

**DANONE**

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Integrated report 2017:



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**About Danone ([www.danone.com](http://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, for all its stakeholders — it's more than 100,000 employees, consumers, customers, suppliers, shareholders and all the communities with which it engages. With our products being present in over 120 markets, Danone generated sales of approximately €24.7 billion in 2017. Danone's brand portfolio includes both international and local brands (Alpro, Danone, Oikos, Danio, Activia, Actimel, Danonino, Danette, Danissimo, Light&Free, Horizon, Nutricia, Aptamil, Nutrilon, Nutrison, Fortimel/Fortisip, Neocate, Nutrini/Infatrini, Evian, Volvic, Badoit, les 2 vaches, DanActiv, Danimals, Dannon, Happy Family, YoCrunch, Silk, So Delicious, Vega, International Delight, Magicow, STOK, Earthbound Farm, Cow&Gate, Blédina, Bebelac, Malyutka, Dumex, Aqua, Mizone, Bonafont, Villavicencio, Villa del Sur, Fontvella, Lanjarón, Zywiec Zdroj).



# NUTRITION ACHIEVEMENTS 2017



## OUR BRAND MODEL

## OUR BUSINESS MODEL



## OUR TRUST MODEL



## DANONE GOALS FOR A FOOD REVOLUTION BY 2030

We firmly believe that the health of people and planet are interconnected. Both need to be nourished and protected. At the same time, the world over, people are reinventing how to eat, drink and socialize over food. In line with our “One Planet. One Health” vision and to adequately respond to the challenges and opportunities of the ongoing food revolution, we have defined our Danone 2030 Goals.

The integrated set of 9 long-term goals embeds Danone’s business, brand and trust models. The Danone 2030 Goals are aligned with the 2030 Sustainable Development Goals of the United Nations, thus adopting a language that is universally understood.

“We only live once”. Those words kick-started a vision that lives on today: to bring health to our company and its ecosystem, to our planet, and to generations of people, now and in the future. And we work to make these words a reality every day.

# FOOD CAN CHANGE THE WORLD

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 Food 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 to protect and nourish health of the people and health of the 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 Food 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. We believe a healthy body needs healthy food. And healthy food needs a healthy planet. All with healthy ecosystems and strong, resilient social structures. We simply can't have one without the others. That's what our new signature, “One Planet. One Health”, encapsulates. It's a rallying call to everyone to join the Food Revolution. To join us in unleashing the power of food and drink to change our lives and the world. This “One Planet. One Health” signature marks a new endeavor for Danone. But it comes from the same pioneering spirit we've always had. In 1972, Antoine Riboud said: “There is only one Earth.



## IMPACT PEOPLE'S HEALTH LOCALLY

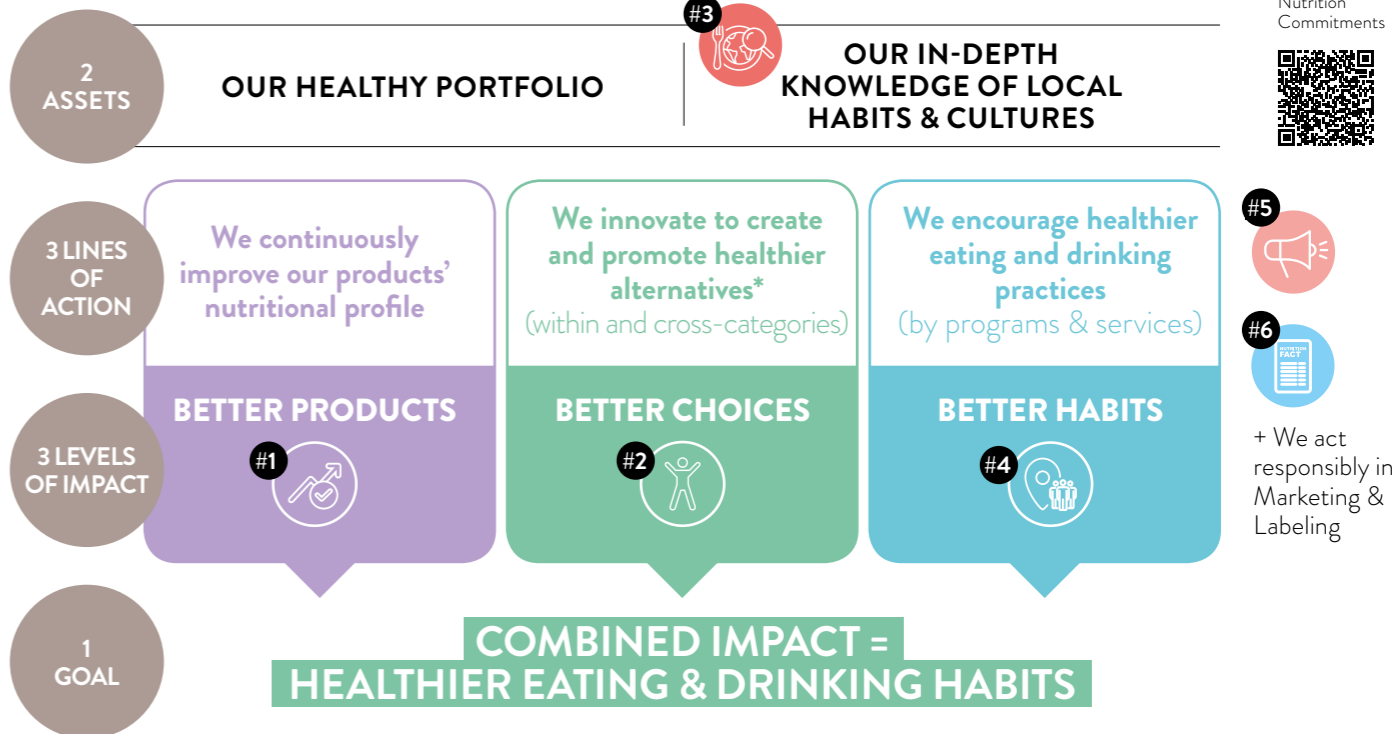
Our mission is to bring health through food to as many people as possible. We have created a unique portfolio of healthy products to complete this mission, and we strive to continuously optimize their nutritional profile. Also, we build on our in-depth knowledge of local food cultures, food habits and public health challenges to innovate and actively

promote healthier alternatives for better choices. Beyond products, we will accelerate on current and new initiatives (programs and services) with partners to impact dietary habits positively. All this acting responsibly in marketing and nutrition labeling. The six Danone Nutrition Commitments (identified below by the symbol #) published

end of 2016 with strong, measurable and time-bound objectives are fully integrated into this goal. This leaflet is the first reporting on this company goal.



Nutrition Commitments

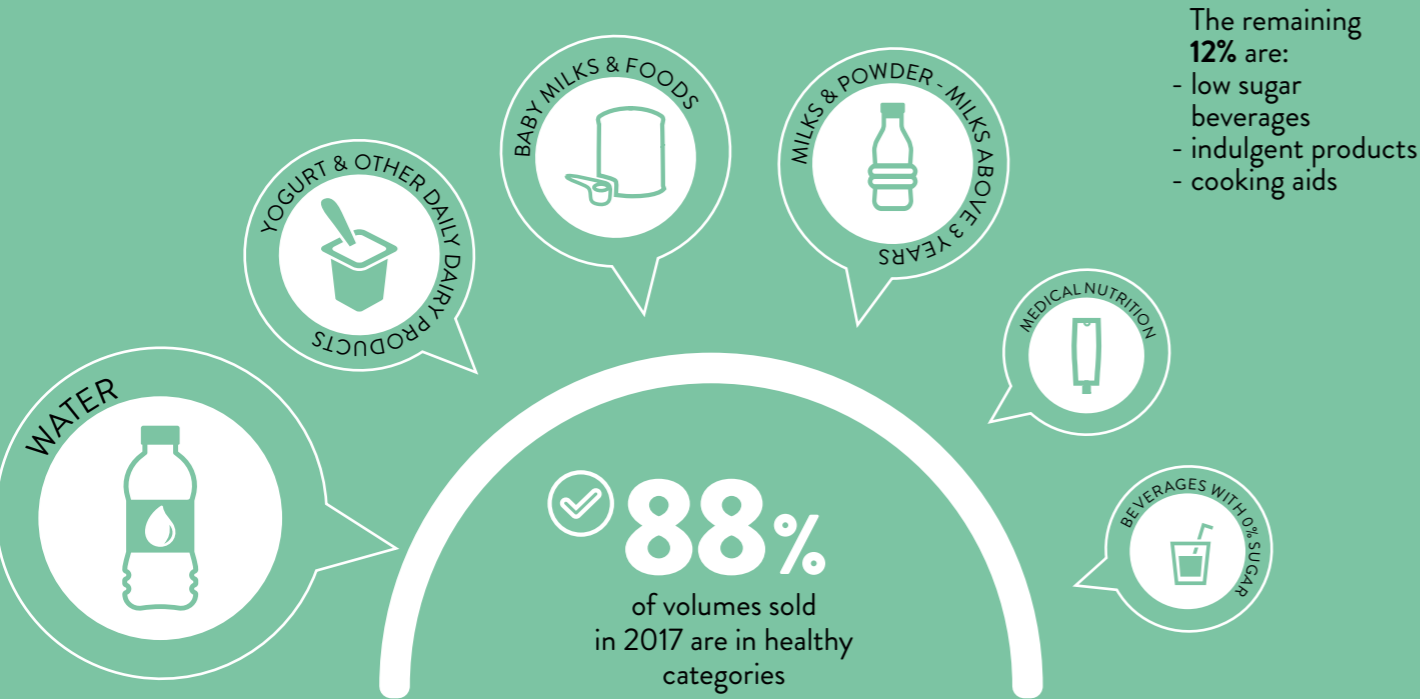


\*Only exception: the breastmilk substitutes.

OUR FIRST ASSET OUR PORTFOLIO

# DANONE IS FOCUSED ON HEALTHY CATEGORIES

Sales volumes by product categories in 2017\*



\* In the scope of the Nutrition & Health Scorecard explained in page 21



OUR SECOND ASSET

OUR IN-DEPTH KNOWLEDGE OF LOCAL HABITS AND CULTURES

Commitment #3  
**OBJECTIVE 2020**  
**100%**  
of major markets covered\*

## FURTHER REINFORCE OUR UNDERSTANDING OF LOCAL CONTEXTS

### FOOD AND NUTRIENT INTAKES VS NEEDS

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

- **Nutriplanet:** 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 analyzed to understand the local needs. In other countries no dietary intake data exist and we conduct our own surveys.
- **Fluid intakes:** measuring accurately drinking habits requires specific surveys. Thus, the Water division has developed a scientifically validated and published original approach to gather individual drinking habits data at population levels. These surveys are run regularly and their main results published in peer review journals.

\* We aim at covering with each type of study enough countries to represent at least 50% of sales value in each division

### SOCIO CULTURAL STUDIES

1 major method to capture social and cultural aspects of alimentation: **FoodStyles** is a comprehensive study generating data, for a given community and at country level, on people's real-life practices, norms and representations – associated to food. 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 cultures, values, beliefs.

It enables to capture the reality as it is and highlight people's routines and tensions. 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.

### CO BUILD WITH

132 ✓

advisory panels active at local level

2,183 ✓

external scientific experts with whom the subsidiaries are in regular contact



56

countries or regions covered by Nutriplanet at the end of 2017

=

20

countries with data on the whole population

+

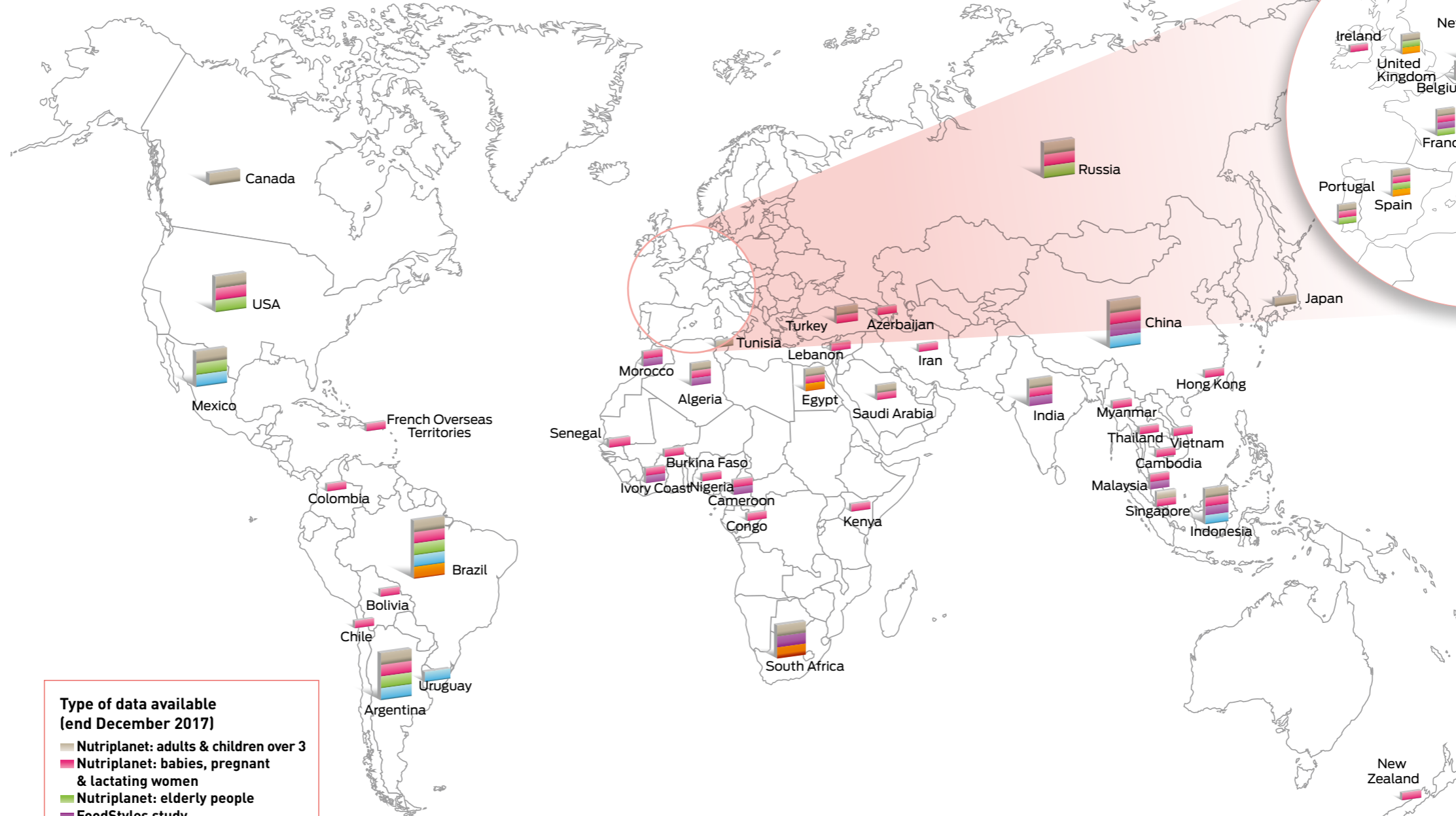
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countries with data focused on adults and children over 3

+

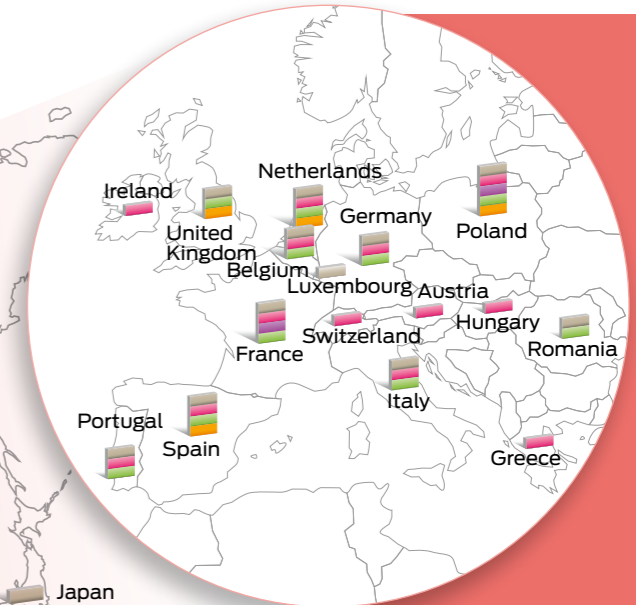
28

countries with data focused on babies and pregnant & lactating women



**Type of data available (end December 2017)**

- Nutriplanet: adults & children over 3
- Nutriplanet: babies, pregnant & lactating women
- Nutriplanet: elderly people
- FoodStyles study
- Fluid intake cross-sectional survey
- Dietary data (total diet)



Moreover:

**15**  
countries with additional focus on elderly people

**6**  
countries with fluid intake cross-sectional surveys

**7**  
countries with dietary data (total diet)

**11**  
countries with FoodStyles studies



✓ **73%**  
of volumes sold at end 2017 are in line with the Nutritional Targets 2020\*

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<sup>(1)</sup>. 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 the company’s relevant volumes** (meaning product categories for which it makes sense to define targets as part of a process of continuous nutritional improvement)<sup>(2)(3)</sup>.

- (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 2017.
- (3) Plant-based products (following White Wave acquisition) are not yet included in the 2017 reporting.



Danone Nutritional Targets 2020

**50%**  
of volumes sold in 2017 are fortified products\*\*

\* 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”. The compliance is weighted by volumes of products sold. This rule applies both at portfolio and product (i.e. multipack) levels.  
\*\*% of sales volumes having a nutrient fortification. Scope: Essential Dairy products + Early Life Nutrition division.



Danone drinkable is the brand with the lowest sugar content in the base business segment (affordable) drinkable yogurts: reduction of total and added sugars by 23% between 2016 and 2017 without high-intensity sweeteners. It also has the 2nd highest calcium content: each bottle provides 24% of the daily recommendation of calcium.



In one year (2016), Centrale Danone saved 454 tons of sugar and continues its efforts in 2017. For example, sugars have been reduced by 5% in Raibi Jamila (product for children) and the aromatic profile has been improved for better consumer perception of the product.



Added sugar reduced in Danonino spoonable (-53% since 2001) and Yogurismo drinkable pouch (-31% from 2011 to 2016).



In 2017, the level of added sugars has been reduced from 6.5g/100g to 5 or less g/100g in “Les mini-lactés” spoonable dairy offer and a plain reference with no added sugars has been launched for the first time in France (dairy products at room temperature)!



Since the beginning of the Partnership for a Healthier America program, Dannon reduced the amount of sugar in 78% of its full portfolio and the amount of fat in 87% of its dairy portfolio.



100% of portfolio is below the sugar threshold of 5g/100mL. In 2017, the sugar content in Volvic Juiced has been reduced by 38%. Additionally, in order to propose more options for the consumer, a wider range of packaging formats were made available within the sugar-free beverage range.



Danone UK completely renovated its jar portfolio, removing fruit and fruit juice from all its savory recipes and reducing total sugar by over 20% across the range. This project named “Sunrise” received an award from the Food and Drink Federation in 2017.



In Mexico, 74% of children from 4 to 17 years old drink more than 1 serving of sugar sweetened beverage per day. 100% of the Kids portfolio is below the nutritional target of sugar per serving.

✓ **21%**

of volumes have been nutritionally improved in the last 3 years\*\*

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



**77%**  
are in line with the sugar target\*



**98%**  
are in line with the saturated fat target\*



**86%**  
are in line with the salt target\*

\*% of sales volumes 2017 meeting respectively the sugar, saturated fat and salt threshold for their category in the Danone Nutritional Targets 2020. The compliance is weighted by volumes of products sold. This rule applies both at portfolio and product (i.e. multipack) levels.  
\*\* 2015-2016-2017 in % volume 2017. Scope: Essential Dairy Products + Early Life Nutrition + Low sugar beverages

# BETTER CHOICES

## 2 WAYS OF ACTION

1

### FLAGSHIPS

“Flagship products” are the healthiest products in their category, for instance plain yogurt in the dairy category, or plain water in the beverages market. Danone aims at expanding and promoting its offer of flagship products. For instance, this map shows recent launches of plain dairy products in various areas. Another example below is the “Mascot” approach to promote the consumption of plain water.



**Diabetes is a public health issue in Mexico and more and more people are diagnosed with this disease.** The Mexican Diabetes Federation (FMD) offers endorsement of products as a tool to indicate which are the most suitable products to lead a healthy life, even for people who live with diabetes. The new Danone Natural without sugar is a 100% natural yogurt that has only 2 ingredients: fresh milk and live lactobacilli (93Kcal/serving of 125g). The product was evaluated by the FMD and Danone got their approval to use their logo “product endorsed by the Mexican Diabetes Federation, A.C.” Two products from Vitalinea brand were also endorsed.



In 2015, the “Mascot” water bottle dedicated to children from 4 to 7 years old was launched in Spain. Data shows that a large proportion of the “Mascot” volume comes exclusively from sugar sweetened beverages. In 2017, data\*\* showed that every liter of Mascot sold to children, reduced the liquid sugar consumption by 44g. Based on these good results, Danone progressively launched this product in more than 15 countries worldwide.

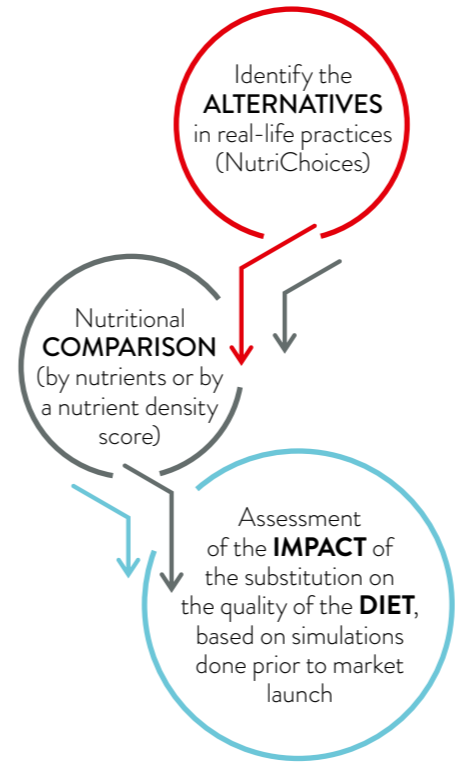


\* For each of the Essential dairy products, Early Life Nutrition and Water divisions, at least one “Healthier Choice” study is done in major countries covering at least 50% of the turnover of the division.  
\*\* Kantar 2016-2017

Commitment #2  
**OBJECTIVE 2020**

**50%**  
of turnover covered with Healthier Choice studies\*

## 2 DESIGN SOLUTIONS AS NUTRITIONALLY SUPERIOR TO ALTERNATIVES



Some examples, among others:

**In Argentinian young children aged 6-23 months, table sugar and sodas alone represent 12% of the Total Energy Intake (TEI).** A study done by Danone Nutricia and CESNI aimed to understand food and fluid consumption of Argentinian young children and to evaluate a relevant and realistic dietary lever to reduce free sugar intakes, based on actual consumption practices. Water was identified as the most alternated food category with powdered juices and sodas (far above all other food and drink categories) at lunch and dinner. Modeling showed that a few simple, realistic and likely food replacements can help achieve WHO recommendations on free sugar, and also to accomplish a gradual development of healthier early eating habits by replacing sweet drinks with water. Results were presented at IUNS conference in Buenos Aires in October 2017.

**In urban & rural areas, kids are exposed to a wide offer of unhealthy snacking outside school** (candies, chips, snacks...) mainly positioned on low price point, in a context where eating habits are more and more unhealthy and micronutrient deficiencies still present. That’s why in 2017 Centrale Danone launched the new MOUFID DRINK, as a healthier snack adapted to kids’ needs out of home: one portion of 65mL in a pouch, shelf-stable at ambient temperature, with a milk-based fortified formula (iron, vitamins A & D3, iodine & calcium).



**A research study conducted at national level by CESNI in 2015 demonstrated that 18% of children from 3 to 5 years old, snack in a non-healthy way.** In accordance with this local context, Danonino has been positioned in 2017 as a healthy snack, which is fortified with iron, calcium, zinc, vitamins B12, D and folic acid.

# BETTER HABITS



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

## Some examples



Calcium deficiency



“Alimentación saludable”



Overweight & Obesity



Nutrition and Exercise in elderly people



First 1,000 Days



Inspiring healthier hydration for life



... then putting in place concrete actions linked to the cause



Danone sponsored the “National Nutrition Plan (2017-2030)” symposium organized by the Chinese Nutrition Society (the biggest most influencing nutrition association in China) in Nov 2017. The plan represents the first Nutrition and Health targets published by the government nationwide. In particular it emphasized the importance of nutrition in the First 1,000 days.



In 2016, Institut Danone Maroc worked together with the Ministry of Health and experts to identify public health issues and define concrete actions to help Healthcare Professionals (HCPs) to encourage their patients to have healthier eating habits. 3 priorities were identified: iron deficiency, obesity & diabetes. Through its roadshow “Nutrition d’aujourd’hui, Santé de demain” organized during the biggest local scientific congresses, the focus was on Nutrition, non-communicable diseases and the concept of first 1,000 days, with more than 3,100 HCPs impacted.



One of the outcomes of the 1st International Congress of Early Childhood of San Miguel city was the creation of a Local Early Childhood Network composed by the sanitary and infant governmental specialists of San Miguel Government and Buenos Aires Province. The main objective is to share government experiences and discuss how to implement the best practices at a local level regarding infant policies. To make this debate even more rewarding they decided to invite one participant from the third sector and one participant from the private one. Regarding the private sector Danone Nutricia Bagó was selected. For the last journal of the year, Nutricia Bagó was called to present the different projects implemented around the country.

**40**

subsidiaries out of 50 have publicly declared a public health cause

**19,866**

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



PITNUT study is a comprehensive assessment of diet and nutritional status of children aged 5-36 months in Poland.

Initiated by the Nutricia Foundation and led by the Mother & Child Institute with support and input from the Children’s Memorial Health Institute and Warsaw Medical University, the research has shown that the existence of nutrition education programs as the “First 1,000 days” has a positive impact on parents’ awareness and improvement of nutritional behavior. 70% of parents with children aged 5-36 months are familiar with the First 1,000 days concept. Parents with knowledge of the First 1,000 days feed their children better: give more often water (84 vs. 73%) and less other beverages, use less salt in all dishes (13 vs. 21%). Over a 5-year period there was an observable decrease in the number of infants with incorrect body weight (32% vs 38.75% in 2011 Toddler study).



Metabolic conditions affect >10,000 newborns per year in the UK. It is very complicated for these patients to follow a long-term low protein diet. In the UK and also in many other countries, Nutricia is organizing cookery workshops in partnership with NGOs. Parents and patients can try new quick and healthy recipe ideas, meet new people, ask a low protein chef and a dietitian any questions.



AMIR (Ayo Minum Air) campaign was launched in 2017 with Indonesian Hydration Working Group (IHWG) and endorsed by the Ministry of Health of Indonesia. The aim is to inspire pre-school and primary school aged children to drink water. A research study conducted by the IHWG expects to prove that children taking part in the AMIR program will shift their behaviors toward healthier hydration in 2 cities.

\* Danone strengthens the eligibility criteria of education programs each year, which accounts for the lower reported number of programs meeting these criteria and the smaller number of people reached.

An education program must:

- address a local Public Health issue;
- define a clear objective linked to the public health issue or its determinants (for instance “unhealthy snacking” is one of the determinants of the obesity issue);
- be co-constructed with academia and/or the government;
- target an identified population group;
- define measurable impact indicators (the initial state of which has been documented (“baseline”) and the impact is regularly measured).

**28\***

education, information programs with a potential to reach 28 million people\*\*



Essential dairy products  
**6 programs**

Potential reach:  
≈ 5.3 million consumers\*\*



Waters  
**7 programs**

Potential reach:  
≈ 1.1 million consumers\*\*



Early Life Nutrition  
**13 programs**

Potential reach:  
≈ 21.7 million parents\*\*



Medical Nutrition  
**2 programs**

Potential reach:  
≈ 16,700 patients & caregivers\*\*

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

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



**Obesity in childhood is a Public Health issue in Mexico.** “Campeones de la Salud” is a program targeted at 10 to 12-year-old children to promote physical activity, healthy diet and positive values, as part of a healthy lifestyle. It is reviewed by experts from the National Public Health Institute (INSP). At the beginning of the program, only 36% of the children drank 3-5 glasses of plain water per day and at the end, this percentage increased to 54%.



**In 2015 Nutricia, in partnership with local associations, launched the program “Eating healthy, growing healthy”** which aimed to empower dietitians, to educate daycare center caregivers, to provide better nutrition for children. 93% of institutions which took part in the program declared to have already implemented positive changes in menus. Results indicate that the average child now consumes 7.8 L more dairy products in daycare centers and 7.7 kg less sugar/year in Kindergartens.



[www.zdrowojemy.info](http://www.zdrowojemy.info)



**Salta is one of the poorest of the Argentinian provinces and poverty impacts children’s health.** “Let’s nourish the future” wants to combat malnutrition by concrete actions. Together with NGOs like Pata Pila and CONIN and with support from local government, Danone co-created the first center on early childhood attention, that supports parents in the First 1,000 days with the help of nutritionists, pediatricians, and other health experts. Danone also donated a mobile unit to bring nutritional care to people who cannot go to the center. In all, over 5,500 contacts with mothers and children on nutrition took place, focused on positively impacting the way that they eat and drink. After 1 year, nutrition, pediatric, and stimulation contacts increased; both mothers and children continued to attend the center, and mothers were more involved in labor workshops. In children who were followed-up, severe low height, moderate and severe undernourishment disappeared.



**In Poland, 2 education programs on healthier eating and drinking habits and physical activity** “Keep fit” and “Mum, dad, I prefer Water” have demonstrated a positive impact. Participants from the 1st program were found to: eat breakfast regularly; improve the number of meals eaten throughout the day; be more physically active; have a proper body weight and self-assessment and level of acceptance of one’s own body weight. In the 2nd program, a survey conducted among teachers, demonstrates that children taking part in the lessons changed their behavior. 74.3 % of the teachers noticed that the children were drinking more water and 50.3% reported that the majority of children decreased their sugary beverages consumption.



**Developed with Dra Ana Escobar, renowned Brazilian pediatrician, the Welcome Baby study’s objective is to evaluate the influence of Social Networks on food behavior and health status.** A virtual cohort of pregnant women were provided access to texts about best practices in the First 1,000 days via a closed Facebook Group. After the posts, many indicators were analyzed (breastfeeding rates, alcohol intake, type of birth, quality of complementary foods, etc.). Results show that the rate of exclusive breastfeeding was higher than the national average. Mothers also decreased their consumption of alcohol and ate more fruit.



**In Indonesia, WAS project aims to reduce malnutrition in children aged 5-12 years,** through promoting the consumption of healthy and nutritious snacks. The program resulted in greater awareness of the importance of nutrition and there was a decreased prevalence of undernourished children in schools receiving the educational intervention under the WAS project (based on BMI and age measurement). Schools involved in the WAS project also had more students visiting the WAS Food Kiosk.



**In German nursing homes, hospitals and rehabs, chefs and nurses see patients with swallowing problems (dysphagia) every day.** For their care, an interdisciplinary approach is needed as all these professions are involved: people working in the kitchen have to prepare special dysphagic meals, nurses have to be aware of dysphagic symptoms and need to know how to support these patients. Nutricia’s cooking events, with a famous chef, aim to improve collaboration of these different professions and awareness of dysphagia and its consequences (pneumonia, malnutrition, dehydration).



**Institut Danone Maroc has developed, in partnership with the faculty of Sciences of BenSik, a nutritional education program for Danoners.** It aims to engage and help employees to improve their own eating habits and those of their families. A pilot was conducted in 2017 with 70 participants for a period of 6 months. Different activities were carried out: body checkup and interactive sessions with a nutritionist (one thematic per month). The pilot has shown satisfactory results in particular on the improvement of employees’ knowledge on the different topics addressed. In parallel, in the headquarters’ canteen, thematic videos were broadcasted during lunch time (a new nutrition topic each week).



**Danone Waters UK carried out a study that found a high percentage of people in the UK did not know their cholesterol levels, and indeed 90% of its employees did not know their levels either.** This prompted the company to launch its own healthy eating initiative by first offering free 30-minute health assessments to staff. Its trained nutritionists now offer bespoke eight-week healthy eating courses and encourage teams to dine together in the office.

**84%**

of subsidiaries have made arrangements to help mothers continue to breastfeed after going back to work (Scope: Danone Way)

In the Scorecard perimeter,

**48**

subsidiaries out of 50 give their employees access to a health & wellness program

← Some examples, among many others

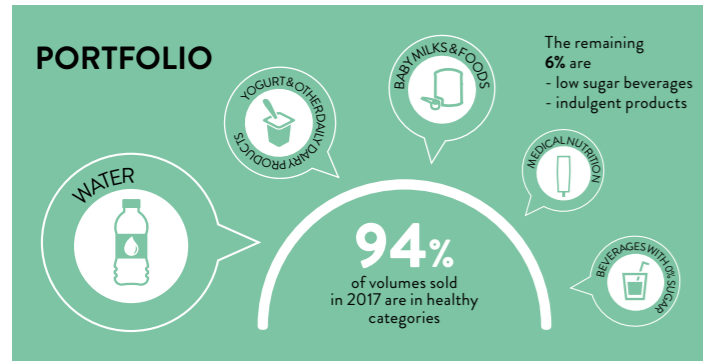
In total, **62,802**

employees have access to these programs (81% of the total staff in the perimeter)





# DANONE IN SPAIN



Danone Spain Dairy is certified B Corp

99% of beverages have a sugar content equal to or below 5g/100mL (40% sugar reduction since 2013). 86% of Early Life Nutrition portfolio and 58% of dairy products are compliant to the company nutritional targets. Danonino and Actimel Kids brands have reduced added sugar by 15% since 2015.



A plain dairy product (without sugar) is offered in several main brands (Danone, Oikos, Activia). 35% of portfolio do not contain added sugars. 97% of Danone beverage volumes sold are water, whereas water inside whole Spanish beverage market represents only 50%. In 2015 the “Mascot” water bottle dedicated to children aged 4 to 7 was launched in Spain. Data shows that the additional volumes were gained at the expense of sugar sweetened beverages.



## LOCAL CONTEXT KNOWLEDGE:

41.3% of children in Spain between 6 and 9 years old and 55.7% of adults (18-65 years old) are overweight or obese. Danone has launched several studies to better address dietary and nutrient status. 1) a dietary & nutrient intake study (full diet coverage - drinks & food), has been conducted in a representative sample of the Spanish population from 3-70 years old. This study was in collaboration with local Key Opinion Leaders and launched in 2017. 2) a Nutriplanet on adults and children over 3 and another on elderly people were updated in 2015. A Nutriplanet on babies, pregnant and lactating women was conducted in 2011.

To take a step further fighting against obesity, especially in children, Danone Spain carries out several actions: **1) “Alimentando El cambio”** project, launched in 2017 in partnership with the Ashoka Foundation, a world leader in the social entrepreneurship and education sector, supports the research and the promotion of healthy and sustainable eating and drinking habits, enabling all children to become changemakers through their schools. The first action is to diagnose the current situation in the education sector, identifying those innovative and impactful initiatives suitable to be scaled up to achieve greatest impact. **2) “Danone Sports Schools”** is an educational program promoting healthy habits and social



integration among children from 6 to 12 from unprivileged areas. Food survey and psychosocial tests demonstrate positive change in the children’s habits. **3) Through “Activida” program**, the purpose is to inform HCPs and authorities about the importance of nutrition and physical activity in the elderly. **4) “Mamá, papá quiero agua”** program aims to inspire Healthy Hydration in children from 4 to 6. **5) “Desayuno Genial”** program, supported by regional Public administrations and implemented in schools, aims to improve eating habits in children. It is built to capitalize on the role of plain yogurt as a trigger for fruit consumption at breakfast, thus improving this meal’s nutritional quality.

# ACTING AS A RESPONSIBLE COMPANY



## Advertising directly targeting children under 12 represented 9% of advertising expenditures in 2017 for the Waters and Essential dairy products 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 2017, 99.2% 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 national brand websites and social media profiles, 100 % of Danone websites and 6 social media profiles out of 7 were compliant.

**Danone joined the International Food and Beverage Alliance (IFBA) in 2017** and supports the alliance’s commitment to restrict advertising directed toward children under 12 only to products meeting nutrition criteria based on scientifically recognized guidelines; or not to advertize to children under 12.



**97%** ✓

of advertising complies with ICC Code of responsible marketing or equivalent local codes\*\*

**77%** ✓

of advertising is done for products in healthy categories\*\*\*

✓ **3,991** →

employees were trained in the last 2 years on the Danone Policy for the Marketing of Breast Milk Substitutes

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.

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 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. In July 2017 Danone was certified as a constituent member of the FTSE4Good Index Series, which is a recognition of our robust ethical marketing practices, and an important milestone in our mission, reinforced in our published “Commitment to health and nutrition in the First 1,000 days” position.

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

# PROVIDING THE MOST APPROPRIATE PRODUCT LABELING TO ENCOURAGE HEALTHIER PRACTICES



99%

of volumes have nutritional on-pack information

100%

of volumes have nutritional off-pack information

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



74%

of volumes give clear portion size guidance

38%

of volumes\*\* carry Front of Pack nutritional information



The Nutri-Score® has been selected by French authorities as the official front-of-pack logo, after a 2-year process with all stakeholders and an unprecedented real-life comparative test. The Nutri-Score® is a straightforward labeling system that uses color codes to guide consumers at a glance on the nutritional value of food products.

Danone Produits Frais France supports this governmental initiative to better inform consumers and enable them to become actors of their health, being one of the first companies implementing the logo.

World Health Organization website



\* 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: Essential Dairy products + Low sugar beverages and beverages with 0% sugar

149

clinical trials underway at the end of 2017

410

scientific publications and presentations at conferences worldwide in 2017

491

patent families at the end of 2017

767

new products launched in 2017

Approximately 1,700 employees

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

4 specialized centers

55 branches around the world

€342 million annual budget

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

# 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 2017...

• Health for Life Capital (HFLC) managed by Seventure Partners is a €160 million venture capital fund dedicated to health, nutrition and microbiome in which Danone is a lead investor. In 2017, the fund invested in 5 new companies developing innovative solutions for food and health, enabling the portfolio companies to develop their products, perform clinical trials. An example is DayTwo, an Israeli start-up company developing personalized nutrition recommendations to balance blood sugar based on analysis of gut microbiome, coming from science initiated at Weizmann Institute. 2017 also saw the first exit from the HFLC portfolio: Cambrooke Therapeutics, a leader in therapeutic nutrition for inborn errors of metabolism and ketogenic diet, was sold to Ajinomoto, and continued to expand its product lines worldwide.

• Both Danone researchers and several worldwide universities worked together to estimate the cost of functional gastrointestinal disorders and related signs and symptoms in infants to the third party payer and to parents (Mahon J, et al. BMJ Open 2017;7).

• Both research centers and London School of Economics and Political Science in

the UK assessed the increasing water intake in Polish pre-school children with unhealthy drinking habits and the impact of information, water affordance, and social regulation. The study concluded that increased water consumption can be achieved in children with unhealthy drinking habits by influencing representations, changing material affordances, and providing social regulation. Combining the three provided the strongest effect as predicted by Installation Theory (Franks B, et al., Appetite, 2017, 116: 205-214).

• In Germany, the Nutricia metabolics research fund is awarding €170,000 to encourage nutrition-related research into inborn errors of metabolism. And in cooperation with the University of Würzburg, Nutricia Germany activated a characterization of patients, who are weekly visiting the osteoporosis consultation hour. The aim is to evaluate the prevalence of sarcopenia and nutritional deficits among osteoporosis patients and to offer those patients the opportunity to identify potential risk of malnutrition or sarcopenia. An early diagnosis of such deficits can lead to an effective treatment and further clinical consequences can be reduced.


# A DEMANDING GOVERNANCE



The **PRODUCT COMPLIANCE BOARD (PCB)** is accountable for ensuring that all Danone products comply to applicable regulations and to Danone rules, in 4 domains related to the loyalty toward 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.

**33,444**  employees have been trained in Nutrition and/or Hydration during the last 2 years

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 stakeholders' engagement plan

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

- Essential Dairy and Plant-based products Compliance Committee
- Waters Product Compliance Board
- Early Life Nutrition Product Compliance Committee
- Advanced Medical Nutrition Product Compliance Board
- Africa Compliance Board

**100%**  
of claims went through our internal claim validation procedure

**88%**  
of subsidiaries have a person accountable for the Health & Nutrition matters\*

**64%**  
of volumes with nutrition claims, in the scope Essential dairy products + Early Life Nutrition + Low sugar beverages and beverages with 0% sugar

\* Scope: Danone Way (explained in page 21)

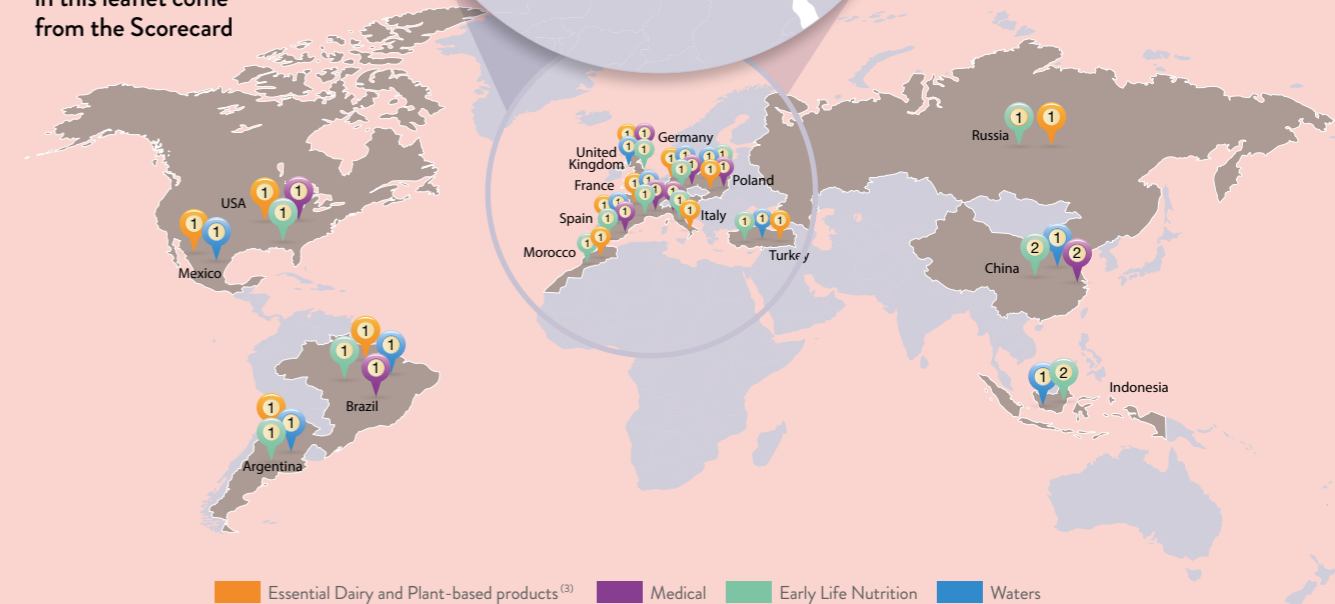
# 2 SYSTEMATIC REPORTING SYSTEMS

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


- 90 subsidiaries in all Divisions
- Only 2 figures in this leaflet come from Danone Way.

**The Nutrition and Health Scorecard 2017**

- 15 countries
- 50 subsidiaries<sup>(1)</sup> in all Divisions
- Representing 67% of Danone's annual turnover and 82% of volumes sold<sup>(2)</sup>
- All figures (except 2) in this leaflet come from the Scorecard




Both processes are verified by an independent third party (KPMG for the Scorecard and Price Waterhouse Coopers 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.

(1) Change since last year: Early Life Nutrition in Morocco entered the scorecard scope.  
 (2) On sales are expressed in volumes. The Waters division represents 78.9% of the volume of products sold in the scorecard perimeter, whereas Essential Dairy Products Division represents 14% (Plant based products have still not been included in the scorecard scope in 2017), Specialized Nutrition 7.1% (including Early Life Nutrition 6.7% and Medical Nutrition 0.4%).  
 (3) Plant-based products from the Essential Dairy and Plant-based Division were not yet included.

# LIMITED ASSURANCE REPORT ON A SELECTION OF DANONE NUTRITION & HEALTH INDICATORS FOR 2017

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 2017 selected by Danone and identified by the symbol  in the Group's 2017 Nutrition & Health leaflet (hereinafter "the Indicators").

## MANAGEMENT RESPONSIBILITY

The Indicators were prepared under the responsibility of the Danone Alimentation Science Department, in accordance with the Nutrition & Health User guide which may be consulted at the department (hereinafter the "User guide"). The methodological notes given in the Nutrition & Health leaflet 2017 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 indicators are presented, in all material respects, in accordance with the above-mentioned User guide.

Our work involved the expertise of six people between October 2017 and June 2018 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<sup>(1)</sup>.

## NATURE AND SCOPE OF OUR WORK

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


- assess the suitability of the Nutrition & Health User guide with regard to its 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<sup>(2)</sup> 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 16% 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 and identified by the symbol  in the Group's 2017 Nutrition & Health leaflet, are not presented fairly in accordance with the above-mentioned User guide.

Paris-La Défense, 20 June 2018

## KPMG S.A.

Philippe Arnaud

Partner

Sustainability Services

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

(2) Support Produtos Nutricionais Brazil Baby, Danone Dairy Brazil, Danone Waters Deutschland, Nutricia Great Britain Medical, Danone Russia, Nutricia Russia Baby.

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