



**DANONE'S REPORT**  
on alleged non-compliance with  
**the Danone Policy**  
**for the Marketing of**  
**Breast-Milk**  
**Substitutes**

**2017**

## Early Life Nutrition and Danone's Mission

Danone's mission is "***To Bring Health Through Food to as Many People as Possible***" and we do this by providing healthy and nutritious products to millions of people around the world. As a leader in early life nutrition, we have a key role to play in both adhering to and promoting responsible and ethical marketing practices.

## Our Commitment to Responsible Marketing

At Danone, we understand the challenges faced by parents in raising their children and we believe that all parents should have access to the right information to allow them to make appropriate and informed feeding choices for their children.

In support of this, we acknowledge the importance of the International Code of Marketing of Breast-Milk Substitutes and subsequent relevant World Health Assembly ("WHA") resolutions and support the World Health Organisation's ("WHO") recommendation calling for exclusive breast-feeding for the first six months after birth and continued breast-feeding along with the introduction of safe and appropriate complementary foods thereafter. We work alongside committed partners, mobilising stakeholders to promote the long-term benefits of ensuring the right nutrition during the first 1000 days.

## Breast-Milk Substitutes Policy

Effective from June 1, 2016, Danone has revised and updated its Policy with regards to the Marketing of Foods for Infants and Young Children to the Danone Policy for the Marketing of Breast-Milk Substitutes (the "Policy"). The revised Policy continues to detail areas where employees need to make ethical decisions related to the marketing of breast-milk substitutes ("BMS"). The Policy does not replace the WHO Code, but provides instructions and guidance when undertaking a broad range of marketing activities related to BMS.

In conjunction with the revision of the Policy, Danone also updated its Management System Manual in 2016. The revised Manual – Danone Procedures Manual for implementing its Policy on the Marketing of BMS (Procedures Manual – BMS), sets forth Danone's internal processes and provides guidelines for consistent application and implementation for all Danone entities involved in the marketing & sale of breast-milk substitutes.

Danone's report on alleged non-compliance with the Danone Policy for the Marketing of Breast-Milk Substitutes (for the Period 1 January to 31 December 2017).

## Compliance with our Policy

Danone has committed to preparing and publishing an annual report for our key stakeholders and other interested parties which details how the company complies and manages compliance with our own Policy. It is part of our efforts to ensure greater transparency and accountability for our actions and to detail instances of non-compliance, and corrective actions undertaken.

## Reporting on Compliance

In our reporting, we categorise allegations as either substantiated or unsubstantiated versus our Policy and/or local regulations. We follow a strict process of evaluation of each allegation received from our local business units – irrespective of how or from whom, the allegation is reported. In 2017, the Financial Times Stock Exchange (FTSE) and other external stakeholders published their findings on assessments done in several countries. The allegations reported in their findings are also included in this report.

At Danone, we take every non-compliance allegation very seriously. We investigate promptly to determine the best course of action to remediate the situation and prevent further occurrences.

Once an allegation is received by Danone, all facts are reviewed to establish if the information presented is genuine, and an investigation is made promptly to determine whether the alleged activity is compliant with our own Policy and applicable legislation regarding the marketing of breast-milk substitutes.

We review compliance according to the following categories:

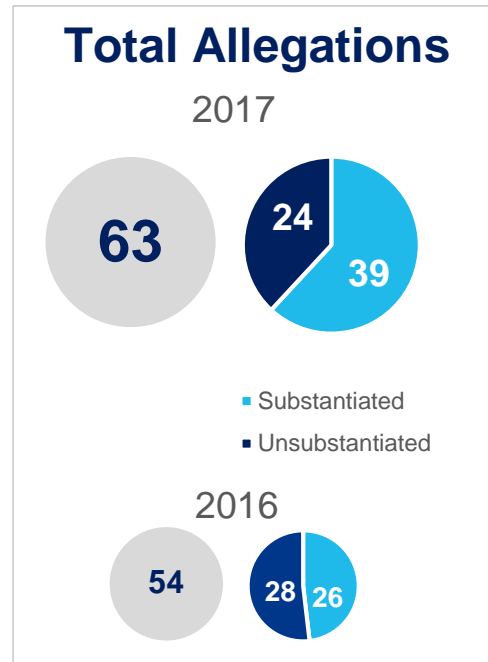
- Interaction with the general public
- Interaction with health workers
- Labelling of covered products
- Information/Education to the general public.

Substantiated allegations are then further classified as to:

- a) Actions conducted by Danone (which includes all subsidiary companies).
- b) Actions conducted by third parties (for example independent retailers, pharmacies).

A full analysis of substantiated allegations (related to either our own actions or those of third parties) is detailed in the Appendices to this report, but in summary, the following can be reported on, for the period 1 January to 31 December 2017:

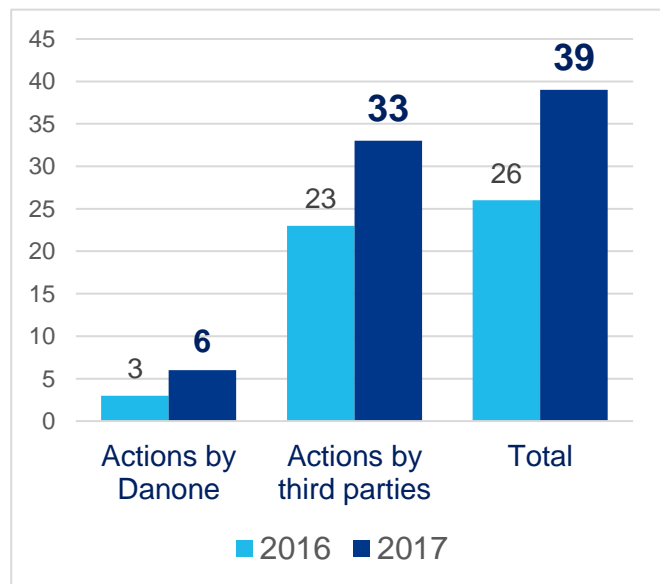
- No evidence of systematic violations of our Policy or local regulations were identified.
- A total of 63 allegations were received.
- 39 were assessed as being substantiated:
  - 6 due to actions by Danone
  - 33 due to actions by third parties.
- 24 allegations were found to be unsubstantiated.



Any further analysis included in this report, has been prepared on the basis of the 39 substantiated allegations only.

### Analysis of Substantiated Allegations 2017 vs. 2016

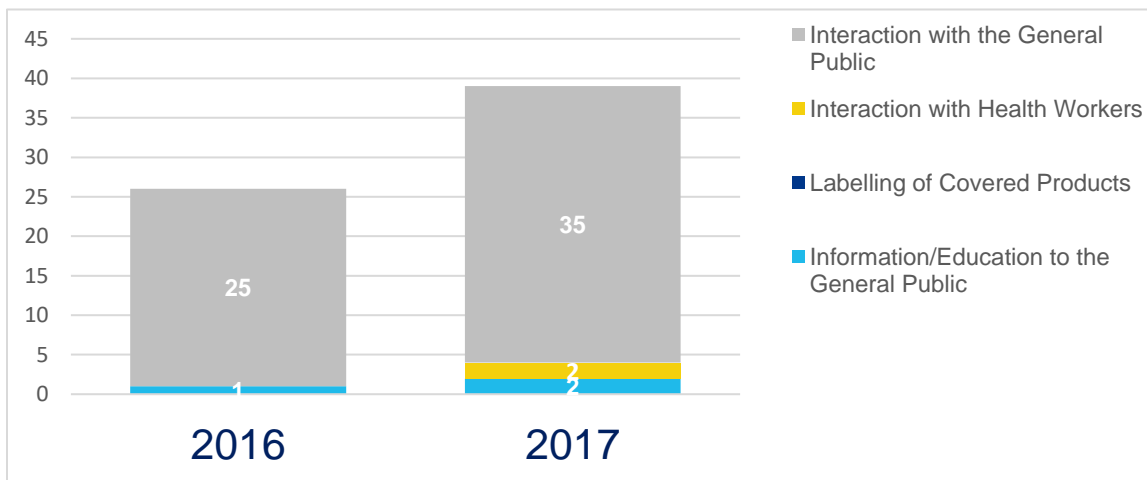
- Total substantiated allegations increased by 50% vs. 2016 (from 26 to 39).
- The number of substantiated allegations attributable to Danone was 6, compared to 3 in 2016. An increase of 100%.
- The substantiated allegations resulted from actions undertaken by third parties increased by 43% compared to 2016 (from 23 to 33).



## Categories of Allegation

Danone receives allegations from different sources and reviews all facts before an allegation is assessed as substantiated. We have analysed below the category and geographic region of the substantiated allegations.

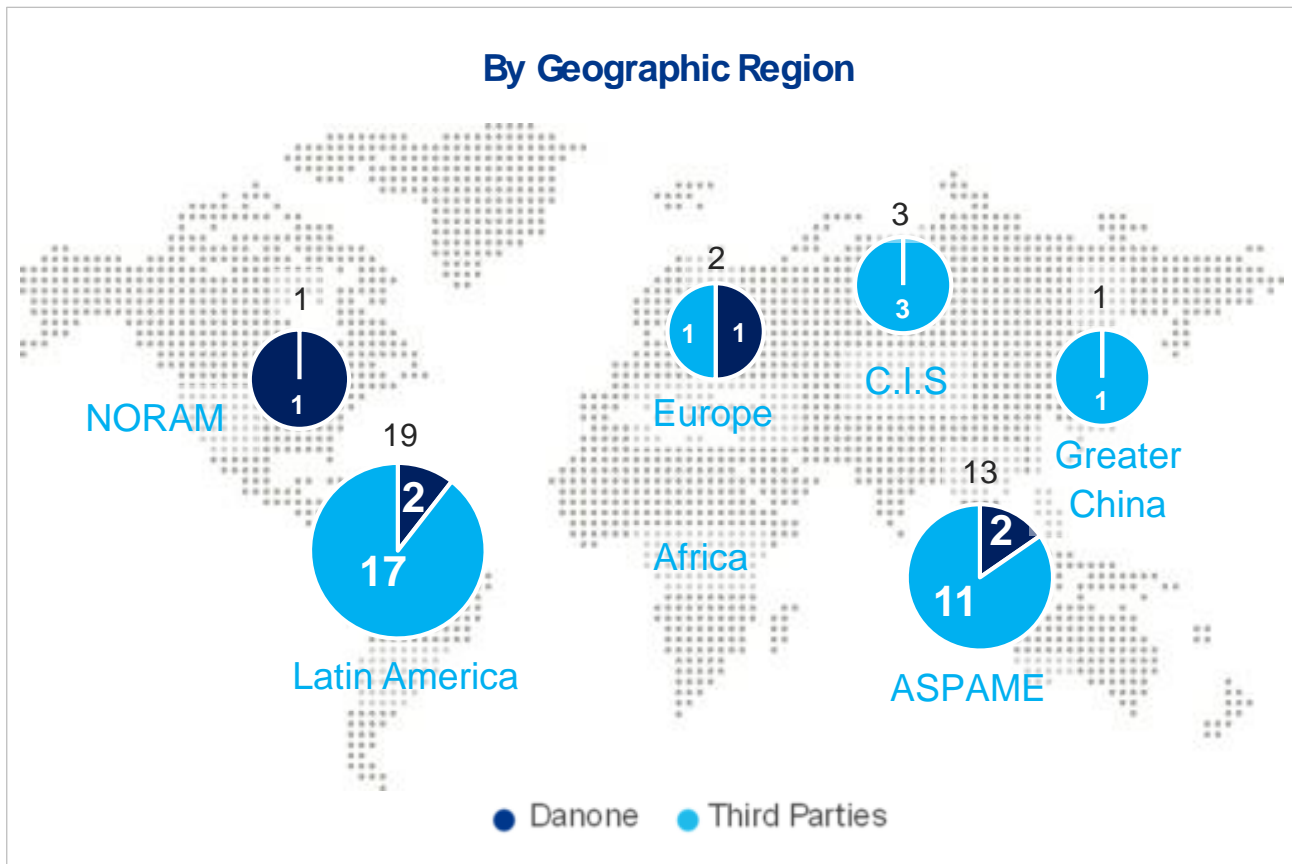
- Interaction with the general public: 35
- Interaction with health workers: 2
- Labelling of covered products: 0
- Information/Education to the general public: 2



## Geographical Analysis of Substantiated Allegations

In 2016, 54% (14 out of 26) of all substantiated allegations were reported in the ASPAME region, whereas in 2017 33% (13 out of 39) of all substantiated allegations were reported in that region. In 2017, most substantiated allegations were reported in Latin America (49% - 19 out of 39), whereas this region accounted for 38% (10 out of 26) of all substantiated allegations in 2016.

Total 39 substantiated allegations:



## Conclusion

In 2017, the total number of substantiated allegations increased from 26 to 39, versus 2016. The number of substantiated allegations originated by Danone increased from 3 to 6, versus 2016. This reflects a higher scrutiny by Danone and external stakeholders such as FTSE and other assessments performed in 2017. More non-alleged actions were reported and monitored compared to 2016. We will continue to raise awareness on the importance of reporting and monitoring the actions that aimed to assess compliance either done by us or a third party.

From the alleged actions from Danone, there were 2 substantiated allegations relating to “Interactions with health workers” and 2 relating to “Information/Education to the general public”. This reflects the investment in driving awareness and trainings and it will remain a focus area. 35 out of the 39 substantiated allegations were originating from “Interactions with the general public”. This remains a focus area for training and monitoring of relevant third parties and Danone employees.

We remain committed to working closely with business partners, trade associations, industry groups and multiple stakeholders to establish awareness and promote responsible marketing practices. With a continued focus on education and training at the retail outlet/consumer interaction level, collectively we aim to improve both our own practises and those of the industry. We encourage all stakeholders and consumers to report any instances of alleged non-compliance with our Policy or local regulations directly to them for further action/follow up.

## **Attachments:**

Appendix 1: Substantiated Allegations Concerning Activities by Danone

Appendix 2: Substantiated Allegations Concerning Activities by third parties



## Appendix 1: Substantiated Allegations concerning activities by Danone

Month	Category	Summary of Allegation	Comments	Summary Corrective Actions	Region	
1	May	<i>Interaction with General Public</i>	Online promotion through offering a coupon for infant formula.	In line with our Policy, infant formula should not be promoted or advertised.	The promotion was stopped immediately and an approval system for the validation of consumer communication has been implemented. Re-iterated to the CBU Danone's commitments and the importance of compliance to our Policy.	NORAM
2	September	<i>Interaction with General Public</i>	Promotion of infant formula through discounted price for Danone employees.	In line with our Policy, infant formula should not be promoted or advertised.	The promotion was stopped. Re-iterated to the CBU Danone's commitments and the importance of compliance to our Policy.	Europe
3	October	<i>Information/Education to the General Public</i>	Promotion of infant formula through displaying gimmicks with the brand name of infant formula in medical practice.	In line with our Policy, gimmicks should not carry infant formula product brand names.	Although the gimmick was distributed in 2007, the promotion material was immediately removed. Re-iterated to the CBU Danone's commitments and the importance of compliance to our Policy.	ASPAME
4	October	<i>Information/Education to the General Public</i>	Promotion of infant formula through displaying gimmicks with the brand name of infant formula in medical practice.	In line with our Policy, gimmicks should not carry infant formula product brand names.	Although the gimmick was distributed in 2007, the promotion material was immediately removed. Re-iterated to the CBU Danone's commitments and the importance of compliance to our Policy.	ASPAME

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5	October	Interaction with Health Workers & HCO	Providing samples of infant formula as a gift to mothers leaving hospital.	In line with our Policy, samples of infant formula should not be distributed to pregnant women, mothers or members of their families.	The sampling of infant formula has been stopped and is actively being monitored. Re-iterated to the Distributor Danone's commitments and the importance of compliance to our Policy.	Latin America
6	October	Interaction with Health Workers & HCO	Providing samples of infant formula as a gift to mothers leaving hospital.	In line with our Policy, samples of infant formula should not be distributed to pregnant women, mothers or members of their families.	The sampling of infant formula has been stopped and is actively being monitored. Re-iterated to the Distributor Danone's commitments and the importance of compliance to our Policy.	Latin America

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## Appendix 2: Substantiated Allegations concerning activities by third parties

Month	Category	Summary of Allegation	Comments	Summary Corrective Actions	Region	
7	January	<i>Interaction with General Public</i>	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	ASPAME
8	January	<i>Interaction with General Public</i>	Promotion of infant formula and follow-on formula by retailer using a special end gondola display.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Retailer was informed immediately that such special displays are not permitted and the products were removed from the end gondola. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	ASPAME
9	February	<i>Interaction with General Public</i>	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	Latin America
10	March	<i>Interaction with General Public</i>	Retailer initiated promotional give-away, incentivising the purchase of infant formula and follow-on formula.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Retailer was informed that the give-away promotion must cease immediately. The promotion was stopped immediately and Danone's commitments and the importance of compliance re-iterated to the retailer.	ASPAME
11	March	<i>Interaction with General Public</i>	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	ASPAME

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12	March	Interaction with General Public	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	ASPAME
13	March	Interaction with General Public	Secondary display of infant formula by retailer.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed immediately that such promotions are not permitted and the wrong display was removed.	ASPAME
14	March	Interaction with General Public	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	Latin America
15	April	Interaction with General Public	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	Latin America
16	April	Interaction with General Public	Promotion of infant formula by retailer.	In line with our Policy, infant formula should not be promoted or advertised.	Promotion was stopped immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	Greater China
17	April	Interaction with General Public	Online promotion through discounted price of infant formula and follow-on formula by retailer.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	Latin America
18	May	Interaction with General Public	Online promotion through discounted price of infant formula by retailer.	In line with our Policy, infant formula should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	Europe

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19	June	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet and online.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
20	June	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
21	June	Interaction with General Public	Online promotion of Covered Products by retailer.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
22	June	Interaction with General Public	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	C.I.S.
23	June	Interaction with General Public	Promotion of infant formula and follow-on formula by retailer using a special end gondola display.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Retailer was informed immediately that such special displays are not permitted and the products were removed from the end gondola. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	ASPAME
24	July	Interaction with General Public	Promotion through discounted price of infant formula and follow-on formula in retail outlet.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
25	August	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America

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26	August	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
27	August	Interaction with General Public	Online promotion of follow-on formula by retailer.	In line with our Policy follow-on formula should not be promoted or advertised in Higher Risk Countries.	Promotion was stopped immediately by retailer.	Latin America
28	August	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
29	August	Interaction with General Public	Promotion through discounted price Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
30	August	Interaction with General Public	On shelf promotion of infant formula and follow-on formula in retail outlet.	In line with our Policy follow-on formula should not be promoted or advertised in Higher Risk Countries.	Promotion was removed immediately by the retailer.	ASPAME
31	September	Interaction with General Public	Video promotion on a price-discount of Covered Products in a hospital.	In line with our Policy, Covered Products should not be promoted or advertised.	Promotion was stopped immediately by retailer.	Latin America
32	September	Interaction with General Public	Promotion through discounted price Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America

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33	September	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
34	September	Interaction with General Public	Promotion of infant formula and follow-on formula by retailer using a special end gondola display.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Retailer was informed immediately that such special displays are not permitted and the products were removed from the end gondola. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	ASPAME
35	October	Interaction with General Public	Promotion of follow-on formula in retail outlet.	In line with our Policy follow-on formula should not be promoted or advertised in Higher Risk Countries.	Promotion was stopped immediately. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	C.I.S.
36	November	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	ASPAME
37	November	Interaction with General Public	Promotion through discounted price of follow-on formula in retail outlet.	In line with our Policy follow-on formula should not be promoted or advertised in Higher Risk Countries.	Discounted price was adjusted immediately by retailer. Re-iterated to the retailer Danone's commitments and the importance of compliance to our Policy.	C.I.S.
38	November	Interaction with General Public	Promotion through discounted price of Covered Products in retail outlet.	In line with our Policy, Covered Products should not be promoted or advertised.	Discounted price was adjusted immediately by retailer.	Latin America
39	December	Interaction with General Public	Online promotion of infant formula by retailer.	In line with our Policy, infant formula should not be promoted or advertised.	Promotion was stopped immediately.	ASPAME

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