



DANONE



**Our
Nutrition
& Health
Commitments**

2013
Achievements



Danone's performance was recognized by two independent organizations in 2013.

The group was ranked number one in the first edition of the Access To Nutrition Index (ATNI), and rated "best in class" by the Dow Jones Sustainability Index for the nutrition-health criteria with a score of 100/100.

This is a source of pride for the entire group, and motivation to continue its efforts and pursue its strategy in the future.

Our 5 Fundamental Commitments

1. Offer products tailored to nutritional needs and recommendations, tastes and incomes.
2. Develop products with relevant, scientifically proven health benefits that meet real nutritional needs.
3. Give consumers clear information and advertise responsibly.
4. Promote healthy eating and healthy lifestyles.
5. Address major health and nutrition societal challenges.

Our Key Actions:

- Focus on food categories that bring a positive contribution to diet
- Draw on in-depth knowledge of local food and health contexts, in order to propose relevant solutions
- Invest in R&D to achieve both superior taste and superior nutrition
- Impact on consumers' health beyond products
- Connection with external stakeholders and the academic world

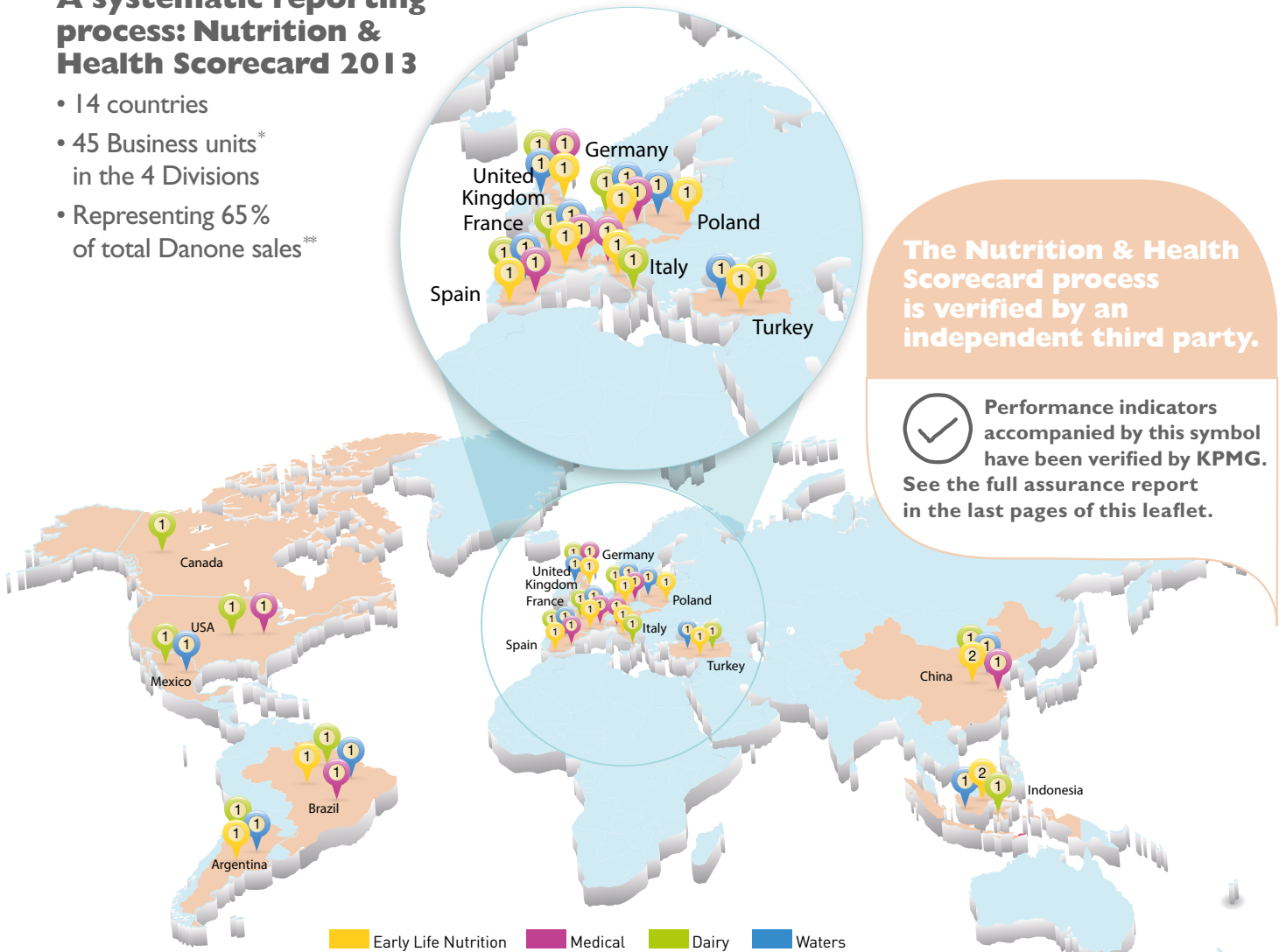
BRINGING HEALTH THROUGH FOOD TO AS MANY PEOPLE AS POSSIBLE



DANONE

A systematic reporting process: Nutrition & Health Scorecard 2013

- 14 countries
- 45 Business units* in the 4 Divisions
- Representing 65% of total Danone sales**



The Nutrition & Health Scorecard process is verified by an independent third party.



Performance indicators accompanied by this symbol have been verified by KPMG.

See the full assurance report in the last pages of this leaflet.

* Dairy BU in Poland was not able to report in 2013
 ** Non-food products are excluded from reported sales. Imports are included in the reported figure while exports are excluded.

GOVERNANCE



1st
commitment

Propose nutrition solutions continuously tailored to nutritional needs and recommendations, tastes, and incomes

Danone products are developed taking into account Danone nutritional standards, based on recommendations from public health authorities (eg. WHO, EuroDiet). These standards define, for each product category, a maximum content of nutrients of concern (sugars, fats, saturates, salt) and minimum contents of essential nutrients (proteins, vitamins, minerals, etc). Compliance with these standards and nutritional superiority to competitors are checked before launch through a systematic “Nutrition Check” procedure.



89%
✓

of sales in healthy categories



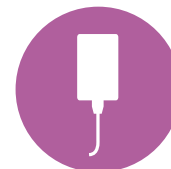
Dairy products with more than 50% milk



Water and Aquadrinks without sugar



Early Life Nutrition products except biscuits, rusks, teas, juices



Advanced Medical Nutrition (All Products)

ESSENTIALITY

67%

of sales are in line with demanding standards*



Dairy products compliant with Danone Nutritional Guidelines for daily consumption



Water and Aquadrinks without sugar



Early Life Nutrition products compliant with Danone Nutritional Standards



Advanced Medical Nutrition (All Products)

* The products reported are compliant with the benchmarks indicated above. If a product contains both compliant and non-compliant recipes, only the compliant ones will be included in the figures.



Over the same period, the Dannon Company in the US achieved a 29% reduction in the sugar content of the “Danimals” children’s product, while retaining the same level of consumer preference.



Danone Dairy Argentina reduced the level of sugar and fats in several product ranges (drinkable yogurts Yogurissimo & Danonino, Danonino soft white cheese, Yogurissimo set yogurt, Danette, Serenito) over 2 years. During this period, 10,000 tons of sugar and 880 tons of fats were eliminated.



In the Early Life Nutrition Division, across the Europe/ Middle East/Latin America regions, a comprehensive reformulation program reduced the calorie content of growing-up milks by an average of 9%; 77% of formulas no longer contain sugar.



In France, a 23% reduction of added sugars was achieved in yogurts distributed in school canteens. Two years of R&D work were needed to achieve this, while maintaining children’s product preferences. The new formula makes it possible for schools to get government subsidies for the purchase of these products, thus promoting consumption of dairy products by children.

31%

of sales have been nutritionally improved in the last 3 years**

** Improved in 2011-2012-2013, in % sales 2013 - Scope Dairy + Early Life Nutrition + sugared Aquadrinks

In Italy, evidence of salt and sugar excesses in children aged 6-36 months have driven product re-launches, featuring meat jars

that do not contain added salt and fruit jars with no added sugar.





2nd
commitment

Develop products with relevant, scientifically proven benefits

**Research Focus:
Water and cognitive function**

44

subsidiaries out of 45 (representing 99% of sales in the scope) have a person accountable for the Health & Nutrition matters

25856 

employees have been trained in Nutrition and/or Hydration during the last 2 years



Studies on mild dehydration & cognition

supported by Danone Research have shown that mild dehydration has a negative effect on cognitive performance, including memory, attention, motor skills and mood in adults (Armstrong, 2012, Ganio et al., 2011, Pross et al., 2012).

The most recent study addresses the effects of a change in water intake on mood and physiological sensations in adults. The results showed that a switch toward an increase in water intake (at the level of reference value 2.5L/d) has especially beneficial effects on sleep/wake moods of habitual low-volume drinkers. The switch toward a decrease in water intake has detrimental effects on mood rating of habitual high-volume drinkers, including reduced feelings of calmness, satisfaction and positive emotions (Pross, 2014).



1474

total R&D staff in 2013
(full-time equivalent)

275

million EUR spent in R&D
worldwide in 2013

160

articles in peer-reviewed
journals published
or accepted at end 2013

180

clinical trials running
at end 2013

51

new patents filed
in 2013

486

patents active in total,
at end 2013



In addition to its own resources, Danone Nutricia Research runs about 200 scientific collaborative ventures worldwide.

Given its unique portfolio and its mission, Danone R&D activities are devoted to Nutrition & Health.

2 new R&D sites opened in 2013:

- the **Nutricia Research center in Utrecht (Netherlands)** is dedicated to developing new product concepts for Early Life and Medical Nutrition;
- the **Dumex Research and Development center in Shanghai (China)**, dedicated to Chinese mothers and babies, conducts nutritional, gut microbiota and clinical studies to continuously improve Dumex products.

In total, Danone Nutricia Research now comprises 2 international research centers, 4 specialized centers and 55 local R&D sites.

In the news in 2013...

Danone Early Life Nutrition is a partner of the European **ODIN project** to further establish the incidence of vitamin D deficiency in Europe and the possible food-based solutions to improve vitamin D status. In this project, Danone brings its expertise in knowledge of nutrition and health situations at a local level.

Danone Nutricia Research signed a 3-year partnership agreement with **CIRAD and the Agropolis Foundation** to study the eating styles in different countries, via a network of socio-anthropologists.



Danone Nutricia Research (R&D Waters) celebrated in 2013 the fifth anniversary of the **Hydration for Health Initiative (H4H)**, with 14 symposiums and 39 conferences in nine countries.

Within the partnership between Danone Nutricia Research and the **European Association for the Study of Obesity (EASO)** a special session dedicated to hydration and obesity prevention was organised at the H4H Conference held on 3 July 2013 in Evian, France.

The **ISN World Congress of Nephrology** is the leading biennial educational event in its field, attracting delegates from the international nephrology community. As in the previous WCN, Danone Nutricia Research and ISN held a joint symposium on hydration and kidney disease prevention in 2013.

RELIABILITY



3rd
commitment

**Inform consumers clearly
and factually**
and advertise responsibly

62%

of sales carry nutrition claims
in the scope Dairy
+ Aquadrinks + Early Life
Nutrition

100%

of products claims
went through the
internal validation
procedure



95% ✓

of products sold in the
EU* carry Front of Pack
nutritional information



*Scope Dairy + Aquadrinks

99% ✓

of products
have nutritional
information on-pack

93% ✓

of products give clear
portion guidance

TRANSPARENCY



Advertising directly targeting children under 12 represented 11% of advertising expenditures in 2013 for Dairy and Waters Divisions.

Danone's commitment to limit advertising towards children under 12 in the EU countries is audited annually by an independent third party as part of the "EU pledge on advertising to children":

- **regarding TV commercials**, in 2013, the audit was performed in six countries: Germany, Hungary, Spain, Poland, France and Portugal. **For Danone, the rate of compliance of TV commercials was 96.6% overall**, with the following distribution: 99.6% in Germany, 97.2% in Hungary, 94.9% in Spain, 98.0% in Poland, 99.0% in France and 100% in Portugal;
- **regarding websites**, the 2013 audit was carried out in 10 countries: Belgium, France, Germany, Hungary, the Netherlands, Poland, Portugal, Romania, Spain and the United Kingdom. **Of the 18 Danone websites verified, 15 were compliant and 3 non-compliant.** All non-compliances have been addressed with a corrective action plan.

99.7%

of advertising complies with the ICC Code of Responsible Marketing or equivalent local codes**

70%

of advertising expenditure is devoted to healthier products***



Danone recognizes the importance of the WHO Code (International Code of Marketing of Breastmilk Substitutes) and subsequent resolutions of the World Health Assembly. Beyond its legal obligations, the Early Life Nutrition Division has strengthened its tools and governance procedures in this area and published its key documents in 2013: the "Green Book" and the "Blue Book". An external audit of the subsidiaries' practices was initiated in 2011 in Africa before being rolled out to Asia in 2012 and to the other continents in 2013.

In 2013, **5513 employees** were trained on the WHO code and the Danone policy for marketing of breastmilk substitutes.

** Scope Dairy + Waters

*** Scope 4 Divisions. Advertising expenses include branded and non-branded expenses, all media expenses (TV, radio, print, internet, social media), "working" and "non-working" expenses. Overall costs of public relations are excluded.

RESPONSIBILITY

51

Countries or regions covered by Nutriplanet at end 2013

+

17

Countries with data on the entire population

+

8

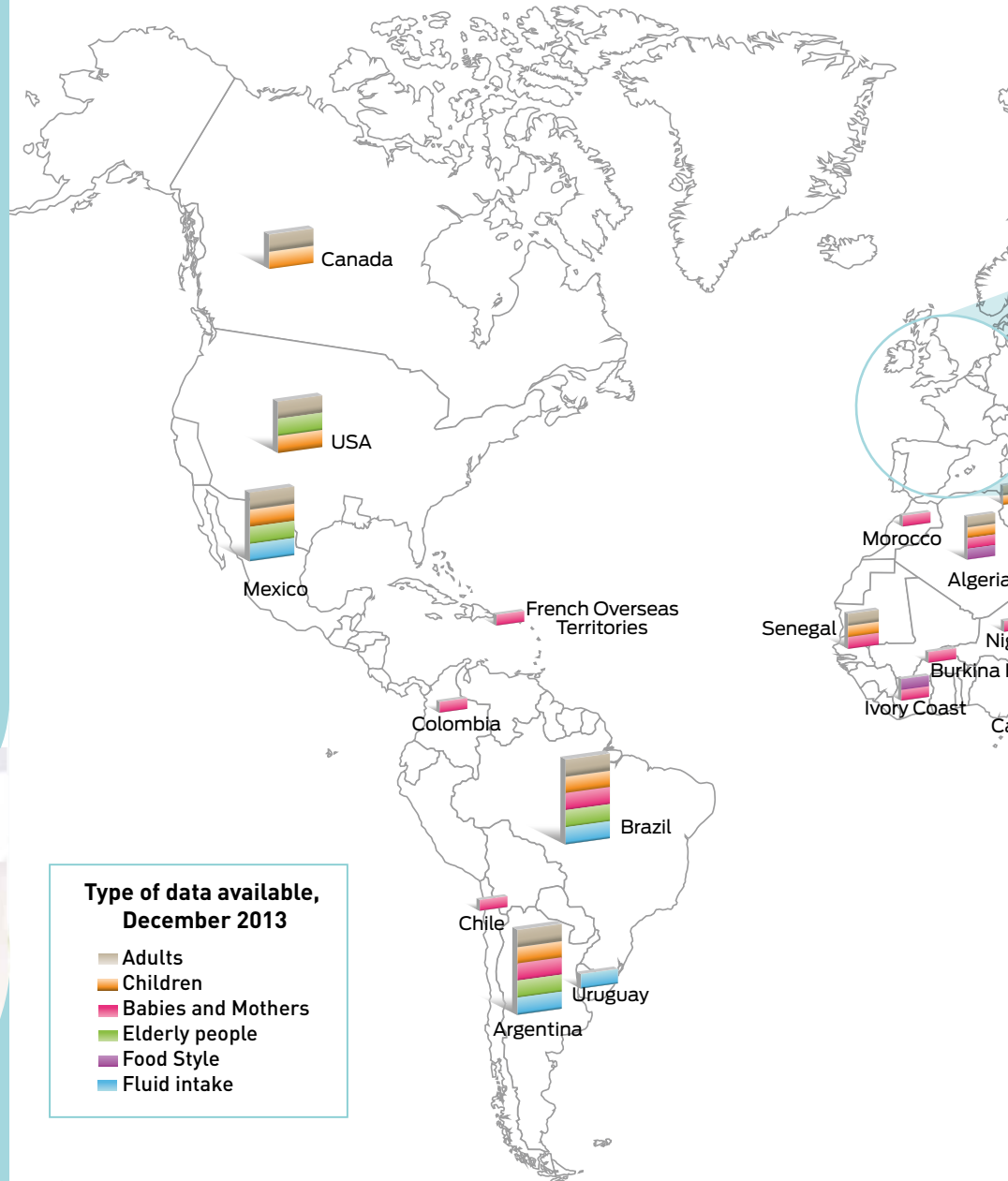
Countries with data focused on adults and children over 3

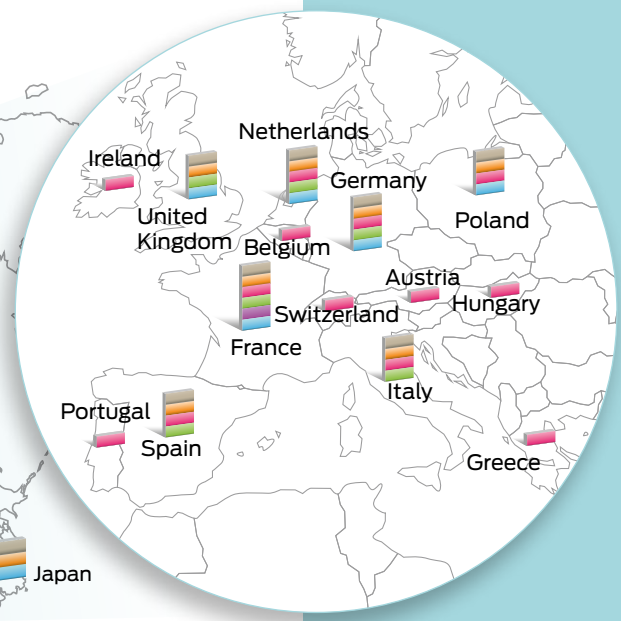
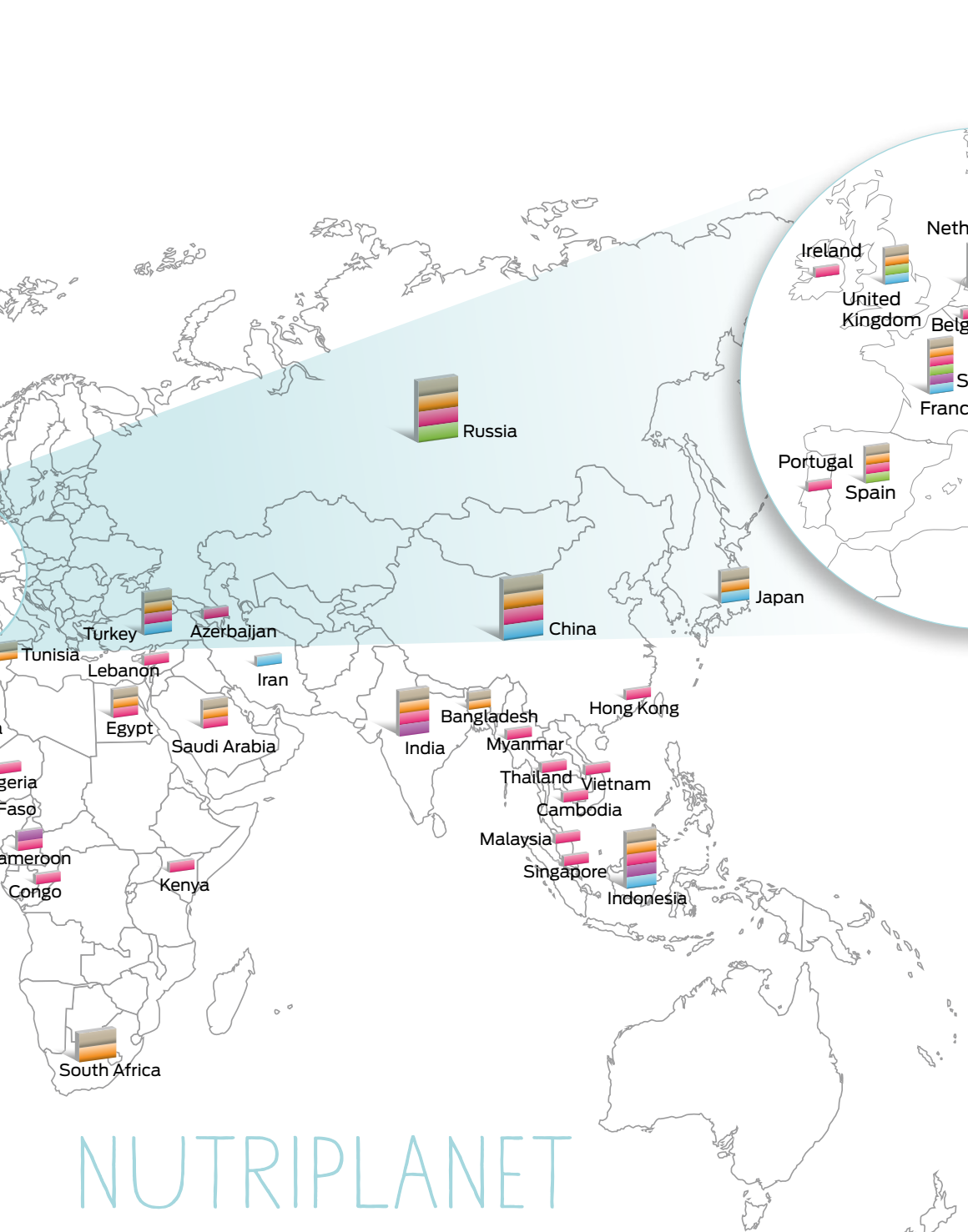
+

26

Countries with data focused on babies, pregnant & lactating women

In-depth knowledge of local food & health contexts





Moreover:

11

Countries with specific focus on elderly people

13

Countries with fluid intake studies

6

Countries with food styles studies

NUTRIPLANET



4th
commitment

Promote healthy diets and lifestyles

Country Focus:
In Brazil, 8 years of continuous expansion of the Health & Wellness program, now impacting the employees of the 4 Divisions!

42 

subsidiaries out of 46 subsidiaries give their employees access to a health and wellness program

In total,

65%
of staff have access to these programs



Number of employees impacted

Year

Achievements

147

2006

Dairy Division only in the scope - measurement of weight, height and waist circumference

85

2007

Measurement of adiposity (%body fat)

89

2008

Measurement of glycemia, triglycerides and cholesterol

757

2009

Provision of instant results + inclusion of Poços plant in the scope

730

2010

Provision of CDs + inclusion of Waters Division in the scope

557

2011

Training on Food Pyramid

958

2012

New theme “Embarque na sua saúde” + inclusion of Maracanaú plant in the scope

860

2013

Inclusion of Early Life Nutrition and Medical Nutrition Divisions in the scope



POSITIVE IMPACT

238

programs of information and education for consumers with a potential reach of 501 million people*



Dairy  **58 programs**
Potential reach:
≈ 317 million consumers

Waters  **28 programs**
Potential reach:
≈ 112 million consumers

Early Life Nutrition  **89 programs**
Potential reach:
≈ 70 million parents

Medical Nutrition  **63 programs**
Potential reach:
≈ 2 million patients

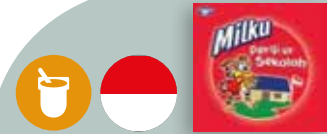
* People reached by several education or information programs can be counted several times.



“Activida” is a program of joint interventions in care homes for the elderly by nutritional advisors from Nutricia and physical educators from Siel Bleu. 120 elderly patients have already benefited from this program launched in 2013 in 2 regions: País Vasco and Madrid.





In Italy, the **“1000 days app”**   provides mums with daily menus, nutritional tips and video recipes, for babies and toddler nutrition. This year, Mellin has developed and implemented sessions dedicated to pregnant and lactating women. Proposed diets and scientific topics have been developed in collaboration with dieticians and paediatricians (experts in nutrition) and approved by the Italian Society of Pediatrics.



The **“Ubiquity School project”** is a nutrition education program in schools, today implemented in 1000 schools in Jakarta, West Java, Central Java and East Java provinces, reaching more than 400,000 children.



“Mitos del agua” is an information brochure for consumers and HCPs, developed with scientific experts, to fight 5 erroneous beliefs that refrain people from consuming enough water.

  **Evian is a partner of the “Drink up” campaign in the US**, as part of the Let’s Move campaign launched by the First Lady Michelle Obama, to promote better nutrition and healthier lifestyles in children. The objective of “Drink up” is to tell children, and also their parents, about the virtues of water, and to encourage them to choose water when they get thirsty.





5th
commitment

Address major health & nutrition related challenges

Nutricia is collaborating with the Bogor Agricultural University and the Food and Nutrition Society of Indonesia



to work closely with community leaders and mothers to improve the nutrition of both mothers and children, and to improve the children's education. The program, currently focused on the West Java community of Sentul (Bogor), the neighborhood of the Nutricia factory, resulted in a greater awareness of the importance of nutrition and a significant decrease in the prevalence of undernourished children.

Some examples of how business units put Danone's mission into practice on a daily basis.



In October 2013, **Danone organized a 2-day symposium in Abidjan to share the results of two Foodstyles studies carried out on Ivory Coast and Cameroon on the food journey of babies and young children aged 0 to 3 years.**

These socio-anthropological analyses of food practices and representations have been run in collaboration between local sociologists, CIRAD, Danone Nutricia Africa & Overseas and Danone Research. The 30 participants really enjoyed discovering this new methodology and discussed the next steps to be taken. These include using the results for scientific purposes and incorporating them into the training of healthcare professionals. The lessons learned could also lead to the development of innovative products and of services destined for mothers.



A total network of

1416

external scientific experts

137

advisory panels active at local level



Danone Waters China



and **Danone Research** have contributed to the definition of the first **"Adequate Intakes of Water for the Chinese population"**, publicly released by the **Chinese Nutrition Society** in May 2013.

CO-BUILDING

Blédina is a member of the “Malin” project, with the



objective to promote healthy habits in children aged 0 to 3 from French low-income families. The program relies on dietary education, breastfeeding promotion and access to adapted foods including fresh fruit and vegetables; and includes a scientific evaluation of its outcomes.



In Argentina, thanks to the “Corazones Vitales” program, promoting activity in toddlers, 110,000 cups of milk were donated to an NGO.

BONAFONT
HOME & OFFICE DELIVERY



In Mexico, Bonafont developed a prototype of 20-liter bulk containers to facilitate access to water to 130,000 people from the indigenous areas of Hidalgo. This CBU also developed an affordable range to be sold in supermarkets: 10-L and 6-L containers priced respectively at 29% and 38% of the regular price per liter.





Aqua in Indonesia supports **The Indonesian Hydration Working Group (IHWG)**: a group of scientists from the Faculty of Medicine of the University of Indonesia. The objective of the IHWG is to help Indonesian scientists increase their knowledge in the field of hydration science. In 2013, a 2nd Master Class of Hydration and Health was held for 80 master and PhD students. The IHWG continues to run research programs on specific hydration topics for the Indonesian population.



Danone China, including the 3 business units of Dairy, Water and Early Life Nutrition, **won the first “Nutrition Innovation & Contribution Gold Award”** issued by the Chinese Nutrition Society (CNS). It was awarded in recognition of its contribution to nutrition science through consistent nutrition and health promotion amongst the Chinese population, strong support of nutrition research and providing innovative solutions to meet the needs of different age groups.



Some examples...

Bonafont in Mexico  
has supported
an expert panel in **Pediatrics,**
Obstetrics and Nutrition

to discuss healthy hydration in infants
and pregnant & lactating women.

The conclusions of the panel have been
published and are now available :

1. Acta Pediátrica de México. Volumen 34,
número 2. Marzo-abril, 2013
2. Perinatología y Reproducción
Humana. Supl. 1, 2013



NUTRINTAKE
PERCORSO 1000 GIORNI



In Italy, the “**Nutrintake**” study showed a large
prevalence of both iron deficiency and protein
excesses in children aged 6-36 months.

This was the rationale for Mellin to launch an
affordable and specially-adapted growing-up milk
that significantly postponed the introduction of
cow’s milk among the targeted population.



“**Eat like a Champ**”,
now in its fourth year and



taught in more than 900 classes all
over the UK, was created by Danone
with the British Nutrition Foundation.
The program encourages children to
try new foods and learn about healthy
eating. In 2013, it received **the Highly**

Commended Local Impact award in the
Business in the Community’s Responsible Business
Awards (Building Stronger Communities category).
The awards recognize partnerships between
businesses and local communities that address
a key social issue.



DANONE



“Mum, Dad, I prefer water” is an educational program for children in their

first school year. It deals with healthy food and drinking habits, with an emphasis on water consumption. Started in 2011 in Uruguay, the program has reached 219 schools, trained 624 ambassadors and reached 11,864 children at national level. The program is supported by the Ministry of Health through the National Nutritional Program, the Pediatric Uruguayan Society and the National School Food Program. **It has been declared of national interest by the President of Uruguay and the Ministries of Health, of Social Development and of Housing, Territorial Planning and Environment.**



As part of **the final of the 2013 Danone Nations Cup**, Danone and Chaire Anca

introduced youngsters to a game that develops their knowledge of different foods and the importance of dietary balance.

<http://www.chaire-anca.org>




In March 2014, together with the Partnership for a Healthier America, the Danone Company (USA) announced a landmark commitment to further improve

the nutrition profile of its yogurt products. As part of its four-part commitment, Dannon pledges to do the following by 2016:

1. Improve by 10% the nutrient density of the Dannon product portfolio overall by increasing nutrients that are encouraged in the diet, like vitamin D, and decreasing total sugar and fat.
2. Reduce the amount of total sugar in Dannon products to 23 grams or less (per 6 ounce serving) in 100% of products for children and 70% of the company's products overall.
3. Reduce the amount of fat in Dannon products, so that 75% of products will be low-fat or fat-free.
4. Invest \$3 million in nutrition education and research focused on healthy eating habits.

**Limited Assurance
Report**
on a selection of Danone
Nutrition & Health
indicators for 2013

As requested, and in our capacity as an independent third party, we hereby present our report on a selection of Danone Nutrition & Health indicators for 2013 selected by Danone Group and identified by the symbol  in the Group's 2013 Nutrition & Health leaflet (hereinafter "the Indicators").

MANAGEMENT RESPONSIBILITY

The Indicators were prepared under the responsibility of the Danone Research Department, in accordance with the Nutrition & Health User guides which may be consulted at the department. The methodological notes given in the Nutrition & Health leaflet provide further details on the reporting period, the consolidation scope and the definition of specific Nutrition & Health indicators published.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the rules and regulations, ethical code of the profession and our internal procedures. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the code of ethics and professional auditing standards.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

It is our responsibility, based on the work performed, to express a limited level of assurance that the selection of Nutrition & Health Indicators, are presented, in all material respects, in accordance with the above mentioned User guides. We conducted the review in accordance with International Standards on Assurance Engagements (ISAE 3000), in compliance with professional standards and best practice applicable in France.

NATURE AND SCOPE OF OUR WORK

We conducted several interviews with the people responsible of the Nutrition & Health reporting in the Nutrition Governance & Policy Direction of Danone Research in charge of collecting the Indicators, in order to:

VERIFICATION

- assess the suitability of the Nutrition & Health User guides with regard to their relevance, reliability, neutrality, understandability and completeness;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the Indicators and review the internal control and risk management procedures used to prepare the Indicators.

At parent entity level, we performed analytical procedures on the Indicators and verified, using sampling techniques, the calculation and the consolidation of the Indicators.

At the entity level for a representative sample of entities selected⁽¹⁾ on the basis of their activity, their contribution to the consolidated Indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly and we performed tests of details, using sampling techniques, in order to verify the calculation made and reconcile the Indicators with the supporting documents. The selected sample represents 25% of the annual turnover of the scope covered.

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

CONCLUSION

Based on our work, we did not identify any material anomaly likely to call into question the fact that the selection of Danone Nutrition & Health indicators for 2013 selected by Danone Group and identified by the symbol ☺ in the Group's 2013 Nutrition & Health leaflet, have been prepared, in all

material respects, in accordance with the above-mentioned User guides.

COMMENTS ON THE USER GUIDES AND ON THE INDICATORS

Based on the work performed, the following comment was made on the User guides, their implementation and the Indicators.

Internal controls on Danone Nutrition & Health Indicators have been improved during the consolidation of group data. However, there is still room for improvement and it would be appropriate to continue to raise the awareness of the persons in charge of the Nutrition & Health reporting on the need to strengthen the internal controls on the calculated indicators.

Paris La Défense, 16th of June 2014

KPMG Audit

Department of KPMG S.A.

Philippe Arnaud

Partner

Climate Change

and Sustainability Services Department

(1) Danone Dairy Spain, Danone Dairy Argentina, Danone Waters Argentina, Danone Waters Mexico, Danone Baby France, Danone Baby UK, Danone Medical UK.

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.



DANONE

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Fonds Danone Ecosystème, Press Area, EyeWire photography,
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Concept/Design: [because](http://because.com), www.because.fr

Sustainability
Report 2013:



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