO) launched its “Drink water, be healthy” initiative, and OECD² data show that healthy hydration is part of the solution in preventing childhood obesity.

In Spain, for example, 30-40% of children aged four to ten don't get enough liquid, and sweetened beverages account for approximately 20% of what they drink. Meanwhile, some 25-30% are overweight or obese. In 2015 Font Vella effectively used innovation

1. The World Health Organization (WHO) has adopted six global targets for 2025: reduce the number of children under five with stunted growth by 40%; reduce anemia in women of childbearing age by 50%; reduce low birth weight by 30%; stop the rise in childhood overweight; raise the rate of exclusive breastfeeding in the first six months to at least 50%; and reduce childhood wasting and keep it below 5%.

2. Organization for Economic Co-operation and Development.



DAN-ON: BALANCED, CUSTOM-TAILORED MEALS FROM A SMART WEBSITE AND MOBILE APP

At Danone, we believe in making life easier for families by helping them prepare simple, balanced, enjoyable meals. Which is why we launched our dan-on.com menu-planning tool in France, Poland, Hungary and Canada in 2015. Using an exclusive algorithm, dan-on calculates balanced recipes, suggests personalized menus and offers coupons for Danone products. Built on sound nutritional criteria, the program takes each family's preferences into account—and the more the family uses it, the more the algorithm “learns” to suggest meals they will enjoy.

and fun to encourage healthier drinking habits among kids: our Spanish mineral water brand introduced small bottles of mineral water in the form of characters from Frozen, Star Wars and The Avengers (©Disney). In less than a year, these special bottles won the hearts of 1.4 million Spanish households, and we are now selling this concept in France, the UK and Germany under the Volvic brand, in Denmark as Aqua Dor, and in Mexico and Brazil under the Bonafont label.

But introducing healthy eating habits for today's changing lifestyles is a whole new challenge. With time pressure increasing for both adults and children, it's easy to get into the habit of snacking and eating on the go, and many convenience foods contain too much salt, sugar and/or fat. Here yogurt is a nutritious alternative linked to healthy diets and lifestyles. In fact, recent epidemiological studies found that people who ate yogurt regularly had better health indicators for maintaining a healthy weight³.

In 2015 Dannon, our US subsidiary, launched Oikos Triple Zero—the only snack of its kind, packed with protein and free of fat, added sugar, and artificial sweeteners—in response to widespread consumer demand for a fresh dairy product with more protein than traditional yogurt. For children, by contrast, snacking still needs to be fun, so in Poland last year we launched Danonino pouches with Dino characters on the outside and 7% less added sugar on the inside.

For children with allergies, the right diagnosis and the right diet are vital. The rise in childhood allergies such as cow’s milk protein allergy has been attributed to a variety of factors, including diet, the environment, stress and even whether the child was delivered traditionally or by caesarean. Our products are only one aspect of the care process: patients and their families also need help, support and reassurance to cope with the condition. In 2015 Nutricia Advanced Medical Nutrition responded with the Neocate Footsteps website in the US, where 5% of children suffer from cow’s milk protein allergy. Designed for the doctors and parents of allergic children, Neocate Footsteps helps clinicians and families manage the child’s condition day to day, including insurance, dietary guidelines and recipes, contact with nutritionists and other families, and practical tips for when the child enters daycare or school—or simply spends time away from home.

3. Nutrition Research, Jan 2013, vol. 33, issue 1, pages 18-26 on www.sciencedirect.com. “Yogurt consumption is associated with better diet quality and metabolic profile in American men and women” Huiifen Wang, Kara A. Livingston, Caroline S. Fox, James B. Meigs, and Paul F. Jacques. Recent surveys also confirm that yogurt consumption is associated with diets that are more varied, higher in quality, and more consistent with nutritional recommendations. In addition, yogurt consumption is associated with lower obesity risk: in one US study, people who ate the most yogurt (three or more times per week) gained less weight over time than people who ate yogurt less than once a week.

In China, where 500,000 new cases of cow's milk protein allergy are reported every year, families sometimes make up to 10 or even 20 doctor's visits before they get the right diagnosis. To support parents and ensure earlier diagnosis, Nutricia has developed an education and awareness program to help doctors diagnose these allergies quickly and accurately—and now 82% of China's health professionals recommend Neocate as part of their food allergy management strategy.

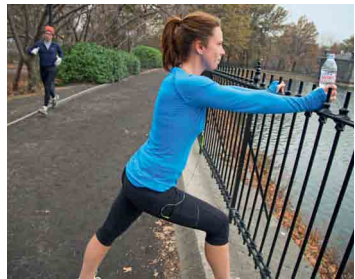
5%
OF CHILDREN
in the US suffer
from cow's milk
protein allergy.

In medical nutrition, better taste means better compliance. The ingredients for medical nutrition products aren't always chosen for their flavor, so our researchers never stop looking for ways to make products taste better. One solution offered by our Nutricia division is the MyNutilis website, an online resource center for



ACTIVIDA: EAT & MOVE!

As budget pressures increase, Europe's retirement homes are struggling to treat physical and cognitive decline among their residents. Backed by the Danone Ecosystem Fund, Nutricia Spain and the non-profit Siel Bleu now offer a comprehensive solution to this problem—ActiVIDA, a program that maintains and improves the health and independence of seniors through a combination of nutrition counseling and appropriate physical activity. In 2015 some 3,200 Spanish seniors benefited regularly from the program, administered in 80 retirement homes by 36 educators trained by Siel Bleu. ActiVIDA is a reflection of the Bien Vieillir project in France and the Ageing Well program in Ireland.



At Danone, we believe that food is a powerful ally for health. And selling wholesome products is just the beginning—we're also committed to encouraging good eating habits.

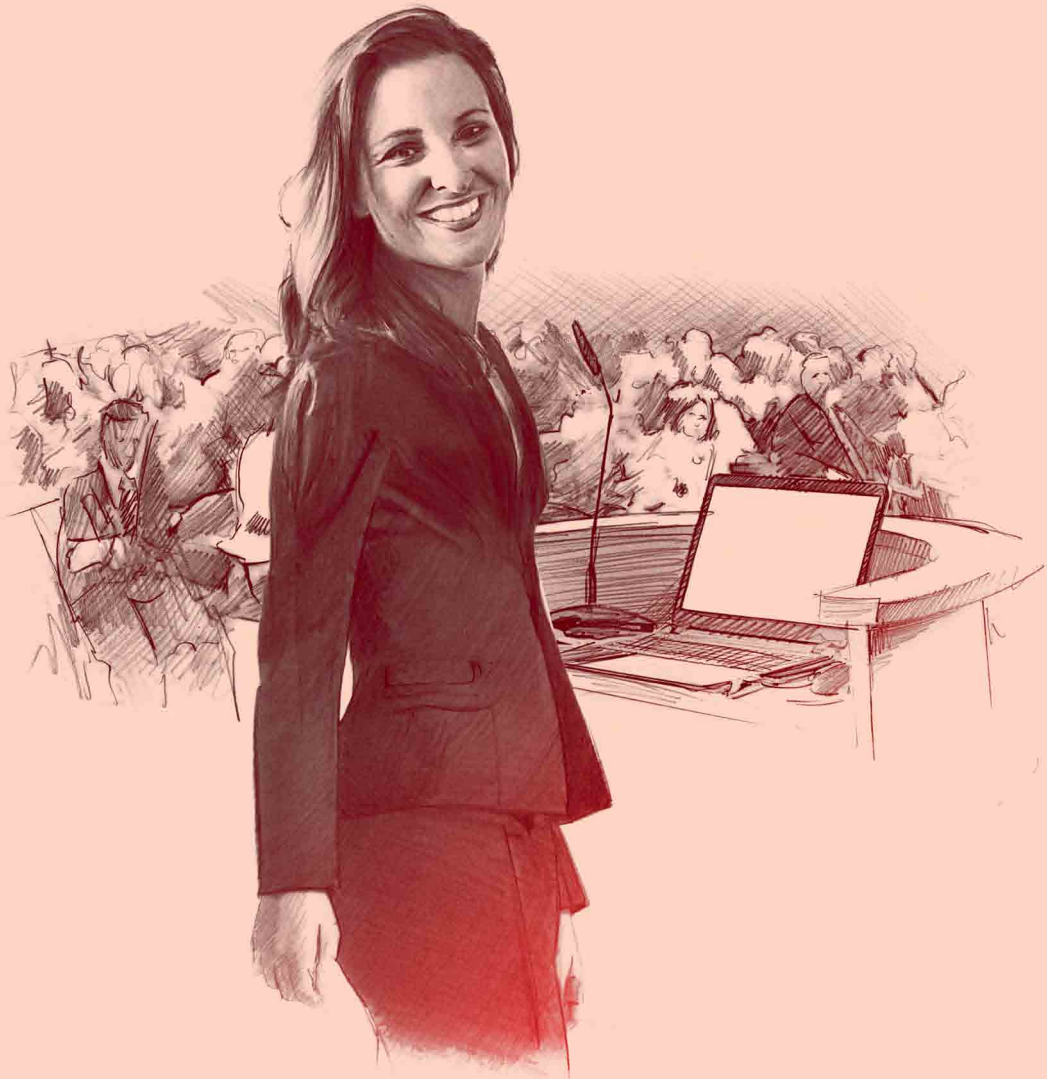
patients with swallowing disorders, or dysphagia. The site offers cooking videos for recipes made with Nutilis, a food and beverage thickener used under medical supervision. Another example is our nutrient-fortified Souvenaid beverage, also used under medical supervision in the diets of patients with early-stage Alzheimer's disease. Souvenaid now comes in cappuccino in addition to the original vanilla and strawberry flavors.

Using food to help the greatest number build, maintain and protect their health capital is our ultimate purpose. More and more, fulfilling our mission means influencing food-related behaviors in ways that preserve each community's diverse social, cultural and dietary practices. There is no one-size-fits-all solution: there are many ways to eat a healthy, balanced diet that is also delicious—an essential factor in teaching children to love wholesome foods throughout life.



Learn more at
danone.com/en/2015annualreport

How will you
help transform Danone
between now and 2020?



“The General Secretary function and the Manifesto have made us more ambitious and given us a foundation for expanding our efforts. For example, we’re now planning to reach ten times as many British schoolchildren through our ‘Eat Like a Champ’ education program. By 2020, the number will grow to 1 million.”

ANNE-CLAIRE BERG, Danone General Secretary, UK and Ireland

How will you
help transform Danone
between now and 2020?



“Danone 2020’s holistic approach to food is particularly relevant in Africa, where we’ll be able to innovate and offer more nutritional options that make sense for African communities, in particular mothers and children.”

VALÉRIE DESPLANCHES, Vice President Research & Development and Quality, Africa Division, Danone

Embracing social and cultural diversity

chapter 2



What people and how they do it—is a of the social and cultural families, their communities and their countries. To fulfill Danone’s mission of bringing health through food to as many people as possible, we must understand and embrace these local practices. It’s our way of showing respect for diversity and encouraging healthier eating habits.

choose to eat and drink— fundamental expression bonds that define their

What people eat and drink reflects their culture. Their geography. Their history. The rich diversity of human eating habits is expressed through choice of ingredients, recipes, and packaging, and even through methods of production, distribution and consumption. For Danone, honoring this diversity goes well beyond the flavorings in a yogurt or the presentation of a product. Our commitment to embrace and promote all of the many sociocultural aspects of food—combined with our effort to bring health to as many people as possible—is the essence of our mission.

For us, it all begins with studying the wide range of human eating behavior. Before we can offer the right products and services, we need to know more about each community—its specific nutritional needs, its eating habits and its expectations about food.

Our strategy and innovation are grounded in a unique nutritional model with three different programs. We start with NutriPlanet studies, which help us understand the eating habits and nutritional status of the people wherever Danone is present. We use NutriWays studies to analyze these food and beverage choices, and compare the composition of our products to market offerings, gathering information that enables us to develop healthy products with superior nutritional value. And we use NutriImpact studies to measure the impact of food choices on diet quality and their ties to health.

In 2015, for example, Danone conducted a new NutriPlanet study on infant feeding practices in Poland, and we discovered that only 25% of mothers were breastfeeding exclusively during the first six months. Based on this finding, Danone Nutricia Early Life Nutrition mounted a promotional campaign to support the launch of two key



CARDAMOM SPICES UP PROTEIN SUPPLEMENT

In India, some 80% of adults don't get enough protein from their diet.* Protinex, Nutricia's range of nutrition products in India, has offered protein supplements to make up the difference for years. And the brand recently scored a hit with Protinex Elaichi, a new product flavored with cardamom—a favorite spice in Indian cuisine. The Elaichi launch, coupled with a consumer awareness campaign on the importance of adequate protein intake, was Nutricia's biggest success in India in a decade.

* The survey, conducted by Indian Market Research Bureau International using a sample of 1,260 adults in seven major Indian cities, was also published in the Indian Medical Gazette, 2015 CXLIX(4), page 149.

products: one to fight mastitis in mothers, and another to reduce regurgitation in infants.

Danone has also made an important contribution to understanding hydration behaviors. Our Liq.in ⁷¹ surveys combine 15 harmonized country surveys on fluid consumption in 16,300 adults and 12,000 children and teens, recording the type and amount of beverages they consumed during seven consecutive days. The findings were surprising: nearly a quarter of adults drink less than one glass of water a day, and in half of the countries studied, children and teenagers drink more sweetened beverages than water.

In another example, we studied Argentine customs and practices around consumption of “on-the-go” foods, which often take the form of high-sugar snacks. They’re so popular, in fact, that 80% of Argentinians eat them two to three times a day. Finding a healthier alternative meant winning over consumers—but first we had to understand their tastes and expectations. Based on our data, we offered a high-protein, low-calorie yogurt, packed with fruit and sold under our Ser brand. Launched in early 2015 and accompanied by a “Healthy snack month” campaign, the new yogurt has taken Argentina by storm.

Recognizing the wide diversity of food-related behaviors is a powerful tool in developing healthier, lifestyle-appropriate foods and beverages: sometimes a small substitution can make a big change in habits.

For example, aquadrinks are increasingly popular with consumers across the globe because they generally offer a tasty and healthier alternative to traditional juices and sodas, combining enjoyment with moderate sugar consumption. In 2015, Danone introduced sparkling aquadrink varieties in Argentina, Uruguay, Poland and Germany to better match consumer preference during meal times in these countries.

1. European Journal of Nutrition 54, 2015.

When habits are rooted in national traditions, they can seem unshakeable. In Russia, for example, traditional dairy products are used as core ingredients in family foods. They're perceived as essential and naturally healthful, with modern products more likely to be seen as costly, sweeter and less essential. But in reality, traditional products are less convenient, since they must often be prepared or mixed with other ingredients, and are sometimes less balanced because people may add too much sugar. In 2015, we relaunched the Danone product range² to reconcile tradition with modernity, offering 100% natural, ready-to-use products with no added sugar or colorings, and packaged in white to underscore their natural goodness.

We even embrace diversity in product design and distribution.

Tailoring products to local needs is especially important in Africa—a highly idiosyncratic market, from the raw materials supplied by farmers, to nutritional needs, to household budgets. And conditions can vary sharply from one region to the next. In Senegal we're working through the danone.communities fund³ to support La Laiterie du Berger, a small business that collects milk from local herders, making life better for some 800 herding families and providing Senegalese consumers with a delicious, nourishing *thiakry*. This traditional West African recipe combines millet—a local grain—with protein-packed, high-energy yogurt. The challenge was to make the product affordable without sacrificing flavor.

In countries with little infrastructure, accessibility can also be a challenge. In Mexico City, Bonafont has created an innovative distribution model, selling its waters and aquadrinks through itinerant vendors who form a network of nearly 100,000 informal points of sale. Nearly 100 of these micro-distributors are visually impaired individuals who are trained as entrepreneurs and supported by the Eyes Wide Open project, co-created by Bonafont and the NGO Ojos

2. Yogurt and *fromage frais* products, plain and with fruit, in spoonable and drinkable forms.

3. www.danonecommunities.com

Que Sienten with backing from the Danone Ecosystem Fund. And under its Rutas Taqueras project, Bonafont sells beverages through a network of 2,800 street vendors in the Mexican capital. Every morning at dawn, the brand supplies them with the right beverages for their customers, and in the evening it picks up any unsold merchandise. Tested in 2013, this innovative distribution network sold 25 million liters of Bonafont beverages in 2015.

In Europe, by contrast, we take very different routes to reach consumers. Our evian brand is among the most innovative, with La Goutte [see box below], home delivery in the Paris region through evianchezvous.com, and products for highly targeted market segments such as tourists in Spain and France.

Eating habits can change quickly, and no diet can be fully understood in isolation from its context and socio-cultural setting. So we never stop listening to our consumers. And because no one recipe can bring health through food to everyone, we offer them a broad choice of paths to a healthy, balanced diet that reflects their social and cultural diversity.



LA GOUTTE ON THE GO

La Goutte, evian's drop-shaped mini-bottle of mineral water, is now connecting with even more Parisians—citywide. Designed as a quick hit of hydration and sold only on the go, the 20-cl bottle was originally distributed in hotels, cafes and luxury boutiques. But in 2015 the brand began selling La Goutte in the fashion and beauty aisles of Monoprix supermarkets, both individually and in twelve-packs. G7 taxis, the market leader in Paris, now offers bottles to members of its business club as well, and La Goutte is also being paired with coffee at Galeries Lafayette and other iconic locations in the French capital, creating a whole new ritual for refreshment.





From Shanghai to Douala, from Mexico City to Paris,
Danone embraces food and beverages
in all their social and cultural diversity.



Making our products accessible to consumers is a top priority at Danone. We're meeting this challenge by creating innovative distribution networks, tailored to new lifestyles and consumption habits—and to local cultures. Examples include growing on-line sales in China, expanding networks of street vendors in Mexico and bicycle vendors in Nigeria, and our partnership with the leading taxi service in Paris.

How will you
help transform Danone
between now and 2020?



“Making Danone a special partner for communities in New York is an exciting challenge. We’ll have to reinvent the way we work by creating a bridge from the unique legacy of Danone’s culture to the future we want to build.”

NICK KRZYZANIAK, General Manager New York City Unit, Manifesto Catalyst for North America, USA

How will you
help transform Danone
between now and 2020?



“The idea that we can work with our dairy farmers to create a virtuous circle—to increase their profitability, but also to preserve resources and the environment as a whole—is a very powerful motivator and a great way to energize our employees and our partners.”

ROMAN PANFILOV, Milk Sourcing Manager for new farming models, East Region Russia, Danone Russia

Managing natural resources and fighting climate change— a new approach

chapter 3



At Danone, we believe that preserving natural resources is an absolute necessity—for the economy, for society

The stakes are nothing less than the long-term survival of our business and its ecosystem. To meet this challenge, we've stepped up our commitment to manage resources responsibly alongside our suppliers and partners, and we've set ambitious new targets in our fight against global warming.

and for the environment.

Between now and 2050, the world's population will grow from 7 billion people to over 9 billion¹. To meet this demographic challenge and keep pace with demand in emerging markets, our planet will need to produce more food with fewer resources. For a food company, securing adequate, long-term supplies of safe, high-quality raw materials is a critical problem, and we're solving it through new ways of working with our suppliers and with local communities whose future depends on preserving

these resources. It's a challenge, but also an opportunity—a chance to gain a competitive advantage and to redefine our relationship with our consumers and stakeholder community.

To preserve natural resources, Danone has shifted from a linear supply chain approach to a cyclical model. Under this new philosophy, the food and water cycle begins with responsible management of water and agricultural raw materials, continues through optimal processing and packing, and comes full circle with collecting and recycling waste materials. The ultimate goals are to keep loss and waste to a minimum, to make the most of the resources we use, and to preserve resources through recycling. To succeed, we'll need to develop new alliances and new forms of cooperation with all of our partners, because managing these cycles requires us to focus on three different dimensions—our business, naturally, but also the environment and the society around us. We'll begin rolling out the new model in 2016, and we're already concentrating our efforts on three of our most strategic resources: milk, water and plastic.

First, the volatile milk market. Every year, Danone collects some 7.5 billion liters of milk—that's nearly 1% of worldwide milk collection—working with more than 120,000 farmers around the globe. Because safe, reliable supplies and stable prices are critical issues for the

“Heifer International and Danone have launched projects that connect small farmers with companies that not only need their products but can even help them grow their business. Every day, farmers face the challenge of managing cost structures, maximizing profits and more. Together we can help them overcome these obstacles and make a decent living.”

PIERRE FERRARI

President and Chief Executive Officer, Heifer International

dairy industry, over the past several years we've developed a formula that ties milk prices to production costs, giving farmers a more stable, more predictable revenue stream in the short and medium term.

We developed this new formula in partnership with farmers and farming organizations, and it applies to both individual farmers and collectives. By late 2015 it accounted for 34% of the milk we collect in North America, and it has already expanded to 19% of our milk collection in Europe, even though it was only introduced there in 2015. And because it reduces price volatility and leads to greater income security—making farmers willing to invest in new systems—this cost-based model allows Danone to promote sustainable resource management.

26
BILLION
liters of mineral water
are bottled by Danone
every year.

Then there's water. In 2015, Danone used some 500 billion liters² of this scarce, precious resource, with agricultural inputs consuming more than 80% of that total. Bottled mineral water accounts for 26 billion liters. Good management of this resource is essential to preserving sensitive ecosystems and maintaining quality of life for millions of people. For years we've relied on collaborative management to strike a balance between local development and preservation of our catchment areas. In 2015 we launched a major effort to assess and manage risks linked to water use at all of our production facilities, working with Veolia, the global leader in optimized resource management [see box page 64].

The third strategic resource is plastic. Danone uses 600,000 metric tons of it a year, and our collection and recycling methods have a major impact on the environment. In 2015 we continued our longstanding effort to manage plastics responsibly. France is one of the world's biggest producers and consumers of bottled water, generating some 10 billion bottles annually, but its PET recycling rate is only 58%. To make French consumers more conscious of the need to sort recyclables,

1. United Nations report: "World Population Prospects: The 2012 Revision".

2. Using the Quantis water footprint method (Water Scarcity Footprint).

PIONEERING ALLIANCE WITH VEOLIA



In December 2015, Danone entered an innovative partnership with Veolia, the global leader for water, waste and energy management solutions. Our goals are to transform consumer habits and waste management, make the transition to the circular economy, and adapt to scarce water, energy and raw materials. Our priorities are to secure the water resources we need and manage plastic packaging sustainably—both integral to Danone’s new climate policy.

evian has partnered with Lemon Tri, a start-up specializing in innovative collection and recycling, and in 2015 Lemon Tri systems were used at evian-sponsored events in France—the evian women’s golf championship, the Parisienne women’s cycling race and the 24 h Vél’lib’ benefit for amateur cyclists. In Argentina, our Villavicencio mineral water brand launched Rebotella, the first 100% recyclable bottle made with 50% recycled plastic, and backed it with a television campaign. Popular Argentinian actor Ricardo Mario Darín starred in the ads, which are designed to raise consumer awareness of the importance of recycling. Use of Rebotella corresponds to a reduction in the country’s carbon footprint by an amount comparable to reducing traffic in Buenos Aires by 110,000 cars for a day, or to eliminating 21,000 lightbulbs over a year—and that’s in line with Villavicencio’s mission to “leave our environment better than we found it.”

Most of Danone’s recycling initiatives also include a social component offering better working conditions and long-term employment prospects for garbage collectors. Meanwhile, we’re continuing our research into plant-based plastics, especially varieties made from agricultural waste.

Responsible, sustainable natural resource management also means fighting climate change. In November 2015, Danone announced a new policy targeting net zero carbon emissions by the year 2050. That’s an ambitious goal, especially because we’ve expanded the scope from our direct emissions—production, packaging, logistics and recycling—to our indirect emissions, including agricultural inputs, which account for 65% of our total environmental footprint.



In the future, our world will have to produce more food with fewer resources. To meet this challenge, we're working hand in hand with our partners to manage resources responsibly and fight global warming.

Between 2008 and 2014 we shrank our carbon footprint by 42%, and now we've pledged to reduce indirect emissions by 50% before 2030, beginning with a reduction in absolute levels before 2025. To reach net zero carbon emissions by 2050, we plan to eliminate all deforestation from our supply chain by 2020 and take positive steps to develop carbon storage initiatives. We'll launch these initiatives through the Livelihoods Carbon Fund—created by Danone in 2008 as the Danone Fund for Nature and operating independently since 2011—to encourage reforestation and mangrove restoration. The Livelihoods Fund for Family Farming (3F Fund), co-founded in 2015 by Danone and Mars, Inc., will expand this effort, and the 3F Fund already has two new members: Veolia, the global leader in optimized resource management, and Firmenich, an international leader in the fragrance and flavor business. By 2025, the 3F Fund will have invested €120 million to help 200,000 African, Asian and Latin American farms convert to sustainable farming practices—simultaneously fighting environmental degradation, raising the farmers' revenue, and helping businesses develop sustainable supply channels with family farms. Each of these initiatives is just one more milestone in our quest for responsible, sustainable economic growth, and we'll continue to create value for everyone by fighting the battle for natural resources and against climate change with all of our stakeholders, including our consumers.

“No food that could be eaten should be thrown away, so it is unacceptable that up to 30% of the world’s food is wasted. Tackling this is a huge challenge across our industry and one that we must work hard to address. Tesco will work with partners to make sure that no food which is safe for human consumption will be wasted in our operations.”

DAVE LEWIS

Group Chief Executive, Tesco PLC and Chair of “Champions 12.3”, the Coalition to Inspire Action to Reduce Food Loss & Waste



Learn more at
danone.com/en/2015annualreport

How will you
help transform Danone between
now and 2020?



“As water shortages become more common, managing this vital resource is both a privilege and a responsibility. The Manifesto gives us a more proactive role in preserving it.”

FAINTA NEGORO, Water Stewardship and Sustainability Specialist, Aqua, Indonesia

How will you
help transform Danone
between now and 2020?



“The most important thing is to forge ties between employees—to come together around a shared project or vision. And we can do that just as well by inviting everyone to contribute to a cookbook as by opening a new plant or drafting a Manifesto.”

BRYDIE MATHESON, Quality Release Coordinator, Danone Nutricia Early Life Nutrition, Australia & New Zealand

Crafting solutions together

chapter 4



Food-related challenges are increasingly complex—and increasingly global. To meet them, Danone is working with a wide range of partners, designing and deploying sustainable solutions with researchers, consumers, NGOs, health professionals, farmers and government agencies. Strengthening and managing these diverse alliances has become a strategic necessity and as well as a measure of our effectiveness and credibility. In a globalized, interconnected world with a broad range of well-established stakeholders, progress depends more than ever on working with multiple players who are committed to sharing information, analyzing problems and finding solutions together. Experts, partners and users all contribute to the viability of our projects.

Opening up our research and breaking down barriers to innovation are at the heart of Danone's quest for progress. Our 1,500 researchers focus on designing safe, high-quality foods and beverages and optimizing health capital, tapping into the latest

scientific breakthroughs and using their understanding of local cultures and dietary habits to develop the right products for each market and prove scientifically that Danone categories have a real impact on health. But before their research begins—and even after they have completed it—they work with partners to support and supplement their work and take it out into the world.

Which is why Danone has forged longstanding relationships with international partners that are recognized for their expertise in areas such as hydration, nutrition and neuroscience, as well as the selection and characterization of lactic acid bacteria (called probiotics), and research into how they can benefit human health. These distinguished partners include scientific institutions such as Harvard Medical School in Boston, University College in Cork, Ireland, and the Pasteur Institute and the French National Institute for Agricultural Research (INRA) in Paris. In 2015 the Yogurt in Nutrition Initiative, a partnership between the Danone Institute International, the American Society for Nutrition and the

“It has been estimated that our gut microbes produce hundreds of thousands of metabolites which can reach every organ in the body, including the brain. The gut microbiota¹ represents a crucial interface between the world in which we live, the food we eat and our overall health.”

EMERAN A. MAYER,

MD, PhD, Professor and Director, Center for Neurobiology of Stress Division
of Digestive Diseases UCLA, USA

1. “Microbiota” refers to all of the micro-organisms in the human body.

FIVE YEARS OF CO-CREATION

Last October, the Danone Ecosystem Fund held a gathering for nearly 300 partners—Danone subsidiaries, NGOs, local stakeholders and more—to thank them for their active commitment to a more inclusive economy. In the five years since the Fund began, it has launched 60 projects in 28 countries, creating jobs and enhancing the economic activity of over 32,000 people, and benefiting 3 million people in local communities through its broader impacts. Five years of co-creation have shown the added value generated



by partnerships between business and local NGOs. Though it can take time for these projects to solidify, they generate real return on investment, honing Danone's competitive edge and delivering social and economic benefits for the communities that work with us.

International Osteoporosis Foundation, focused its annual summit on the relationship between yogurt and weight.

Meanwhile, research into the gut microbiota—the topic of more than 7,000 scientific publications over the past decade—is booming, as clinicians have begun to recognize its critical role in health. Fermented foods and beverages provide daily care for this virtual organ, and through our partnerships with the European and US gastroenterological associations, we're contributing to the research boom and helping to disseminate the knowledge it has produced. On the hydration front, in July 2015 Danone announced that it had launched a new research initiative on hydration and kidney health in cooperation with the International Society of Nephrology.

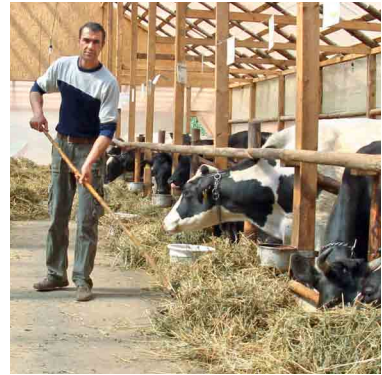
We're also partnering with sociologists, start-ups and our own employees to break down barriers to innovation. In France, for example, our Bledina brand is working with a team of sociologists at the French National Center for Scientific Research (CNRS) to gain a better understanding of the role foods and beverages play in socializing children. As a principal investor in the Health for Life Capital fund, Danone is backing several small businesses with highly innovative

technologies, and as part of our Manifesto, we're setting up in-house incubators to build innovative muscle in our own employees.

As we've opened up to outside partners, we've also embraced new governance models, from practicing collaborative management of the water and milk cycles to cultivating specific skills in food safety and other key areas. For years, we've given collaborative governance a prominent role in protecting our mineral springs, in an effort to strike a balance between local development, environmental protection and preservation of our catchment areas. In 2015, for example, our evian brand joined the Savoie Mont-Blanc chamber of agriculture and local communities around the evian spring to celebrate the start-up of work on the first joint methanation unit, which generates renewable energy from manure, and we're now working along similar lines to restore threatened and degraded ecosystems in China and Latin America. Managing food safety requires a different set of criteria, of course, but we're opening up to new partnerships there as well, gaining access to world-class scientific and managerial expertise in this vital area. In 2015, for example, we signed a comprehensive partnership agreement with Mérieux Nutrisciences [see page 29], known for its food safety resources and experience.

We also promote healthy eating habits with a wide range of partners, from government agencies and international entities to scientific and medical organizations. In the US, for example, our subsidiary Dannon has joined the Partnership for a Healthier America, a program founded by First Lady Michelle Obama to fight youth obesity, which affects 18% of children ages 6 to 11 and 21% of young people ages 12 to 19.² Dannon has pledged to cut the fat and sugar in its products, to increase their nutritional value, and to invest a total of \$3 million in educational initiatives between 2014 and 2016: a 2015 progress report found that the company had made significant progress

2. US-based Centers for Disease Control and Prevention (CDC).



Danone is working with a wide range of partners—researchers, consumers, NGOs, health professionals, farmers and government agencies—to find sustainable ways to encourage healthy eating habits.

toward these goals.³ We're working to reduce obesity in Europe, too. In September 2015 we participated in a campaign by the European Association for the Study of Obesity (EASO) that encouraged people to drink more water, using the slogan "Drink water, be healthy". Aimed at health professionals and the general public, the campaign was based in part on Danone's in-depth Fluid Intakes studies, which covered 16,000 adults and 12,000 children and young people in 15 countries⁴ [see page 53] and produced a database unlike any other.

In short, Danone is fully committed to supporting progress throughout our ecosystem, and we're convinced that working closely with all of our stakeholders is the best way to move ahead. Creating new models of governance and collaboration with our partners is an essential step in fulfilling our mission.

3. Dannon's 2015 achievements and 2016 targets in the US:

a/ cut sugar content by at least 23 g (for every 170 g) in 70% of all products and 100% of products for children: first target exceeded (76%), second target met for 91% of products;

b/ increase the proportion of light or fat-free products to 75% of total product portfolio: met for 69% of products;

c/ increase the nutrient density of all products by 10%: not yet met;

d/ invest \$3 million in nutritional research and education: \$1 million invested.

4. <http://nutrijournal.danone.com/en/>

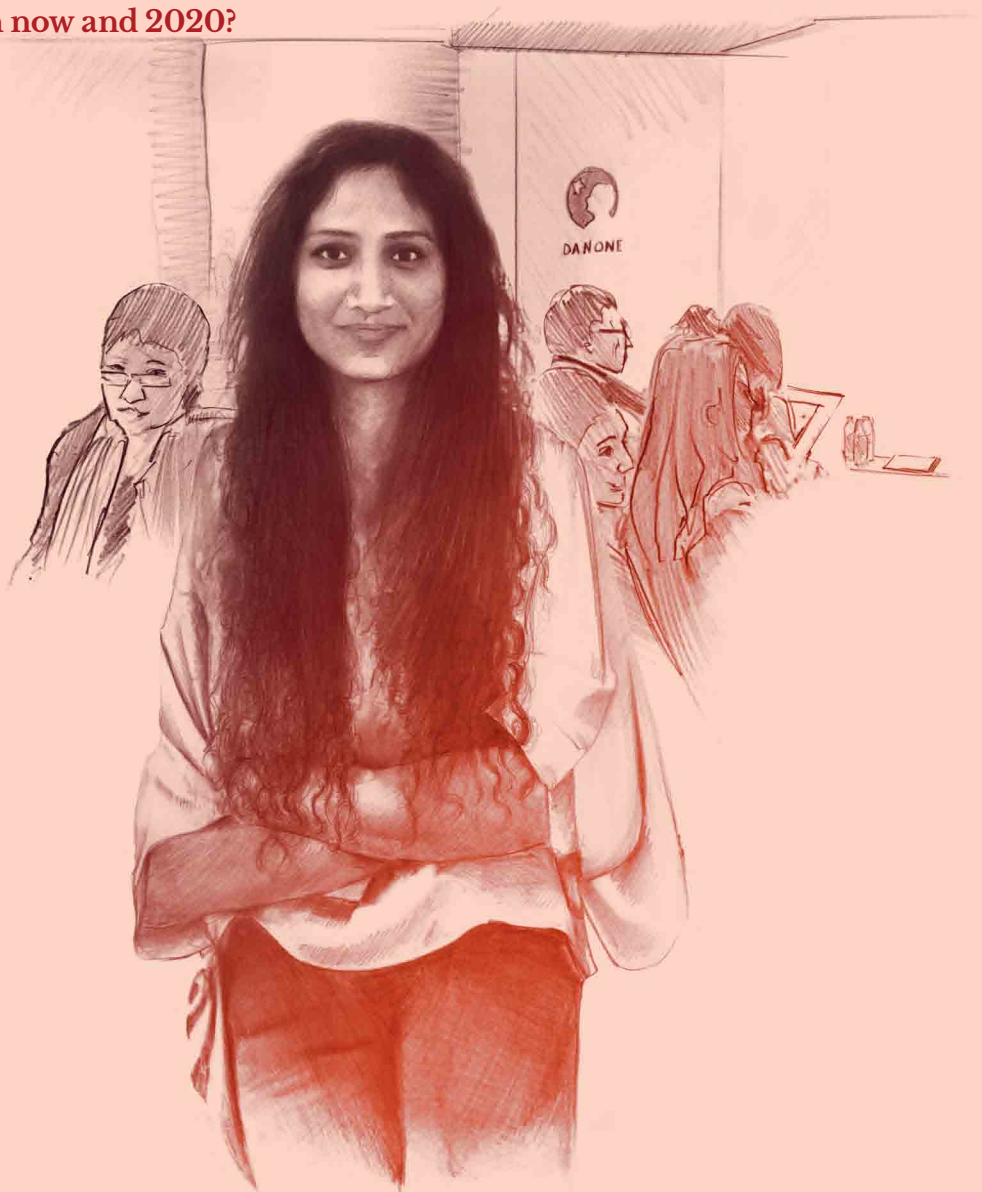
How will you
help transform Danone
between now and 2020?



“Encouraging a collaborative approach strikes me as a key to spurring innovation, sharpening our competitive edge, and enriching the personal growth of Danone’s employees. It should permeate the way we’re structured, the way we work, and the way we think.”

ADAM WRÓBLEWSKI, Head of Media & Digital, Danone Poland

How will you
help transform Danone
between now and 2020?



“We want to live the Manifesto in our daily life—just as we live the diversity of the 26 nationalities in our Singapore office every day. They’re both fantastic ways to deepen our team spirit and create growth opportunities for all of us.”

CHETNA MANGLIK, Talent Scout Director and Human Resources Director, Asia-Pacific, Danone Singapore

One new organizational model and 100,000 talented employees

chapter 5



To fulfill the and make our plans need to adopt a more and leverage the talents of every one of our employees. In 2015 we took the first steps by strengthening and pooling support functions, and by injecting new energy into talent management. From recruiting to employee evaluations to career development, we're harnessing everyone's abilities—no exceptions.

goals of our Manifesto for 2020 a reality, we collaborative model

As the world becomes more and more complex, volatile and interconnected, organizations and the people in them need to be open, responsive and nimble. In a company like ours, where employees are inspired by a unique culture and mission, they must also be collaborative, responsible and engaged. In our most recent

Danone People Survey, taken in 2015¹, 80% of our employees agreed that in general, Danoners were willing to help each other, even if it meant going beyond their job description. And 80% also said that they derived a sense of personal accomplishment from their work.

With One Danone, our new organizational model, we'll create a company that is more solid, more efficient and better equipped to meet the challenges of the world around us. As part of this transformation, we've reorganized four of our support functions—Human Resources, Finance, IT and General Secretary. Our purpose was twofold: to strengthen these areas of expertise, making them more efficient and extracting as much synergy as possible without losing touch with local operations, and enable Danone to speak with one voice. Rolling out One Danone also gives us an opportunity to shore up operations even as we continue to grow. Between 2016 and early 2017, we'll deploy the new model in every region where we do business.

Creating the General Secretary function is part of this new approach—continuing to develop the skills of our employees—and we've strengthened this new function to help the company understand and manage change. As a leading player in the food industry, Danone must anticipate risks, both globally and in each of the countries where we do business. A regulatory shift, a food safety issue, or a major political upheaval can have significant consequences for our image and our results. To manage these issues at the highest level of technical and managerial expertise, the General Secretary function combines legal and regulatory affairs, communications, public affairs, compliance, food safety, economic intelligence and security under a single umbrella. At the same time, we're decentralizing and strengthening country-level expertise

1. An internal survey of all Danone employees, conducted every two years.

wherever we do business. By late 2015, we had put this new function in place at corporate level, and named around ten of the 30 local General Secretaries we will ultimately have. These critical players will not be limited to a defensive or reactive role: their mission is to be connected to the outside world, staying alert to key trends and developments and proactively supporting Danone's long-term growth.

Staying connected to the outside world is integral to our search for new talent as well. Between now and 2020, Danone will need to recruit 10,000 new employees, and we'll need to find many of them in emerging countries, where our name recognition is not yet fully developed. To close that gap, we launched a new worldwide



employer branding campaign in 2015. Designed to make the connection between Danone's identity and the aspirations of young people, the campaign targets candidates who are attracted to our culture and our dual commitment to business success and social

SCOUTING FOR TALENT

At Danone, scouting has a special meaning: we don't look for a candidate that fits a job—we look for a candidate that fits our company. Even before a need has been clearly identified, our scouts look for talented outsiders who can bring value to our business and are likely to be attracted to our culture, developing a relationship that can lead to a job offer when the time is right. After successful pilots in Asia and Latin America, we've created a small in-house team of dedicated scouts to expand the program.

progress. We've also set up an in-house scouting program to create a diversified talent pool and feed our recruiting pipeline, especially in Asia and Latin America. A small dedicated team is now in place to identify prospects, get them acquainted with Danone from the inside, and cultivate strong relationships with them before we ever offer them a job [see box page 79].

But our greatest ambition is to develop the potential of every one of the 100,000 talented people who already work with us. At Danone, we believe that the company won't reach its goals unless we develop the full range of our employees' abilities and use them appropriately. All of them have skillsets, but many of these simply haven't been identified or properly harnessed. So in 2015 we launched two sweeping initiatives: one to develop a skill profile for each employee and another to provide large-scale training to get employees engaged—fast.

In 2015 we conducted “talent reviews” at four pilot sites in China, Poland, Morocco and the UK, adapting our skill-profiling tools to each site as needed. The goal was to identify collective training needs and to develop each employee's abilities in his or her current position—but also to shatter glass ceilings, identify high potentials, and offer employees career development paths that match their skill profiles. In addition to using these tools, we'll analyze the structure of our workplaces and provide coaching to staff who are responsible local management.

To show that we're committed to including all Danone employees in the training process, we also held two large-scale “Campus for All” training events in 2015, one in Indonesia and another in Mexico [see box below].



Nearly 15,000 Danoners, representing every level and every job description, logged a total of 50,000 training hours at 130 different sites. Successfully meeting this considerable logistical challenge proved that large-scale training programs are feasible, but the two events also highlighted something more—our potential for employee engagement, the desire for career development within each employee, and the many benefits of bringing a wide range of different people together. Bottom line: Campus for All was a vote of confidence in Danone’s 100,000 employees. And that confidence is the basis for our quest to become a company that’s more collaborative, more agile and more willing to learn—a company where all employees can flourish, individually and collectively.



TRAINING FOR ALL

On September 21-25, 2015, we held Campus for All, a mass training event for all of Danone’s roughly 13,000 employees in Mexico. Seminars with Executive Committee members and outside speakers presented sessions at a Mexican university, relayed to 124 cross-divisional sites, where the remote sessions were supplemented with more targeted training. This first-ever event reflects Danone’s commitment to developing the talents of all employees in their current positions—and to shattering glass ceilings that could prevent them from advancing.



Learn more at
danone.com/en/2015annualreport

How will you
help transform Danone
between now and 2020?



“The Manifesto calls us to a great mission. And to accomplish something that big, we need to start with small steps. When I convince the people around me to recycle, or help a colleague find meaning in their work, I’m contributing to a snowball effect that will transform the company.”

DIANA SCHEMEL MAGALHÃES, Marketing Manager, Danone Waters, Brazil

Looking back at Danone Day

chapter 6



The first Danone company's history as date. Emmanuel Faber

employee to take part in this new adventure, and on Tuesday, July 7, nearly 70,000 of them joined him, gathering at 8 am in Mexico City, 3 pm in Paris and 9 pm in Jakarta, to name just a few participating cities. All of them—in person, via live video or by relay broadcast—attended the official unveiling of our Manifesto, a declaration of our convictions and commitments over the medium and long term. Drafted in 2013, this strategic document was rounded out with contributions from nearly 150 Danone managers and signed by the Executive Committee in 2014. And on Danone Day it was rolled out for our entire workforce.

Day will go down in the our Manifesto's launch invited every Danone

The gathering was never intended to rubber-stamp the Manifesto. Instead, we wanted to give everyone a unique opportunity to share ideas throughout this remarkable day. To sustain our momentum and share it with all 100,000 employees, we created

Manifesto Voice, a new digital platform that will become a forum where all of our employees can make their own suggestions, comment on the proposals of others and vote on the best ideas. More than 2,300 employees have already logged onto the site and submitted nearly 1,000 ideas.

On Danone Day we also held employee workshops in nearly every country where we do business. At each event participants left their job titles and areas of expertise at the door, engaging in an open discussion of the Manifesto's core principles and the best ways to translate these into action.

It was our first global roundtable, and we have now designed a new program that focuses on five key employee expectations that emerged from it: expanding volunteer work, deepening unity, providing better information, celebrating successes and encouraging experimentation. And the adventure has just begun: another Danone Day is already planned for June 2016, with all 100,000 employees invited.

170 **AMBASSADORS** (approximately)
spearheaded the event at local level

155 **SUBSIDIARIES** were involved

90 **COUNTRIES** participated



Learn more at
danone.com/en/2015annualreport



On Tuesday, July 7, 2015, 70,000 Danoners around the world—from Paris to Helsinki to Wellington—gathered to celebrate Danone Day.

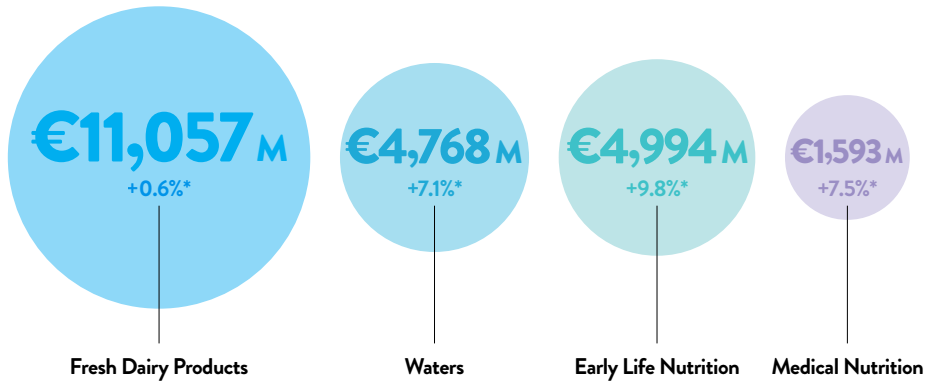


INDICATORS



Finance

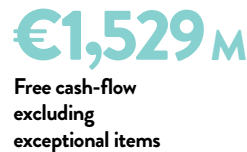
SALES BY BUSINESS LINE (€ MILLION)



TOP 10 MARKETS¹

(as % of 2015 sales)

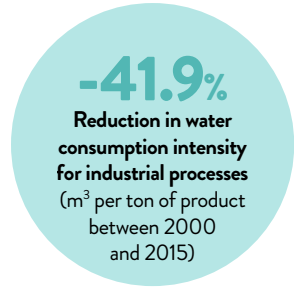
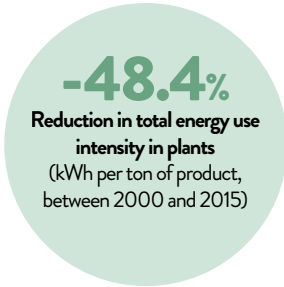
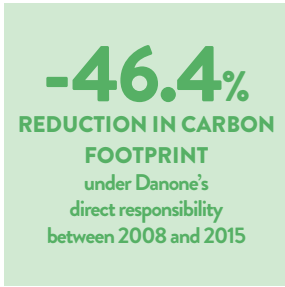
11% United States
10% France
7% China
7% Russia
6% United Kingdom
6% Indonesia
6% Argentina
5% Mexico
5% Spain
4% Germany



* Like-for-like.

1. Year-to-year changes in this ranking should be considered in light of exchange-rate variations, especially given their high volatility in emerging markets. 2. Basis points.

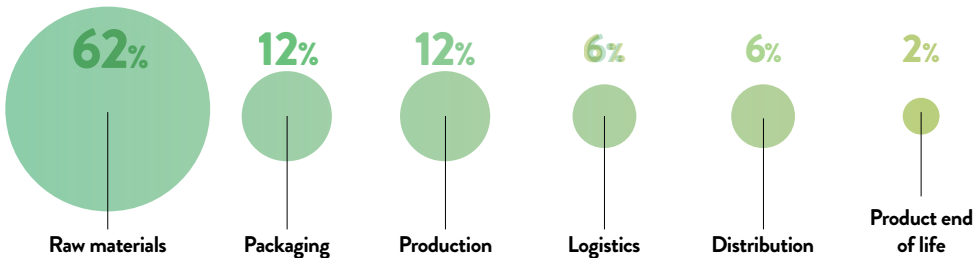
Environment



Intensity of greenhouse gas emissions from plants
 (in kg of CO₂ equivalent/ton of product)



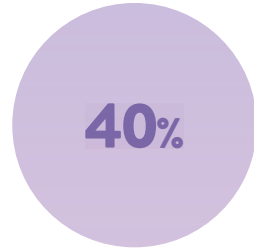
TOTAL GREENHOUSE GAS EMISSIONS OVER THE PRODUCT LIFE CYCLE



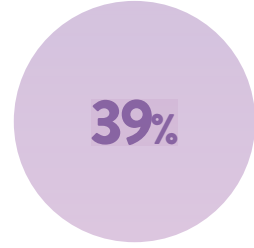
Social



WORKFORCE BY BUSINESS LINE



Fresh Dairy Products



Waters



Early Life Nutrition

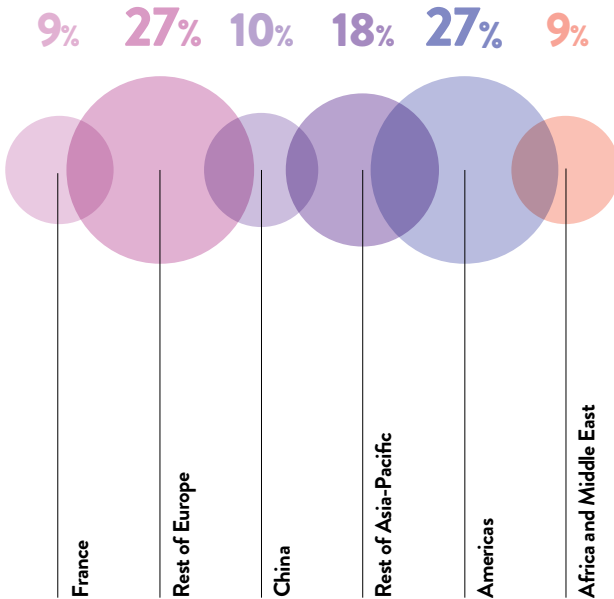


Medical Nutrition



Corporate functions

WORKFORCE BY REGION





BRINGING HEALTH
THROUGH FOOD
TO AS MANY PEOPLE AS POSSIBLE

EN ▼



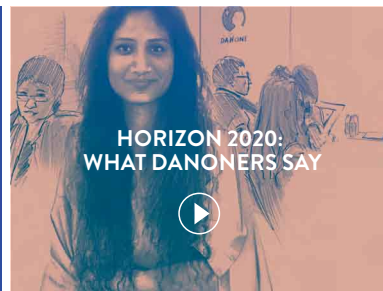
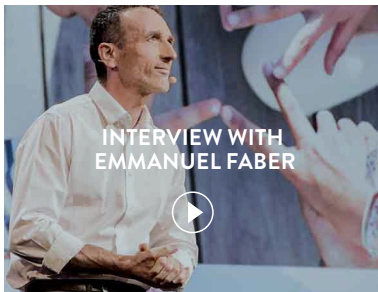
DANONE

2015 FOCUS

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by the Sustainable Development Committee
of France's Union des Annonceurs (UDA).

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