

DANONE'S REPORT
on alleged non-compliance with
the Danone Policy
for the Marketing of
Foods for Infants
and Young Children

2015

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 consumers 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.

Policy for the Marketing of Foods for Infants and Young Children

As part of our commitment to responsible and ethical marketing practices, in April 2013, Danone published its Policy for the Marketing of Foods for Infants and Young Children (the "Policy"). The WHO Code forms the basis for Danone's Policy. The intention of the Policy is not to interpret or replace The International Code of Marketing of Breast-Milk Substitutes, but to aid Danone employees in the implementation of the WHO Code. As a company it is important that we are consistent, clear and transparent as to the standards of behaviour we expect from our employees and partners in the performance of their duties, and to ensure this is done without ambiguity. The Policy was developed for this purpose. It details areas where employees need to make ethical decisions related to the marketing of foods for infants and young children.

Compliance with our Policy

Danone has committed to our key stakeholders and other interested parties to prepare and publish an annual report that details how we manage and comply 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. The allegations in 2015, as described further in this report aimed to assess compliance with the Policy.

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.

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:

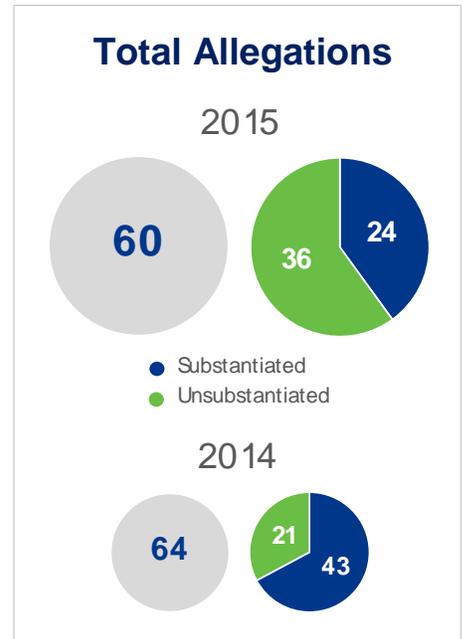
- Interaction with the general public
- Interaction with health workers
- Labelling of covered products
- Information/Education to the general public.

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 2015:

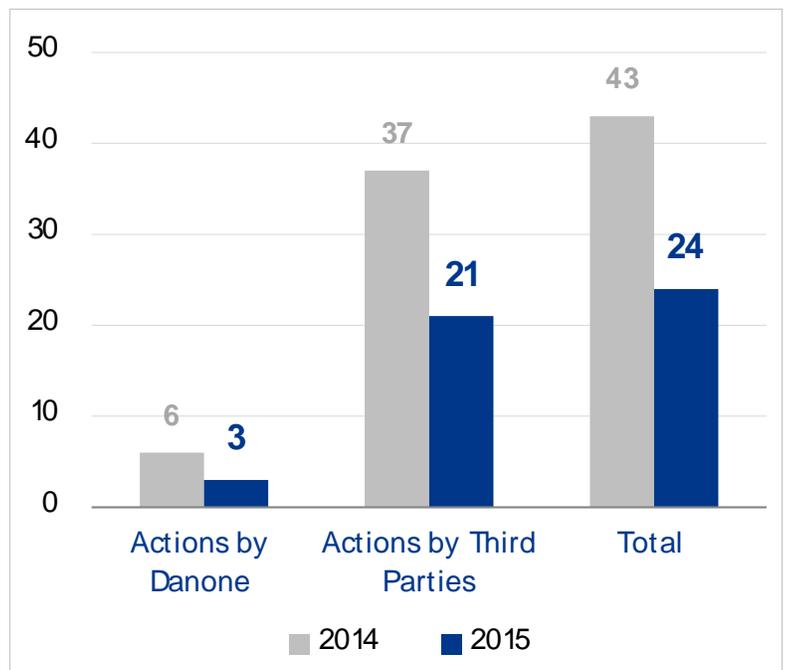
- No evidence of systematic violations of our Policy or local regulations were identified
- A total of 60 allegations were received:
- 24 were assessed as being substantiated:
 - 3 due to actions by Danone
 - 21 due to actions by third parties.
- 36 allegations were found to be unsubstantiated.



Any further analysis included in this report, has been prepared based on the 24 substantiated allegations only.

Analysis of Substantiated Allegations 2015 vs. 2014

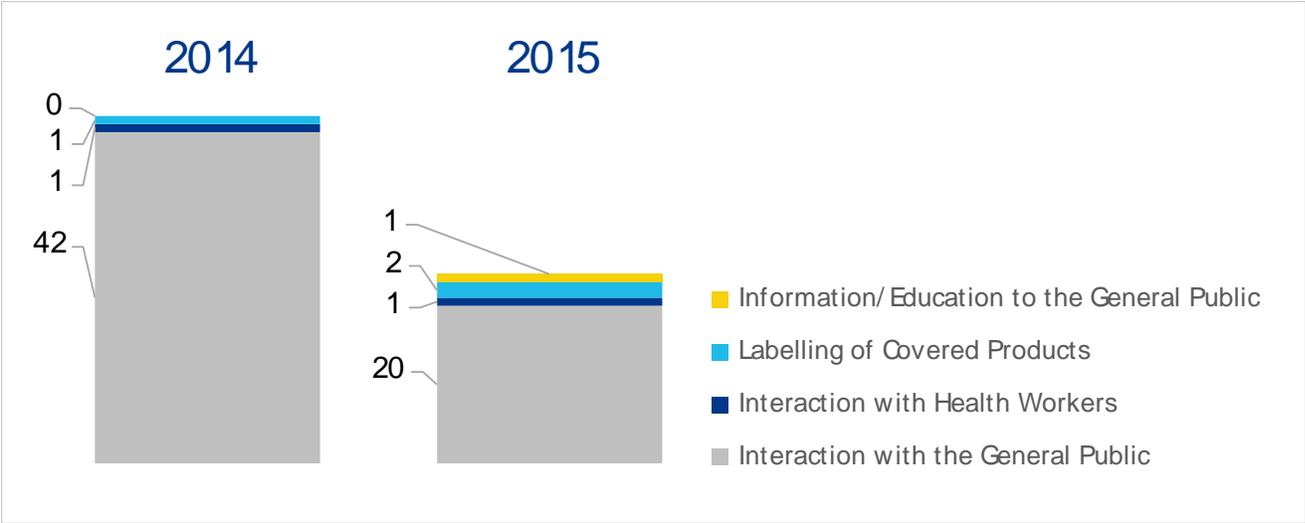
- Total substantiated allegations declined by 44% vs. 2014 (from 43 to 24).
- The number of substantiated allegations attributable to Danone was 3, compared to 6 in 2014. A decrease of 50%.
- The substantiated allegations resulted from actions undertaken by third parties declined by 43% compared to 2014 (from 37 to 21).



Categories of Allegation

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

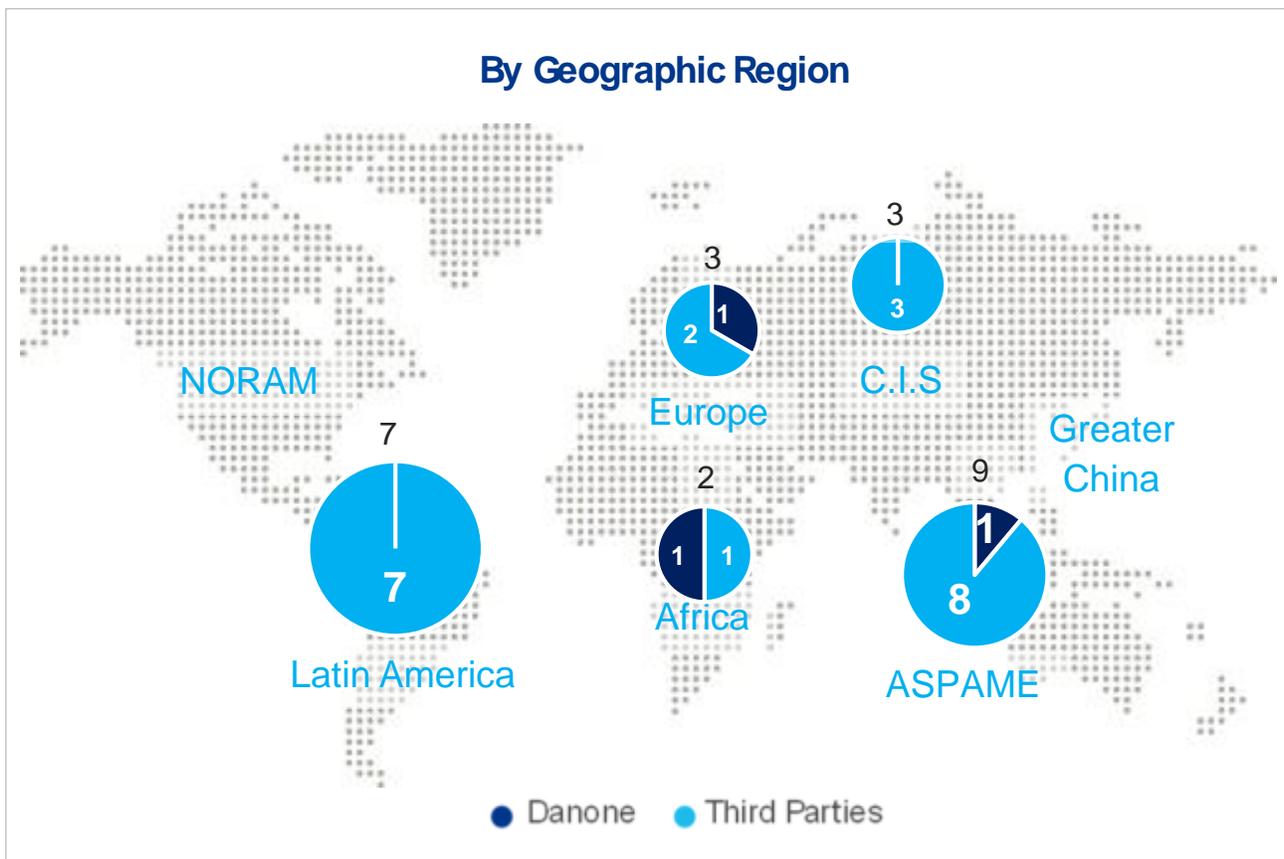
- Interaction with the general public: 20
- Interaction with health workers: 1
- Labelling of covered products: 2
- Information/Education to the general public: 1



Geographical Analysis of Substantiated Allegations

For the year 2015, due to organisational changes the regions have been divided into: NORAM (North America), Latin America, Africa, Europe, C.I.S., Greater China and ASPAME (Asia, Pacific, Middle-East). Compared to 2014, the total substantiated allegations were more globally distributed. In particular, even though including the Middle-East region, in 2015 the ASPAME region accounted for 38% (9 out of a total of 24) of total substantiated allegations, compared to 2014, where Asia Pacific accounted for 51% of total substantiated allegations (22 out of 43).

Total 24 substantiated allegations:



Conclusion

2015 saw a decrease of 50% in the substantiated allegations originating from actions by Danone, versus 2014.

There were no substantiated allegations relating to “Interactions with health workers” by Danone, reflecting significant investment in driving awareness and training in this area.

These results are encouraging overall, but the 20 substantiated allegations originating from “Interactions with the general public” still remain a concern and a focus area for training and monitoring of relevant third parties and Danone employees. It should be noted indeed that all of these “Interactions with the general public” resulted from actions of third parties.

For every substantiated allegation, we develop and execute a clear corrective action plan, either internally or with the third party.

Danone remains committed to working closely with third parties to raise awareness of our Policy, and to reinforce our underlying Danone business principles. With a continued focus on education and training at the retail outlet/consumer interaction level, collectively we work towards ethical and compliant marketing practices, at all times.

We are a strong supporter of responsible marketing practises and are committed to continuing 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 us 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	February	Labelling of Covered Products	It was identified that a claim displayed on a product label was not an approved health claim.	In line with our Policy, all product labels must be in accordance with all local laws and regulations.	Artwork has been amended and claim removed.	Europe
2	March	Information and Education Materials	Certain elements of company website promotional in nature and could be seen as idealising infant formula.	In line with our Policy, informational or educational material should in no way idealise the use of Covered Products.	Website content was thoroughly reviewed and entire site was republished.	ASPAME
3	June	Labelling of Covered Products	Labelling artwork contained certain images that were not permitted.	In line with our Policy, all product labels must be in accordance with all local laws and regulations.	Artwork has been updated to remove the images identified.	Africa

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Appendix 2: Substantiated Allegations concerning activities by third parties

Month	Category	Summary of Allegation	Comments	Summary Corrective Actions	Region	
4	January	<i>Interaction with the General Public</i>	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.	Hospital was informed to stop the practice immediately and Danone's commitments were re-iterated to the hospital staff. Continuous education put in place through association.	ASPAME
5	January	<i>Interaction with the General Public</i>	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.	Hospital was informed to stop the practice immediately and Danone's commitments were re-iterated to the hospital staff. Continuous education put in place through association.	ASPAME
6	February	<i>Interaction with the 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.	ASPAME
7	February	<i>Interaction with Health Workers</i>	Equipment, in the form of a shoe rack, was placed by the hospital in the children's playground. The shoe rack contained product branding.	In line with our Policy, practice related items may be donated to Health Workers but such items must not display Covered Product brand names or logos.	Hospital was informed that this shoe rack was to be removed immediately. The equipment was old and donated many years ago. Danone reiterated its policy that donations of product branded materials to hospitals are not allowed.	ASPAME
8	February	<i>Interaction with the 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.	ASPAME

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9	March	<i>Interaction with the 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.	Retailer was informed that the practice of price promotion on Infant and follow-on formula was not in line with Danone's Policy – Marketing of Foods for Infants and Young Children. Re-iterated to retailer Danone's commitments and the importance of compliance.	C.I.S.
10	March	<i>Interaction with the General Public</i>	Retailer initiated promotional give-away, incentivising the purchase of infant formula by co-packing the Covered Product with a children's toy.	In line with our Policy, infant formula 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.	C.I.S.
11	March	<i>Interaction with the General Public</i>	Promotion through discounted price of infant formula in retail outlet.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed that the practice of price promotion on Infant and follow-on formula was not in line with Danone's Policy – Marketing Foods for Infants and Young Children. Re-iterated to retailer Danone's commitments and the importance of compliance.	C.I.S.
12	March	<i>Interaction with the General Public</i>	Promotion through discounted price of follow-on formula in retail outlet.	In line with our Policy, 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.	ASPAME
13	March	<i>Interaction with the General Public</i>	Promotion through discounted price of infant formula in retail outlet.	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.	ASPAME

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14	April	Interaction with the General Public	Advertisement in magazine on range of products, including infant formula, conducted by retailer.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed immediately that such advertisements are not permitted. The retailer communicated prohibition on advertising infant formula to all staff.	Latin America
15	April	Interaction with the General Public	Advertisement on infant formula conducted by retailer through the use of an illuminated sign.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed immediately that such advertisements are not permitted. The sign was removed.	Latin America
16	April	Interaction with the General Public	Promotional sign was displayed by pharmacy in relation to a give-away children's toy with purchase of infant formula.	In line with our Policy, infant formula should not be promoted or advertised.	Pharmacy was informed that this sign should be removed immediately. The promotional give-away was only intended for young child formula purchases. The sign was removed and Danone's commitments re-iterated to the pharmacy employees.	ASPAME
17	April	Interaction with the General Public	Distributor discounted infant formula and follow-on formula due to product nearing its expiry date.	In line with our Policy, infant formula and follow-on formula, in Higher Risk Countries, should not be promoted or advertised.	Distributor was instructed that the discounted price was not permitted. The price was raised to the normal selling price.	Africa
18	May	Interaction with the General Public	Promotional banner and discount on infant formula displayed by retailer on their online store.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed immediately that such advertisements and promotional offers are not permitted. The retailer removed the promotional material from the website the same day.	Latin America
19	May	Interaction with the General Public	Promotion through discounted price of infant formula in retail outlet.	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.	Latin America

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20	July	<i>Interaction with the General Public</i>	Promotion through discounted price of infant formula in retail outlet.	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.	<i>Latin America</i>
21	July	<i>Interaction with the General Public</i>	Promotion through discounted price of infant formula in retail outlet.	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.	<i>Latin America</i>
22	July	<i>Interaction with the General Public</i>	Promotional email displaying infant formula sent to consumers by retailer.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed immediately that such advertisements and promotional offers are not permitted. The retailer ceased the advertisement immediately and no further emails were sent.	<i>Europe</i>
23	August	<i>Interaction with the General Public</i>	Promotion through discounted price of infant formula by retailer through third party website.	In line with our Policy, infant formula should not be promoted or advertised.	Retailer was informed immediately that such advertisements and promotional offers are not permitted. The retailer removed the promotional material from the website.	<i>Latin America</i>
24	August	<i>Interaction with the General Public</i>	Healthcare Organisation was reusing branded Ready-to-Feed infant formula bottles to store expressed breast milk. These bottles displayed Covered Product branding and could be seen as promoting the use of infant formula.	In line with our Policy, infant formula should not be promoted or advertised.	Hospital was informed that the practice of re-using Ready-To-Feed bottles should cease immediately. The hospital took action and discontinued re-using the Ready-to-Feed bottles. Danone initiated regular follow up visits to check that the hospital was acting in line with Danone commitments.	<i>Europe</i>

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