

NUTRITION ACHIEVEMENTS 2016



REPORTING ON
DANONE
COMMITMENTS



AN ALIMENTATION REVOLUTION IS UNDERWAY!

Each time we eat and drink, we can vote for the world we want to live in. This powerful idea is at the heart of the Alimentation Revolution. A revolution led by Danoners, together with consumers, retailers, farmers, suppliers and NGOs all designing, producing, marketing and consuming food in a new way – a way that brings health to people and health to our planet. We've chosen this path because at

Danone, we want to be a change agent – a catalyst of this revolution. We want to make the Alimentation Revolution a reality for as many people as possible, all across the world. Why? Because we believe in a food and water ecosystem that works in harmony with people, communities and the environment. Where our relationship with the 900 million people who buy our brands is a force for good.



THE ALIMENTATION TREE IS OUR GUIDE TO LEAD AN ALIMENTATION REVOLUTION

The Alimentation Tree embodies Danone's point of view on health through food. It will provide focus to build strong purpose-driven brands. **We want to influence eating and drinking habits** in the right way for the consumers and also for the planet.

- **THE TRUNK** illustrates the key role of our brands. By delivering a superior experience and offering healthier choices and solutions tailored to local needs, we believe we can impact on a greater number of people.
- **THE LEAVES** represent nine health priorities to which Danone contributes through its food categories and brands acting for healthier diets and lifestyles. They are clustered in three main areas of action: building health capital starting in the earliest

days of life, maintaining it throughout life, and protecting it when most vulnerable.

- **THE TRUNK** illustrates the key role of our brands. By delivering a superior experience and offering healthier choices and solutions tailored to local needs, we believe we can impact on a greater number of people.
- **THE ROOTS** show our actions aimed at addressing environmental challenges such as fighting climate change, preserving the water cycle, fostering sustainable agriculture or developing responsible packaging.

BUILDING TOGETHER A HEALTHIER FUTURE

HEALTH THROUGH FOOD IS A NECESSITY AND A RESPONSIBILITY

At Danone we believe that providing health through food is not only a necessity but also our responsibility.

Today's modern societies, because of more sedentary lifestyles and less healthy eating habits, are facing major public health issues.

In this context, we aim to help people adopt eating and drinking habits that are both healthy and relevant for them, whatever their age,

culture or personal preferences. For us, nourishment goes beyond foods and beverages and should be considered in its broadest sense, including nutrition, taste, social and cultural dimensions. This is what we call 'Alimentation'. Through alimentation, we can play an important role. We are moving from selling food to encouraging the adoption of dietary habits that contribute toward preserving health. Last year, 88% of Danone's sales were generated in healthy categories, based

on official public health recommendations (waters, early life nutrition, medical nutrition and fresh dairy products).

Our portfolio of products, combined with our broad range of activities to promote healthy diets and lifestyles, allows us to have a positive collective impact, ensuring healthier lifestyles and nutrition for all, at all ages.



The 6 Danone Nutrition Commitments

In 2016, Danone has decided to take its « Food Nutrition & Health Charter » one step further and implement 6 commitments with stronger, measurable and time-bound objectives :

Nutrition Commitments



This leaflet is the first reporting on these commitments



Commitment #1

Continuously improve the nutritional quality of our products



Commitment #2

Design healthier alternatives relevant for consumers



Commitment #3

Further reinforce our expertise on the understanding of local nutrition practices and public health contexts



Commitment #4

Contribute to address local Public Health challenges on which Danone can have a most favorable impact through partnerships



Commitment #5

Develop even more responsible marketing practices, especially to children

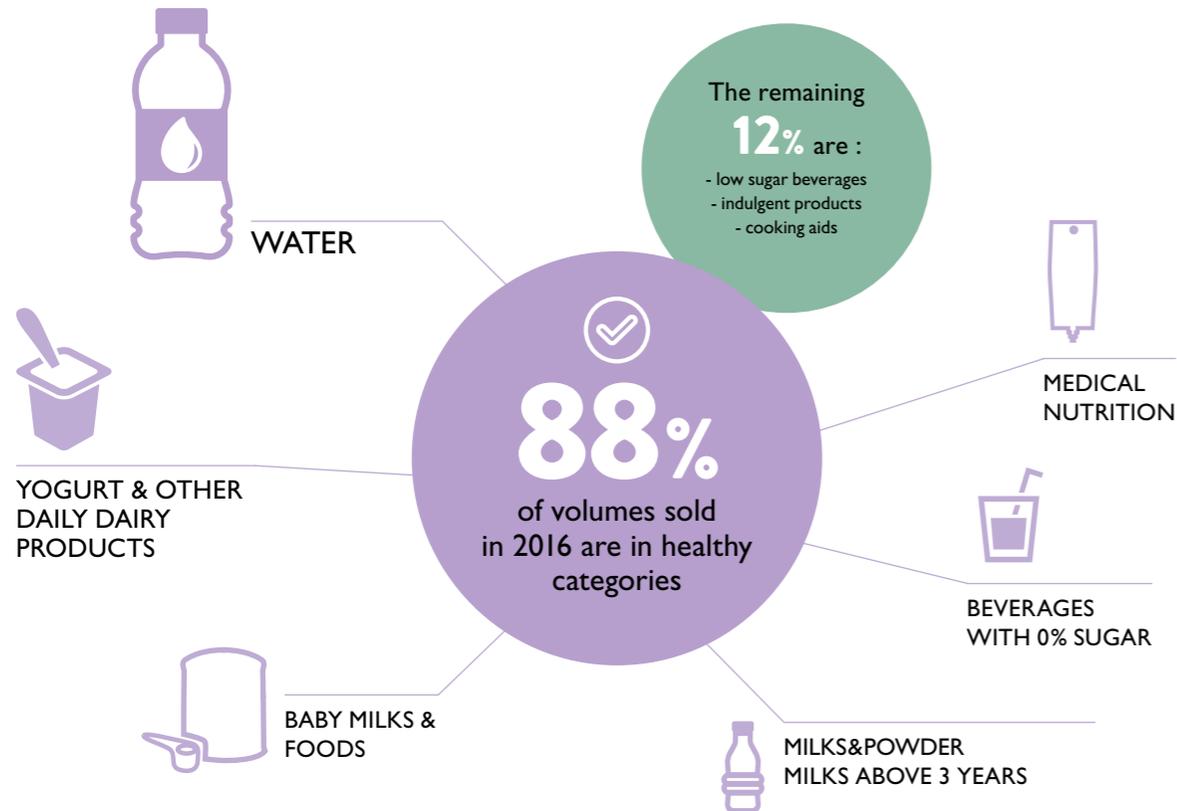
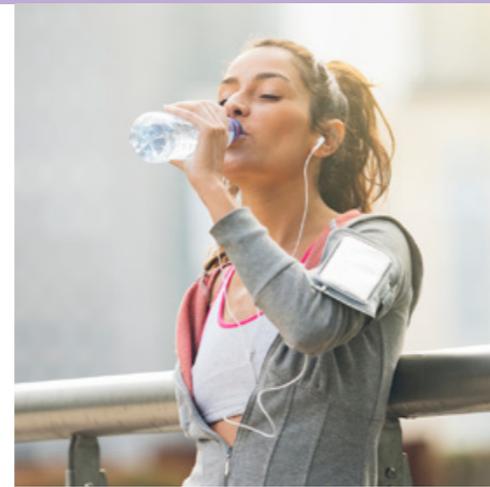


Commitment #6

Provide the most appropriate product labelling to encourage healthier practices

DANONE IS FOCUSED ON HEALTHY CATEGORIES

Sales volumes breakdown in product categories in 2016. In the scope of the Nutrition & Health Scorecard.



DANONE SUPPORTS RESEARCH AND INNOVATION

Given the unique portfolio and mission of Danone, the activities of Danone Nutricia Research are devoted to Nutrition & Health. In the news in 2016...

- Danone Nutricia Research supported exploratory research on **probiotics and gastrointestinal microbiota** in the **United States** by providing three Young Investigator Grants (www.probioticsresearch.com) and sponsored also the Harvard symposium dedicated to Gut health, Microbiota & Probiotics. (www.harvardprobioticsymposium.org/).
- Nutricia **Indonesia** and Indonesia's Professional Association collaborated to study the **potential benefit of young child formula with multi-fiber & higher zinc on the integrity of gut mucosa**. In **Germany**, the MIRIS study network with several hospitals aims at **generating data on the composition of human milk from mothers of**

preterm infants by using MIRIS human milk analyser. This **unique collaboration**, started in 2016 and involving 10 German clinics, will collect data about breast milk macronutrient composition. Especially the variability of the protein content in human milk has high relevance for the individualised protein supplementation for preterm infants.

• Danone Nutricia Research and the International Society of Nephrology have collaborated to create the Hydration for Kidney Health (H4KH) research initiative to stimulate the interest of researchers to explore the **role of hydration in kidney health**.

• Medical Nutricia **China** fully sponsors the Gut Barrier Academician fund project, the aim of which is to support Chinese clinical research about **gut barrier function and enteral nutrition**. In **Germany**, the Formosa project is supporting research on **frailty/sarcopenia**, in cooperation with the Institute of Biomedicine of Ageing, studying the diagnostic and therapeutic options for musculoskeletal diseases in aging (sarcopenia and osteoporosis).



94 clinical trials underway at the end of 2016

428 scientific publications and presentations at conferences worldwide in 2016

508 patent families at the end of 2016

439 new products launched in 2016

1,624 employees

2 international research centers: the Centre Daniel Carasso (Palaiseau, France), the Nutricia Research Centre (Utrecht, The Netherlands)

4 specialized centers

55 branches around the world

€333 million annual budget

More than **200** partnerships with international scientific teams most recognized in their fields



COMMITMENT #1 CONTINUOUSLY IMPROVE THE NUTRITIONAL QUALITY OF OUR PRODUCTS

To maintain continuous nutritional improvement of its products, Danone has deployed comprehensive internal nutritional targets since 2005. These targets have been applied in product renovation and innovation projects, in the frame of the "Nutrition Check" procedure embedded in the company's project management system. **The Danone Nutrition Targets revised in 2016, serve as reference for Commitment #1 of the Danone Nutrition Commitments.**

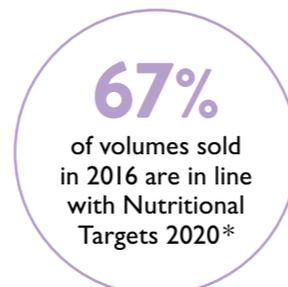
These targets cover product categories that Danone manufactures and sells today⁽¹⁾. They are operational objectives for product renovation and innovation. They are based on nutrition science, take into account technical feasibility, and the consumer acceptance journey.

The Danone Nutritional Targets in their current version cover 99% of company's relevant volumes (meaning product categories for which it makes sense to define targets as part of a process of continuous nutritional improvement)⁽²⁾.

(1) A few product categories are not covered by the Danone Nutritional Targets because continuous reformulation for nutritional improvement would not be relevant:

1. packaged water (plain & sparkling).
2. products mainly used as cooking aids, such as butter, cream and sour cream.
3. advanced medical nutrition products and products for infants with specific conditions (for example, for pre-term infants, allergy treatment, etc.). For these products, Danone has decided not to define specific nutritional targets but will ensure 100% compliance with applicable regulations. This category is included in the scope of Commitment #1 and will be counted as 100% compliant at all times.

(2) The remaining 1% correspond to product categories for which targets have not yet been defined (soft cheese and beverages other than low sugar beverages). These products are not included in the reporting for Commitment #1 in 2016.



Danone
Nutritional
Targets 2020

* Scope: subsidiaries reporting in Danone Way (in 2016: 65 subsidiaries of the 5 Divisions). All product categories except packaged water, cooking aids, and products for which a target is not yet defined. Products must meet all nutrient thresholds for their category in the « Danone Nutritional Targets 2020 ». If a product contains both compliant and non compliant recipes, only the compliant ones are counted.

** % of sales volumes having a nutrient fortification. Scope Scorecard: Access Africa India + Dairy + Early Life Nutrition divisions.

Among product categories for which respectively a sugar, saturated fat and salt target has been defined:



70%
are in line with sugar
target*



97%
are in line with saturated
fat target*



85%
are in line with salt target*

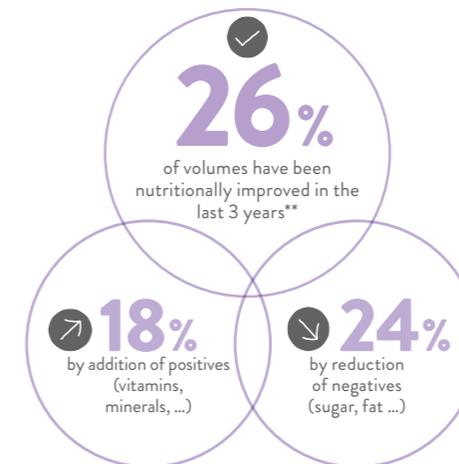
* % of sales volumes 2016 meeting respectively the sugar, saturated fat and salt threshold for their category in the Danone Nutritional Targets 2020. Scope: Nutrition & Health Scorecard. If a product contains both compliant and non compliant recipes, only the compliant ones are counted.



For many years, the Danonino range has improved in many countries. In France Danonino GO! (Pouch) contains only 7% of added sugars. In Brazil, the brand reduced again the sugar level by 9.6% in the petit suisse. And in the Danonino products in Mexico, since 2003, vitamin D and calcium have increased (respectively +69% and +118%) and energy, fat and total sugar have decreased (respectively -29%, -58% and -28%).



Centrale Danone participates to workshops organized by the Ministry of Health, the objective of which is to define with private & public stakeholders an action plan to reduce progressively added sugar, fat and salt in transformed products. The commitment of Centrale Danone for 2018 is to reduce by 10% added sugar in some products.



In the Activia Prune product, the fat content decreased from 1.6 to 0.8g/100g and the saturated fatty acid content decreased from 1.1 to 0.5g/100g.



In 5 years Mexico Bonafont has saved 50,125 tons of sugar! That would be equivalent to 1,319* trucks not entering our factories.

* Calculated from the weight of truck in Europe.



Danone Brazil has been progressing on nutrition and launched in 2016, the first and unique portfolio of Milnutri Cereal Zero Added sugar in the market. 3 versions are proposed.



Nutribaby Royal Post Discharge product has been developed based on discussions with experts, and its role in relation to the nutrition management of preterm infants was shared in perinatology workshops at selected hospitals.



Mellin Dessert: a new range with new recipes (with added sugar level in line with Danone Nutritional Targets & calcium fortification) and 3 reworked recipes with 50% added sugar reduction and new portion size (100g).



** 2014-2015-2016 in % volume 2016. Scope Access Africa India + Dairy + Early Life Nutrition + Low sugar beverages



COMMITMENT #2 DESIGN HEALTHIER ALTERNATIVES RELEVANT FOR CONSUMERS

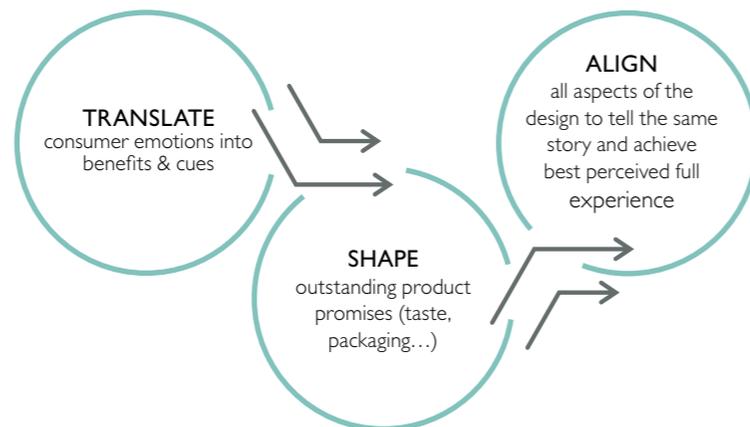
**OBJECTIVE
2020**
in definition

This Commitment is totally new and distinctive. Our intention is to cover our major categories and brands, in our major countries, with both “Superior experience” and “Healthier Choice” studies. At the moment, the methodologies are being put in place, and the exact scope is being defined. Some examples of such studies already done, are given on the next page.



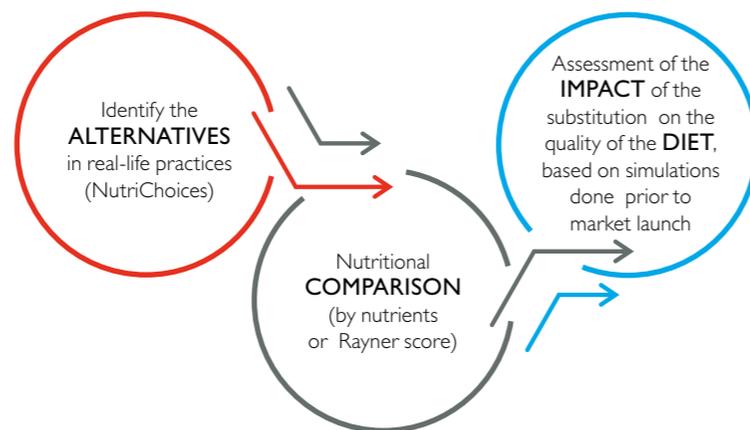
SUPERIOR EXPERIENCE

Design solutions as superior to alternatives on **overall liking and key attributes (not only taste)** that are **signatures for our brands**.



HEALTHIER CHOICE

Design solutions as **healthier than the alternatives**, based on dynamics of real food and fluid intakes.



WHAT DOES IT MAKE POSSIBLE



In Dairy **Argentina**, the **Healthier choice study allowed to build insights and define community aspirations & needs** (calcium deficiencies, sugar moderation, convenience of snacking); understand consumer behaviour (NutriChoices identified snack alternatives: hot beverages sugared & non-sugared, pastries & cakes, crackers, cookies, flavoured & regular milk) and apply nutritional quality score (Rayner) to compare with alternatives. Thanks to these insights, **Danone was able to design a yoghurt snack as a credible and healthier alternative**, communicate on this positioning and launch the “Month of the Healthy Snack” activation.



The results of the IDEA study that were published in 2017 show that the use of Young Child Formula as the major type of milk in toddlers diet was associated with a lower prevalence of iron and vitamin D deficiency compared to cow’s milk.



PUBMED



In Indonesia and Mexico where Danone launched low sugar beverages, data shows these beverages are a better proposal versus the competitors in the equivalent category. Indeed in Mexico the 12 juice drinks launched by Danone have a sugar content below the average of the category (72 products analysed). In Indonesia, Mizone has a level of sugar 14% lower versus the equivalent market and 20% lower compared to the main player of the category.

Since the launch in 2015 of the “Mascot” water bottle dedicated to **kids from 4 to 7 years old in Spain**, the data shows that the 2/3 of the growth of “Mascot” volume comes exclusively from sweet beverages.





COMMITMENT #3 FURTHER REINFORCE OUR EXPERTISE ON THE UNDERSTANDING OF LOCAL NUTRITION PRACTICES AND PUBLIC HEALTH CONTEXTS

FOOD AND NUTRIENT INTAKES VS NEEDS

3 types of studies to fully cover the local context in terms of intakes vs recommendations:

- **Nutripack:** it is a comprehensive analysis of local nutrition and health contexts based on a review of the scientific literature, enhanced by interviews with local experts and key opinion leaders. This tool enables to gather, for a single country, all existing scientific facts and figures like the nutritional recommendations, the nutritional status of the population, the nutritional programs in place, the prevalence of major diet-related diseases and the main public health concerns.
- **Dietary intake assessment:** we use dietary intake surveys to understand what people are eating and drinking, and compare their intakes with dietary recommendations. In some countries, national dietary intake surveys are carried out by government or research institutes, and these data can be analysed to understand the local needs. In other countries no dietary intake data exist and we conduct our own surveys.
- **Fluid intakes:** complementary to dietary intake, the Water Division carry out surveys with a specific focus on fluid intakes.

SOCIO CULTURAL STUDIES

1 major method to capture social and cultural aspects of alimentation:

FoodStyles is a comprehensive study generating data on the food socio-cultural contexts of the communities. It enables to gather, for a given community at country level, the eating practices and associated norms & representations, i.e. what are practices around purchasing, preparing meals and consuming; what is forbidden, compulsory, permitted; what's the sense given to eating based on local culture, values, beliefs. By knowing and understanding the socio-cultural dimensions of alimentation we are able to design solutions fitting within the culture and routines, to make sure that we contribute to amplifying favorable dietary habits. We make it by working in collaboration with experts in food socio-anthropology.

**OBJECTIVE
2020**
100% of major
markets
covered*



CO BUILD WITH

138 ✓
advisory panels active
at local level

2,115 ✓
external scientific
experts with which
the subsidiaries are
in regular relation

* Scope: major markets per Division, defined by sales value. Dairy: 7 major countries; Waters: 3 major countries; Access Africa India: 1 major country and Early Life Nutrition & Advanced Medical Nutrition: in definition. In these countries, both types of studies will be done or updated.



Adapted nutrients...



A huge program, "Nutrition & Development" launched in 2008 by the Foundation for the Child Nutrition, was created to fight against micronutrient deficiencies and school drop-out in rural areas, with the daily free distribution of a fortified milk (Nutrilait : one serving size of 200ml covers 30% of the recommended daily intake of calcium, vitamins A, D3, iron and iodine), for about 23,500 children in 2 rural areas of Morocco. An efficacy study was conducted in 2013/2014 among 197 children aged 7 to 9 years, and the results showed that the daily consumption of 1 serving of Nutrilait resulted in the elimination of vitamin A deficiency, a reduction of the vitamin D deficiency and a downward trend in iodine deficiency in children. Teachers could also notice a better concentration during classes, less school drop-out and improved academic performances.

WHAT DOES IT MAKE POSSIBLE



Adapted affordable products...



Danonki products, fortified with calcium and vitamin D, were launched in response to actual children's nutritional needs. Calcium deficiency is found in the diet of 50% of children in preschool age, and vitamin D deficiency in the diet of more than 90% of children. Studies showing these deficiencies were conducted by the Institute of Food and Nutrition in Warsaw in cooperation with the Institute of Mother and Child in 2007 on a representative nationwide sample.



Brio is a range of low sugar beverages targeting consumers of B brands (usually for low income population), which is a growing segment in 2016 due to the economic context in Argentina. This affordable brand has a healthy offer with 0% calories and sugar to contribute to fight the local health issue: obesity.



In Germany there is still too little knowledge about healthy nutrition in the **1st 1,000 days**. The German 1st 1,000 Days Campaign aims at improving eating habits of women, babies and toddlers by increasing the awareness and understanding about this unique time period, by providing healthy recipes and several tips and tricks. The understanding of parents about the 1st 1,000 days increased from 34% before the campaign to 56% after the campaign.



Danino fortified product is sold in proximi channel in single pots in order to be afforded by children with less pocket money. A smaller pack format for milkshake product with a sugar reduced formula has also been developed. It is a part of Danone "healthy snacking" strategy, to propose dairy products at the same price point as unhealthy snacks (chocolate, chips, candies, etc.).



As in **Brazil** there is no reimbursement for medical nutrition at home and hospitals can have a partial coverage, Nutricia launched the Nutrimed tetra pack line of products, which are more affordable than similar ones in the market. This line can be used in hospitals with budget restrictions, or after discharge from public hospitals.



In Turkey, breastfeeding mothers only meet 40% of their daily nutritional needs. This is why Nutricia launched Lactamil tea, **the first mixed herbal tea with 8 vitamins**, to support breastfeeding mums' daily nutritional needs at an affordable price.

54

countries or regions covered by Nutripack at the end of 2016



20

countries with data on the whole population



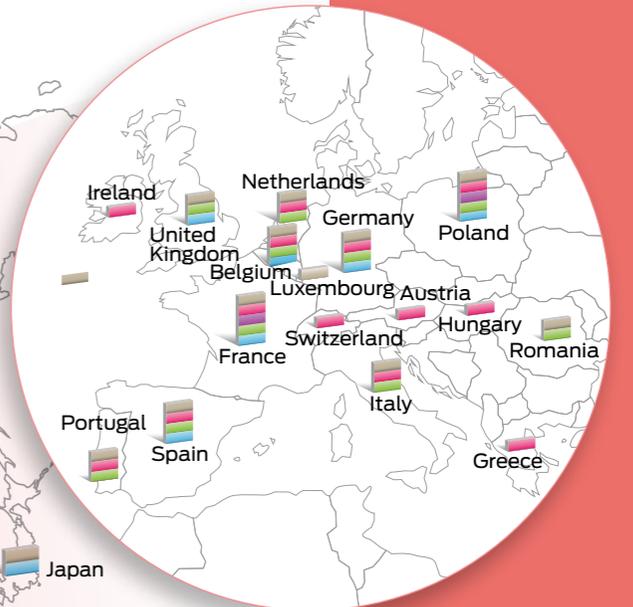
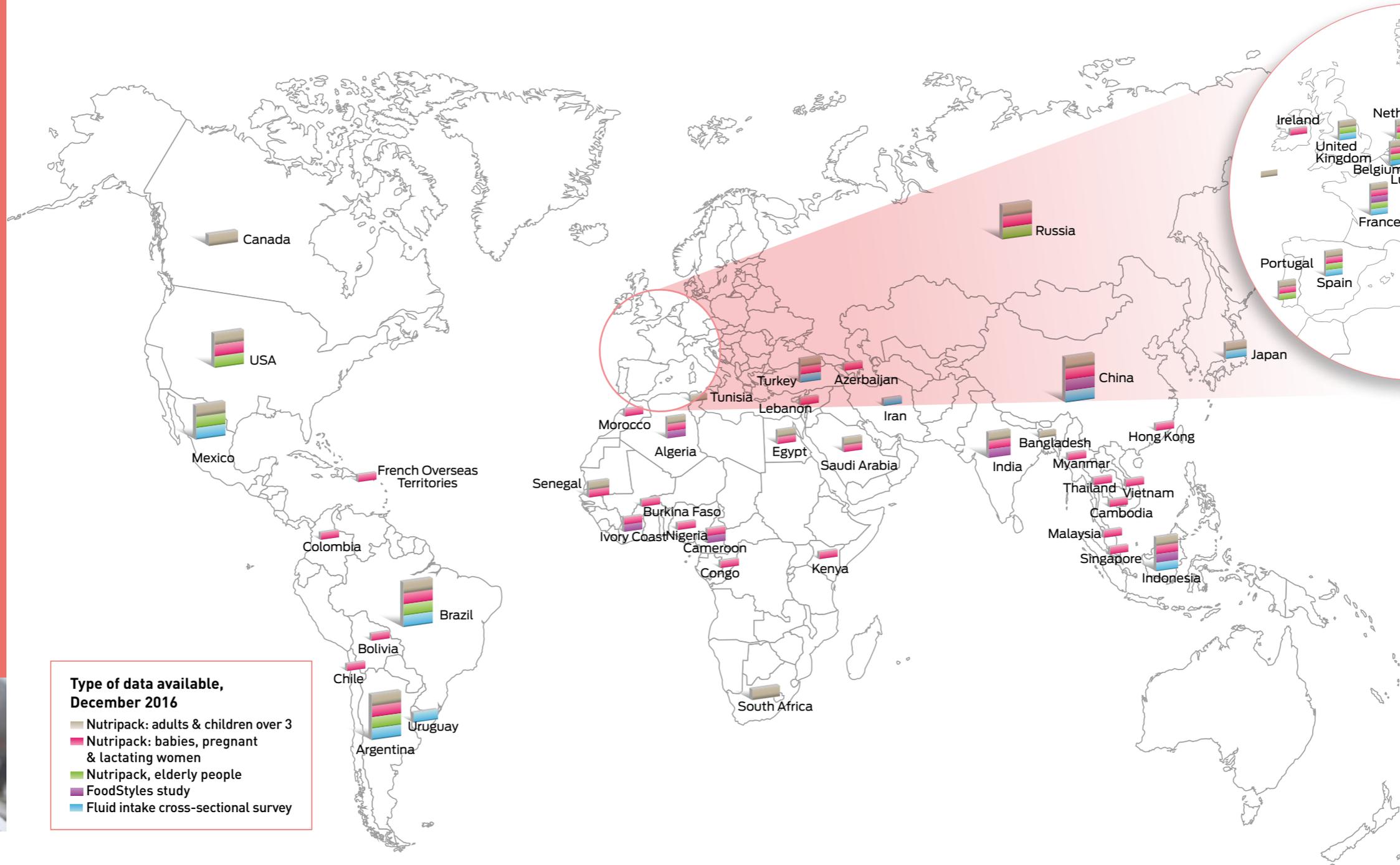
9

countries with data focused on adults and children over 3



25

countries with data focused on babies and pregnant & lactating women



Moreover:

15

countries with additional focus on elderly people

15

countries with fluid intake cross-sectional surveys

8

countries with FoodStyle studies



COMMITMENT #4 CONTRIBUTE TO ADDRESS LOCAL PUBLIC HEALTH CHALLENGES ON WHICH DANONE CAN HAVE A MOST FAVORABLE IMPACT THROUGH PARTNERSHIPS

**OBJECTIVE
2020**
100% of top
countries
covered*

It starts with the public
declaration of a cause...

Calcium deficiency

“Life is better with yogurt”

Obesity

Exercise

Medical solutions

1st 1,000 Days

**Inspiring healthier hydration
for life**

... then putting in place concrete actions
in link with the cause

A 10-year monitoring of children’s nutrition in Russia demonstrated that almost 80% of children have calcium deficiency. Calcium intake is also decreasing in adult population leading to an increased risk of osteoporosis. Danone Russia is committed for this purpose to fight calcium deficiency, launched Rastishka range and created education programs like 3 Dairy A Day and Healthy Nutrition from A to Z in schools, in order to change positively Russian dietary habits. According to a public survey to measure dairy Per Capita Consumption, in 2016, +8% of respondents consume 2-3 dairy products a day as compared to 2014. It is a positive trend despite economic crisis.

16,363
employees followed
a specific training
dedicated to the cause
declared by
the subsidiary

19
subsidiaries out of
49 have publicly
declared a public
health cause

“Manifeste contre la dénutrition”: active support to HCP and patient associations with the objective to raise awareness on the importance of malnutrition in the pediatric population, and ultimately cobuild an action plan with health and political authorities.

The Institute of Food and Nutrition published an updated food pyramid for children and adolescents including water: it is recommended, as part of the 10 most important rules of healthy eating, to drink water during and between meals.

Nutricia Bagó signed a collaboration agreement with the public partners in Buenos Aires to assess Early Childhood Centers located in the more vulnerable areas of the city. This is a real proof that the authorities are aware of Danone mission on the 1st 1,000 days.

* Scope: top 15 countries Danone in sales value. At least one subsidiary per country will publicly declare a cause and put in place relevant actions.

Access Africa India

2 programs
Potential reach:
≈ 9 million consumers

Dairy

21 programs
Potential reach:
≈ 40 million consumers

Waters

17 programs
Potential reach:
≈ 15 million consumers

Early Life Nutrition

45 programs
Potential reach:
≈ 416 million parents

Medical Nutrition

33 programs
Potential reach:
≈ 508,000 patients & caregivers

* People reached by several programs can be counted several times.

The 1st World Breastfeeding Week Campaign organised in collaboration with the Chinese Nutrition Society aims to support Early Life Nutrition’s mission on the 1st 1,000 days and promote breastfeeding. Activities should reach HCPs (through conferences, digital academic channel and local studies to understand the local context) and mothers with “NuMum” program (consisting in an online expert Q&A and a website with an engagement game to educate Mums on breastfeeding and give practical tips).

The purpose of the Nutriheroes program carried out with government and local NGOs, is to raise awareness within children and the community about the importance of daily healthy habits, empowering children as agents of change in their own homes in order to fight against obesity and malnutrition consequences. The program is composed of two devices: the musical show Supersaludable where children learn, in a playful way, about the benefits of a healthy lifestyle and a balanced diet and the NUTRIHÉROES workshops at schools where the contents acquired in the play are reinforced.

An education program in schools aimed at students, teachers, and parents in order to instill the good habits of drinking water 6 times a day, make water as the preferred choice to hydrate and ensure that water is as cool as other colored drinks. Thanks to this program, water consumption increased at the expense of sugared beverages.

118
education, information
programs and activities
with a potential to reach
481 million people*

The Early Years Nutrition Partnership (EYNP) was initially funded by Danone Nutricia and Danone Ecosysteme, a fund which supports social enterprises and initiatives worldwide. EYNP’s objective is to bring young children brighter futures through better nutrition. Nutritionists educate caregivers in nurseries about healthy eating habits in order to improve the diet of children in early years settings in the UK. The website also provides advices for parents.



EYN Partnership

PKU is a genetic metabolic disease. PKU children should control their diet very strictly every day all life long. Ordinary natural food will damage their brain. Nutricia Childcare China team kicked off a “PKU rainbown caring plan” to provide life long professional caring to PKU children and build them a rainbown colorful life (thanks to booklet and online HCP consultation, “PKU super Mami school”, dietary and psychological guidance, teaching on how to make convenient and variety PKU recipes, social activities to encourage children to be independent and have a healthy life).



COMMITMENT #4



A survey was made in partnership with the Institute of Mother and Child to assess children's diet (5 to 36 months). Preliminary results demonstrate that among health prevention programs regarding nutrition, 3 out of 4 with the highest awareness among parents are Danone initiatives:
Mum, Dad: I prefer water (64%);
1st 1,000 days (51%);
Water for Start (47%).



“Sihaty fi taghdiati” (“My health in my nutrition”) is a school program created in 2003 in collaboration with the Moroccan Ministry of Education. It targets all children aged 6 to 12 years in primary schools (private and public schools). In total, more than 4.7 millions of children were sensibilized to nutrition and balanced diet every year, and more than 93,000 teachers at 20,000 schools were reached by this program.



To contribute fighting against overweight and obesity in children in Italy, Danone decided to support the Mediterranean Nutrition Group (MeNu Group), a pool of experts from Spain, Portugal, France, Italy. In 2015 the MeNu Group developed the “10 good practices during 1st 1,000 days for obesity prevention”. In 2016, an extensive education program started with the distribution of the Decalogue poster to 100% of HCPs to raise awareness among mums.

More than 50% of interviewed mums declared to have changed their nutritional intake and the one from their babies since they have heard about the 1st 1,000 days by different sources and activities.



Learning about a Metabolic Condition can be confusing, as there is a lot to take in and understand. Nutricia developed the “TEMPLE” tool, in collaboration with the British Inherited Metabolic Disease Group, to help families of newly diagnosed children to better understand the condition. It provides a way for Doctor or Dietitian to explain the condition in a clear and consistent way, covering topics such as diagnosis, genetics and dietary management.



Organisation of the 1st Indonesian Hydration and Health Conference in partnership with the Indonesian Hydration Working Group: master class, scientific lecture and presentation of the 1st specific occasion Hydration book.



Thanks to the Food and Nutrition conference & expo 2016, participants were able to discuss the current feeding practices and eating patterns among infants and young children in the US; describe how feeding practices and environments impact a child's food acceptance patterns.



The Allergy Expert club endorsed by the Union of Pediatricians of Russia is an ambassador Key Opinion Leaders program (training for trainers). This project started in 2014 with conferences, round tables. Through 700 events, 90% of Allergists and 60% of Pediatricians were reached. Nutricia also trains HCPs on how to build contact with mums, manage conflicts, reassure moms and give anti stress techniques.



In the Scorecard perimeter,

45

subsidiaries out of 49 give their employees access to a health & wellness program

Some examples, among many others →

In total,
51,349

employees have access to these programs (69% of the total staff in the perimeter)

100%

of subsidiaries allows employees to take paid maternity leave

85%

of subsidiaries have made arrangements to help mothers continue to breast-feed after going back to work



All actions on Health, Nutrition, Sport organised since several years, have a positive impact on absenteeism and employees' health (weight loss, less consultations for muscular pain, reduction of cholesterol level, glycaemia, electrocardiogram alterations). In a plant, knee injuries were reduced by 100% since 2013.



The ActiveHealth program offers many benefits including; wellbeing workshops, yoga, free fruit, yogurt and water, health screenings, massages, fitness clubs and a counselling for personal issues. An internal survey run in 2015 revealed that employees were 100% satisfied by the actions implemented to improve their health.



The Manifesto Truck road show is an integrated program of Early Life Nutrition and Water divisions, to increase employees' awareness on healthy lifestyle by promoting healthy eating and drinking behaviours that respect culture and social habits. 3 supporting learning media: videos, booklet and mobile apps.



Danone is supporting new fathers and mothers on their 1st 1,000 days journey. In France, a nutritionist give advices about breastfeeding or infant nutrition. In Indonesia, a monitoring program is animated by employees who voluntarily join as 1st 1,000 Days ambassadors.



Several actions have been done regarding the awareness of 10,000 steps a day. In Medical Germany, all interested employees received a step counter. In Early Life Nutrition UK & Germany, the employees took part at the “Global Corporate Challenge”, a sports program recording physical activities by using a step counter. After the challenge, a survey showed, that the wellbeing of employees improved; they felt less stressed, slept more and made more steps per day compared to baseline. A similar step challenge called “Make your Move” was conducted in Dairy USA.





COMMITMENT #5 DEVELOP EVEN MORE RESPONSIBLE MARKETING PRACTICES, ESPECIALLY TO CHILDREN



Advertising directly targeting children under 12 represented 8% of advertising expenditures in 2016 for the Africa, Dairy and Waters divisions

Danone's commitment to limit advertising aimed at children under 12 in the EU is audited every year by external auditors in the frame of the "EU pledge on advertising to children:"

- regarding television advertising: in 2016, the audit covered 8 countries and a total of 166,209 televised advertisements were verified in the first quarter for all players. 99.1% of Danone ads were compliant with the company's commitments in the EU Pledge. All non-compliances have been addressed with a corrective action plan.
- regarding websites and social media: 10 countries were covered in 2016. A total of 250 national brand websites and 20 brand-owned mobile applications were reviewed over a two-month period. 14 out of 15 Danone's websites and 2 out of 4 mobile applications reviewed, were compliant with EU Pledge commitments.

Danone supports the WHO's global public health recommendation calling for exclusive breastfeeding for the first six months of age and continued breastfeeding up to two years and beyond, combined with the safe introduction of appropriate complementary foods. We believe that it is the industry's responsibility to adopt, implement and enforce strict policies to ensure marketing practices protect breastfeeding, in line with the WHO International Code of Marketing of Breast-Milk Substitutes (the WHO Code).

97% ✓
of advertising complies with ICC Code of responsible marketing or equivalent local codes**

63% ✓
of advertising are done for products in healthy categories***

OBJECTIVE 2020
100% of markets covered*

In June 2016, we have published the 'Danone Policy for the Marketing of Breast-Milk Substitutes', an update from our Policy from 2011. Danone is the first, and so far the only, company to apply a voluntary global policy that prohibits the advertising and promotion of infant formula for infants aged 0-6 months, even if permitted by local laws. In countries classified as 'higher-risk countries', we have voluntarily extended our advertising and promotion prohibition up to 12 months of age, which often goes beyond local legislation. To ensure that our policy is effectively implemented, an independent third party expert conducts audits yearly, and we publish their audit reports. In June 2016, Danone has entered the FTSE-4Good Index, which is a recognition of the robustness of our Customer Responsibility practices (including the marketing of Breast-Milk substitutes), and an important milestone in our mission, reinforced in our published "Commitment to health and nutrition in the 1st 1,000 days" position.

4,252 ✓
employees were trained in 2015-2016 on the Danone Policy for the Marketing of Breast-Milk Substitutes.

* Scope: all countries where Danone is present. The local subsidiaries will publish together a document explaining in detail their commitment to responsible marketing.
** Scope: Access Africa India + Waters divisions
*** Scope: Access Africa India + Dairy + Early Life Nutrition + Waters divisions



COMMITMENT #6 PROVIDE THE MOST APPROPRIATE PRODUCT LABELLING TO ENCOURAGE HEALTHIER PRACTICES



99% ✓
of volumes have nutritional on-pack information

99% ✓
of volumes have nutritional off-pack information

(e.g., on website, or through a consumer info line)



1,000 UK households took part in an online audit on how they feed their toddlers. This audit helped to have a better idea of feeding behaviors within the UK: 80% of interviewed parents had no idea they were overfeeding. The parents' idea of an ideal portion for their toddler was twice the recommended amount on 10 most

common foods (biscuits, milk, chicken, pizza, pasta, ...). After this audit, a series of initiatives were rolled out in the UK to help change feeding practices for toddlers by educating parents about portion size.



Dailymail.co.uk

OBJECTIVE 2020
100% of volumes with full information*

74% ✓
of volumes give clear portion size guidance

33% ✓
of volumes** carry Front of Pack nutritional information

* Scope: all countries, all Divisions, all products except packaged water and other (limited) exceptions. 100% of volumes sold will provide all information: on-pack, off-pack, portion size guidance and front-of-pack where legally possible.
** Scope: Access Africa India + Dairy divisions + Low sugar beverages and beverages with 0% sugar

A DEMANDING GOVERNANCE



The **PRODUCT COMPLIANCE BOARD** is accountable of ensuring that all Danone products comply to applicable regulations and to Danone rules, in 4 domains related to the loyalty towards consumers :

- Food Safety and Product Quality
- Health and Nutrition
- Product & Brand Communication (including labeling and advertising)
- Intellectual Property

The PCB establishes and regularly revises the DANONE Product Compliance Policy.

The **NUTRITION STEERING COMMITTEE** is an operational body gathering representatives from each Division and from key Corporate functions.

The NSC establishes:

- A point of view of Danone in nutrition (ambition, positions, commitments)
- A clear and coherent strategy on selected nutrition topics in relation with the Alimentation tree
- A quantified measurement of the company's performance in nutrition and Alimentation-related topics
- The stakeholder engagement plan

Decision bodies at Division level translate the aligned positions in concrete procedures/rules specific to the Division :

- Dairy Product Compliance Committee
- Waters Product Compliance Board
- Early Life Nutrition Product Compliance Committee
- Advanced Medical Nutrition Product Compliance Board
- Access Africa India Compliance Board

31,427 ✓

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

100%

of claims went through our internal claim validation procedure

90%

of subsidiaries have a person accountable for the Health & Nutrition matters

61%

of volumes with nutrition claims, in the scope Dairy + Early Life Nutrition + Access Africa India divisions + Low sugar beverages and beverages with 0% sugar

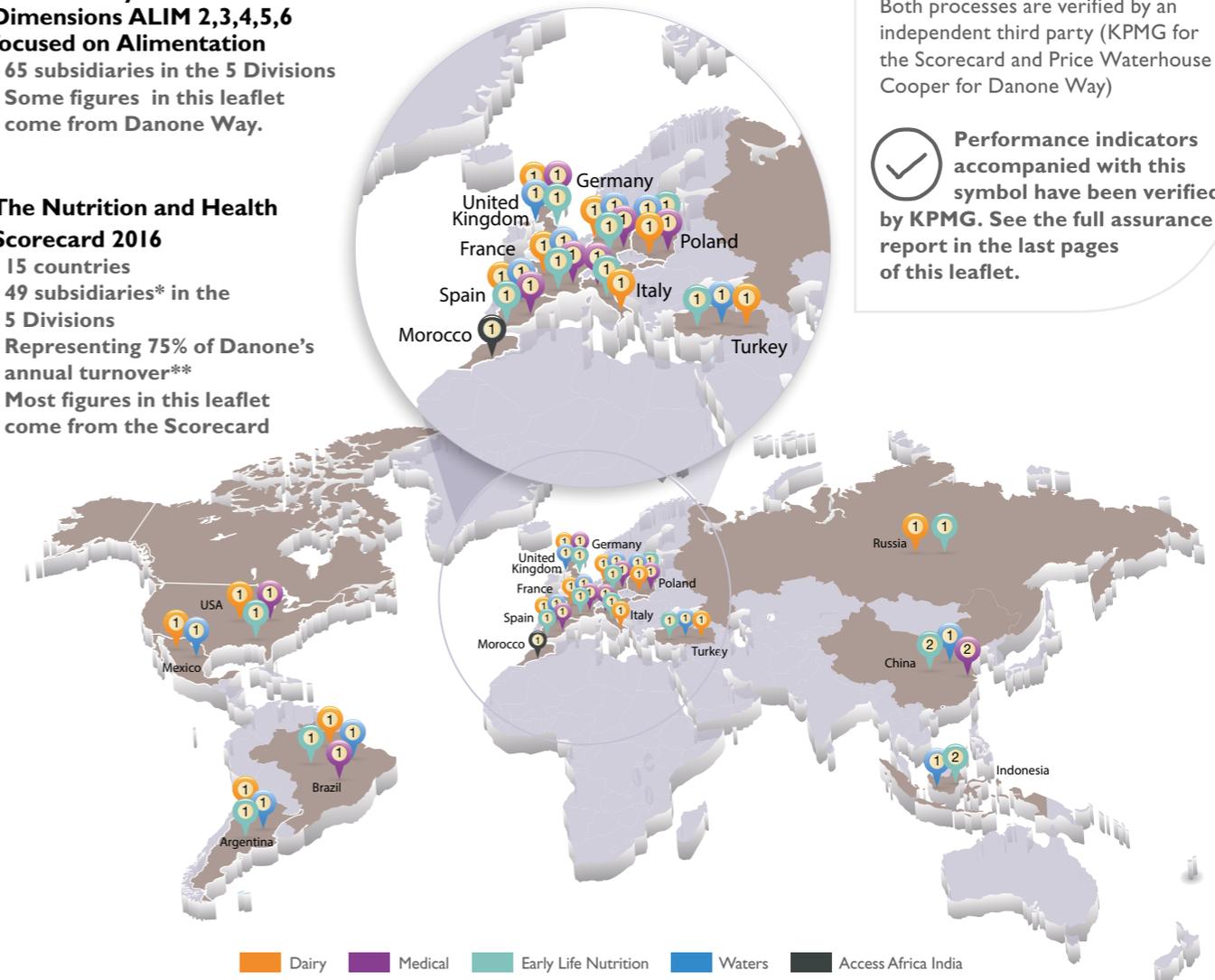
2 SYSTEMATIC REPORTING SYSTEMS

Danone Way Dimensions ALIM 2,3,4,5,6 focused on Alimentation

- 65 subsidiaries in the 5 Divisions
- Some figures in this leaflet come from Danone Way.

The Nutrition and Health Scorecard 2016

- 15 countries
- 49 subsidiaries* in the 5 Divisions
- Representing 75% of Danone's annual turnover**
- Most figures in this leaflet come from the Scorecard



Both processes are verified by an independent third party (KPMG for the Scorecard and Price Waterhouse Cooper for Danone Way)

✓ Performance indicators accompanied with this symbol have been verified by KPMG. See the full assurance report in the last pages of this leaflet.

* Change since last year: Access Africa India division with Morocco; China Shanghai & Poland in Advanced Medical Nutrition and China NELN, Russia & Happy family USA in Early Life Nutrition enter the scorecard perimeter and Danone Canada was excluded.

** Non-food products are excluded from reported sales. Imports are included in the reported figure while exports are excluded. KPI based on sales are expressed in volumes. The Waters division represents 78.3% of the total sales volume in the Scorecard perimeter, whereas Fresh Dairy represents 12.7%, Early Life Nutrition 6.4%, Advanced Medical Nutrition 0.3% and Access Africa India 2.2%.

LIMITED ASSURANCE REPORT ON A SELECTION OF DANONE NUTRITION & HEALTH INDICATORS FOR 2016

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 2016 selected by Danone Group and identified by the symbol  in the Group's 2016 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 2016 provide further details on the consolidation scope and the definitions 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.

Our work involved the expertise of five people between October 2016 and June 2017 for a total duration of around seven weeks. We called upon our specialists

in Corporate Social Responsibility to assist in carrying out our work.

We performed the procedures below in accordance with professional auditing standards and with International Standard ISAE 3000⁽¹⁾.

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:

- 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⁽²⁾ 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 18% 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 the work performed, no material misstatement has come to our attention that causes us to believe that the selection of Danone Nutrition & Health Indicators selected by Danone Group and identified by the symbol  in the Group's 2016 Nutrition & Health leaflet, are not presented fairly in accordance with the above-mentioned User guides.

Paris-La Défense, 20 June 2017

KPMG S.A.

Philippe Arnaud
Partner
Sustainability Services

⁽¹⁾ ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

⁽²⁾ Dairy Spain, Dairy Germany, Danone Waters China, Nutricia Advanced Medical Nutrition GmbH, Nutricia Early Life Nutrition China, Centrale Danone.

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

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Global Nutrition Governance & Policy

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Integrated report 2016:



www.danone.com

About Danone (www.danone.com)

Dedicated to bringing health through food to as many people as possible, Danone is a leading global food company built on four business lines: Essential Dairy and Plant-Based Products, Early Life Nutrition, Waters and Medical Nutrition. Through its mission and dual commitment to business success and social progress, the company aims to build a healthier future, thanks to better health, better lives and a better world, for all its stakeholders — its more than 100,000 employees, consumers, customers, suppliers, shareholders and all the communities with which it engages. With our products being present in over 130 markets, Danone generated sales of approximately €22 billion in 2016. Danone's brand portfolio includes both international brands (Activia, Actimel, Alpro, Danette, Danonino, Danio, evian, Volvic, Nutrilon/Aptamil, Nutricia) and local brands (Aqua, Blédina, Cow & Gate, Bonafont, Horizon Organic, Mizone, Oikos, Prostokvashino, Silk, Vega).

