



DANONE
PROTECT. RUN, TRANSFORM

FarmBook (ex. FRM platform)

INTRO TO THE PLATFORM AND NEXT STEPS

OCT 2020



We bring value through
sustainable & innovative
solutions

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[Main contacts centrally:](#)

- Milk cycle team: Sarah Lockwood
- C&P Masterdata: Michele Ranaivo
- DanIS: Rabi Bahi and Olivier Mouillot

FARMBOOK IN A NUTSHELL



FARMBOOK IN A NUTSHELL

INTEGRATION PLATFORM TO PROVIDE HARMONISED AND ACTIONABLE INFORMATION TO DANONERS ABOUT DAIRY FARMS



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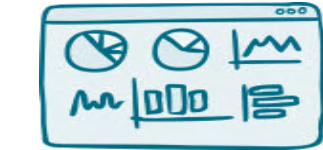
Deliverables



Unique ID
per farm



Central database,
with main KPIs
across topics



Standard Dashboards and
alerts on: implementation,
compliance and
continuous improvement



User Links to
expert tools

Expected value



Structured
feedback and basis
for objective
conversations with
farmers and teams



Set priorities
for the farm or
for the
portfolio



More efficient/
consistent/rapid
answers to
requests



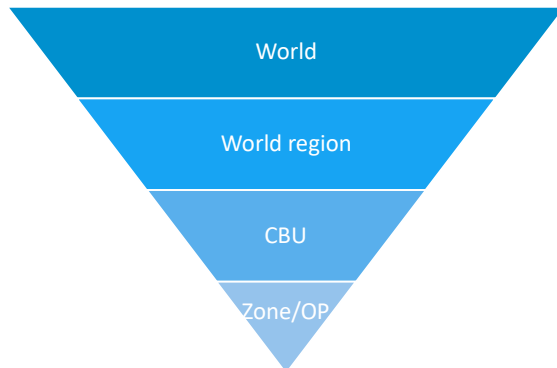
Easier
connection to
specialized tools
in BI, traceability
and AI



Be able to
substantiate /
support claims for
business
valorization
(Marketing,
salesforces, com)

Users

Geographical levels



Functions

- Top management
- Topic owners (quality, CO2...) and data analysts
- FRM teams
- (Farmers, only in relevant CBU)
- (CSR / Reporting – Indirectly via the teams)
- (Topline - Indirectly via the teams)

Co-Financing Milk cycle central / local

Costs covered by Milk cycle central > 1,8 million EUR:

- Design and development
- Roll-out in each country
- Transition costs until GO LIVE
- Potential upgrades

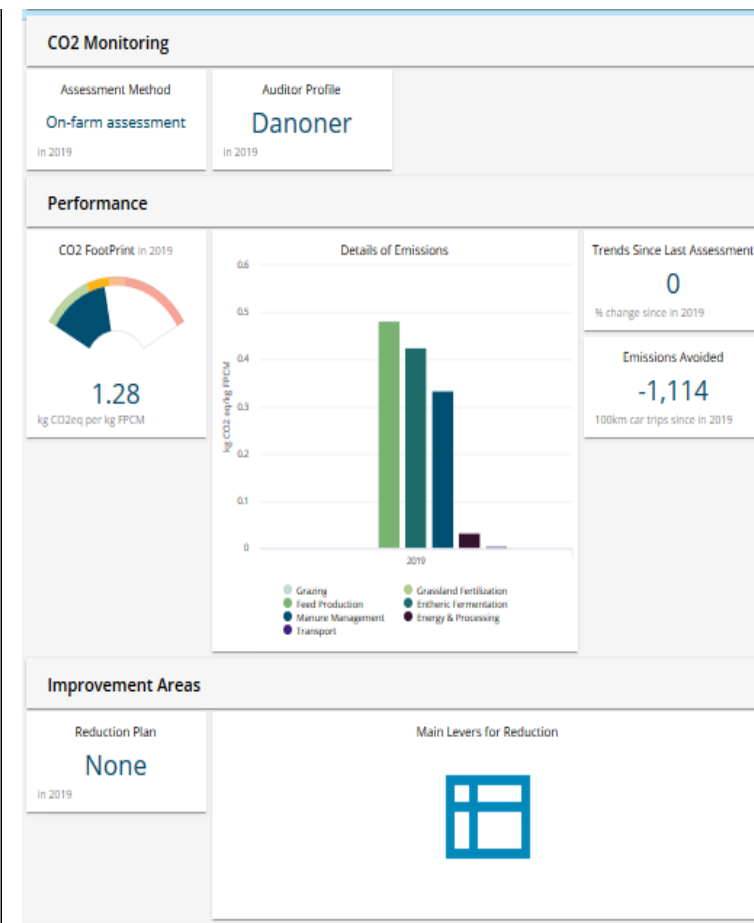
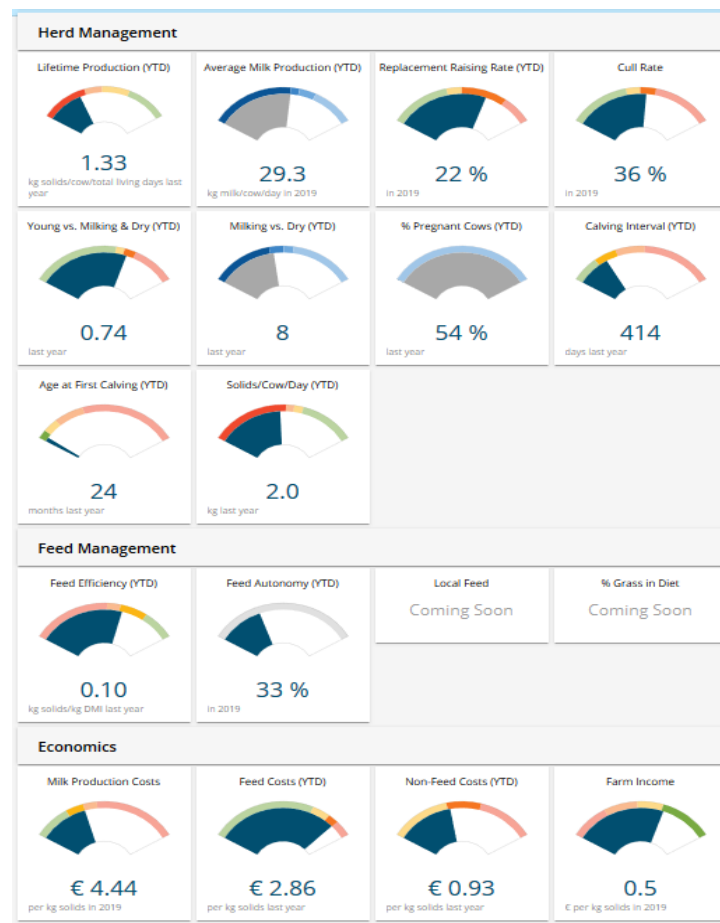
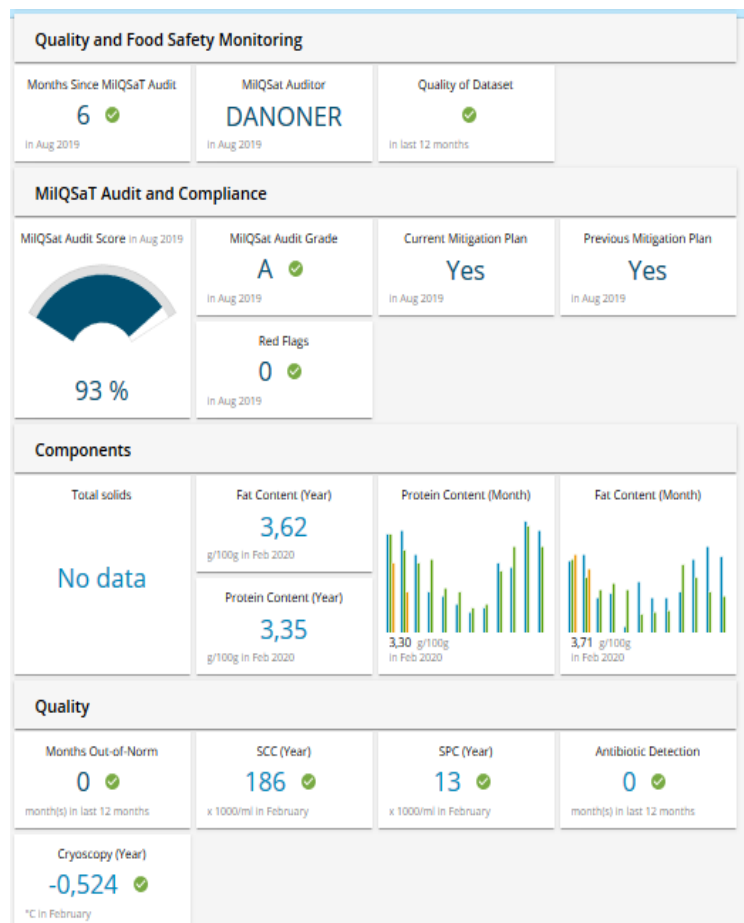
Costs to be covered by CBUs:

*Running costs (OPEX) weighted per CBU
~360kEUR per year globally*

+ Specific adaptations (when CBUs chose not to use core model) (CAPEX)

SCREENSHOTS

SELECTED EXAMPLES OF DASHBOARDS AT FARM LEVEL



CONTEXT: OUR CHALLENGES AND NEEDS

FOREWORD

Danone has started its journey towards **digital transformation**, modernizing our functions and harnessing the power of data insights. This will help us tremendously to **continue delivering milk in a competitive and sustainable manner and seize new business opportunities (productivity, differentiation, brand connection...) while operating under increasing constraints**. Data intelligence and transparency are not 'Nice to have' anymore, these are a MUST in our sector. Recent covid-19 events only reinforced the need for embracing such a transformation.

A number of tools and processes (MilQSaT, Animal welfare, Cool Farm Tool, CPM tools, etc.) are already in place at local and central level and help us collect valuable data from dairy farms and suppliers. We expect this ecosystem of tools to keep growing with our journey towards regenerative agriculture.

Today, we are working as a first step on better capturing, structuring and sharing these insights through the FarmBook platform (see Deck attached), which will be LIVE by the end of June and progressively deployed in 14 CBUs. This should equip our teams better, with consistent and actionable information to both manage performance and respond to most information requests (from CSR reporting teams, topline, etc.).

Tomorrow, we will be able to generate new insights through the power of analytics and artificial intelligence, together with the Michelin team and the Data center of excellence.

This key challenge does require collective effort and further financial investments (CAPEX, OPEX). These will be shared between central and local teams.

We are looking forward to all the opportunities (incl. unforeseen) that this journey will unveil in the coming months and years. Thank you in advance for your support!

DANONE STRATEGIC GOALS AND STAKEHOLDERS EXPECTATIONS

OUR COLLECTIVE CHALLENGE: SECURING A SUSTAINABLE MILK SUPPLY AND SUSTAINING INCLUSIVE GROWTH WHILE OPERATING UNDER INCREASING CONSTRAINTS



Increasing demands from internal and external stakeholders to report on where and how dairy and ag products are produced.

Data intelligence and transparency are not 'Nice to have' anymore, these are a MUST in our sector.



Increasing requests from Danoners to our local teams and suppliers to deliver a more competitive and sustainable milk sourcing

- ⇒ fundamentals (quality and safety, soon: human rights),
- ⇒ growth (diversification),
- ⇒ efficiency (cost performance, planning, etc.), and
- ⇒ sustainability objectives (CO2, deforestation, animal welfare, soon: reg ag, water, social)



Need to modernize our functions and harness the power of data insights, to deliver productivity gains and remain competitive, with a focus on what makes a difference for the business

Context of Protein and Michelin project in C&P



OUR ASSETS AND ISSUES TO TAKE UP THIS CHALLENGE

ONE OBJECTIVE: TO FOCUS OUR RESOURCES AND EFFORTS ON WHAT MAKES A DIFFERENCE

TO SUCCEED, WE NEED TO BETTER LEVERAGE OUR EXPERTISE AND DATA COLLECTED AT FARM LEVEL



OUR ASSETS

LOCAL TEAMS with GOOD EXPERTISE about the farms and motivation to make a difference

READILY AVAILABLE DATA collected at farm level, through a variety of tools (SAP, milk legacies, MilkQSaT, CPM, Cool Farm Tool, etc.)

SUBOPTIMAL USE OF TALENTS on tasks of low business added value

Regular reporting is ensured by the teams, but at what costs? In a context of increasingly scarce resources (time and money), valuable time is lost every day, at all levels in the organization, on multiple (and often redundant) internal and external information requests, through manual search, extraction, cleaning, processing and display of scattered and non-harmonized data. Often, there is no clear accountability, acknowledgment nor recognition of this 'extra' work.

HIGH RESPONSE TIME AND INCONSISTENCIES

High delays and inconsistencies in responses to information requests, putting our teams at risk in case of CSR audits and missing windows of opportunities to help Manifesto brands grow.

LACK OF TRANSPARENCY with our TEAMS and SUPPLIERS, SLOWING DOWN THE REG AG JOURNEY

Missed opportunities to support and engage our suppliers in the transition to Regenerative agriculture, because of the lack of consistent and timely feedback to our suppliers regarding sustainability ambition and performance.

MISSED OPPORTUNITIES (new insights, transparency, business connection, brand activation...)

Because of the lack of adequate tools, structured and processable databases, and user-friendly reporting, we cannot explore the untapped business potential of predictive modelling and Artificial intelligence and transparency. We are also missing windows of opportunities to help Manifesto brands grow.



OUR ISSUES

ECOSYSTEM OF DIGITAL TOOLS TO SUPPORT THE TEAMS, FROM LOCAL TO CENTRAL LEVEL

TASKS AND SUCCESS FACTORS

Tasks



Success factors



We need to use a combination of tools to address different needs (e.g. Assessments for different topics, Reporting, Analytics).

As a global company, a harmonized approach across CBUs (KPIs, definitions, reporting format) is required for efficient monitoring and reporting → We need to ensure the consistency of our tools. The Milk cycle strongly recommends a number of central tools. Should a CBU choose – exceptionally - not to use these tools (due to local specificities), it must ensure the equivalence of the local tool and support any additional costs related to this decision.

As a FMCG company, our needs evolve fast! Our package of tools should adapt accordingly, at a manageable frequency, while ensuring data continuity:

- tools recommended centrally are regularly improved (or potentially replaced)
- New tools are proposed to account for new needs (e.g. Regenerative agriculture).

This is a strategic trend in the company, as highlighted recently by the Michelin project, the newly created Data excellence officer position and the newly created task force on transparency and traceability. Current level of investments on tools in milk is far from reflecting the value these tools bring to the business.

A MISSING PIECE TO SUPPORT THE TEAMS, FROM LOCAL TO CENTRAL LEVEL

WE NEED TO BETTER CONNECT OUR ECOSYSTEM OF TOOLS

Tasks (Status)

	Global	Local
1. Manage the list of dairy farmers	✗	✓
2. Assess Supplier's performance (audits, analysis)	✓	✓
3. Report on suppliers compliance & performance (Quality, sustainability)	⚙️	⚙️
4. Manage payments of suppliers (Basis + premium)	-	✓ Basis Bonus ⚙️
5. Manage Supplier's relationships	-	⚙️
6. Capture extra-value for business (insights for topic owners, CSR and topline)	✗	⚙️ or ✗

Success factors in place

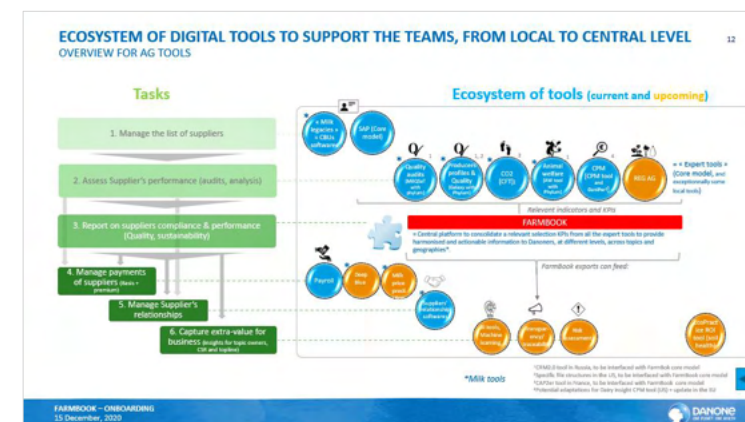


What is missing



We have many tools available (overview), but we are missing a critical piece to connect the tools, impacting our ability to deliver efficiently and to unlock new opps for business (e.g. steps 4 to 6).

Overview of tools



✗ Not fulfilled ⚙️ Managed, but at high costs for the teams ✓ Fulfilled

WHAT IS FARMBOOK?



FARMBOOK: A PLATFORM TO BETTER LEVERAGE OUR EXPERTISE AND DATA COLLECTED AT DAIRY FARM LEVEL*

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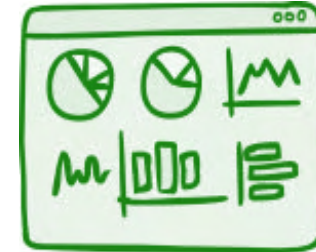
CAPTURE AND SHARE RELEVANT INFO FROM OUR TOOLS



Single ID (SAP) and
harmonised ID card
for each farm



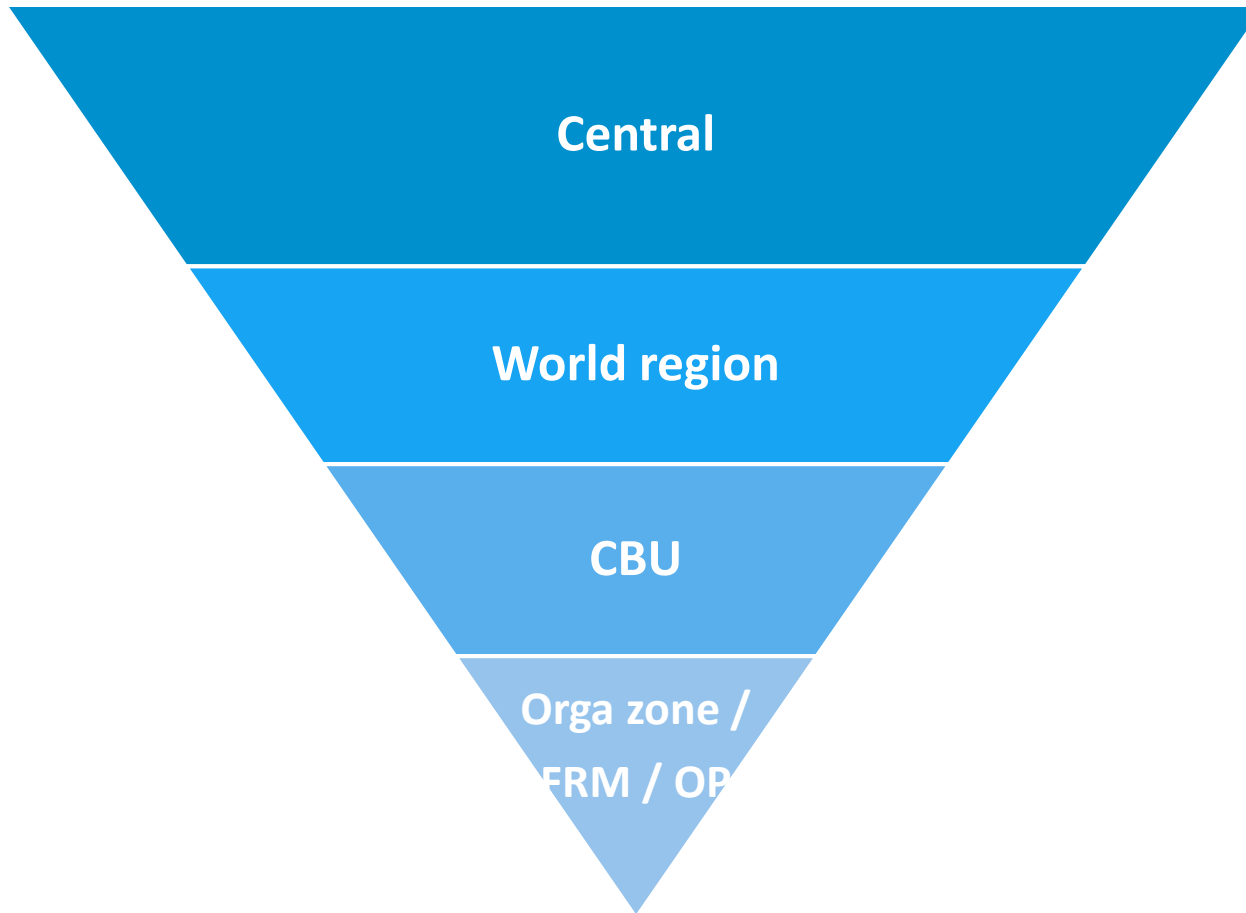
Central database
capturing relevant KPIs
from each tool across
CBUs



Standard Dashboards
about the holistic
performance of the farms

*Dairy producers supplying milk directly to Danone

EXPECTED USERS

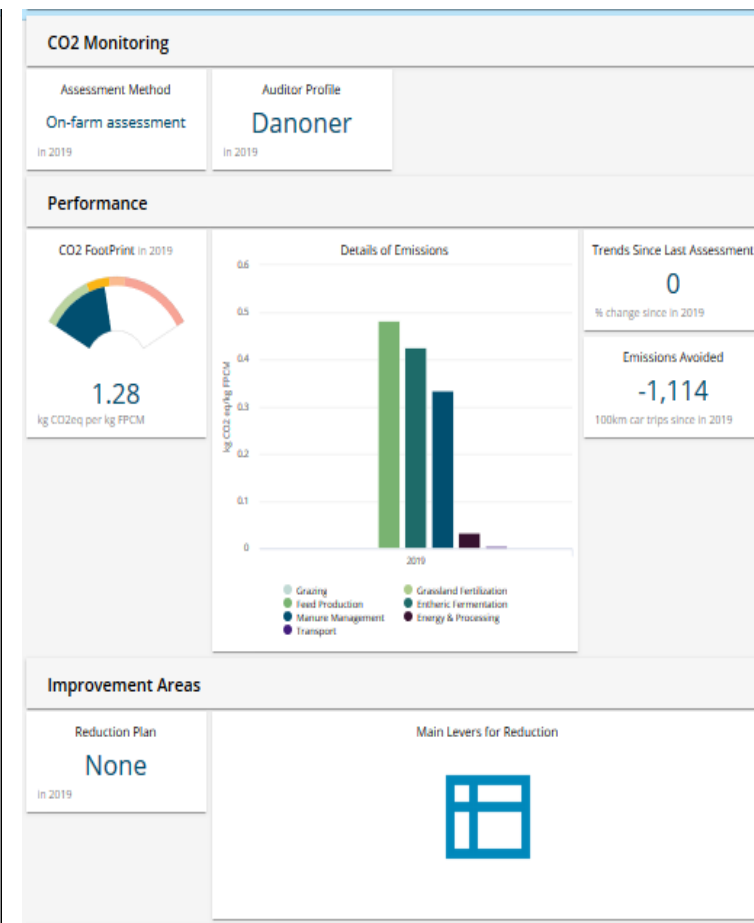
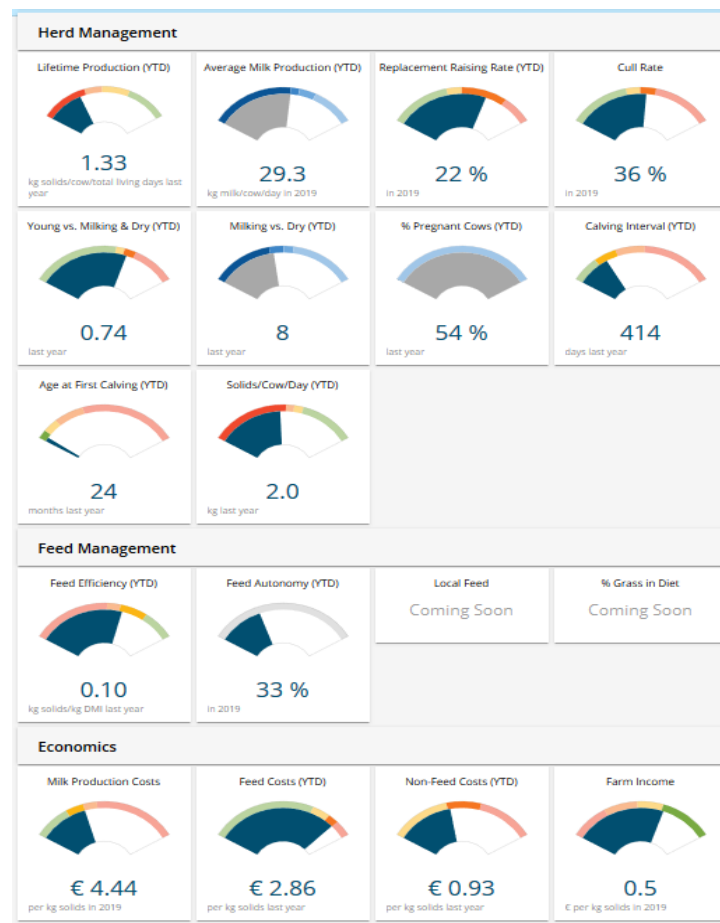
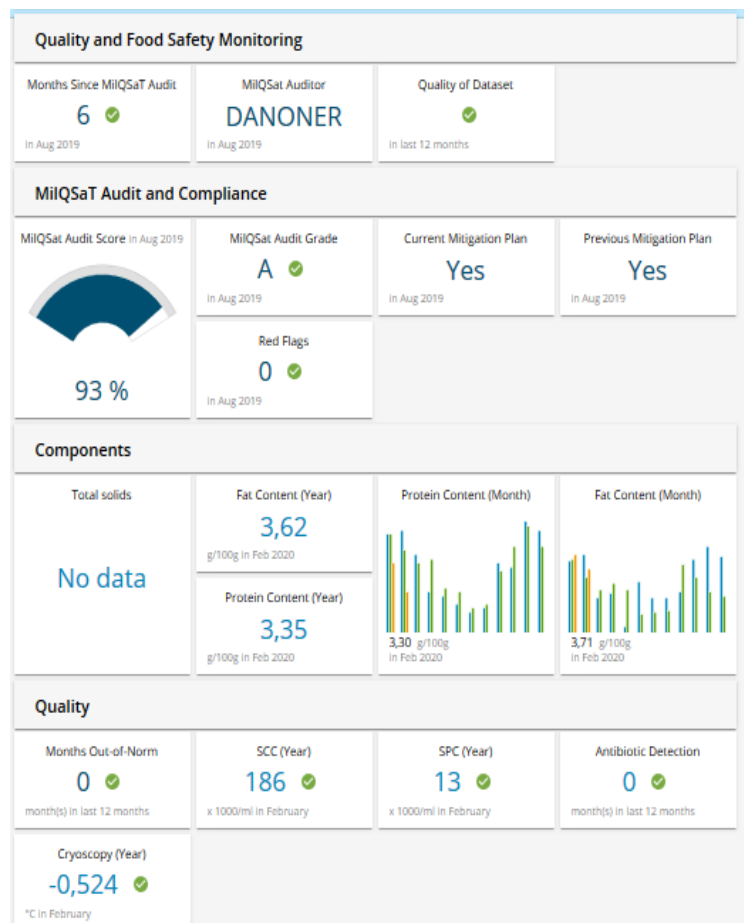


Functions:

- Top management
- Topic owners (quality, CO2...)
- FRM teams
- (Farmers, only in relevant CBUs)
- (CSR / Reporting – Indirectly via the teams)
- (Topline, Com – Indirectly via the teams)

SCREENSHOTS

SELECTED EXAMPLES OF DASHBOARDS AT FARM LEVEL



VALUE

Concrete outcomes



See @one glance the overall performance of a farm or portfolio



Track progress vs. targets (at farm level or portfolio level)



Benchmark versus average and best in class



Identify collective strengths and improvement areas



Be alerted in case of non compliance

Expected uses



Structured feedback and basis for objective conversations with farmers and teams



Set priorities for the farm or for the portfolio



Be able to answer more efficiently/consistently/rapidly to requests from CSR and corporate teams (e.g. DJSI report, CDP, requests from NGOs...)

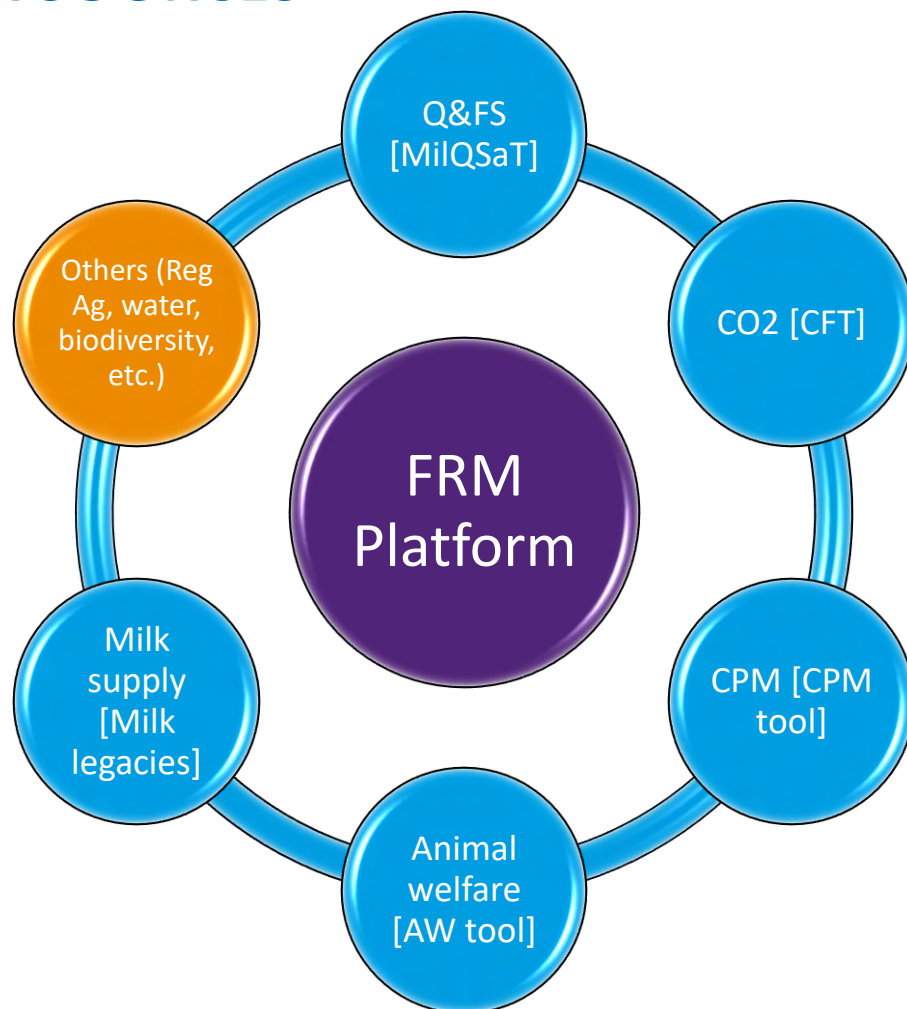


Be able to connect more easily to specialized tools in BI, traceability and AI to provide additional value to the business



Be able to substantiate / support claims for business valorization (Marketing/brands, salesforces, external com)

DATA SOURCES




FRM platform will be updated every month with available data, depending on the frequency of the update of the data sources.

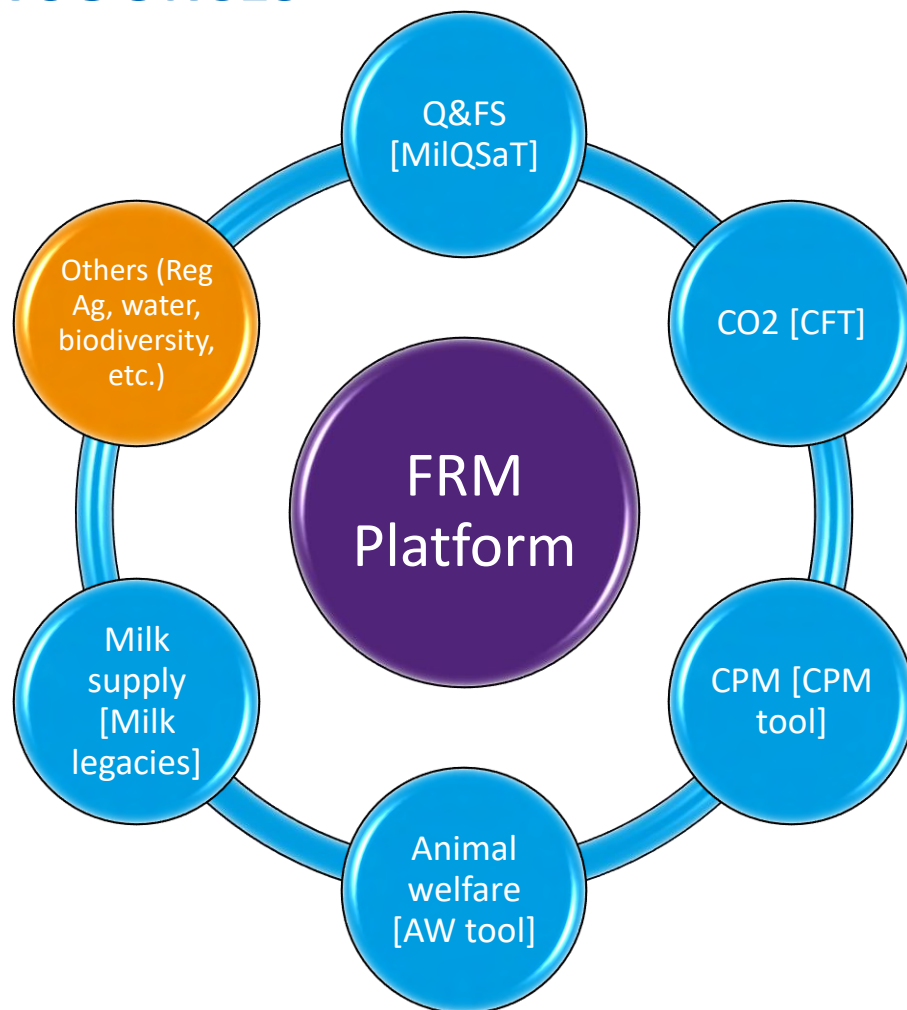
- Quality/Volumes, MilQSaT, AW every month.
- CFT once a year.
- CPM every quarter.

Data will be available in the platform in local and standard language / units / currencies at CBU level. In standard units at world region level.

 In Scope

 Out of current scope, but to be added ultimately

DATA SOURCES



FRM Platform is not :

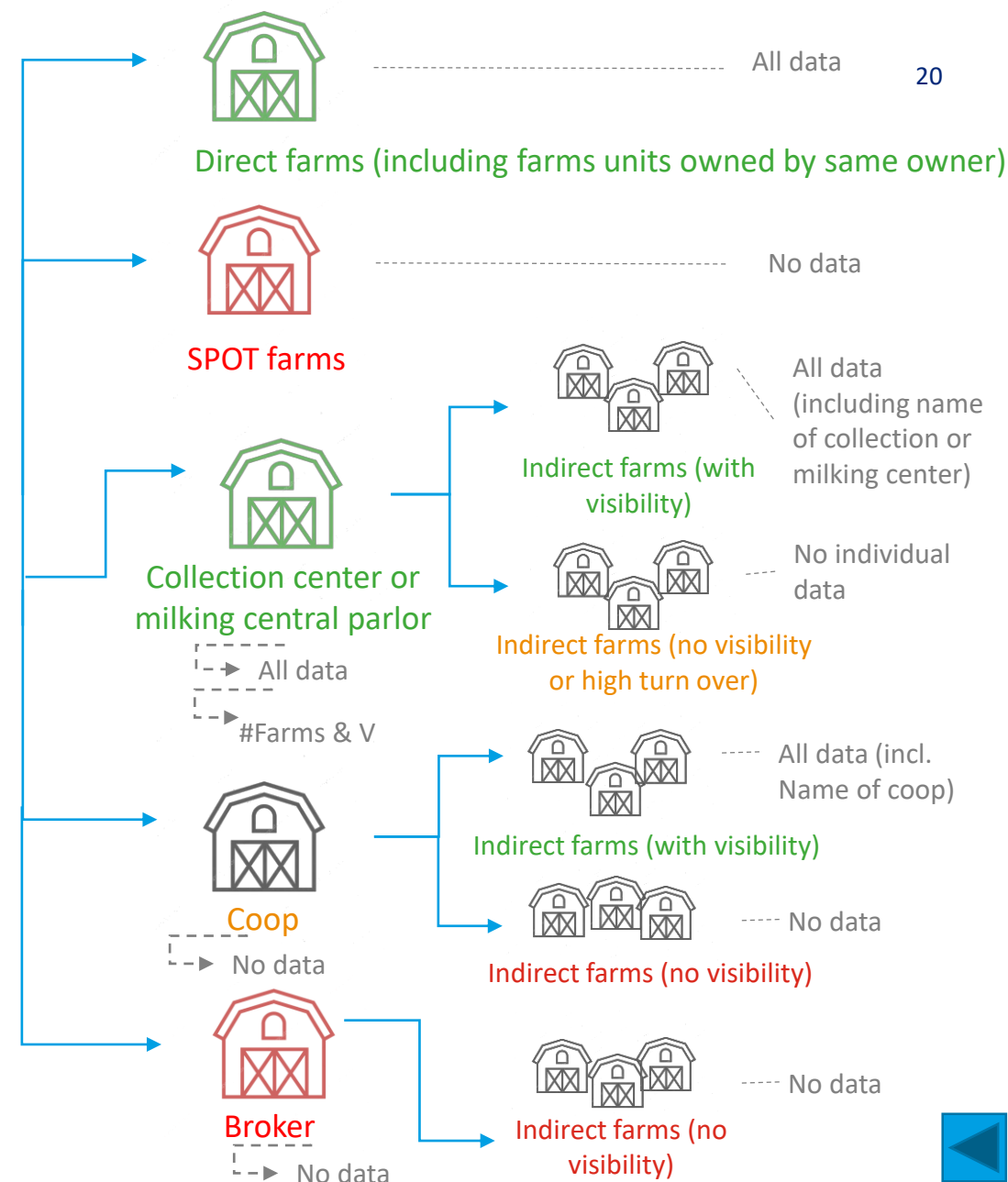
- A BI tool, for dynamic analytics
- A Transactional tool (milk payment, cream & milk tradings, etc...)
- A Financial tool (MVA, Milk bill & spent, milk prices, etc...)
- An Operations tool (milk supply (S&OP), milk scheduling,...)
- A Legal tool (farmer contracts management, etc...)
- Personal data management tool (Farmer has to contact his BU Contacts)

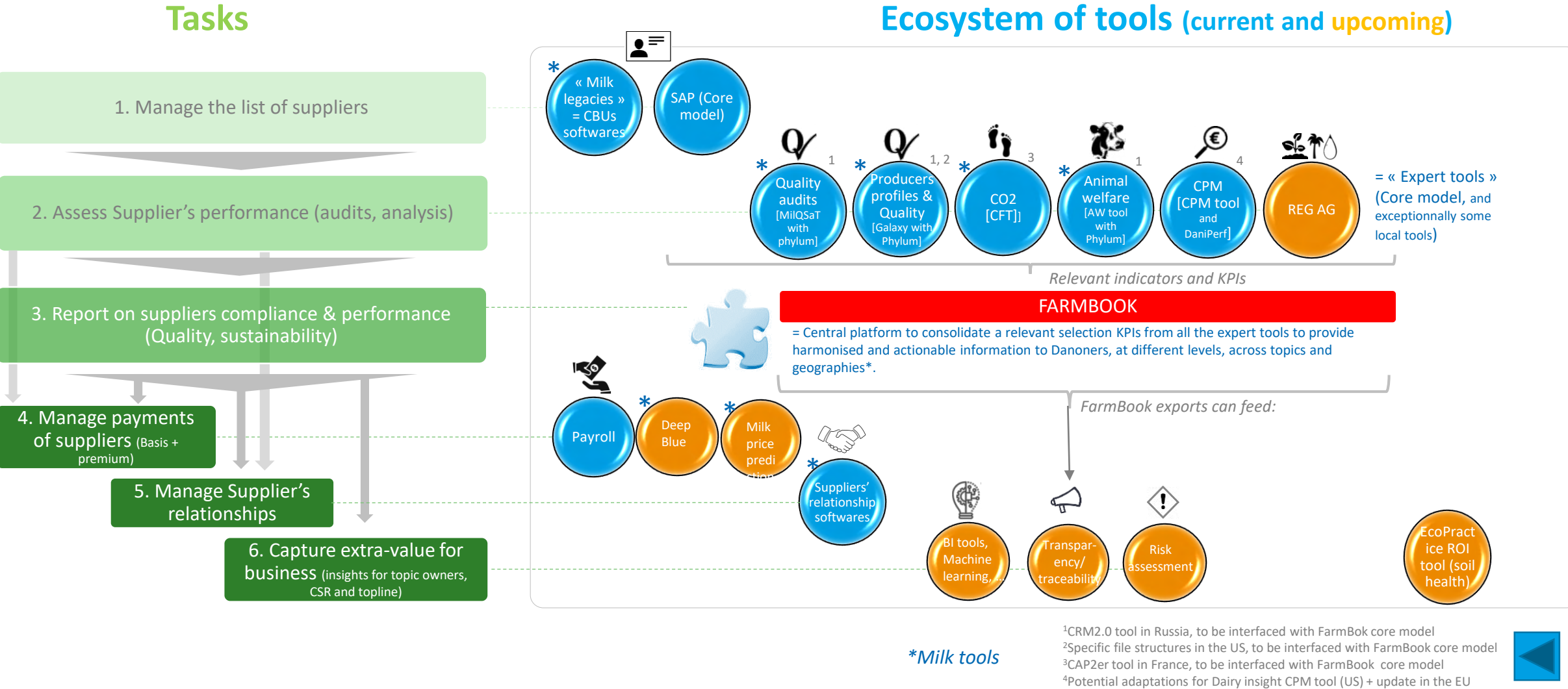
! In case a CBU does not use the central tools but a local tool, this CBU will bear the responsibility and specific costs of establishing correspondances between these tools, to be able to upload data in the platform.

SCOPE

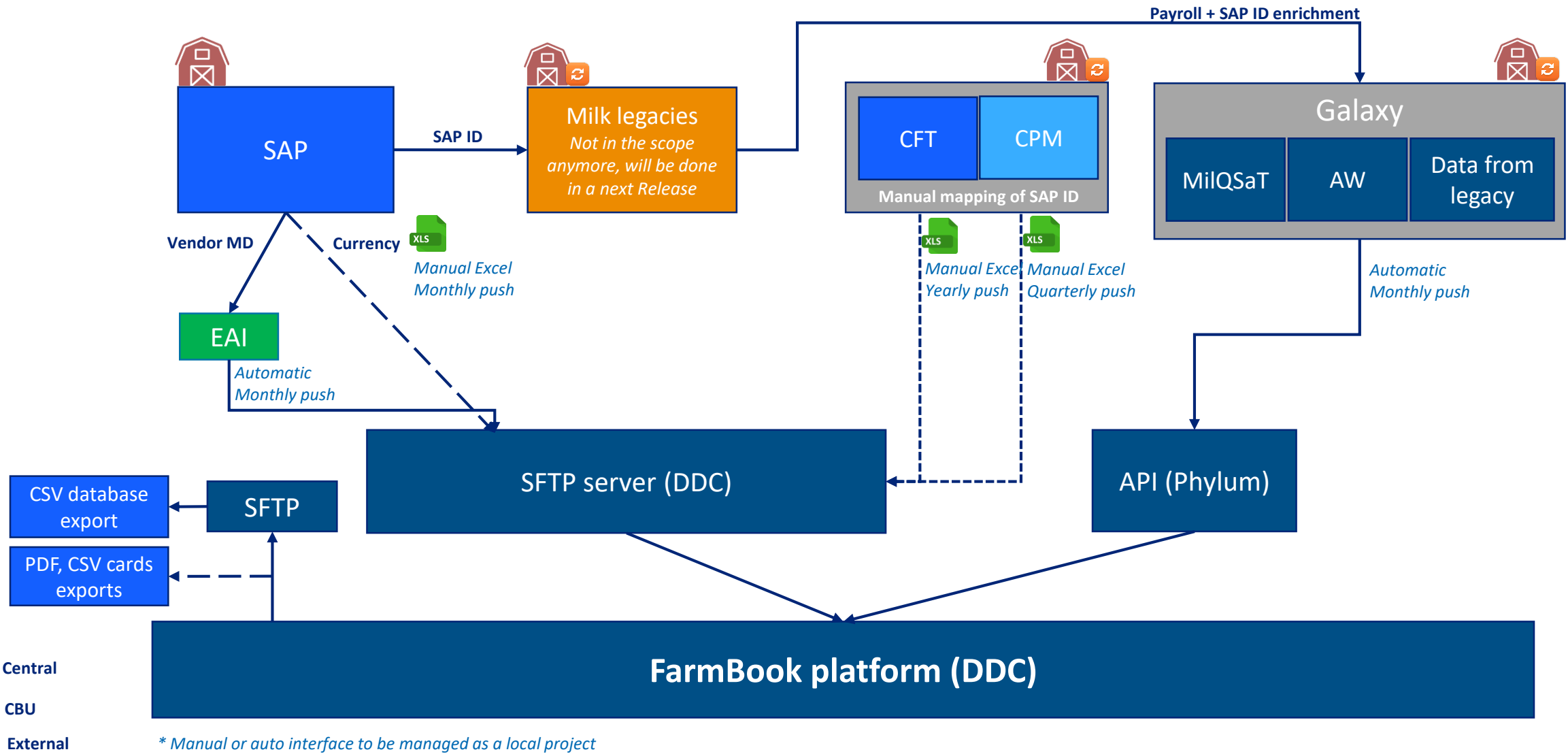
Dairy producers (farms, collection or milking centers) providing liquid milk to Danone (raw or skimmed) on a regular basis and for which we have individual information about quality and/or performance or sustainability information (CFT, AW...).

Category	Description	FarmBook Scope
Direct farm	Direct contract between Farm and Danone. This farms generally provide 100% of their milk to Danone. A farm unit belonging to the same owner is considered a direct farm. In this case, we need to know the name and SAP code of the main owner.	Yes
Indirect farm (with visibility on individual data)	Milk provided by farms known by Danone, through a coop or collection center, where Danone commits to buying 100% of the milk produced by the farm and for which we have visibility on individual data. The farm is audited / assessed following Danone's requirements, but we may not always receive individual quality results (=“Tri-party contract Danone-Producer-Co-op” in the US). For each of these farms, we need to report on the name/SAP code of the associated collection center or milking parlor or coop	Yes
Indirect farm (no visibility and/or high turn over)	Milk provided to Danone by an intermediary (a coop or broker or collection center) from Farms that are validated by Danone. The volumes commitment is set between Danone and the intermediary. These farms are not included individually in FarmBook (= Brokers farms in the US).	No
Collection Center or Milking central parlor	Farm which is a direct point of collect by Danone. Collection centers collect milk from several other farmers in the area. Milking central parlors are farms where farmers from the area milk their cow. This choice is only valid in a few CBUs (e.g. North Africa, Romania). They usually deliver 100% of their milk to Danone. We may know or not the farmers behind. In any case we would like to report every month the number of farmers and volumes delivered (at least an estimate if no accurate numbers).	Yes
Coop	Industrial milk supplier that provides liquid milk to Danone on a regular basis.	(No but TBC depending on CBUs)
Broker	Trader buying milk from several producers and selling it to Danone. These are not in FarmBook scope	No
SPOT farm	Temporary, short term supply of milk.	No





SYSTEM ARCHITECTURE: HOW FARMBOOK CONNECTS TO OTHER TOOLS



GDPR

COMPLIANCE WITH GDPR

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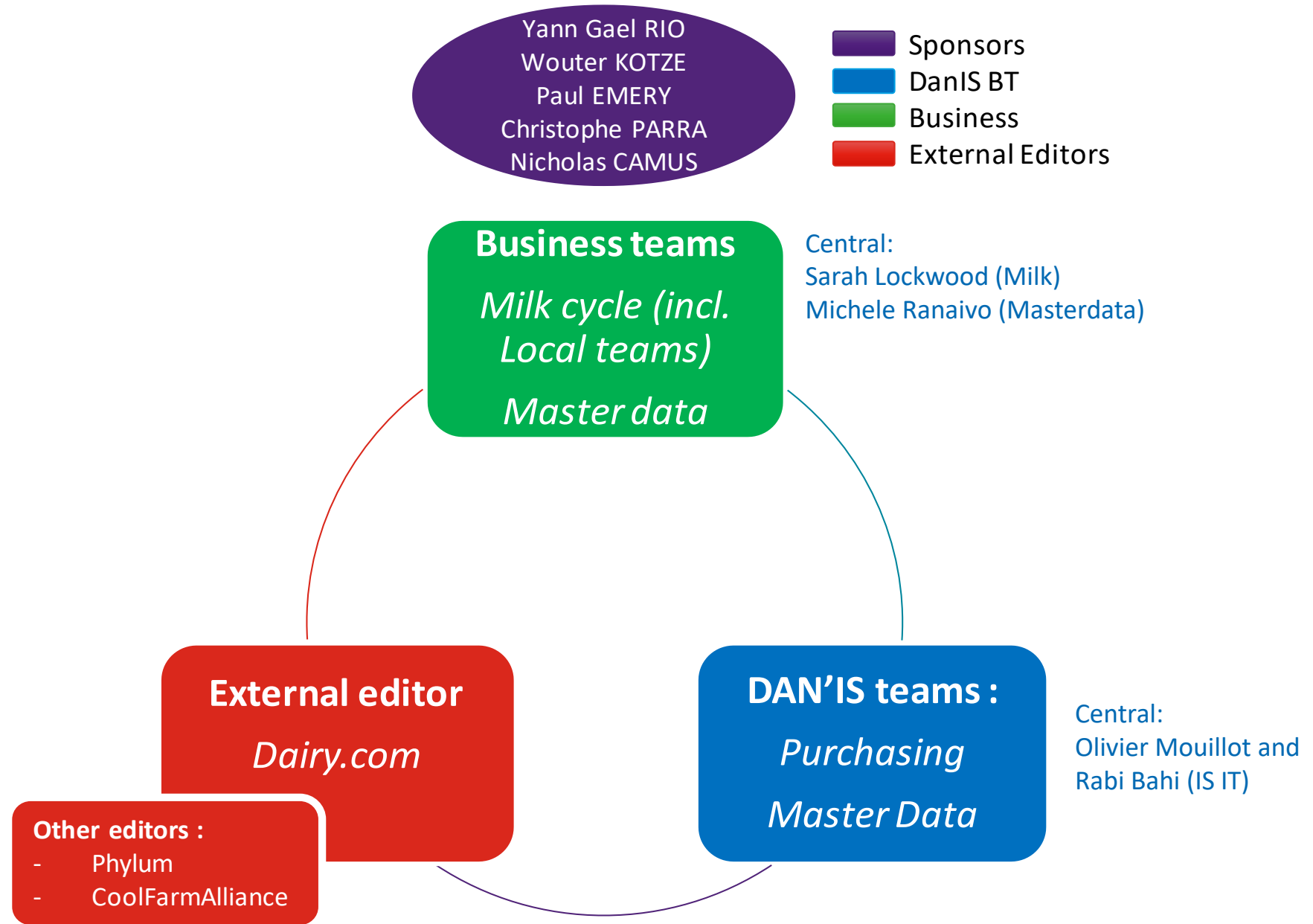
A DPIA was completed and validated by central compliance and IS IT teams: [FarmBook DPIA](#).

A Data Privacy Agreement is signed between DDC and Danone SA.



TEAM AND RACI

THE TEAM



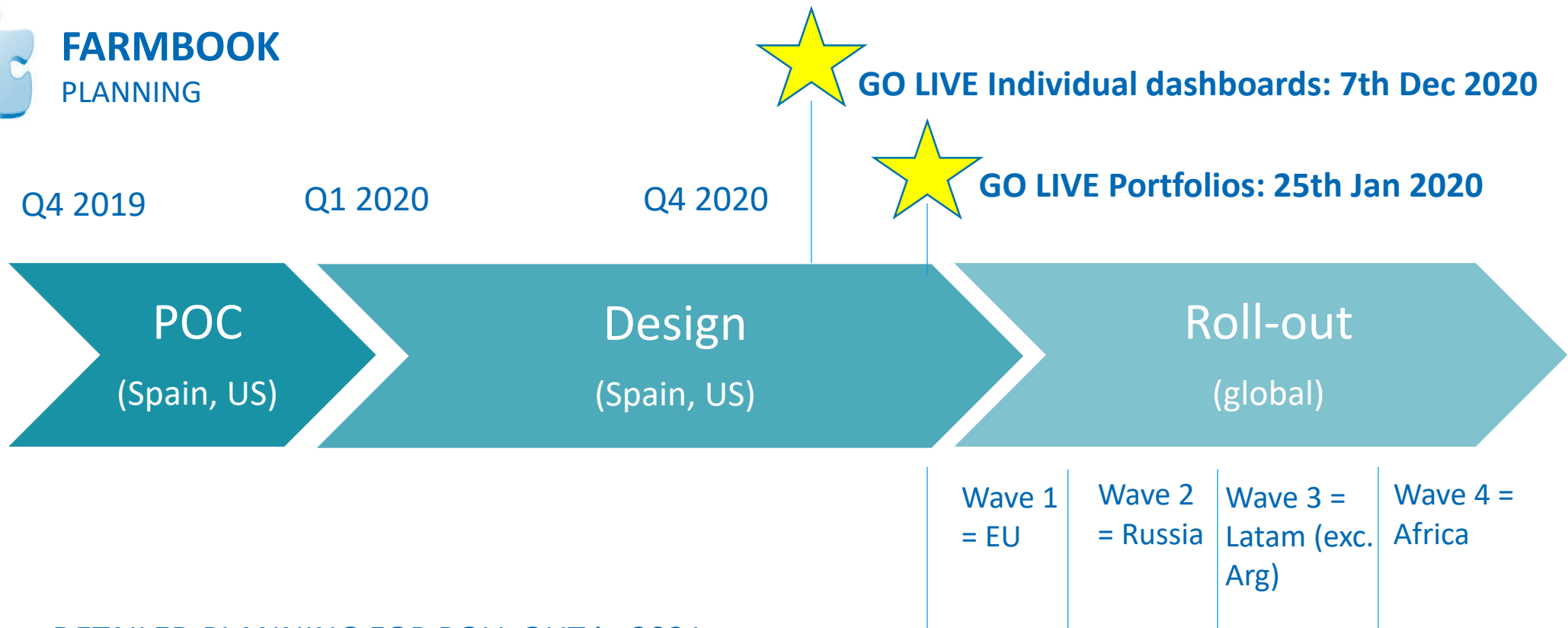
SPOCS IN THE CBUS

Central contacts

Sarah Lockwood (Milk), Rabi Bahi (IS IT), Michele Ranaivo (Masterdata)

Country	CBS/Function	IS main coordinator	Project IS SPOC	CBS/Function2	Milk team main coordinator	Function	Project Milk SPOC	CBS/Function3	Project Master data SPOC
US	IS Ope director	Arnaud MARQUES DA SILVA	Sampath GUDIMELA/Edier GASPAS	Senior Director buy and sale	Aaron Keener	Senior Manager	Charles Fisher (Enrique PIJUAN (Nick))	MDM	Michele Mensah
SP	IS Ope manager	Alberto TOLSA	Josep TARRAGO	Milk director	Antoni BANDRES (Toni)	Farmer Sustainable Development Manager	Jose YAGUE (Pepe)	MDM	Elena Carbonell
FR	IS Purch manager	Olivier MOUILLOT	Christophe CAROY	Milk director	Laurent SCHATZ	Project manager Sustainability for Milk	Edouard LEJOSNE	MDM	Gilles Csiha
BE	IS Ope manager	Marjolein DUIVESTIJN	John SWERTS/Patrick PEETERS	Milk director	Arnold Van Aarle	Project manager Milk	Marion BLOEMENDAL	MDM	Johanna Haerdeman
GE	IS Ope manager	Eva SALZINGER	Bozena SABAK-POPKO			Project manager Milk	Eva Hartl	MDM	Carsten Wolfes
PO	IS Ope manager	Piotr GRZADZIEL	Filip RAJZER	Milk Director	Wioletta RACZKOWSKA	Milk purchasing manager	Anna REPS BEDNARCZYK	MDM	Stanislaw Strzelecki
RO	IS Ope manager	Piotr GRZADZIEL	Filip RAJZER			Project manager Milk	Catalin ANDREICA / VILCU Elena-Laura	MDM	Liliana (Adriana Ionescu/ Aurelia Bratu)
RU	IS Ope director	Aleksey GUDAEV	Elena MUKHAMEDZHANOVA	Milk Director	Aleksey DAVYDOV	Milk Optimization Planning Team Manager	Oleg SEREBRENNIKOV/Aleksander Zaytsev	MDM	Olga Elizarova / Lilia
BR	IS Ope manager	Edurardo LOPES Jorge González	Eduardo LOPES/Xavier TIAGO	Senior purchasing manager	Henrique BORGES	Junior sustainability manager	Luisa SILVEIRA / Ricardo Francisco (and Ana Souza) for milk systems	MDM	Alessandra Pedro
ME	IT Manager	ANCIRA	Josefina MARTINEZ	Milk Director	Mariano SALCEDA	Business Development	Ricardo RAMIREZ	MDM	Jorge Balderrama
ARG	IS Ope manager	Martin SCIAN	Leonardo ROS/Luciana CASTRO/Pablo GONI	Milk Director	Pablo COLOMBO	Milk sourcing manager	Federico ZANI	MDM	Mariano Espinar Mohy
EG	IS director	Mohamed MOBARAK	Etienne ELS					MDM	ABDELMAKSOUD
ALG	IS director	Mohamed MOBARAK	Etienne ELS					MDM	Djamel Bichari
SAFR	IS director	Mohamed MOBARAK	Etienne ELS					MDM	Sne DLAMINI

WORKPLAN



DETAILED PLANNING FOR ROLL OUT in 2021

2021																					
January				February				March					April				May				
4	11	18	25	1	8	15	22	1	8	15	22	29	5	12	19	26	3	10	17	24	31
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
		Poland			UAT	Belgium France Germany Romania			UAT	Mexico Brazil		UAT	Algeria South Africa Egypt			UAT					

LESSONS LEARNT FROM THE OPERATIONAL PILOTS IN SPAIN AND IN THE US AND SUPPORT FROM FRANCE AND BRAZIL FOR THE DESIGN

- **CHALLENGING BUT WORTH IT!**

Harmonising the way we look at data across geographies and topics has been challenging but provides great added-value by allowing consolidation and meaningful comparisons

- **FOCUS on delivery of a MINIMUM VIABLE PRODUCT**

To deliver value to different users, with possible upgrades at a later stage. Adaptation of some masterdata flows at a later stage.

- **TIME REQUIRED TO CLEAN AND MAINTAIN DATA**

Do not underestimate the workload related to cleaning up and structuring data, in particular Masterdata but also core model tools like CFT.

→ Need for an **ACCOUNTABLE PERSON in EACH CBU**, to coordinate the deployment of the project and make sure data from the tools is structured / delivered timely under the right format (Reco to include this in the objectives) + **support from topic owners locally (incl. masterdata)**. Estimate: ~1-2 days per week depending on the complexity of the CBU (up to 2,5 days per week during month of roll-out preparation)

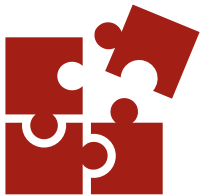
DETAILED RUNNING COSTS

DETAILED RUNNING COSTS PER CBU

CBU	Date Full GO Live	Monthly fee 2021, in kEUR	# months LIVE in 2021 (estimate)	Running costs 2021 in kEUR (estimate)
EU			9,9	104,1
Germany	March 2021	0,85	10	8,5
Spain	January 2021	2,08	12	24,9
France	March 2021	5,00	10	50,0
Belgium	March 2021	0,74	10	7,4
Poland	February 2021	0,82	11	9,0
Romania	March 2021	0,42	10	4,2
Russia	TBD	7,31	0	0,0
USA	January 2021	7,21	12	86,5
Argentina	TBD	0,00	0	0,0
Mexico	April 2021	1,71	9	15,4
Brazil	April 2021	1,14	9	10,2
Algeria	May 2021	0,31	8	2,5
Egypt	May 2021	0,47	8	3,8
Morocco	TBD	0,00	0	0,0
South Africa	May 2021	0,58	8	4,6
Total CBUs (cross_charge)				221,3
<i>Costs Phylum</i>				0,0
<i>Costs ISIT+DDC</i>				221,3
Total Central (C&P ISIT budget)				122
<i>Costs Phylum</i>				8,7
<i>Costs ISIT+DDC</i>				80,5
<i>Additional costs IT</i>				33,0
Total Running Costs				343,5

WHAT'S NEXT AND WHERE WE NEED YOU!

WHAT'S NEXT AND WHAT WE NEED FROM YOU



- **Person accountable in each CBU**, with the successful roll-out and monthly issues escalations as part of his/her objectives
 - **Availability of 10% during 4 weeks for roll-out**
 - **Contribution to User test sessions**: 2 sessions of 3h in early 2021 for each CBU, to test your local FarmBook dashboards
- **GDPR**: Assessment by local compliance team
- **Masterdata preparation**
- **Support for translation**



- **PLAN**: Deployment starting in CBUs in Q1 2021
- **Demo and trainings**: key users in each country will be invited to training sessions in Q1 and Q2 2021
- **Monthly escalation to global SPOC** of any issues / incorrect data



- **Secure Running costs** for 2021 in your local and business IS IT budget

WHAT'S NEXT AND WHAT WE NEED FROM YOU

FOCUS PER CBU



- Good maintenance of Masterdata
- Stabilize formats of data reporting and quality checks



- Masterdata stabilisation
- Roll-out & translation
- Any call out for GDPR locally



- Masterdata finalization
FarmBook integration On-hold.



On-hold.
Pending Themis update



Masterdata
preparation



Data reporting for
Quality, AW and CFT
(following core
model)