BRINGING HEALTH THROUGH FOOD TO AS MANY PEOPLE AS POSSIBLE

DANONE 13

Economic and Social Report

FRANCK RIBOUD
"OUR CONFIDENCE IN THE FUTURE IS ROOTED IN OUR PROVEN ABILITY TO BOUNCE BACK"

GOALS & HIGHLIGHTS
FOR 2013 AND BEYOND

PEOPLE & PLACES
WORKING WITH OUR STAKEHOLDERS

2013

MEET THE NEW DANONE.COM

DANONE

FR EN

CONTENTS

INTERVIEW P. 4

WATCH

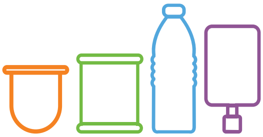
our video interview with Franck Riboud at

DANONE13
FOCUS

danone.com/en/danone13focus

GOALS AND HIGHLIGHTS

OUT OF 100...



PEOPLE AND PLACES

INDICATORS

INTERVIEW WITH FRANCK RIBOUD

The challenge

in 2013 was to overcome strong headwinds and lay the groundwork for 2014. And despite difficult conditions we succeeded. In the food industry, 2013 was a complex year dogged by a slump in consumer spending in developed countries, soaring commodity prices on world markets and major fluctuations in many currencies.

FRANCK RIBOUD, CHAIRMAN AND CEO OF DANONE, LOOKS BACK AT THE CHALLENGING ENVIRONMENT IN 2013 AND THE GROUP'S SOLID MOMENTUM.

HOW WOULD YOU DESCRIBE DANONE'S PERFORMANCE IN 2013?

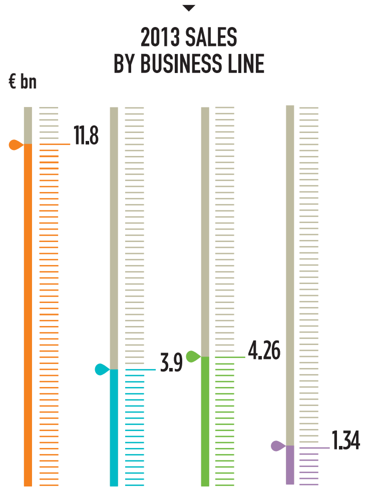
Franck Riboud: Danone ended the year with organic growth of 4.8%—higher than most contenders in our markets—despite strong headwinds. Starting, of course, with the false safety alert issued by our supplier Fonterra about the quality of its powdered milk, the resulting press coverage and, above all, its impact on our sales. Even though the alert was false, it had a severe impact on Asian markets that was impossible to absorb in the short term and led us to issue a profit warning last October. Without that entirely groundless crisis, our annual growth would have reached 6-7%, since our European sales stopped falling at the same time and we recorded double-digit growth in Russia, our largest national market. Factor in rising prices for commodities—particularly for milk, which shot up +30% in some countries—currency fluctuations, and political instability in some regions, and organic growth of nearly 5% is a strong performance.

WHAT IS DRIVING YOUR GROWTH?

F. R.: We've continued to grow because we've managed to offset a good part of these market swings with very solid trends in sales. A quick review of our group's four business lines shows signs of solid but above all sustainable growth. Fresh Dairy Products—our main business, generating over half of total sales—improved steadily throughout the year. By the fourth quarter, growth was back to nearly 5%, as high-potential markets in Russia and the United States expanded by over 10%, and the slide in European sales came to a halt.

Waters, which some observers saw as a low-potential category a few years ago, reported 11.2% growth, in line with trends observed over the past two years. Our teams did an excellent job of "reinventing" water—a simple, natural and utterly essential product. They stepped back, took a fresh look and created new formats, new materials for bottles, new ways to connect with consumers, and even new distribution channels. And our category extension into aquadrinks—lightly flavored natural waters—now offers a very appealing alternative to traditional sweetened beverages.

Aside from the impact of Fonterra's false safety alert on eight Asian markets, Early Life Nutrition has maintained the very strong pace observed in recent years. In Latin America, Europe and the rest of Asia, our market shares rose significantly. Discount the safety alert, and we would have recorded 12% growth in 2013.



2013 GROWTH
(like for like)

3.2% Fresh Dairy Products
11.2% Waters
3.6% Early Life Nutrition
5.8% Medical Nutrition

“WE’VE CONTINUED TO GROW BECAUSE WE’VE MANAGED TO OFFSET A GOOD PART OF THESE MARKET SWINGS WITH VERY SOLID TRENDS IN SALES.”

Franck Riboud

Finally, Medical Nutrition was up 5.8% in 2013, the same as in 2012, and has proved very resilient in our traditional stronghold, Europe, despite economic pressures that have prompted cutbacks in reimbursements for healthcare products in some countries. But we are extremely encouraged by vigorous growth in new regions—China, Brazil and Russia, all heavily populated countries where rapidly aging populations are a challenge for national health authorities.

IS EUROPE CONTRIBUTING TO DANONE’S RESILIENCE?

F. R.: Our operations in Europe—which account for nearly 40% of our revenue—are stabilizing and are no longer the drag they were in past years, when sales fell 3-5%. This improvement clearly stems from our decision at the very outset of 2013 to go on the offensive in a deflationary Europe plagued by sluggish consumer demand and high taxes on both households and business. Once again, Danone needs to differentiate itself with new recipes, as with Velouté in France; new packaging, like the new dinosaur-shaped bottle featuring a range of international characters for our children’s brand, Danonino; and new communications strategies. Several of our historic strongholds showed signs of improvement as the year drew to a close, and Portugal—where growth was in double digits by year end—is proof that the economic crisis can be overcome.

TOP 10 MARKETS

RUSSIA (11%)	UNITED KINGDOM (5%)
FRANCE (10%)	SPAIN (5%)
UNITED STATES (8%)	MEXICO (5%)
CHINA (7%)	ARGENTINA (5%)
INDONESIA (6%)	BRAZIL (4%)

60% of total sales are in high-growth markets.

The reorganization and adaptation plan that we announced in February 2013 is still being deployed and will help us recover our momentum by reducing structural costs and simplifying our decision-making processes. We centralized purchasing for fresh dairy products in a single structure, and at the end of the year we set up an integrated management structure for all European Fresh Dairy Product units that will generate economies of scale and speed up our response times. Here as everywhere, our aim is to get European operations back on a stronger, more competitive footing starting in 2014.

SO EMERGING COUNTRIES REMAIN YOUR GROWTH DRIVERS?

F. R.: Since 2012 we’ve derived over 60% of our sales from high-growth countries. Which means we have the perfect geographical mix, with a solid base camp in stable countries where our product categories are well established, plus new territories to conquer where we are poised to create opportunities for fast growth. But it’s important to remember that the role of these emerging countries goes beyond opportunities for local growth. They also inspire and stimulate growth in more mature markets. Examples include the spectacular success of aquadrinks in China and Indonesia with Mizone, and waters flavored with fruit juice such as Bonafont con Jugo in Mexico and Villa del Sur Levité in Argentina. Those products were created in Latin America nearly a decade ago, and today they are sweeping Europe—without stealing market share from natural waters. This is what Danone is becoming: our group is powered by all of the regions where we do business, with innovation not—or no longer—restricted to any one specific region.

WHICH GEOGRAPHICAL REGIONS HOLD THE MOST GROWTH POTENTIAL FOR DANONE?

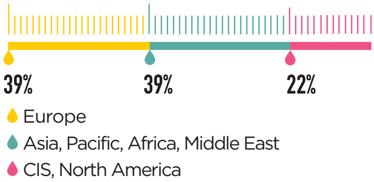
F. R.: This year we’ve been very active in the United States, working on complementary markets and products: we acquired YoCrunch, a specialist in yogurts with toppings that appeal to both youngsters and their parents; then Happy Family, one of the most innovative organic food companies in early life nutrition. Next came our partnership with Starbucks. Why Starbucks? First, because of their impressive distribution network, which offers many points of sale. Being present in Starbucks stores gives us an opportunity to connect with the 17 million Americans who stop in each day for breakfast. It's a powerful platform to help us convince those consumers to make yogurt a regular part of their diet. Some Americans still eat yogurt only once every two weeks; we want to make that once a day!

We've also stepped up our presence in Turkey with Sirma, a local leader in waters. And more recently we signed an agreement with COFCO Dairy Investments that raises our interest in Mengniu, China's leading dairy products company, to 9.9%. Why? Because China is a huge country, and we think joining forces with one of the most powerful local players makes more sense—and is more efficient—than going it alone if we want to build a category that is still largely foreign to consumer lifestyles.

IS AFRICA BECOMING A STRATEGIC PRIORITY?

F. R.: We have to keep focusing on the 20 or 30 years ahead. And here we're convinced—and we're not alone—that Africa is very definitely the next region that should be on our radar screen. We already have a solid presence in French-speaking Africa through our early life nutrition products. Danone is number one in fresh dairy products across North Africa and we've now consolidated our position in Morocco by acquiring a controlling stake in Central Laitière. We're also well established in South Africa—which has been an excellent springboard for moving into markets to the north, where we have developed one set of new products that appeals to budget-conscious consumers and another that doesn't require refrigeration. Sub-Saharan Africa was our weakest area, and we've opted to correct that through a partnership with Abraaj Group to acquire Fan Milk International, now the region's leading vendor of frozen yogurt through a unique direct-to-consumer distribution network. For Danone, this is an opportunity to understand how to connect with those customers and how to sell to them. In that part of the world, products are distributed through large numbers of small stalls. To meet the challenge, Fan Milk has developed a system of 31,000 vendors, with 25,000 of them on bicycles. It makes more sense for us to build on these proven systems than to go out and create new ones on our own. Fan Milk's geographical reach extends out into Ghana, Nigeria, Togo, Burkina Faso, Côte d'Ivoire and Benin, which is also a plus.

2013 SALES BY GEOGRAPHICAL AREA



CAN DANONE MAINTAIN ITS CORPORATE IDENTITY AS IT EXPANDS INTO MORE AND MORE MARKETS?

F. R.: When I talk about Danone and its choices and model, I'm not just talking about our business model. I'm talking about our cultural balance, which I want to keep. And that means asking one question before taking any decisions: how can we do business in Danone's unique way, combining business success with social progress and corporate social responsibility? The answer is Danone's Ecosystem Fund, danone.communities, our Livelihoods fund and our Dan'Cares program—which already provides basic health insurance to 56% of our employees—food safety and more. Those are Danone's values, our intangibles. And we will never abandon them. The best way to ensure that everyone at Danone remains committed to balancing business success with social progress is to involve as many employees as possible.

WHAT ARE YOUR PRIORITIES?

F. R.: My role is to inspire our people to keep working towards our targets for profitable growth, and simultaneously lay the foundations for what Danone will be in 2020 and 2030: a group that goes back again and again to its DNA and founding values to reinvent itself—and to remain the company most in touch with the main food challenges facing the world today.•

Learn more
danone.com/en/danone13focus

Danone's Board of Directors is chaired by **FRANCK RIBOUD.**
There are 14 directors; ten are independent.

1/ FRANCK RIBOUD
58, Chairman and Chief Executive Officer of Danone

2/ BRUNO BONNELL (1)
55, Chairman of I-VOLUTION

3/ RICHARD GOBLET D'ALVIELLA (1)
65, Executive Chairman of Sofina SA

4/ JACQUES-ANTOINE GRANJON (1)
51, Chairman and Chief Executive Officer of vente-privée.com

5/ JEAN LAURENT (1)
69, Lead Independent Director of Danone and Chairman of the Board of Directors of Foncière des Régions

(1) Recognized by the Board as an independent director under the Afep-Medef Code, on the recommendation of the Nomination and Compensation Committee.

10/ BERNARD HOURS
57, Vice-Chairman of the Board of Directors and Co-Chief Operating Officer of Danone

11/ JEAN-MICHEL SEVERINO (1)
56, Head of I&P SARL (Investisseurs & Partenaires)

12/ GAËLLE OLIVIER (1)
42, Chief Executive Officer, AXA Asia General Insurance

13/ BENOÎT POTIER (1)
56, Chairman and Chief Executive Officer of Air Liquide SA

14/ ISABELLE SEILLIER
54, Head of Financial Institutions EMEA of J.P. Morgan

6/ EMMANUEL FABER
50, Vice-Chairman of the Board of Directors and Co-Chief Operating Officer of Danone

7/ MOUNA SEPEHRI (1)
50, Executive Vice-President of Renault

8/ VIRGINIA A. STALLINGS (1)
63, Professor of Pediatrics at Children's Hospital of Philadelphia

9/ LIONEL ZINSOU-DERLIN (1)
59, Chairman of PAI partners SAS

REDUCING THE RISK OF DIABETES

Yogurt is an excellent fit with a balanced diet and healthier lifestyles. Following an 11-year study tracking the dietary habits of 4,000 people, British scientists have hypothesized that **consuming four to five yogurts a week could reduce the risk of contracting type 2 diabetes by 28%.**

GOALS/

FRESH DAIRY PRODUCTS

GOOD FOOD WAS NEVER THIS HEALTHY

Yogurt is one member of the fresh dairy product family now drawing increasing attention from scientists, health professionals and government agencies. Several recent studies have linked regular consumption of yogurt to better health and the prevention of certain illnesses. And there is growing interest in the role it might play in reducing weight gain and preventing various ailments.

On April 23, 2013 yogurt rose to new prominence at the 1st Global Summit on the Health Effects of Yogurt. Organized in Boston (USA) by the American Society for Nutrition, this provided a forum for some of the world's leading scientists and medical experts to discuss yogurt's unique characteristics and its place in a balanced diet.

"Dairy products such as yogurt contain a combination of essential nutrients that would be unlikely to be found in other foods," said Dr. David McCarron, a professor in the Department of Nutrition at the University of California who spoke in Boston. A single serving of yogurt is a goldmine of calcium, vitamin D, vitamins B2 and B12, proteins, potassium and probiotics. Enjoyed regularly, it is an easy way to get part of the nutrients our bodies need—without the excess sugar, saturated fats and salt that many of us consume. In fact, a recent study* found that people who eat yogurt tend to have a more balanced diet and are less likely to have certain nutritional deficiencies. And for people with lactose intolerance, yogurt is easier to digest than other fresh dairy products.

PREVENTION THROUGH NUTRITION THAT WORKS

In 2013 several studies showed that regular consumption of yogurt contributes to preventing weight gain and reduces the risk of diabetes—two of the most frequent health issues observed today, and the two that weigh heaviest on public healthcare spending.

At the Boston summit, Dr. Paul Jacques, Director of the Nutritional Epidemiology Program at Tufts University, presented the results of the latest cohort of the Framingham Heart Study, which has monitored 3,000 subjects over 17 years. Participants who enjoyed at least three yogurts per week gained 50% less weight, and their waistlines expanded around 15% less than those who did not eat yogurt.

During 2013, several of the world's most renowned academic institutions also investigated the association between yogurt consumption, diet quality and other health parameters. A study in the United States linked yogurt consumption to a reduction in weight gain over time, and epidemiological studies were conducted in other countries using local databases. In France, yogurt consumption was associated with better food diversity and quality in both children and adult populations. And in Mexico, the first national study on dairy product consumption showed intakes to be below recommendations, but that yogurt consumers have higher calcium, zinc, vitamin A, vitamin B12 and high-quality protein intakes.

Another crucial area is research into the intestinal flora, including the MetaHIT project, which counts Danone as a participant. "One day we'll be able to address some health issues simply by eating yogurt with the right bacteria in it," says Peer Bork of the European Molecular Biology Laboratory.

YOGURT WORLDWIDE

In China, where dairy consumption is historically very low, sales grew by 11% in 2013. India and Russia, two markets where traditional forms of fermented dairy products have long been a part of the local diet, have both seen a rise in sales of modern yogurts (+19% and +3%). There have been positive trends, too, in the United States (+5%), Brazil (+3%) and Japan (+6%).
Source: Euromonitor 2013

FROM NUTRITION TO SCIENCE

Ever more scientists are joining voices calling for "One yogurt a day". In most countries, public health authorities include dairy products in their nutritional recommendations, but these are still not widely followed.
To spread the word, in 2013 the American Society for Nutrition launched the Yogurt in Nutrition Initiative. Its first event was the Boston 1st Global Summit on the health effects of yogurt in April 2013, followed by a new website for health professionals at www.yogurtinnutrition.com. In September 2013 the 20th International Congress of Nutrition, held in Granada, Spain included a symposium on the role of yogurt in a balanced diet. Spain also saw the launch of a major consumer information campaign on the benefits of daily consumption of yogurt. Led by the Spanish Federation of Societies of Nutrition, Food and Dietetics (FESNAD), this campaign encouraged daily consumption of yogurt to help to avoid calcium deficiency, which affects one in three Spaniards.
Elsewhere, campaigns promoted regular dairy consumption. In Russia, a pilot program at a shopping center in Tyumen, Siberia offered shoppers the opportunity to check their bone density—which was low in nearly half of the participants. In the United States, Danone mounted a major awareness effort, reaching more than a million health professionals. But the most compelling argument to convince consumers to look after their health remains the combination of pleasure with health—offering not a cure, but the enjoyment that comes from tasty eating. Which was already present in the "dessert for happy digestion" slogan first used by Danone in the 1920s.

"Yogurt consumption is associated with better diet quality and metabolic profile in American men and women," Nutrition Research (2012)

SIDEBAR

Canada: yogurt in a good cause

Though Canadians consume twice as much yogurt as they did ten years ago, they still eat relatively little—only 11 kg per capita annually. Market leader Danone Canada has committed to promoting yogurt on several fronts. In 2013, Danone organized the first Nutrition Month in conjunction with the Dietitians of Canada and a major grocery retailer, raising consumer awareness of the benefits of a balanced diet and the valuable role yogurt can play. An advertising campaign emphasized yogurt's contribution to preventing cardiovascular risk. Danone Canada also strengthened its partnership with the Breakfast Club of Canada, which serves a nutritious breakfast—including nearly 2 million yogurts—to some 130,000 vulnerable children in nearly 1,300 schools nationwide. It's a partnership that furthers our mission—bringing health through food to as many people as possible—as well as our dual commitment to business success and social progress.

73%

The human brain is 73% water, and several studies have shown that as little as **2% dehydration can change the body's functions and performance.** Learn more at www.h4hinitiative.com

WATERS

A BREAKTHROUGH FOR HYDRATION

Though medicine has recognized the importance of hydration for centuries, science has long overlooked it. But the gap has gradually closed, and adequate, healthy hydration is now recognized as essential to health and well-being.

In 2008 Danone launched the Hydration for Health (H4H) platform, recruiting a team of top experts to make the scientific case for the benefits of hydration. Our goal: buttress this fledgling science and relay its findings to health professionals and the general public. The scientific community swung into action, and today the effects of hydration—on kidney health, obesity, and even mood and cognitive function—are much more widely known and have captured the attention of health authorities worldwide.

CONSEQUENCES OF POOR HYDRATION

Several recent studies have shown the importance of hydration in preventing kidney stones, which are thought to be more common in developed countries. In June 2013, experts spoke to packed audiences at the World Congress of Nephrology in Hong Kong, where hydration was described as the "missing link" in kidney research. The connection between sweetened beverages and obesity is also stronger today, with regular overconsumption of sugary drinks linked to weight gain and a higher risk of diabetes and metabolic disorders. Which is why Danone is a partner of the European Association for the Study of Obesity (EASO) and supports EPODE, a program designed to prevent childhood obesity in over 293 European cities that now includes education on the importance of drinking water.

More broadly, scientists are interested in the impact of hydration on everyday well-being, and particularly on physical and cognitive function. Research shows that even mild dehydration can affect concentration, memory and even mood. Bonafont—Danone's leading water brand in Mexico—highlights this fact in its "Dehydrated Anonymous" campaign, a series of comic videos dramatizing the irritability caused by dehydration.

IT'S OFFICIAL

Published scientific studies agree with Danone's own research on consumption of liquids: most of us don't drink enough water. And averages can mask wide disparities: in France, for example, per capita water consumption averages two liters a day, but a third of the population drinks less than 1.2 liters—a serious threat to kidney health. The risks of poor hydration are even higher in certain groups: most mothers are unaware that hydration is even more important while they are breastfeeding, and dehydration is among the factors most frequently associated with hospitalization among the elderly.

As a leading advocate for a balanced diet, US First Lady Michelle Obama has made healthy hydration her new cause. And for good reason: in the United States, one in four children drinks no water—only sugary beverages. In 2013 Mrs. Obama began fighting back, joining with evian and a dozen other partners to launch the "Drink Up" campaign. The success of this effort is particularly important given the many misconceptions about hydration. Contrary to popular belief, "listening to our thirst" is not enough: by the time we feel thirsty, the dehydration process has already begun.

OVERWEIGHT

In the US, *The New England Journal of Medicine* has confirmed that excessive regular consumption of sweetened beverages is associated with overweight and obesity. Across the Atlantic, the *British Medical Journal* has confirmed that intake of free sugars or sugar-sweetened beverages is a determinant of body weight.

AMBASSADORS FOR HYDRATION

The increasingly powerful science supporting adequate, healthy hydration is beginning to make a difference. Public health recommendations, which often focus exclusively on food, now include information on the quality and quantity of beverages. Since 2010 the European Food Safety Authority (EFSA) has issued clear recommendations on water consumption, and World Kidney Day has included drinking water among its Golden Rules for preventing kidney disease. National guidelines are also moving in the right direction, with China and Indonesia updating their national recommendations for water intake in 2013.

To convince the general public of the benefits of healthy hydration, government agencies and health professionals are working with spokespeople whose stature and credibility help drive the message home. In the US, of course, Michelle Obama is a leading ambassador, and elite athletes like tennis player Maria Sharapova and golfer Melissa Reid have also become involved.

In 2013, Danone mounted several major hydration initiatives of its own. In France, our "J'aime l'eau"* campaign has reached millions of consumers through our mobile HydraStation and our partnership with the children's newspaper *Le Petit Quotidien*. In Poland we've reached another 11 million through a series of on-line games testing their cognitive performance and encouraging them to drink enough water in winter. And in Uruguay our Salus brand has co-created an educational program aimed at public elementary schools. Finally, we're making water available through an ever-wider variety of formats and distribution channels, giving consumers plenty of opportunities to stay hydrated. At Danone, we're convinced that water is the healthiest possible form of hydration—which is why it should account for most of the two liters we should all drink every day.

* "I love water"

SIDEBAR

The stuff of life

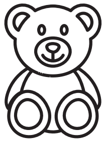
Making hydration a daily habit

Water accounts for 60% of the average human body, making up 22% of our bones, 72% of our skin, 73% of our brain and 83% of our blood.

Water is essential to most of the body's functions, supporting many metabolic reactions, carrying nutrients and hormones, eliminating waste and regulating body temperature. Maintaining the right hydric balance—the difference between water consumed and water lost—is critical for health, especially because the body is unable to store water. Healthy, adequate hydration is essential to both physical and cognitive function, and while the European Food Safety Authority recommends two liters of water a day for adults, needs can vary with age and circumstances, especially for pregnant and breastfeeding women, the elderly, young children and athletes.

2.6 M
children die
from malnutrition
every year

SAVE THE CHILDREN



In a report published in February 2013, the NGO Save the Children revealed that malnutrition kills 2.6 million children annually, or 300 every hour. Over the next 15 years, malnutrition will also cause **developmental disorders affecting the bodies and brains** of nearly 450 million children.

GOALS/

EARLY LIFE NUTRITION

THE 1,000 DAYS THAT MATTER MOST

From the earliest days of pregnancy through the first two years of life, diet has a decisive impact on child development. New scientific evidence shows that early life nutrition plays a major role in shaping our health for the rest of our lives.

The image is simplistic but telling: all female bees are born equal, but only one becomes queen—thanks to her diet of royal jelly. And while we can't and won't make all children into little kings and queens, we can lay the foundation for good health by giving them the nutrition they need right from the start.

THE RIGHT NUTRITION

Babies are not miniature adults. Between conception and age two, a child goes from a single cell to a 15-kg, flesh-and-blood human being, with needs that include seven times more iron, four times more calcium and three times more essential fatty acids than adults. These first 1,000 days between conception and age two, which shape the child's organs, immune system and metabolism, are viewed as the key period for child health and development by health professionals, most NGOs, and the World Health Organization (WHO). Virtually all guidelines urge mothers to get the right nutrition during pregnancy, breastfeed exclusively for the first six months whenever possible, and then gradually introduce a varied diet.

THE EPIGENETIC REVOLUTION

Researchers are currently deciphering the long-term impact of early life nutrition, and studies conducted under the aegis of the International Society for Developmental Origins of Health and Disease (DOHaD)—whose most recent World Congress was sponsored by Danone Nutricia Early Life Nutrition—have improved our understanding of how nutrition works and how it affects us over the long term. We all have our own genetic programming, including a set of epigenetic mechanisms that enable us to adapt to our environment. Researchers estimate that 20% of human health is determined by the genes we inherit, and 80% by our environment—in other words, that the impact of our genes is limited, because nutrition, lifestyle and other forms of prevention can overcome our predispositions. In short, we are witnessing a "revolution in the prevention of chronic diseases in adults," according to the Public Health Research Institute.

As with low birth weight, nutritional imbalances before birth or in the early months of life may increase the risk of stunting, obesity, heart disease, high blood pressure, type 2 diabetes and osteoporosis. And a study published in the American Journal of Clinical Nutrition in December 2013 suggests that obesity may be linked to low childhood consumption of omega-3 and omega-6 fatty acids, which play an essential role in developing the systems that regulate the body's energy balance.

SPREADING THE WORD

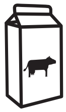
Though the field of epigenetics is still firming up its findings, its progress shows just how much the impact of early life nutrition continues to be underestimated. In November 2013 an independent, international group of health professionals, scientific experts and other stakeholders met in Barcelona

SIDEBAR

Reaching out to Romanian mothers

Romanian is the only EU member country whose infant mortality and malnutrition rates have earned a high-risk rating from WHO. Midwives do not exist, and mothers are on their own before, during and after pregnancy—the 1,000 days that are so crucial for child development. To fill this knowledge gap, Nutricia has partnered with the Romanian Red Cross and a local NGO to train perinatal instructors and help them form a network with support from the Danone Ecosystem Fund. Designed for nurses, the two-module training program teaches participants how to help mothers make sound nutritional choices and get the right care for themselves and their babies. More than 80 instructors have already been trained, and another 500 are expected to participate in the program over the next few years.

37%



37% of children aged 12-36 months consume cow's milk, which, on average, contains too much protein and not enough vitamins and minerals for their needs. 32% of mothers who breastfeed give growing-up milks as follow-on milks to their children aged 12 months and older, versus only 25% of mothers who have not breastfed.

Source: Nutri-Bébé SFAE 2013 study, published by TNS Sofres

to launch the Early Life Nutrition Network, an on-line community that encourages its members to share ideas and discuss best practices for changing behaviors linked to early life nutrition. Their motto: "Moving from knowledge to action."

For Danone's Early Life Nutrition division, the priority is ensuring that health professionals, new mothers and mothers-to-be understand the importance of good nutrition in the earliest stages of life. Which is why the group's Nutriplanet studies, conducted in dozens of countries, identify nutritional deficiencies—from too little iron in Africa to too much salt and fat in addition to too little iron in the United Kingdom.

Nutricia constantly builds closer ties with consumers, finding new ways of connecting with mothers and mothers-to-be and providing full support throughout the critical period before and after childbirth. For nearly ten years, Danone has supported the UK's Infant & Toddler Forum, which provides practical advice to parents: almost 50 million copies of its Ten Steps for Healthy Toddlers have been released. In 2013, Nutricia partnered with Poland's Mother and Child Institute to publish a nutrition guide, and in Italy the division worked with health professionals to develop a tool for evaluating dietary risks. Also in Italy, with support from the national society of pediatrics, the division helped launch a mobile app for nutrition coaching, complete with age-specific recommendations, advice, weekly menus and shopping lists.

40%

Longevity is on the rise, but a longer life is no guarantee of **continued health.** Normal aging brings a number of infirmities that can turn pathological. Sarcopenia—age-related muscle loss—and osteoporosis increase the risk of fracture, which can lead to a loss of independence, while **undernourishment affects a worrisome 40% of hospitalized seniors.**
Source: French National Institute for Agricultural Research (INRA), November 2013

MEDICAL NUTRITION

PLAYING A ROLE IN CARE MANAGEMENT

Delivering the right nutrition for patients left vulnerable by age or illness is a human, social and economic challenge—and an ever more important one as the global population ages.
For hundreds of thousands of patients with allergies and metabolic disorders, a special diet is often the only solution, and in some cases—severe allergies, for example—it can be a matter of life and death. For millions who are infirm, a fortified diet can address dietary deficiencies and improve quality of life. And for patients weakened by age, medical nutrition can play a key role in maintaining physical and intellectual independence.

MALNUTRITION IN THE SPOTLIGHT

In 2013, malnutrition among the elderly was front-page news in the European media. And with reason: its effects include lost mobility, increased dependence and frequent hospitalization , and it is alarmingly common. Malnutrition affects a million Britons over 65, 45% of Belgians over 70, and some 140,000 Irish hospital patients, yet in most cases it went undiagnosed. And though it has been documented by many studies, malnutrition is underestimated by health professionals and patients alike, prompting new efforts to make medical professionals more aware of the problem. The Malnutrition Task Force—an independent group in the UK that counts Nutricia among its members—has distributed prevention guides and launched pilot programs in several hospitals, and in May 2013 the European Nutrition for Health Alliance (ENHA) called on governments to prevent malnutrition in the elderly. Meanwhile NutriAction, a stakeholder group that includes representatives of Nutricia, has launched a campaign in Belgian hospitals and medical circles to improve detection of malnutrition.

HELPING TO MANAGE EARLY ALZHEIMER'S

Like malnutrition, Alzheimer's disease is on the rise among the elderly. Worldwide, some 44 million people suffer from it today, and the number is expected to reach 135 million by 2050. For the first time, nutritional management of this debilitating disease is the sole focus of a European study, LipiDiDiet: results are expected in 2015.
Nutricia takes a nutritional approach to Alzheimer's with Souvenaid, a nutrient-enriched drink designed for patients in the early stages of the disease. Developed after ten years of research by the Massachusetts Institute of Technology and Danone, and human trials conducted by clinical centers in many countries, Souvenaid is so innovative that it requires a major outreach campaign among doctors. In Australia this effort won the endorsement of the medical community, which encouraged use of Souvenaid through a televised information campaign in partnership with elder care associations. And in Spain, three leading Alzheimer's experts were won over by the results of our clinical studies.
With the prospect of skyrocketing spending on healthcare for the elderly (including Alzheimer's), specialized nutrition is an effective, low-cost option for patient management. So it is surely no accident that in December 2013 the International Society for Pharmaco-Economic and Outcome Research (ISPOR) agreed to create its first working group on the economics of nutrition, with Nutricia among its members.

OUT OF 100...

... PRODUCTS CONSUMED WORLDWIDE,
EUROS IN SALES,
COUNTRIES WHERE DANONE
IS PRESENT, EMPLOYEES

DANONE BY THE NUMBERS

OUT OF 100

OUT OF 100
PRODUCTS CONSUMED AROUND THE WORLD

MEDICAL NUTRITION PRODUCTS

32 are for children with pathologies or allergies

68 are for frail or undernourished seniors

EARLY LIFE NUTRITION PRODUCTS

16 are solid baby foods

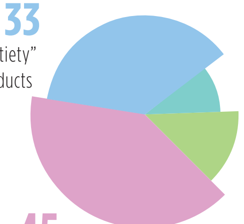
84 are infant formulas or growing-up milks

LITERS OF LIQUID PRODUCED BY THE WATERS DIVISION

70 are natural waters

30 are aquadrinks

FRESH DAIRY PRODUCTS



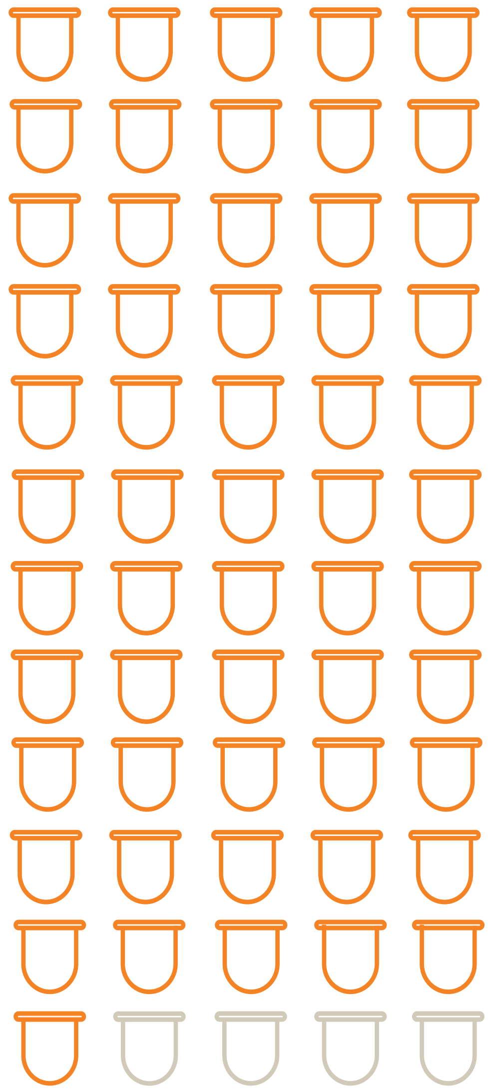
33 are "satiety" products

9 are "indulgence" products

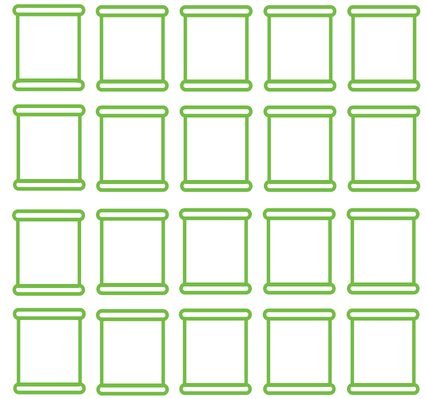
13 are children's products

45 are "health" products

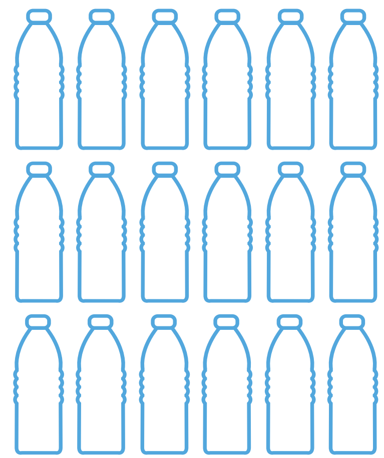
56 ARE FRESH DAIRY PRODUCTS



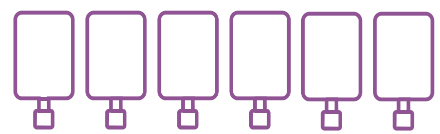
20 ARE EARLY LIFE NUTRITION



18 ARE WATERS



6 ARE MEDICAL NUTRITION



OUT OF 100

LITERS OF MEDICAL NUTRITION PRODUCTS

57 are made in the Netherlands at our main medical nutrition plant

EARLY LIFE NUTRITION UNITS

97 have signed our Quality Charter

CHINESE CONSUMERS

50 have access to Mizone products, present in 177 Chinese cities

LITERS OF MILK SUPPLIED TO OUR PLANTS

85 come directly from our network of 120,000 dairy farmers

OUT OF 100 EUROS IN SALES

OUT OF 100

POINTS OF GROWTH FOR THE MEDICAL NUTRITION DIVISION

27 come from China

AMERICANS

60 are familiar with Oikos Greek yogurt

BRITISH MOTHERS

83 buy Cow & Gate milk products for their children

RUSSIANS

95 have tasted a Prostokvashino dairy product at least once

LITERS OF WATER SOLD BY DANONE

40+ are sold in the Asia-Pacific, Latin America, Middle East and Africa region

OUT OF 100 DANONE SALES

39	39	22
come from the Asia-Pacific, Latin America, Middle East and Africa region (ALMA)	come from Europe (excluding the CIS)	come from the Community of Independent States and North America

in 2001: **37** came from outside Europe

in 2013: **61** came from outside Europe

OUT OF 100

DAIRY PRODUCTS SOLD IN SOUTH AFRICA

44 are Danone products

EARLY LIFE NUTRITION SALES BY DANONE IN AFRICA

53 come from Morocco, Algeria and Tunisia combined

FRESH DAIRY PRODUCTS SOLD IN MOROCCO

60 come from Centrale Laitière

DANONE SHARES

77 are held by institutional investors

11 by individual shareholders

8 by Danone

4 by others

OUT OF 100 DANONE EMPLOYEES

OUT OF 100

MANAGERS

♀48 are women

SENIOR MANAGERS

♀32 are women

MEMBERS OF SUBSIDIARIES' MANAGEMENT COMMITTEES

71 are local

DANONERS

90 are proud to work for their company*

68 are already covered under health insurance that meets Dan'Cares standards (or under equivalent health insurance), for a total of **70,000** employees

14 ARE INDONESIAN

13 ARE RUSSIAN

13 ARE MEXICAN

10 ARE CHINESE

8 ARE FRENCH

5 ARE ARGENTINEAN

4 ARE BRAZILIAN

2 ARE AMERICAN

1 IS BRITISH

45 work in Fresh Dairy Products

36 work in Waters

12 work in Early Life Nutrition

6 work in Medical Nutrition

1 works in corporate functions

OUT OF 100

EMPLOYEES

97 have taken part in training

From 2008 to 2013, average training hours per employee rose from 24 to 31 hours/year, **a 40% increase**

40 are part of the Danone Social Network

91 view their company as committed to protecting the environment*

86 would recommend Danone as a good place to work*

** From the 2013 Danone People Survey, an internal survey of all group employees conducted every two years*

HIGHLIGHTS

In 2013 we faced adversity head-on, making a number of strategic decisions that will shape the Danone of tomorrow. A look back.

RECONQUERING EUROPE

52%

In 2013 our **Volvic Juicy** category alone accounted for 52% of the Waters division's growth in France.

A WORD FROM

Gustavo Valle, Vice President Dairy Division Europe "Danone's strength is the way we communicate with our consumers: we don't just talk about products—we tell them a story, give them an experience. That's what sets the Danone brand apart."

DANONINO

In Spain, **Danonino, a range of fromage frais products for children** introduced a new recipe, super-hero packaging and a drinkable version that comes in mini-bottles with a straw. The innovations added five points to the brand's market share by value.

Europe is a historic stronghold for Danone, and with an €8 billion market—more than a third of group sales—it remains critical to bringing our business back into balance. But over the past few years, it has also become one of our main weaknesses, as the sluggish European economy pushed sales and operating margin down. To get back on a sustainable footing, we are fighting on two fronts: improving profitability and boosting sales.

REGAINING OUR COMPETITIVE EDGE

Europe's competitiveness gap is why we launched our cost reduction and adaptation plan in February 2013. One year on, we are continuing to work toward our goal of €200 million in savings by year-end 2014. A leaner, more efficient organization is now in place, and we are continuing to streamline our operations, though higher prices for milk and other raw materials added to the challenge in 2013.

NO PROFITABILITY WITHOUT GROWTH

Returning to profitability in Europe means returning to growth, so we have launched an across-the-board overhaul of our product ranges to kick-start sales. Our goal is to maintain a level of excellence by setting our products apart, and we have reassessed everything—recipes, textures, flavors, packaging—against this criterion. The success of Activia Fruits in Spain and Volvic's aquadrinks in France, the UK and Germany prove that the economic crisis can be overcome. And the ability to continue reinventing our products to satisfy consumers is critical to regaining our European markets, which want nothing better than to bounce back.

In 2013 we began taking action to boost sales and margins, and early results are positive: though sales fell 5% in the first quarter, we had stabilized them by year-end. But Europe will not recover the positive outlook that is a prerequisite for sustainable, robust economic activity until the end of 2014.

HIGHLIGHTS

WINNING AMERICANS OVER WITH GREEK YOGURT

YOCRUNCH

Market leader of the yogurts with toppers segment, YoCrunch complements our Dannon range for the under-15 set and offers fresh potential for reaching young Americans—and adults, too.

THE ANYTIME FOOD

We're making yogurt a part of daily life for Americans by adapting our products to their national eating habits.

OIKOS

In the United States, **60% of yogurt is eaten by women and only 40% by men**—except for Greek yogurt, where the ratio is around 50-50. *Dairy Reporter, July 2013*

Americans have fallen in love with high-protein, low-calorie Greek yogurt. Though per capita yogurt consumption remains modest at 7 kg per year, it is rising steadily, and Dannon—our US subsidiary and the market leader—is out in front across the board.

A history of yogurt in North America has only two periods: before Greek, and after Greek. Until the late 2000s, Americans liked yogurt primarily for its nutritional value, but in early 2010 Greek yogurt rocketed to popularity, converting nearly half of the American public with its tangy taste, rich texture and low fat content.

In 2013 the market continued to ride the Greek wave, and Dannon now offers Greek versions of its leading brands for adults and young people alike.

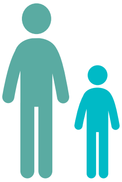
GREEK GROWTH

Last year the yogurt market grew 7% by value, breaking the $7 billion barrier and making 2013 a very good year for yogurt in the United States. Once again, the driver was Greek yogurt, which increased its share of overall yogurt sales to 44% by the end of the year, up from 35% at year-end 2012.

Dannon had an excellent year too: with 28.1% market share, it solidified its leadership and widened its margin over its nearest international competitor, which held only 24%. Meanwhile Oikos, our flagship brand, gained nearly 10 points in the Greek yogurt segment, thanks to marketing that not only highlighted its flavor, health benefits and versatility, but developed its brand image as well. Television commercials aired during Super Bowl 2012 and 2014 were a big source of momentum, making Oikos the new favorite of celebrity chefs. After the successful launch of Light&Fit Greek in 2012, we introduced Activia Greek, followed by Danimal Super Stars, the first Greek yogurt with a flavor and texture designed especially for children. By the end of 2013, Greek versions of Dannon products accounted for over 40% of its sales.

Meanwhile, the original version of the Danimals range for children also posted excellent results in 2013, thanks in part to launch of a new low-sugar product, while YoCream, a specialist in carry-out frozen yogurt, racked up double-digit growth. In winning Americans over, Greek yogurt has opened up a huge potential market: per capita yogurt consumption is only 7 kg a year in the US compared with more than 30 kg in Europe.

To make the most of this promising



*Yogurt is rich in the calcium the body needs to build healthy bones: on average, one cup delivers **19%** of the recommended daily allowance for an eight-year-old or an adult.*

market, Dannon is working on three fronts: offering new ways of enjoying yogurt, expanding shelf space at points of sale, and providing information to health professionals and the general public.

NEW WAYS TO ENJOY YOGURT

In 2013 Dannon acquired YoCrunch and signed a strategic partnership with Starbucks, opening up a whole new range of possibilities.

A yogurt-plus-toppings specialist, YoCrunch has won over American youngsters—and their parents—through its unique technology and licensing agreements with M&M, Oreo and other leading international brands. The tie-up with Starbucks, a leader in the US coffee-house culture, will generate new, jointly developed yogurt specialties. With 11,000 locations around the country and 70 million regular customers participating actively in social networks, Starbucks offers sweeping exposure and the ability to track consumer tastes and desires on a grand scale—unrivalled opportunities to promote yogurt in general and Dannon brands in particular.

A HIGHER PROFILE

Dannon's second priority is expanding shelf space for fresh dairy products in US supermarkets, where yogurts are crowded into very small spaces. On average, 200 yogurts share 7 m of shelf space in American stores, versus 15 m for just 70 products in Europe—and this overcrowding also means that the most popular products are quickly sold out, leaving little room for innovation. Since 2012 Dannon has used its leading position to negotiate with stores, successfully calling for larger, more streamlined displays. Though the gains still lag well behind booming demand, yogurt has gained an additional meter of shelf space in just two years.

ONE YOGURT A DAY

Finally, Dannon continues to focus intently on providing information to health professionals. Americans have every reason to embrace fresh dairy products in general, and yogurt in particular: 75% don't eat a balanced diet, a third of the population is obese, and 80% of American women are calcium-deficient. In 2013 Dannon launched an active campaign to inform health professionals and raise their awareness. The message: recommend yogurt as one of the three daily servings of fresh dairy products advocated by US public health authorities.

It's too early to tell whether the combined effects of Greek yogurt and Dannon's efforts to boost yogurt consumption will be enough to tap the full potential of the US market. Eating habits won't change overnight—but a new culture of delicious, healthy food is already taking root.

Learn more

danone.com/en/danone13focus

HAPPY FAMILY

All in the family

Danone acquires a leading organic baby food company

In May 2013, Danone acquired an equity interest of over 90% in Happy Family, one of the most dynamic organic baby food companies in the US, with double-digit growth and over 4% market share. Happy Family was founded in 2006 by Shazi Visram, a busy, active young woman who was determined to produce baby food that combined quality, convenience and enjoyment. She designed a comprehensive range of products—from fruit compotes and vegetable purees to breakfast foods made with yogurt, fruits and grains—all packaged in convenient pouches. Products are all made from organically grown ingredients, and many are fortified. Happy Family products are sold in nearly 20,000 stores in the US and on Amazon, and the company is one of the most innovative on the market. Danone plans to step up Happy Family's growth and expand its brands around the country.

HIGHLIGHTS

WHY IS AFRICA AN ALLY FOR GROWTH AT DANONE?

49%

In Danone acquired a **49% interest in Fan Milk,** the leading manufacturer and distributor of frozen dairy products and juices in West Africa. The remaining 51% is held by the Abraaj Group.

2 BILLION

Some 2 bn people are iron-deficient, and 500 million are anemic. Iron deficiency is responsible for the death of around 800,000 people in the world, with the highest toll in South Asia and Africa.

Lettre de la Médecine Tropicale, January 6, 2014

BLEDINA

The first Danone company to export to Africa, **Blédina has adapted its offer to local markets with a range of different packaging options.** These include bags, which are more economical than cans, and single-serve portions.

Over the past two years, we've invested over €1 billion in Africa, consolidating our existing positions and expanding into new territory. At the same time, we've built solid partnerships with well-established players and made long-term commitments to local development.

2013 was a fruitful year for Danone in Africa. In March we took control of Centrale Laitière in Morocco—the final step in a partnership of over 50 years—and in October we announced that we would acquire a majority interest in Fan Milk, a leading contender in Sub-Saharan Africa. The Fan Milk deal rounds out our operations in Africa, previously marked by a strong presence in the North and South, primarily in dairy products, and a long-standing presence in West Africa's early life nutrition market. The move marked a major step in Danone's expansion in Africa, spurred by growth in domestic markets and the emergence of a sizable middle class. The continent went from 230 million inhabitants in 1950 to 1 billion in 2010 and based on current trends could reach 2 billion by 2050 and 4 billion by 2100 (World Population Prospects 2012).

BLUE BICYCLES

For millions of Africans, Fan Milk is a vendor on a blue bicycle with a cooler, selling frozen yogurt and fruit juices to passersby. Founded in Ghana in 1960, the company grew its business through a unique distribution network of over 31,000 independent vendors, and is now present in Ghana, Togo, Nigeria, Burkina Faso, Benin and Côte d'Ivoire. In 2012, Fan Milk reported sales of €120 million, buoyed by its well-known FanVanille, FanDango and FanChoco brands. In 2013, Danone and the Abraaj Group jointly acquired the company, with Danone set to gradually increase its initial 49% stake to a controlling position. The acquisition was Danone's biggest capital investment in the Sub-Saharan food industry outside South Africa—and a major step for us. We expect to create synergies between Fan Milk's long experience in local distribution and the expertise in long-life dairy products we have acquired through our South African subsidiary.

DAIRY TALE

By contrast, our relationship with Centrale Laitière is much older, dating back to 1953—in fact, we've done business in Morocco for so long that locals often use "Danone" as a generic term for yogurt. Our historic alliance with Centrale

Laitière laid the groundwork for success in the region by ensuring a reliable supply of high-quality milk, and its four plants now deliver to 70,000 points of sale. In 2013, Danone took control of Centrale Laitière, which holds 60% of the Moroccan dairy products market—our biggest in Africa.

Elsewhere in North Africa, Algeria, Tunisia and Egypt are reporting strong sales growth overall, and the outlook is particularly promising in Egypt, where consumption of fresh dairy products are up 30%. To close the gap and ensure a safe, reliable supply of local milk, Danone has partnered with the NGO CARE International to train small-scale Egyptian dairy producers, setting up milk collection cooperatives to help them improve the quality and quantity of their output and sell their milk at a fair price.

HUMAN RESOURCES

Building on local talent

for local knowledge

For Danone, growing our business in Africa means recruiting local talent—for two simple reasons. First, Africa offers a pool of skilled labor that rivals "high-potential" candidates in the US and EU in every way. Second, we're convinced that we can't succeed unless our local partners do. What we offer jobseekers—who are often in high demand in an increasingly competitive labor market—is the opportunity to write Danone's story in their country. This challenge often carries enormous responsibility, especially in early life nutrition, but it's a powerful motivator.

A PRAGMATIC APPROACH

In Sub-Saharan Africa, our presence is at once more modest and more ambitious—more modest because sales are still low relative to North African markets, with early life nutrition products accounting for around 75%. And more ambitious because making the right food for young children demands a comprehensive approach, based on a thorough analysis of their nutritional needs and close cooperation with local government agencies, scientific communities and healthcare professionals.

We began addressing the needs of these groups by using our Nutriplanet study methodology to identify local dietary habits and leading nutritional deficiencies among children*, who often stop breastfeeding before they are six months old, despite World Health Organization (WHO) guidelines.

Working with local partners, this research has enabled healthcare professionals to provide information to mothers, reminding them of the special needs of children from birth to 36 months and underscoring the deficiencies in iron, vitamin A and other nutrients that can result from diversifying a child's diet too early. We still need to convince the continent's English-speaking countries of the special requirements of very young children. Recently, we have started studying countries such as Kenya, Ethiopia and Nigeria in order to offer appropriate nutritional solutions. We're taking a pragmatic, city-by-city approach, focusing on large population centers such as Lagos, Nigeria's economic capital and home to 15-20 million people. The growth rate of these cities—Lagos is projected to grow a steep 5% annually over the next ten years—and their higher standard of living are generating new demand that Danone is determined to meet.

A BOOMING MARKET

After Morocco, South Africa is our second-largest stronghold in Africa—a position built on dairy products alone. A little more than 20 years ago, we took a stake in Clover, the market leader, and Danone now holds a 45% share in this fast-growing market. Our South African brands are essentially local, and since 2011 we have been increasing sales to neighboring countries. Ultra Mel Yogurt, which keeps for seven months without refrigeration, has been enormously successful as an export, particularly in Angola, and in 2013 our South African subsidiary launched Yo-Jelly, a new brand inspired by a Mexican product called Danio. An inexpensive, nutrient-fortified dairy snack especially for kids, Yo-Jelly reflects our commitment to offering products that even the most disadvantaged consumers can afford. Africa's needs, markets, infrastructures and political realities vary so dramatically from country to country that it's impossible to succeed without partnerships extending well beyond mere business deals. At Danone, we look for partners who take a big-picture approach and are eager to rise to health and nutrition challenges light years from anything we've done in any other country, even our most recent initiatives.

"Situational analysis and expert evaluation of the nutrition and health status of infants and young children in five countries in sub-Saharan Africa". M. Alles et al. in Food & Nutrition Bulletin 2013.

Learn more

danone.com/en/danone13focus

HIGHLIGHTS

HOW DOES DANONE'S ECOSYSTEM FUND CONTRIBUTE TO THE GROUP'S SUCCESS?

SUPPORTING SMALL FARMERS

In Tunisia, our Milky Way project is providing microcredits and other assistance to small milk producers and helping to ensure the safety of milk supplied to our Tunisian subsidiary, Délice Danone.

CREATING JOBS FOR WOMEN

In Mexico, the Danone Ecosystem Fund has joined forces with Ashoka and the NGO Cauce Ciudadano to launch the Semilla program, which plans to assist over 3,000 people by providing training and jobs for women in need.

KEEPING SENIORS ACTIVE

In Spain, Nutricia has partnered with the non-profit Siel Bleu to give the elderly more independence through ActiVida, a joint offer that combines medical nutrition with appropriate physical exercise.

Can community service contribute to profitable, sustainable growth for Danone? The Danone Ecosystem Fund has answered this question with a resounding yes. Of the 47 projects the Fund had in place at year-end 2013, most have already shown that small players in local economies can grow in tandem with a global corporation like ours. The Fund's track record still needs to be strengthened—and in 2015 it will be—but the initiative has proven its value.
Like our dual commitment to business success and social progress, the Danone Ecosystem Fund is built on the idea articulated by Antoine Riboud in his landmark 1972 speech in Marseille: every business is closely interwoven with its environment, and healthy, sustainable growth for one depends on healthy, sustainable growth for the other. The challenge the Fund faces is finding ways to integrate this idea into the group's entire value chain.

GAINING STRENGTH

Can a platform for social innovation give a global corporation a competitive edge? The idea might seem unrealistic if it weren't firmly anchored in solid business practices on the one hand and rigorous governance on the other. Here's how it works. The general managers of our subsidiaries identify projects, but do not request funding for them until they have done a feasibility study, pairing their considerable entrepreneurial skills with bold social innovation. We then maximize the social impact of each project by managing it in partnership with a nonprofit organization.
Now four years old, the Ecosystem Fund has sharpened its focus by concentrating on three key areas—sustainable sourcing, local distribution and recycling—all with transformative potential and all already incorporated into our business practices. In Fresh Dairy Products, for example, the share of milk supplied to Danone by Ecosystem projects has reached 15% in Egypt and other countries. Projects that focus on agricultural raw materials and sustainable farming now account for more than a third of the Fund's active projects, and they are helping us understand how to help dairy farmers and other suppliers adopt new ways of doing business. Other projects offer a combination of nutrition and services delivered through a community distribution system, allowing us to interact with consumers around nutrition issues and offer complementary ser-

vices tailored to their needs. These can range from exercise classes designed to make the elderly more independent to cooking classes that raise awareness of the nutritional needs of infants among the childcare professionals who care for them.

The Fund was designed as a laboratory for experiments that will generate viable new models, and the heart of its approach is evaluation—an indispensable set of tools for learning from both successes and failures. Using studies conducted in partnership with universities around the world, the Fund makes objective assessments of the social and economic difference its projects make in the lives of their beneficiaries. In addition, a battery of indicators designed to track the progress of projects is well on its way to being certified, and a methodology for assessing the business benefits of each project is currently under development.

EXIT STRATEGY & NEW PRACTICES

But the real measure of the Fund's success is whether its initiatives can succeed on their own, which makes our exit strategy as important as our selection process. The Fund's departure is carefully planned and coordinated with the organizations it has created or supported, which should be able to operate without its support, and some—including Pousses d'avenir, a small job-creation firm in France—already do. For the Fund, the bottom line is finding out whether these experiments are sustainable, scalable and replicable.

At Danone, we have come to view Ecosystem projects not as a philanthropic sideline but as an integral part of our operations, and that has been one of the keys to the Fund's success. It has been so successful, in fact, that outside partners have joined us. By the end of 2013, the Fund's commitment of €44 million had been increased by €10 million from NGOs and another €22 million from a range of institutional stakeholders. Some Danone Group subsidiaries are so confident of its value that they, too, have contributed a combined total of €14 million.

50,000 JOBS

Another core goal for the Fund is to maximize the economic and social good that Danone can do amid the continuing economic crisis. Unlike more-is-better, production-oriented philosophies, the ecosystem model assigns value to the job creation and regional development it can generate, and by 2015 the Fund hopes to back more than 50,000 jobs for farmers, community salespeople, healthcare workers, waste pickers and others. It's an ambitious goal for a group with 100,000 employees, but it proves that different business cultures—from an international corporation to individuals all over the world—can work and grow together.

CLOSE-UP

Of 47 ecosystem projects active in 2013

17 FOCUS ON SOURCING

11 FOCUS ON CARING SERVICES

8 FOCUS ON LOCAL DEVELOPMENT

7 FOCUS ON MICRO-DISTRIBUTION

4 FOCUS ON RECYCLING

FOR A TOTAL OF:
38 SUBSIDIARIES
21 COUNTRIES
38 PARTNERS

€45 MILLION INVESTED
50,000 JOBS CREATED

Figures at December 31, 2013

Learn more
danone.com/en/danone13focus

HIGHLIGHTS

FOOD MEETS SCIENCE AT OUR NEW R&D CENTER IN UTRECHT

- 2 GLOBAL RESEARCH CENTERS
- 4 SPECIALIZED CENTERS
- 55 LOCAL R&D BRANCHES

See map at right for locations

In line with our commitment to step up innovation in early life nutrition and medical nutrition, we've opened a new Danone research site in Utrecht, the Netherlands—now our second-largest international R&D site after the Daniel Carasso Center in Palaiseau, France.

Every day, scientists finds more evidence of the health benefits of nutrition, from preventing certain diseases to making treatments more effective—not to mention simply building and maintaining our overall health. And the link between diet and health is even more important for sensitive groups such as infants, pregnant women, the elderly and the ill. At the Utrecht center, Danone researchers are pushing back the boundaries of science and innovation to offer the right solutions for every stage of life.

A TIGHTER, MORE EFFICIENT TEAM

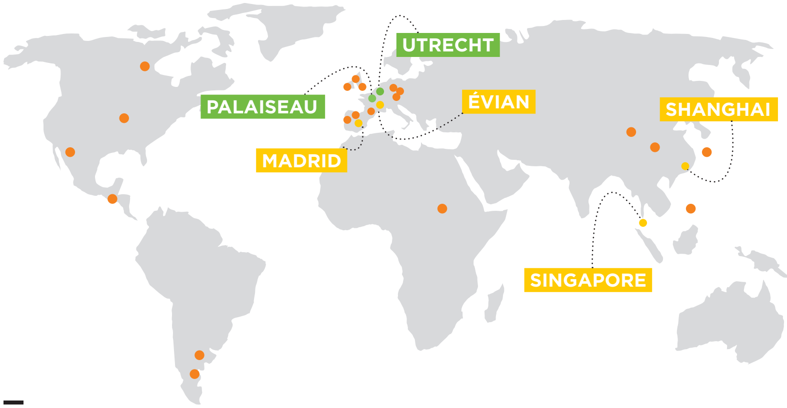
Inaugurated on September 30, 2013, the new building in Utrecht features the latest technology and has earned certification for its eco-friendly design. The facility also reflects Danone's commitment to creating new synergies and making our research process more efficient, bringing together 400 researchers from 30 countries, and uniting employees from six different research units, previously scattered throughout the Netherlands, Germany and the UK.

The Utrecht center will also boost efficiency by joining research and development. For the first time, our research labs, our pilot facilities for product development, and our sensory center for consumer research are all under one roof.

PARTNERS IN INNOVATION

And because it is located in the heart of the Utrecht Science Park, our new research center is closer to its partners in innovation. Most of Danone's medical and early life nutrition plants are clustered around nearby Amsterdam, and many of the R&D center's academic partners are in or near Utrecht, including the Utrecht Institute for Pharmaceutical Sciences, Wilhelmine Children's Hospital, Utrecht University Medical Hospital and Wageningen University. Prominent partners outside the Netherlands include the French National Institute for Agricultural Research (INRA) and the Massachusetts Institute of Technology (MIT) in the US.

With their support, the Utrecht center is focusing on two main areas. First, our researchers are analyzing the nu-



WORLDWIDE RESEARCH COMMUNITY

Our Daniel Carasso Center in Palaiseau, France **is at the core of our R&D philosophy:** develop safe beverages and fresh dairy products, provide health and well-being through food, and tailor our products to the unique characteristics of each culture.

Sitex, our technological expertise site near Madrid, **tests and optimizes the industrial application of fresh dairy production processes.**

At its packaging platform in Évian, our Waters Division develops **new materials for bottles,** making them ever more eco-friendly and appealing to consumers.

Our Dumex research and development center in Shanghai conducts nutritional, gut microbiota and clinical studies **dedicated exclusively to mothers and infants.**

Our early life and medical nutrition center in Singapore **studies intestinal flora, the immune system and growth in children.**

tritional composition of breast milk—the best nourishment for newborns—in greater and greater detail, to help Danone's Early Life Nutrition division create infant formulas for use when breastfeeding is not an option. In particular, we're working to develop products that replicate the benefits of breast milk for digestion, immune function and cognitive development as closely as possible. Our second main area of research in Utrecht is neuroscience, which can help us assess the impact of nutrition and help people live longer, healthier lives.

SERVING THE CONSUMER

Above all, our research at the Utrecht center serves consumers. Our early life innovations build on the benefits of good nutrition from the moment of conception, in areas ranging from digestion and intestinal microbiota to growth, the immune system and cognitive development. Meanwhile, our Medical Nutrition teams are developing innovative solutions that draw on their expertise in pediatric care, metabolism, and care for the sick, the elderly and the infirm. Both efforts contribute to the well-being of each consumer, fulfilling Danone's mission by "bringing health through food to as many people as possible."

For example, adding prebiotics to infant formulas has limited the risk of infections and allergies, among other benefits, while launching Souvenaid, a medical nutrition product targeting early-stage Alzheimer's disease, was a major step for doctors seeking to improve quality of life for the elderly. And we never stop looking for ways to make healthy foods and beverages taste good, because improving the sensory qualities of our medical and early life nutrition products is a critical factor in product acceptance and patient compliance, especially for children.

To gain a better understanding of consumer needs and behaviors, our researchers work closely with local nutritionists and sociologists wherever Danone products are sold, using our Nutriplanet studies to map out the nutritional landscape of each country as well the sociocultural aspects of food. These studies have been conducted or are underway in a total of 52 countries, ranging from analysis of entire populations to examination of specific age groups. In Turkey, for example, 2013 saw the launch of a new product specifically for breastfeeding women. Dubbed Lactamil, it's a soluble preparation that is tailored to local eating habits and contains all of the nutrients that are essential for nursing mothers, who need more vitamins, calcium and other mineral salts.

But innovation is only the beginning. It's also important to explain why pregnant and nursing women should adapt their diet to their special needs. One of the tasks of R&D is to make health professionals and the general public more aware of the importance of nutrition and to publicize the incredible scientific progress our teams are making every day. Every year, we mount dozens of information and awareness campaigns around the world, usually working with local partners.

Nutrition is still struggling to establish itself in the scientific community and in the minds of consumers. The new Danone R&D center in Utrecht reflects our commitment to contribute to this emerging science, strengthening its credibility and its power to promote health through food.

Learn more
danone.com/en/danone13focus

HIGHLIGHTS

THE DIGITAL REVOLUTION IN CONSUMER RELATIONS

BABY & ME

With evian's Baby & Me app, Internet users can get in touch with their Inner Baby. To date, the app has been downloaded by **5.9 million people worldwide.**

13%

Digital media account for **13% of Danone's total media investments,** up from 3% in 2010.

At Danone, we have our finger on the pulse of the digital phenomenon—a trend that has transformed the way our brands relate to consumers, tell their stories and win sales. Little by little, e-commerce is carving out a significant share of global commerce: according to eMarketer forecasts, in 2014 it should approach $1,500 billion, an increase of 20.1% over the 2013 total of $1,048 billion.

REINVENTING OUR RELATIONSHIP WITH CONSUMERS

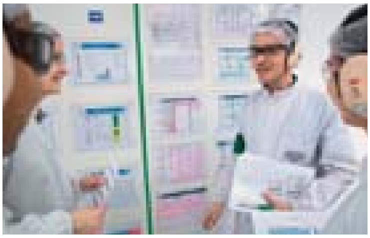
Nearly 2.5 billion people have access to the Internet, over 1.5 billion use social networks, and the Web influences half of all buying decisions. And the rising power of Generation Y and the proliferation of cellphones, tablets and other devices continue to make the digital phenomenon even stronger. At Danone, we're responding to this new reality by reinventing our relationship with consumers, and like most global companies, we're learning as fast as we can. With Customer Relationship Management (CRM), we can now track each customer from point of sale to refrigerator, and in 2013 we introduced a one-of-a-kind loyalty program in Spain. Each cup of yogurt carries a special code that can be scanned with a cellphone, accumulating points for participants and allowing us to get better acquainted with our customers. The program is now being deployed in other European countries. Speaking of refrigerators, evian has created a droplet-shaped magnet with a small screen that can connect to the Internet. Beginning in 2014, consumers in France and the UK will be able to use SmartDrop to order bottles of water without ever using a computer or phone.

GENERATING BUZZ

Brand communication is an essential part of the digital revolution. Advertising has declined for decades, and today the public is broadcasting messages, becoming its own medium with its own knowledge, recommendations, likes and dislikes. evian is making the most of this trend with its Baby & Me campaign. Launched in April 2013, this centers around a 76-second spot that went viral at record speed, blazing through social networks and traditional media alike. Now among the top three clips on the Internet, the Baby & Me video has been viewed 150 million times. The secret of its success? High-quality content that entertains and sparks the imagination. Meanwhile Dumex, a Danone baby nutrition brand, is taking a more informational approach. In 2013 the brand rolled out Heart Knows Best, a program that provides Singaporean mothers with information and advice on giving their babies the right nutrition for their age and needs. Every month, 14,600 babies are born in Singapore—and the Heart Knows Best website welcomes an average of 50,000 visitors. On the other side of the world, Danone UK continues to be a trendsetter in Internet sales, thanks to its partnership with on-line retailer Ocado. In 2013, sales on Ocado's website grew over 15% for Waters, Fresh Dairy Products and Early Life Nutrition.

Learn more
danone.com/en/danone13focus

ENSURING FOOD SAFETY AND PRODUCT QUALITY



CLOSELY MONITORED

To guarantee the quality and safety of our products, we've adopted a special product governance system that monitors every step in the product chain, from design to consumption, in every country where we do business.

At Danone, all products are rigorously tested, and our system for managing the safety and quality of our foods and beverages is one of the most demanding and effective in the world.

ANTICIPATING RISKS

Managing food safety is a constant priority for us, and it's a political and social issue as well as a scientific and technical challenge. Information can spread through the Internet and social networks at lightning speed, and this, along with increasingly sophisticated testing techniques, has made consumers extremely sensitive to product safety. At the same time, our economy is becoming ever more global, and the number of suppliers has increased sharply, complicating the task of ensuring that all of our supplies are safe. We're responding to these new challenges with a tougher strategy for anticipating risks associated with our products and suppliers. Since 2012 we have used the FSSC 22000 certification protocol—recognized by the Global Food Safety Initiative—as the standard for food safety in all of our operations, wherever we do business. We also used FSSC 22000 to design IGEA, a new tool for evaluating our plants, and by the end of 2014, all of them will be IGEA-certified. Danone specifications are generally more rigorous than WHO standards, particularly for products aimed at the most sensitive groups, such as infants and the elderly, and they are often corroborated by our academic partners, which include Wageningen University. We're also evaluating supplier risks by working with an international network of laboratories, both internal and external, to audit our suppliers and monitor their processes and products.

AWARENESS AND TRAINING

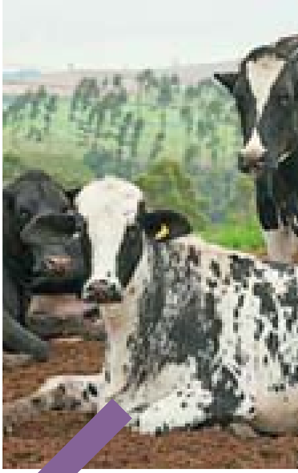
In 2013, awareness and training programs for our workforce came in for special attention at Danone. Nearly 8,700 Fresh Dairy Products employees participated in our We Love Danone Yogurt course, which focused largely on product quality. Meanwhile, the Early Life Nutrition division launched its FoQual (Focus on Quality) program, managed by 50 quality coordinators worldwide. These training programs improved product compliance, decreased the number of consumer complaints, and reduced incidents—in fact, Early Life Nutrition cut incidents by 50%. Finally, we rolled out Consum'eyes, a new tool for auditing the quality of products on store shelves. First deployed at our waters division and then expanded to other business units, Consum'eyes is the ultimate test: assessing quality at the moment when product and consumer come face-to-face.

Learn more
danone.com/en/danone13focus

PEOPLE *and* PLACES

In places all over the globe, thousands of people are all working toward a single goal: bringing Danone closer to our customers. Closer to their needs, their wants and everything that makes them who they are. Whether we're partnering with farmers, improving our production processes, promoting athletic activities for kids, striving for continuous improvement with our teams—even just living our lives—we're constantly working to bring health through food to as many people as possible, wherever we do business and wherever Danone products are found.

WORKING TOWARD SUSTAINABLE AGRICULTURE —TOGETHER

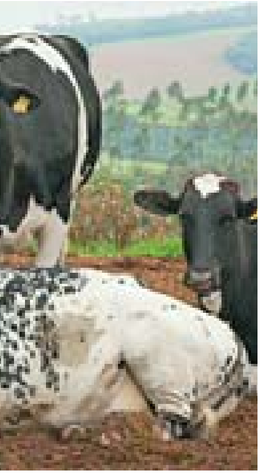


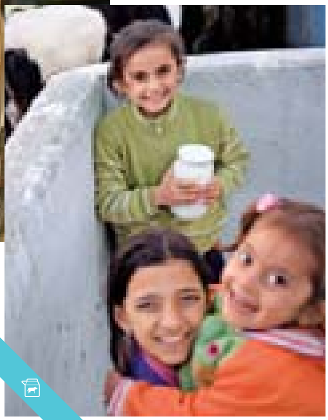
✖ At Danone, agriculture is a top priority. For in the end it is farmers who determine the availability, quality, and cost of the raw materials that are essential to our business—and particularly to our fresh dairy products, which account for 56% of our sales. Today's agriculture faces two major challenges: feeding two billion additional people by 2050, and finding an alternative to intensive farming methods, which are showing their social and environmental limits.

And Danone has another powerful argument for making the transition to sustainable agriculture: the community of over 120,000 farmers who supply us with the 8 billion liters of milk we use each year for our dairy products alone.

SHARED INTEREST

From the very beginning, we've forged partnerships with farmers that go well beyond quality controls on milk. In Europe, for example, our "Acteurs pour un lait durable" program supports farmers in four key areas: growing their business, adopting eco-friendly practices, improving feed quality and the nutritional value of the milk they produce, and promoting the dairy sector with and for farmers.
Ultimately, we will apply this across-the-





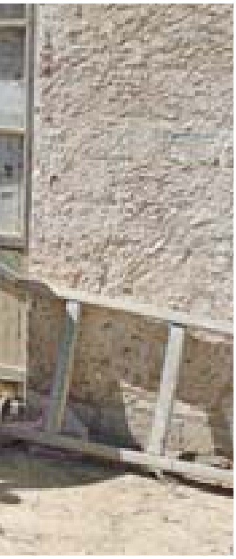
board approach to continuous improvement in every country where we do business, working in partnership with each community of stakeholders and avoiding one-size-fits-all solutions. We'll even help organize dairy cooperatives or other infrastructures in regions where they don't exist or need to be replaced.

ASSESSING SUSTAINABILITY WITH RISE

In 2013 Danone took an important step toward assessing the sustainability of supplier operations by adopting Rise, a tool developed by the University of Bern to evaluate suppliers in four key areas: economic viability, product quality, environmental footprint, and social impact on farmworkers and the local community. After testing Rise successfully in the US, Poland, France, Brazil, Germany, Indonesia and Ukraine, we've now added a guide that helps farmers move toward sustainable agriculture. Meanwhile, the Danone Ecosystem Fund is partnering with NGOs to design and implement projects that use a thorough understanding of local conditions to support producers as they transition towards innovative, sustainable farming practices. **(See page 30 for more)**

47

of the Danone Ecosystem Fund's 47 active projects, 17 focus on strengthening local infrastructures for milk and fruit suppliers.



COLLECTING MILK

› In Turkey, Danone has installed shared milking parlors and cooling tanks, providing local famers with hygienic milking conditions and better storage facilities.

TRAINING

› In Poland, we've set up training and awareness-raising workshops that have reached 80% of the milk producers working with Danone. Key topics include the benefits of animal welfare and the importance of local sourcing for consumers.

STRAWBERRIES

› In Ukraine, where many varieties of strawberries are prized for their flavor, we've helped re-launch local production, reducing imports and providing a steady income to co-op employees, who are trained in crop rotation, drip irrigation and other modern practices. Result: rural jobs are preserved, and the new production methods consume only one-tenth as much water as conventional farms.

OUTLOOK

› Over the next decade, developing countries should account for 74% of the increase in worldwide milk production, with 38% coming from India and China alone. Global consumption of dairy products is expected to grow faster than production, prompting an increase in exports from the European Union, the US, New Zealand, Australia and Argentina.
(OECD-FAO Agricultural Outlook 2013-2022)

GROWTH

› Russia's per capita GDP has risen 60% since 2006. Higher standards of living, a gradual improvement in the national economy, and standardization of business practices all point toward steady increases in Russian consumption of dairy products.

FAN CLUB

› Unimilk acquired the rights to use Prostokvashino, a Russian cartoon created in 1978, and made it the inspiration for Russia's most popular range of dairy products. Some 83% of Russians have purchased the brand at least once.

NO. 1 MARKET

› Worldwide, Russia is Danone's top market, accounting for 11% of total group sales and over 31% of its global market share in the fresh dairy products category. But the average Russian still consumes only 6 kg of yogurt a year—half the amount for a German—making Russia one of our most important growth markets.

SUCCESS

› Danone makes three of Russia's top five dairy brands: Prostokvashino, Activia and Danissimo.

PROSTOKVASHINO: THE ICONIC NATIONAL BRAND FOR 140 MILLION RUSSIANS

✖ Each year Russians consume over 130 kg of dairy products on average—including 6 kg of yogurt alone—making their country a key market for milk and dairy products. But when Russian consumers walk into a store, they aren't looking for exactly the same thing as their Western European or American counterparts. They remain very attached to traditional dairy products, which they see as fresh and natural, and they distrust yogurt and other "modern" products, whose increasing shelf life they view with suspicion.

Prostokvashino is the flagship brand of Unimilk—the Russian dairy giant acquired by

Danone in 2010—and it embodies these core values. The range is 100% local and consists largely of traditional products, from milk and kefir to fromage blanc and sour cream.

LEADING BRAND

When our Russian team launched Zakvaska, Prostokvashino's first new product in the Danone era, they were thus careful not to call it a "yogurt drink." We're keenly aware that the iconic brand and its blue cat mascot stand for traditional dairy products in Russia, and that presents us with a double challenge: preserve the spirit of the brand—the key to its success—even as we update it to expand its potential. We began by giving Prostokvashino a more modern image, with more disciplined marketing, more consistent positioning and more visibility on store shelves, strengthening its credibility as a fresh, natural brand without ever changing its traditional recipes. Our strategy paid off. Between 2010 and 2013, brand awareness increased from 45% to 75%, and sales shot up 50% to nearly €1 billion a year.

MARRYING TRADITION AND INNOVATION

After we had shored up Prostokvashino's foundations, we launched Zakvaska, an innovative product that remains firmly within the family of traditional products. A careful analysis of Russian consumer preferences had showed us that many wanted an alternative to fermented milk products like kefir, with its strong, sour flavor. Danone met their expectations by designing a fermented milk with a milder flavor and a culture count ten times higher, introducing it first in Ukraine in 2012, and then in Russia in 2013. Bull's-eye: Zakvaska already accounts for 10% of Prostokvashino's sales, and it has increased the brand's business rather than luring consumers away from our existing products.

DANONE NATIONS CUP SCORES DUAL SUCCESS IN 2013

✖ The first Danone Nations Cup (DNC) was a bold gamble that we could live up to our mission by organizing the world's largest tournament for kids aged 10-12—and it paid off. From its beginnings in 2000, the DNC has become the world's biggest soccer event for children, an annual contest with 32 national tournaments and a final that moves from country to country, like other major international sporting events.

WORLDWIDE COMPETITION

Each would-be host country submits an application and incorporates the DNC into its brand strategy, just as it would for the Olympics. And while the event is clearly a boost for Danone's image, it's also a dream come true for hundreds of kids who've never traveled before. For this 14th edition, Danone UK successfully applied for the right to use the British Government's "Inspired by 2012" mark, stressing its Olympic lineage and raising awareness of Danone, our brands and our nutritional messaging. The Olympic connection also made the event a powerful tool for promoting Eat Like a Champ, Danone UK's flagship nutrition program. Designed to prevent childhood obesity, the program disseminates information in schools and now has a new sports component. DNC organizers also stressed the link between performance and nutrition during workshops for the 400 youngsters participating in the final, and on game day, the players took a "water

break"—a reminder that good nutrition and healthy hydration are essential to success on the field.

EMPLOYEE SUPPORT

The DNC also showed the public that Cow & Gate, evian, Activia and Volvic are all part of the same group, and that Danone is dedicated to bringing health through food to as many people as possible. For the first time, all four divisions joined forces in a UK event promoting our brands. And with 70% of our UK employees attending the World Final, the DNC was a powerful way to intensify their sense of belonging to the group.

2000

› After the 1998 FIFA World Cup, Danone began working to create an international soccer tournament for children. We held the first Danone Nations Cup in 2000, with eight teams from Europe and Africa participating.

WEMBLEY

› Like the 2012 Summer Olympics, the 14th Danone Nations Cup was held in Britain's legendary Wembley Stadium, and Danone UK intensified and prolonged the tournament's impact by linking it to Olympic fever. 32 teams took part.

AWARENESS

› During the DNC World Final, the Danone Institute, Danone employees and the ANCA Chair* introduced Nutrition Academy, a new game designed to increase children's awareness of the importance of a balanced diet. The object of the game: design the perfect menu for young athletes.

ZINÉDINE ZIDANE

› In 2003 the DNC reached a whole new level, with a total of 32 teams participating and French soccer star Zinédine Zidane acting as the tournament's official ambassador.

** The ANCA is a training and research unit for food science, nutrition and eating behavior.*

DOOR TO DOOR

› Waters, Fresh Dairy Products and Early Life Nutrition are currently conducting 26 experiments in door-to-door delivery, working with networks of local women and street vendors.

SUPPORT

› Through our work with danone.communities and the Danone Ecosystem Fund, we can study sales practices in countries with little infrastructure and use our findings to create new distribution models that generate jobs and regular income for disadvantaged groups.

DISTRIBUTION

› At Danone, we're exploring every type of distribution channel—supermarkets, neighborhood stores, specialized away-from-home networks, direct-to-consumer sales, and e-commerce—and adopting solutions that give us the densest network in each country.

DISTRIBUTION: OFF THE BEATEN PATH

✖ Offering profitable, high-quality delivery service to water consumers in some areas of Mexico can be a challenge with traditional distribution models. Yet the public health benefits are significant in regions without a reliable supply of potable water.

MICRO-DISTRIBUTION

Determined to square the circle, Bonafont devised an innovative new solution. In addition to its conventional home delivery system, which accounts for a third of its revenues, this Waters subsidiary turned to micro-distribution as a way to reach less affluent consumers. Between 2013 and 2014, Bonafont set up 150 *depósitos*, or warehouses, in the Mexico City region. Each warehouse is managed by a micro-entrepreneur who regularly delivers water to around 500 households in a 2-km catchment area, earning a respectable income without undermining the company's profitability. Bonafont benefits from increased sales, better brand awareness, and a broader presence—and because the micro-entrepreneurs become more aware of the importance of healthy hydration, especially for pregnant women, the project also has an educational component.

FOUNTAIN OF HEALTH

Danone Waters is testing a new formula for reaching disadvantaged communities in Mexico—local water plants. At five Ser Pura neighborhood plants, customers now have the option of washing their empty jugs under highly hygienic conditions before they fill and seal them. The experiment—a first for Danone—is one more step toward providing safe water for all.

DANONE CAMPUS FINDS ITS FEET IN BRAZIL

✖ Danone's Campus events bring together managers from different business units and countries for a seminar lasting several days, adding a new twist—the venue changes each time. But from continent to continent and north to south, the aim remains the same: expose participants to new experiences, sectors and practices. Some discoveries are internal, as managers who reflect the group's diversity mingle. At other times, external presenters introduce new insights and shake up existing practices.

Following in the footsteps of Argentina and Mexico, Brazil held its first Danone Campus in June 2013. Focus: make Danone's corporate values and culture young managers' first reflex. And with these three countries ranking among the group's top ten markets, the Campus program's arrival in Latin America was eagerly awaited.

SHARING VALUES

Brazil, which accounts for nearly 4% of Danone sales, has posted growth of over 10% for decades. All four group divisions are present in the country, with a total of 500 managers. On average, they have been in their positions less than two years, which makes absorbing the group's knowledge and culture all the more important. In Brazil's fiercely competitive job market, forging a shared commitment to core values and convictions is critical, representing a major expectation among our employees and major advantages for our group.

CAMPUS @ DANONE

› Danone Campus provides training in a university-style format, combining continuing education with networking and presentations on community service topics such as "Social innovation and social business." Worldwide, Danone held ten Campus events in 2013.

BRICKS AND BITES

› In addition to in-person training, we've launched easily accessible e-learning programs. These include brief, theme-based modules geared around videos, digital content and other materials, and focus on topics such as category manager training. After conducting various pilot programs, Danone has now developed Campus 2.0, a technological platform that:

• makes digital training resources available to our employees, and
• helps employees share expertise and best practices.

The Campus 2.0 platform has been in operation since October 2013, and is gradually being extended to all group subsidiaries.

CULTIVATING AGILITY

Of the 500 Danone managers in Brazil, 300 participated in the country's first Campus, and it was a powerful experience. "The program offered us no fewer than 15 training sessions," says one participant, adding "Both form and content were highly innovative to share that 'something special inside'—Danone's dual commitment to business success and social progress, innovation and basics. It's a terrific opportunity to recharge your batteries, fill up on fighting sprit and get inspired by Danone's capacity to transform and to build. We had discussions with the members of the group Executive Committee and the executive vice presidents who were there, and it gave us all a clearer vision of the strategic issues we're facing."

MAKING CONTACT

Held in São Paulo, the event also provided opportunities for stimulating, enriching contacts that sent managers home even more motivated and better equipped to meet their daily challenges. Bringing teams from Danone divisions in Brazil together under one roof was energizing and made it easy for participants to share their experiences. Attendees are naturally building on the contacts they made in 2013, and to sustain the momentum the next Campus has already been scheduled for late 2014.

97%

of our 104,642 employees—at all levels—participated in training in 2013.

2013: SOLID PERFORMANCE DESPITE HEADWINDS

In 2013 we continued to adjust our business model.
Danone CFO Pierre-André Térisse takes a closer look.

2013 SOLID UNDERLYING TRENDS

With sales of €21.3 billion and organic growth of 4.8%*, Danone clearly demonstrated its soundness in 2013, despite severe fall-out from the false safety alert issued by our supplier Fonterra. This false alert cost an estimated €370 million in sales for the full year and prompted us to revise our profit projections downward in October. In line with that revision, we now confirm an 80-point reduction in our operating margin and free cash-flow of €1,549 million. But looking beyond the numbers, it's clear that in 2013 we also made decisive progress in laying the foundations for our future growth. In Europe, we revamped our product portfolio and reorganized our structures. In the CIS and in North America, we consolidated our Fresh Dairy sales at the end of the year. We also deployed our adaptation plan, which we will continue in 2014 in order to meet our target of €200 million in savings that we are targeting by 2015. At the same time, we have launched several programs to streamline our Fresh Dairy Products division and make it more competitive, including the appointment of an integrated management team to coordinate our activities throughout Europe.

Results are to be assessed at the end of 2014.

FALL-OUT FROM FONTERRA

Dumex sales in China plunged nearly 80% in the wake of Fonterra's false safety alert. We managed this crisis calmly and methodically, focusing throughout the year on maintaining our presence on store shelves and restoring consumer impact on our costs. Over the past few years, we have thus been trying to stabilize our milk supplies and to make better use of all milk components. We are also striving on a continuous basis to reduce our raw material, production and logistics costs — efforts that have generated annual savings of over €500 million a year since 2010. Finally, this year we are pursuing our policy of raising prices selectively and competitively, particularly in Russia. We already know that volatile commodity prices will remain a major issue in 2014.

OUTLOOK

Our priorities for the year ahead include pursuing and completing our recovery effort in Europe, building on our existing momentum in Russia and the United States, and developing our growth model in

Products operations and gained ground with flagship brands like Prostokvashino and Oikos. In Latin America and Asia, the success of our aquadrinks buoyed the Waters division. And in Africa, we integrated Centrale Laitière in Morocco and acquired a stake in Fan Milk in Ghana and Nigeria, creating scope for growth in new markets. All of these moves are building a stronger group for 2014 and beyond.

MORE STABILITY IN EUROPE

We are still facing recession in Europe, and it is taking a heavy toll on consumers' disposable income. In response, our teams have launched a major overhaul in the past two years, updating our products, packaging and recipes to give our customers the very best value for their money. These efforts have paid off, and we gradually stabilized confidence. Since the end of 2013 our teams have been working hard to rebuild operations in China, relaunching our Dumex brand with new product lines and prices tailored to a range of consumer profiles. But we intend to go further and capitalize on the strength of Nutrilon, Aptamil and other international brands, which have proven their effectiveness in other markets. Finally, we expect to leverage our presence across all distribution channels.

VOLATILE COMMODITY PRICES

In 2013 commodity markets were extremely volatile, coming on top of significant inflationary pressures. We expected milk prices to rise 3 to 4%, but in fact they rose by more than 10% full year and soared 30% in Russia, our largest single market! This obviously had a very significant emerging countries— while taking into account currency and commodity volatility. Last but not least, we will focus on gradually rebuilding our positions in early life nutrition in China.
Our aim is clear: return to strong, sustainable, profitable growth. It is within our reach.

"WE ARE HOLDING OUR DIVIDEND AT €1.45 BECAUSE WE ARE CONFIDENT IN OUR ABILITY TO DELIVER PROFITABLE, SUSTAINABLE GROWTH."

No. 1 worldwide in **Fresh Dairy Products**

No. 2 worldwide in **Bottled Waters (by volume)**

No. 2 worldwide in **Early Life Nutrition**

No. 1 in Europe in **Medical Nutrition**

No. 1
in the ATNI Index for 2013
(Access to Nutrition Index)

€21,298 M**
sales in 2013

€2,809 M
trading operating margin

€1,549 M
free cash-flow

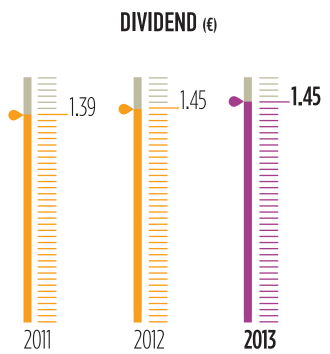
104,642
employees

+4.8%*
organic growth in 2013

61%
of Danone's 2013 sales
came from
outside Europe

-37.4%
reduction in carbon footprint
from 2007 to 2013

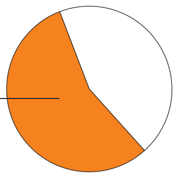
* Like for like data
** Net sales



2013 HIGHLIGHTS FRESH DAIRY PRODUCTS

▷ 50

RESULTS
All figures like-for-like



56%

OF THE GROUP'S 2013 SALES came from the Fresh Dairy Products (FDP) division, which produces and distributes yogurts, fresh cultured dairy products and other dairy specialties.

€11.8 bn

SALES OF FRESH DAIRY PRODUCTS came to €11,790 million in 2013.

+3.2%

SALES OF FRESH DAIRY PRODUCTS ROSE 3.2% over 2012.

26%

DANONE LEADS THE FRESH DAIRY PRODUCTS MARKET in all of the 38 main countries where we do business, with 26% market share in 2013 (Source: Nielsen) .

70+

COUNTRIES SELL OUR ACTIVIA RANGE, and over 50 sell Danonino, a children's range also sold as FruchtZwerge, Danoninho, Gervais aux Fruits and other brand names.

▷ 51

TOP 3 COUNTRIES*

1. Russia
2. Brazil
3. United States

TOP 3 BRANDS*

1. PROSTOKVASHINO
2. OIKOS
3. LIGHT & FIT

*Countries and brands that contributed most to the division's growth in 2013.

Key goal

PRESENT SCIENTIFIC PROOF FOR **THE BENEFITS OF ONE YOGURT A DAY**

IN 2013, FRESH DAIRY PRODUCTS RESEARCH FOCUSED ON THE IMPACT OF YOGURT AS ESSENTIAL TO A GOOD DIET AND GOOD HEALTH, funding independent studies by independent teams of academics. In France, studies analyzing 2010 data on French food habits and consumption (CCAF 2010) stressed that eating yogurt may be linked to better nutritional coverage and improved diet. In the US, two studies by Tufts University in Boston linked yogurt consumption to lower risk of high blood pressure and reduced weight gain respectively.
The Fresh Dairy Products division also worked with the MetaHIT and ANR Micro-Obes consortia to increase our understanding of intestinal flora and the effect of diet on their diversity. Their results were published in two 2013 articles in the scientific journal *Nature*.

KEY DATES

February 22, 2013
Danone announces that it has completed the process of increasing its stake in Centrale Laitière (Morocco) to 67%.

May 20, 2013
COFCO, Mengniu and Danone join forces to step up the pace of growth for fresh dairy products in China.

July 23, 2013
Danone and Starbucks announce a strategic agreement designed to offer new, jointly designed yogurt specialties. The aim: step up growth for Danone's fresh dairy products in the US and expand Starbucks' health and wellness menu.

August 9, 2013
Danone acquires YoCrunch, a US company that sells yogurt with mix-in toppings under licensing agreements with M&Ms, Oreo and other leading brands.

October 24, 2013
Danone partners with the Abraaj group to acquire Fan Milk International, a key player in West Africa's dairy products market.

Innovation

NEW FORMATS

- **DANIO** IN ITALY
- **DANIMALS** SUPERSTARS IN THE US
- SUPERHERO BOTTLES FOR OUR **ACTIMEL AND DANONINO** CHILDREN'S RANGES
- **DAN'UP** IN PORTUGAL
- NEW RECIPE AND ROUNDED "KISS" CUP FOR **VELOUTÉ**

Close-up

RELIABLE MILK SUPPLIES

Every year, Danone plants process 8 billion liters of milk. To ensure that we have a safe, reliable supply of this essential raw material, we work closely with local producers to improve farming practices in developed and emerging countries alike. For example, we've created cooperatives and milk collection infrastructures that are open to small farmers in Egypt, Indonesia, Mexico, Turkey, Ukraine and other countries, helping them manage their farms, optimize purchasing and improve feed and care for their herds. Result: our farmers make a better living, and Danone can count on adequate supplies of high-quality milk.

Close-up

THE GREEK YOGURT **PHENOMENON**

Greek yogurt continues to be a primary growth driver for Fresh Dairy Products. While this is particularly true for our Light & Fit (US) and Oikos brands in the US and Canada, we've also increased sales in the UK and Brazil with high-protein, low-fat versions of our Danio brand.

Looking ahead

NEW TERRITORIES IN AFRICA

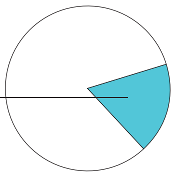
DANONE CONTINUES TO EXPAND INTO NEW COUNTRIES, laying the groundwork for future growth. In 2013 this was particularly true in Africa, where we stepped up the pace of growth by taking full control of Centrale Laitière in Morocco and acquiring a stake in Fan Milk a West African dairy group.
Innovation is critical to successfully adapting our products and distribution models to Africa's specific challenges and consumption patterns. In South Africa, for example, we've recently launched several extended-life products including Mayo, which keeps for 90 days, and Ultra Mel, which can be stored for seven months.

2013 HIGHLIGHTS WATERS

52 ◁

RESULTS

All figures like-for-like



18%
OF TOTAL DANONE SALES come from the natural waters and aquadrinks* produced by our Waters Division.

€3.9 bn
WATERS DIVISION SALES came to €3,903 million in 2013.

+11.2%
WATERS DIVISION SALES ROSE

1/3
OF WATERS DIVISION SALES come from aquadrinks*, up more than 20%.

70%
OF WATERS DIVISION SALES come from emerging countries.

52% OF GROWTH for Danone Eaux France comes from the Volvic au jus range.

9% R-PET is used for Waters packaging, with Danone driving innovation to transform waste into resource.

53 ◁

TOP 3 COUNTRIES**
1. China
2. Indonesia
3. Argentina

TOP 3 BRANDS**
1. MIZONE
2. AQUA
3. BONAFONT

*Flavored and/or vitamin-fortified waters
**Countries and brands that contributed most to the division's growth in 2013.

Looking back
SPREADING THE SCIENCE OF HYDRATION

IN 2013 DANONE CONTINUED TO STUDY THE BENEFITS OF HYDRATION with our research partners EASO (European Association for the Study of Obesity) and ISN (International Society of Nephrology). We presented our programs at the fifth annual symposium of H4H (Hydration for Health)—a joint initiative that focuses on the importance of healthy hydration and maintains close ties with public health officials.
Since H4H was created five years ago, 150 scientists and officials from around the world have met every year to share advances in hydration science and spark discussion on the importance of healthy hydration in today's diets and lifestyles.

HOD

In Latin America and Asia, we distribute a significant portion of our waters directly to consumers under the home and office delivery (HOD) model. In all, HOD accounted for 15% of waters sales in 2013.

Innovation
NEW FORMATS

- BONAFONT LEVISSÉ IN BRAZIL
- NEW 33-CL EVIAN PACKAGING WITH A NIPPLE FOR INFANTS
- VOLVIC AU JUS IN FRANCE
- FONT VELLA LEVITÉ IN SPAIN
- EXPANSION OF POLAND'S ŻYWIEC ZDRÓJ AQUADRINKS RANGE

Packaging
GROWTH THROUGH INNOVATION

In 2013, Waters innovation focused on two key priorities: expanding our aquadrinks ranges, and packaging.
• We continued to expand our ranges of aquadrinks—beverages made with water and fruit juices—by rolling out Bonafont Levissé in Brazil and introducing Volvic Juicy and Font Vella Levité in Europe.
In line with group strategy, the Waters Division tailors its products to local tastes and traditions wherever it does business.
• In packaging, we continued our effort to develop a bottle made entirely from plant-based materials, blowing and filling several types of bottles. And we launched an innovative new carafe format for our aquadrinks in Mexico.

23.5 bn
LITERS Total output for the Waters Division reached 23.5 bn liters.

21%
of all water sold in large containers came from our two biggest production sites, both in Indonesia.

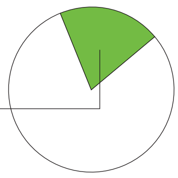
Looking ahead
PRESERVING WATER A PRICELESS ASSET

AT DANONE, WE'RE COMMITTED TO PRESERVING THE UNIQUE CHARACTER AND QUALITY OF OUR NATURAL WATERS by protecting our springs. Beginning in 1992 with the founding of Apieme, an innovative non-profit partnership dedicated to protecting the Evian spring, we've created associations that not only involve governments and stakeholders in protecting local ecosystems, but help develop non-polluting economic activity around our infiltration areas as well. These associations are now preserving the sustainability of the springs that produce Volvic in France, Aqua in Indonesia (see photo), Salus in Uruguay, Bonafont in Mexico, and Villavicencio in Argentina, among others.

2013 HIGHLIGHTS EARLY LIFE NUTRITION

RESULTS

All figures like-for-like



20% OF ALL GROUP SALES come from the Early Life Nutrition Division.

€ 4.3 bn EARLY LIFE NUTRITION SALES came to €4,263 million in 2013.

+3.6% EARLY LIFE NUTRITION SALES ROSE 3.6% over 2012.

15% of the Early Life Nutrition Division's 2013 production came from Ireland, home to one of its biggest plants.

+69% Worldwide, on-line sales of Early Life Nutrition products grew 69% in 2013.

83% of parents in the United Kingdom choose Cow & Gate.

90% On May 13, 2013, Danone acquired an equity interest of over 90% in Happy Family, one of the fastest-growing organic baby food companies in the US, and the fourth-largest contender in the US baby food market (excluding formulas).

TOP 3 COUNTRIES*

1. The Netherlands
2. Germany
3. UK

TOP 3 BRANDS*

1. APTAMIL
2. NUTRILON
3. BEBELAC

**Countries and brands that contributed most to the division's growth in 2013.*

Looking back

EARLY LIFE NUTRITION IN 2013

The division reported sales of €4,263 million, up 3.6% over 2012 (like-for-like). Early Life Nutrition turned in a very strong performance in the first half of 2013, but was hit hard when a false alert, issued by its supplier Fonterra in August, prompted infant formula recalls in eight Asian markets. The incident cost Danone an estimated €370 million in sales for the full year.

STRATEGY

Early Life Nutrition develops products especially for young children by focusing on three main areas:

- cultivating relationships with opinion leaders, health professionals and key specifiers to raise awareness of the special nutritional needs of infants and young children and position early life nutrition products as a credible way to meet these;
- working closely with sensory experts during product development to ensure that health benefits and enjoyment are inseparable aspects of food for children;
- studying local needs to develop nutritional profiles for children in each of the division's new regions (including Malaysia, Vietnam, Cambodia, Colombia, Chile, Bolivia, Senegal, Kenya and Cameroon), identify public health challenges, and offer solutions that are consistent with the requirements of local associations and health authorities.

Close-up

OUR LEADING BRANDS IN EARLY LIFE NUTRITION

The division distributes its local ranges through international brand platforms —a strategy that strengthens local brands and allows rapid replication of best practices in each country.

- The Global Brands platform includes Aptamil, Nutrilon, Almirón and Gallia.
- The Heritage Brands platform includes Bebelac, Cow & Gate, Blédina and Malyutka.

1,000 DAYS

One of the division's priorities is to study the nutritional needs of children in their first 1,000 days, working under the leadership of two of its researchers—one with a chair in immunology at Utrecht University and the other with a chair in microbiology at Wageningen University. Key areas of study include the mother's nutrition during pregnancy and breastfeeding; the nutritional benefits of breast milk; the development of intestinal function and the microbiota; and the immune system, brain, and metabolism of infants and young children.

Products

THE RIGHT CHOICE FOR EVERY AGE

DANONE'S EARLY LIFE NUTRITION DIVISION OFFERS PRODUCTS THAT ARE TAILORED TO THE NEEDS OF INFANTS AND YOUNG CHILDREN. Our ranges are designed to supplement breast milk and consistently comply with the World Health Organization Code and with local statutes. Over 80% of our Early Life Nutrition business comes from formulas and milks, and the division is focused particularly on boosting sales of growing-up milks for children 12-36 months old. Solid baby foods, designed to help young children transition gradually to a more varied diet, account for 16% of division business and are sold primarily in France, Italy and Poland.

Looking ahead

ZEROING IN ON WHAT BABIES NEED

WHENEVER DANONE EXPANDS into new territory, our first step is to study the nutritional epidemiology of the local population, using our Nutriplanet program to identify their unique needs and generate the data required to design products that will meet these. Deployed in 46 countries, Nutriplanet gives us a thorough understanding of:

- each area's health and nutrition status, based on current data;
- the socio-cultural aspects of food—consumption patterns, supply systems, food processing and preparation, and the social and cultural images associated with it.

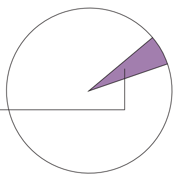
In Russia, we supplemented Nutriplanet with a Nutrilife study that precisely quantified the food intake of 2,050 children aged 6-36 months. By showing that three-quarters of the participants were not getting enough iron, Nutrilife strengthened the positioning of our Malyutka growing-up milk, an iron-fortified product designed specifically to meet the nutritional needs of children in that age group.

2013 HIGHLIGHTS MEDICAL NUTRITION

56

RESULTS

All figures like-for-like.



6%

OF THE GROUP'S 2013 SALES came from the Medical Nutrition Division, which makes and distributes specialized food products designed primarily for patients receiving medical treatment, infants with specific pathologies, and frail seniors.

68 %

OF MEDICAL NUTRITION PRODUCTS are intended for individuals who are undernourished and/or weakened by disease. Pediatric ranges for children with allergies and severe chronic illnesses account for the remaining 32%.

€ 1.3 bn

Medical Nutrition sales came to €1,342 million in 2013.

+5.8 %

Medical Nutrition sales rose 5.8% over 2012.

57 %

of Danone's Medical Nutrition products are made in the division's main plant in the Netherlands.

18

Medical Nutrition products were launched or updated in 2013.

57

TOP 3 COUNTRIES*

1. China
2. UK
3. Turkey

TOP 3 BRANDS*

1. NUTRILON
2. NEOCATE
3. NUTRINI

Countries and brands that contributed most to the division's growth in 2013.

Strategy

FIGHTING MALNUTRITION

DISEASE-RELATED MALNUTRITION IS A KEY TARGET FOR OUR MEDICAL NUTRITION PRODUCTS, which are formulated to meet specific dietary needs. Usually purchased on the recommendation of health professionals, these products are generally eligible for reimbursement under health insurance programs. Nutricia, Danone's umbrella brand, includes a large portfolio of brands sold in multiple countries and expands its worldwide presence by moving into new countries and developing new distribution channels. Many current trends point toward major growth potential for medical nutrition products: the aging population; increasing awareness of the important role of nutrition in health, both in helping to treat disorders and in preventing them; the emergence of new diseases and allergies; and the rise in medical screening, which allows for earlier treatment.

NUTRICIA Advanced Medical Nutrition

Close-up

MEDICAL NUTRITION'S FLAGSHIP PRODUCTS

- **NUTRISON:** a tube feed for dietary treatment of patients who are unable to eat normally or suffer from disease-related malnutrition.
- **FORTIMEL/FORTISIP:** liquid oral nutritional supplements, which have recently been introduced in more concentrated versions on the division's biggest markets, including the UK, France and Spain.
- **NEOCATE:** hypoallergenic products for infants and children with cow's milk intolerance, multiple food protein intolerance, or allergy-related disorders.
- **NUTRINI/INFATRINI:** oral and tube-fed products for dietary treatment of infants and children who are unable to eat sufficient quantities of conventional foods, or who suffer from disease-related malnutrition.

Since 2012, the group has also marketed Souvenaid, a product that meets specific nutritional needs in the dietary treatment of early Alzheimer's disease. It is now on the market in around ten countries.

R&D

Danone's Medical Nutrition researchers constantly generate innovations in pediatrics, metabolism and care for the elderly and ill. How? By focusing on three priorities: improving the consumer experience, disseminating information more widely within the scientific community, and strengthening the division's networks in Asia and the Americas by adapting to these markets with innovative formulas, new containers, longer shelf lives, and new distribution systems.
Nutricia's teams have also been heavily involved in two acquisitions in India and Brazil in 2012 and 2013, and are now setting up processes and technology transfers that will help the new units succeed in their local markets.

Innovation

NEW FORMATS

- **NUTRIDRINK** MAX IN BRAZIL
- **COMPLAN SMOOTHIE** IN THE UK
- **FORTINI POWDER** IN CHINA

Looking ahead

THE ROLE OF DIET IN MANAGING DISEASE

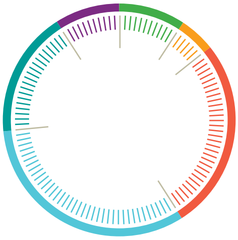
THE AGING OF TODAY'S POPULATION IS UNPRECEDENTED IN HUMAN HISTORY. According to WHO, the aging population—all countries combined—is a sign of better health around the globe. The number of people age 60 and older has doubled since 1980 and is expected to reach 2 billion by 2050, rising to 22% of the world's population and outstripping the number of young people (20%) for the first time in history. WHO also predicts that in developing countries the number of elderly people who are unable to live independently will quadruple by 2050. And the risk of dementia rises sharply with age: some 25-30% of people over 85 already suffer from some form of cognitive impairment. One of the biggest challenges for the Medical Nutrition division is to gain recognition for the role of diet in managing disease and slowing the effects of aging—not only to improve quality of life, but to reduce overall health care costs.

KEY INDICATORS
social and environmental responsibility

104,642
employees in 80 countries, with two-thirds working in emerging countries — Danone's high-growth regions (at December 31, 2013).

+2.1%
Danone's workforce grew from 102,401 to 104,642 employees (at comparable scope of consolidation).

WORKFORCE BY REGION



- 9% France
- 32% Rest of Europe
- 9% China
- 27% Americas
- 17% Rest of Asia-Pacific
- 6% Africa & Middle East

WORKFORCE BY BUSINESS LINE

- 45% Fresh Dairy Products
- 36% Waters
- 12% Early Life Nutrition
- 6% Medical Nutrition
- 1% Corporate functions

83,060
Danone employees participated in at least one training course in 2013.

2,632,750 hours
of training were provided.

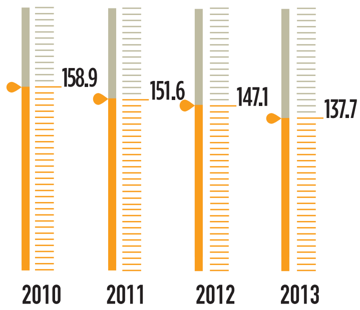
-37.4%
reduction in carbon footprint
for sites under Danone's direct responsibility (plants, transport, packaging and end of life, excluding farming) between 2007 and 2013.

80.2%
of waste was recycled (excluding sludge from waste water treatment plants, to allow like-for-like comparisons)

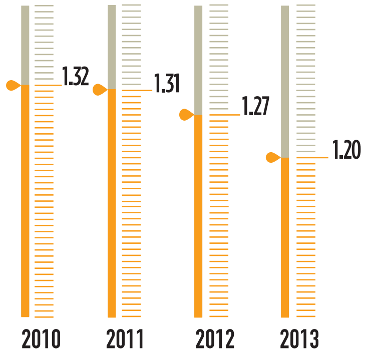
-49.9%
reduction in energy use intensity
per metric ton of product (2000-2013).

-45.9%
reduction in water use intensity
for industrial processes per metric ton of product (2000-2013).

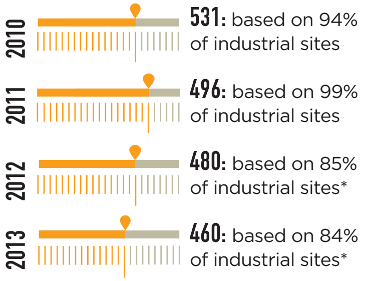
REDUCTION IN ENERGY USE INTENSITY FOR ALL PLANTS COMBINED
(kWh/metric ton of product)



REDUCTION IN WATER USE INTENSITY FOR INDUSTRIAL PROCESSES
(m3/metric ton of product)



GREENHOUSE GAS EMISSIONS FROM PRODUCTION PLANTS
(in metric kilotons CO_2 equivalent)



**Data for ex-Unimilk excluded/not reported/not available in 2012 and 2013*

€1,039 M
capital expenditures
in 2013 (vs €976 M in 2012), or 4.9% of consolidated sales.

191
plants in all:
96 were ISO 14001-certified in 2013.

Danone: 15 rue du Helder - 75439 Paris Cedex 09, France
Reception: 17 bd Haussmann, 75009 Paris — Tel.: +33 1 44 35 20 20
Corporate Communications - Tel: +33 1 44 35 26 33 — www.danone.com
Shareholder hotline: 0800 320 323
(toll free from landlines in metropolitan France)

Director of publication: Laurent Sacchi — **Executive editor:** Stéphanie Rismont —
Senior editor: Sabrina Schneider — **Editor:** Sandrine Fossard —
Photos: Thomas Haley, Roos Aldershoff Fotografie, Stéphan Gladieu/Blossom,
Scott Griessel, Bruno Schneider, Getty Images, Sipa Press, Stockbyte, Danone —
Design & production: Angie (réf. RADA013) — **English text:** Clementi/Durban

Blédina, Danone Eaux France and Danone Produits Frais France
have signed the Responsible Advertisers' Charter drawn up by
the Sustainable Development Committee of France's Union des Annonceurs (UDA).

This report is printed on Cocoon Offset paper,
100% recycled and FSC certified.
A pdf for visually impaired readers is available at danone.com

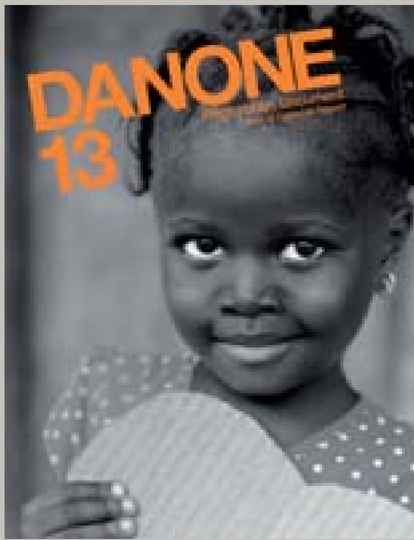
e-accessibility

LEARN MORE:

www.danone.com

ECONOMIC AND SOCIAL REPORT

SUSTAINABILITY REPORT



REGISTRATION DOCUMENT

SEE AND HEAR OUR

2013 highlights at

DANONE13
F O C U S

danone.com/en/danone13focus