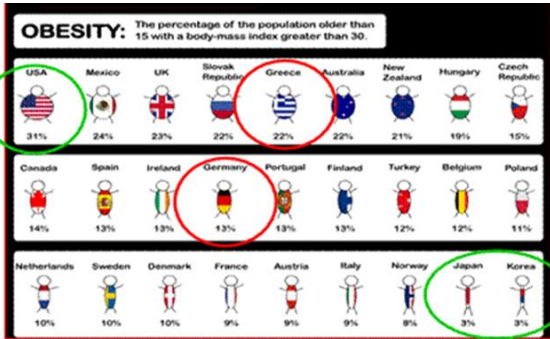


Strategic axes and organisation for sustainable performance

Emmanuel Faber

3 out of 10 major public health issues WW are food related

Obesity

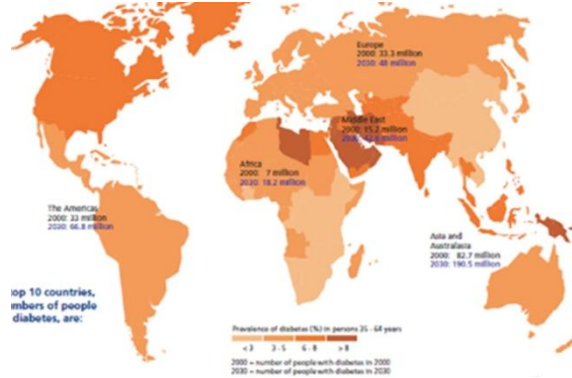


Source: OECD Health Data 2005.
 Ref'du site internet : http://www.nationmaster.com/iga/phrase_a_obes-health-obesity

1.6 billion
adults overweight
400 million
people obese
x2 in 2015

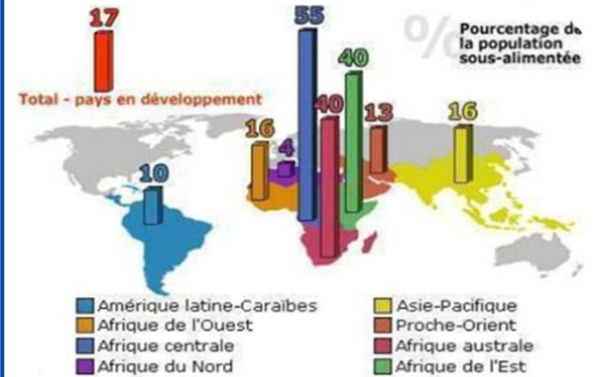


Diabetes



171 million
adults worldwide
x2 in 2030

Undernutrition



830 million
in the developing world
23 million
in the transition world
9 million
in the industrial world



Since 1996 & more than ever



Our mission:

Bringing health

through food to as many people as possible

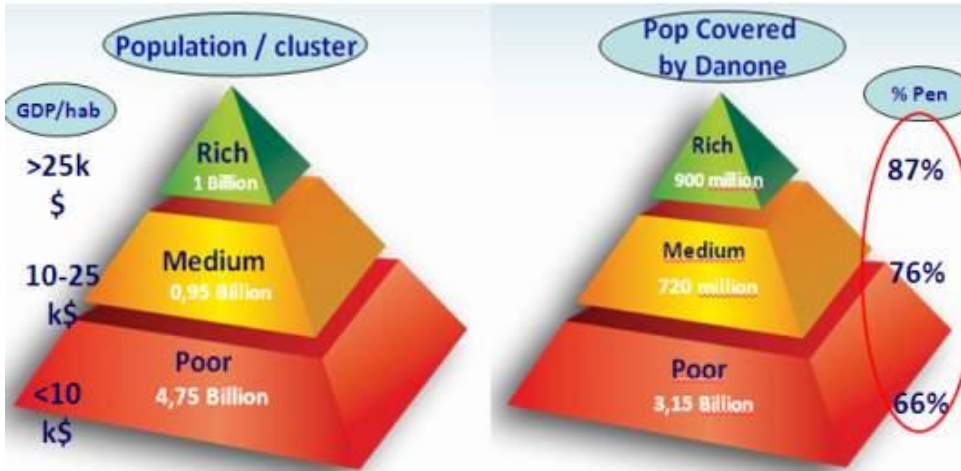
Our Danone Mission is a
business accelerator and a **differenciator**

“Bring Health through food...”

- **38 millions** portions of tasty fresh dairy products with a healthy nutritional profile delivered each day
- **25 millions** of portions of water (2L) delivered each day
- **55%** of innovations with a high nutritional profile
- **99%** of products providing **nutritional labelling**
- **More than 1,000** external reputed scientists acting as **advisors**
- **240 millions** people reached by programs promoting healthy lifestyles



“...to a maximum number of people”



Danone world penetration
4.7 billion
people



100 million
additional
Danone
consumers
2009 vs 2008



How to accelerate “Danone mission” business opportunity?

Axes for sustainable performance



1
Health &
Nutrition
relevance

2
Breakthrough
models
for profitable
growth

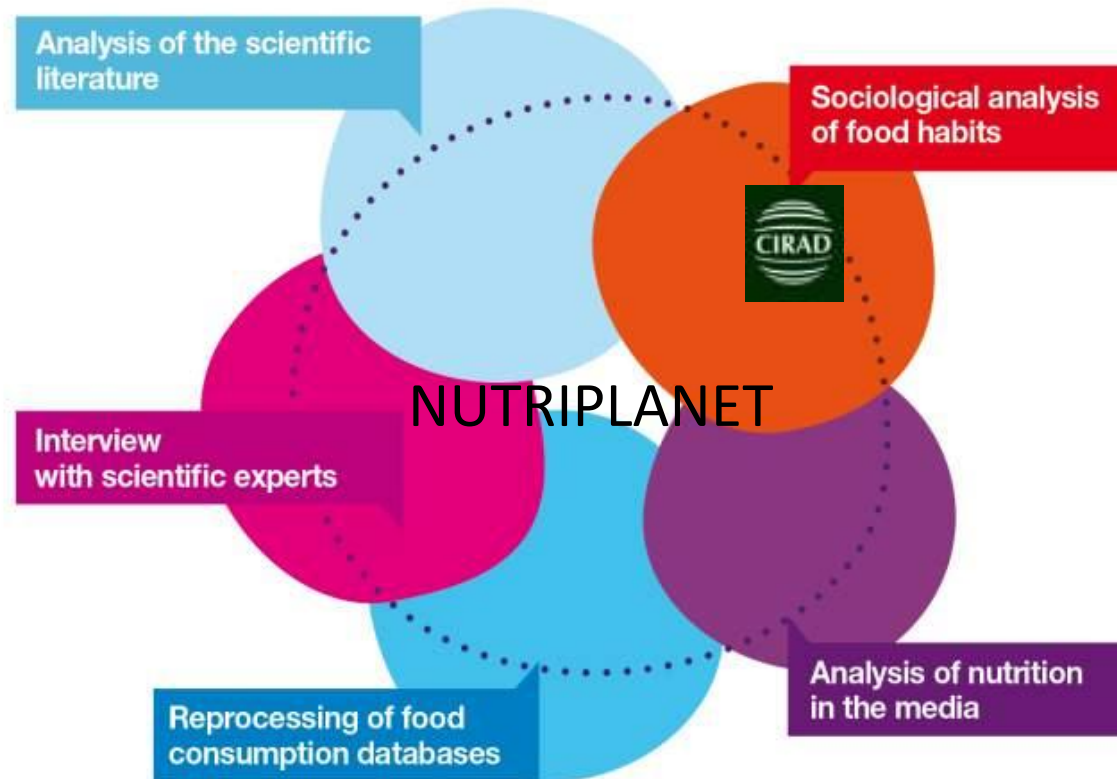
3
Sustainability

4
Connect
& dialog
approach

5
Organisation
& People

1. Health & Nutrition relevance

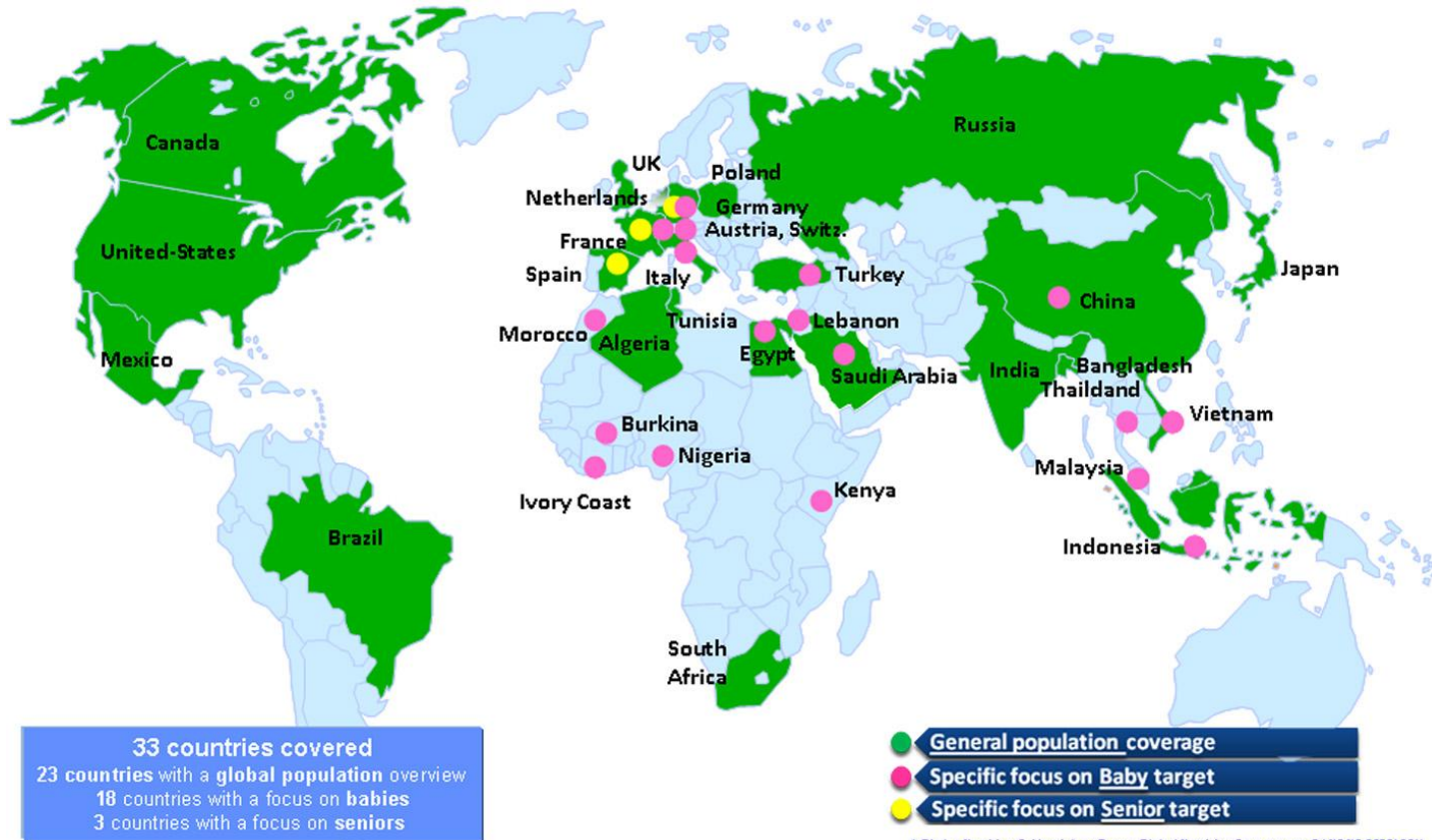
By identifying & answering local health issues



NUTRIPLANET
Danone tool to identify Health & Nutrition issue

1. Health & Nutrition relevance

By identifying & answering local health issues



33 countries covered by NUTRIPLANET

1. Health & Nutrition relevance




By identifying & answering local health issues


Role:


- Strengthen credibility
- Socialize water
- Bring insights


Development:


- Water Scientific Book
- Scientific Clinical Studies






 Prof. Hardinsyah



 Dr. Parindungan



 Dr. Sudung


 Dr. Budi

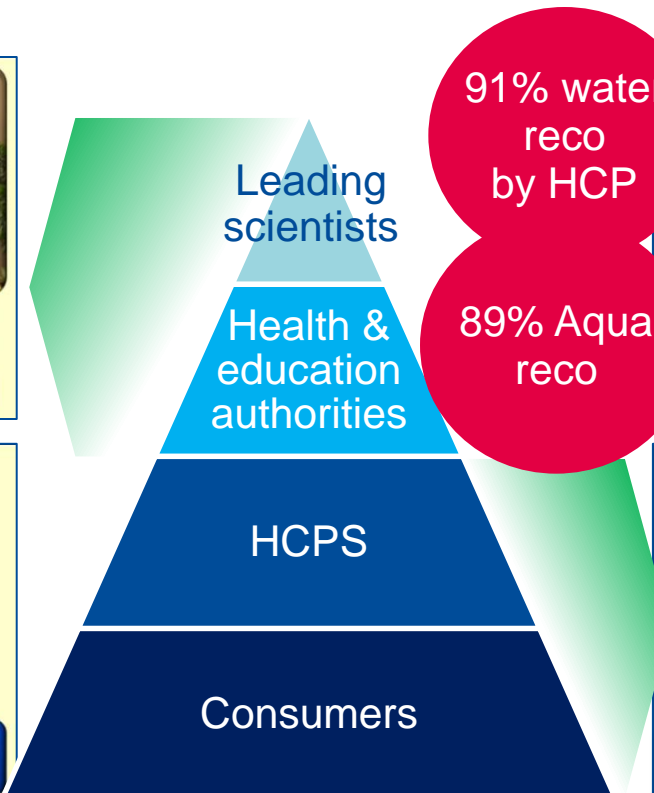



 Bogor Agriculture Institute


 University of Airlangga


 University of Hasanudin

The First Hydration Study in Indonesia
- 4 regions, 1,200 subjects




91% water reco by HCP

89% Aqua reco




Apakah Anda sudah cukup minum hari ini ?
Periksa kadar hidrasi Anda berdasarkan warna urine.






1200 HCP 7 KOL



40 Media with coverage

Drink at least 2 litres of Water a day



Water is in the foundation OF FOOD PYRAMID

46% Indonesian population DESHYDRATED

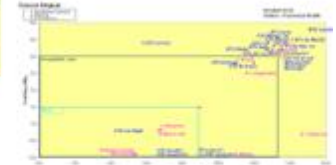
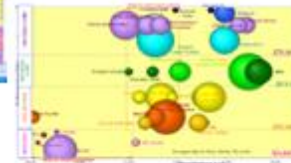
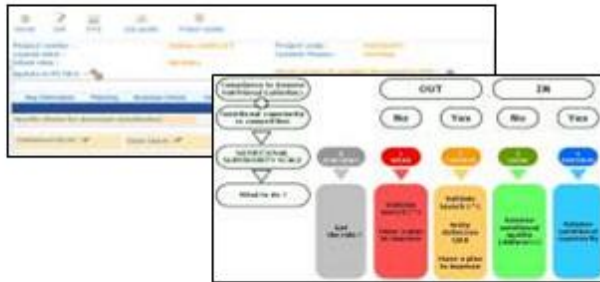


1. Health & Nutrition relevance

By improving our nutritional composition

Product in development

Product on the market



In 2010:
79% of products evaluated

Dairy 1,470 SKUs 2,000 competitors
Baby 2,060 SKUs 953 competitors
Waters 45 SKUs 414 competitors

Toplines

Toplines Dairy Brands - Q4 2007 - Q1 2008

Brand	Actual	Target	Actual	Target	Actual
Yogurt	48%	55%	51%	58%	47%
Ice cream	3%	5%	3%	5%	3%
Condensed milk	2%	3%	2%	3%	2%
UHT milk	18%	27%	17%	25%	17%
UHT milk (long life)	12%	17%	12%	17%	12%
UHT milk (short life)	3%	3%	3%	3%	3%

Action plans

A screenshot of an action plan table, detailing specific tasks and responsibilities for product development.

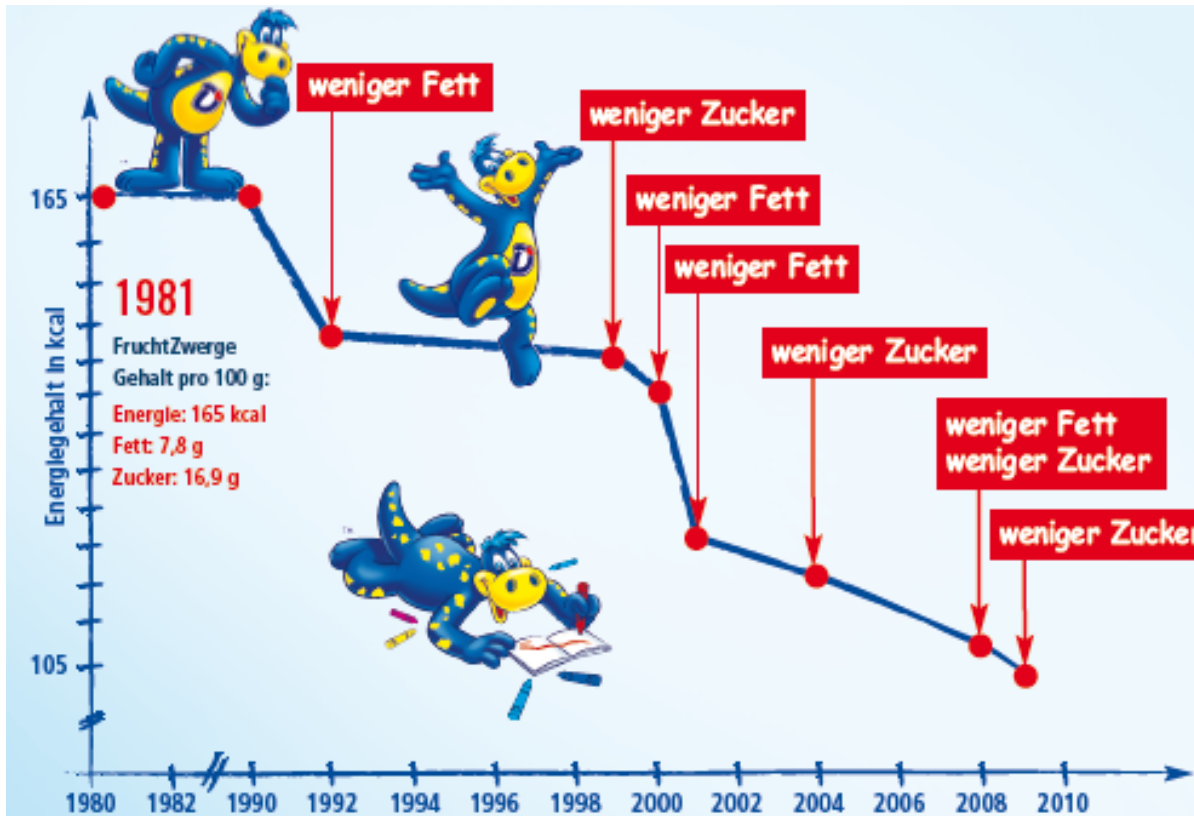
Global nutrition plan

Danone nutrition enhancement program



1. Health & Nutrition relevance

By improving our nutritional composition



Danonino Germany recognised by the German Child Association as part of a healthy snack for children.



Continuous improvement of Danonino formula, step by step

1. Health & Nutrition relevance



By targeting all levels of the pyramid

Price points

280

180

100

70



Enriched in proteins, iron, zinc, vit. A, iodine, calcium, folic acid



Milk Powder for Mums



Porridge Toddler 1-2 y



Micronutrient topping

Toddlers 2-5 y

In collaboration with:



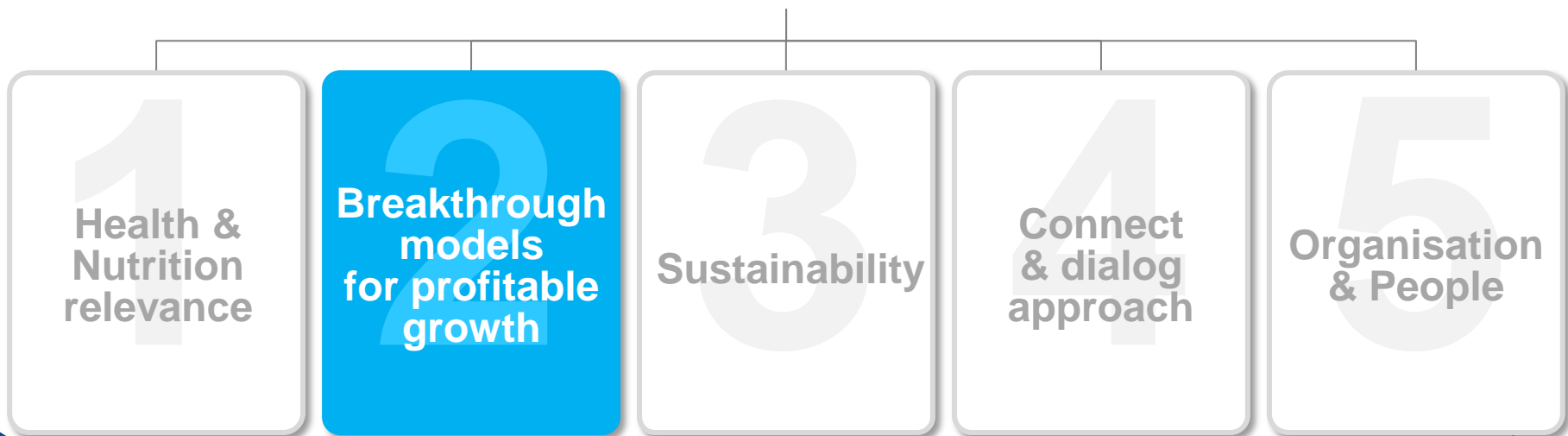
Nutritional Education Program for 37,000 Mothers

Gizikita: Adapted nutrition for low income mums, babies & toddlers



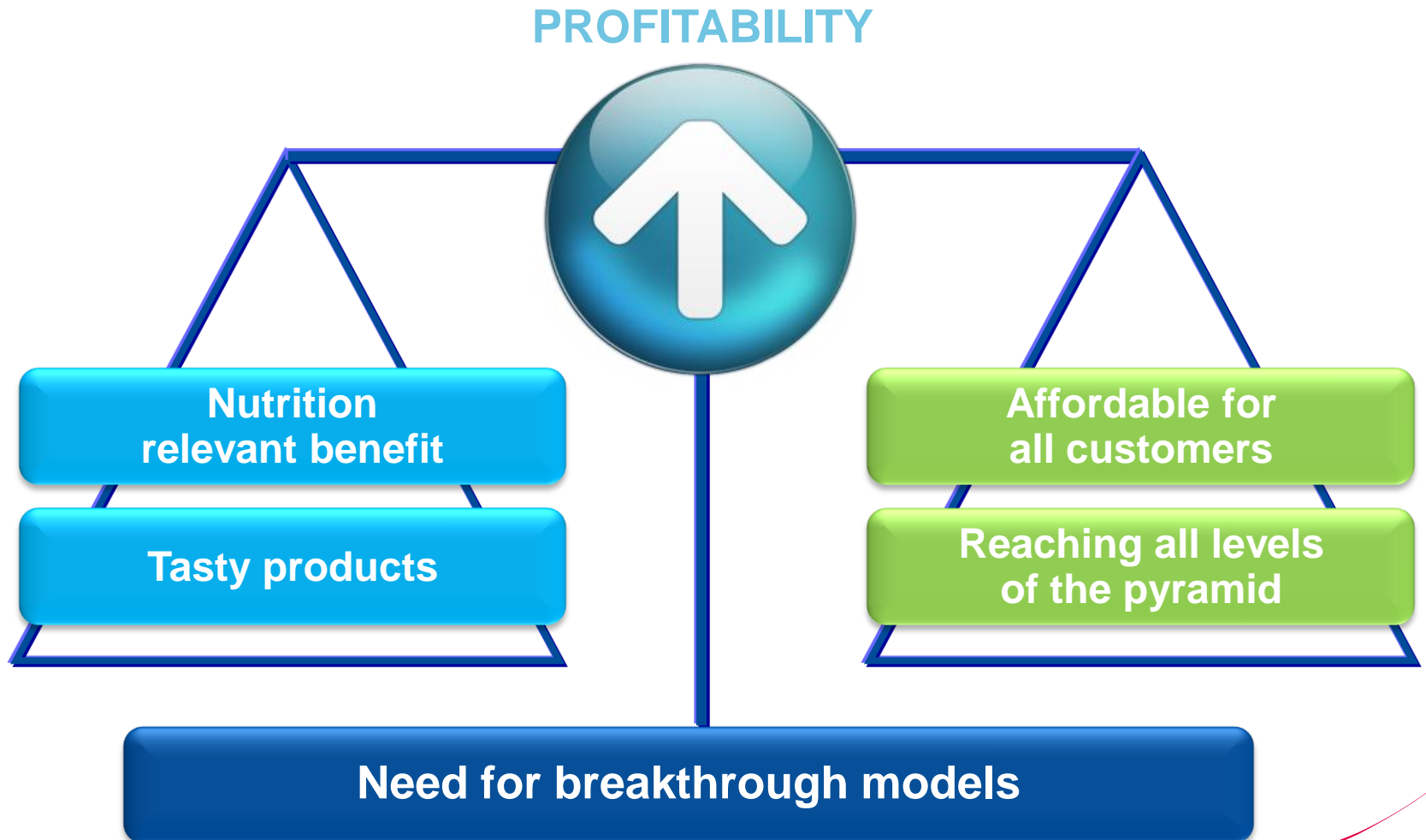
How to accelerate “Danone mission” business opportunity?

Axes for sustainable performance



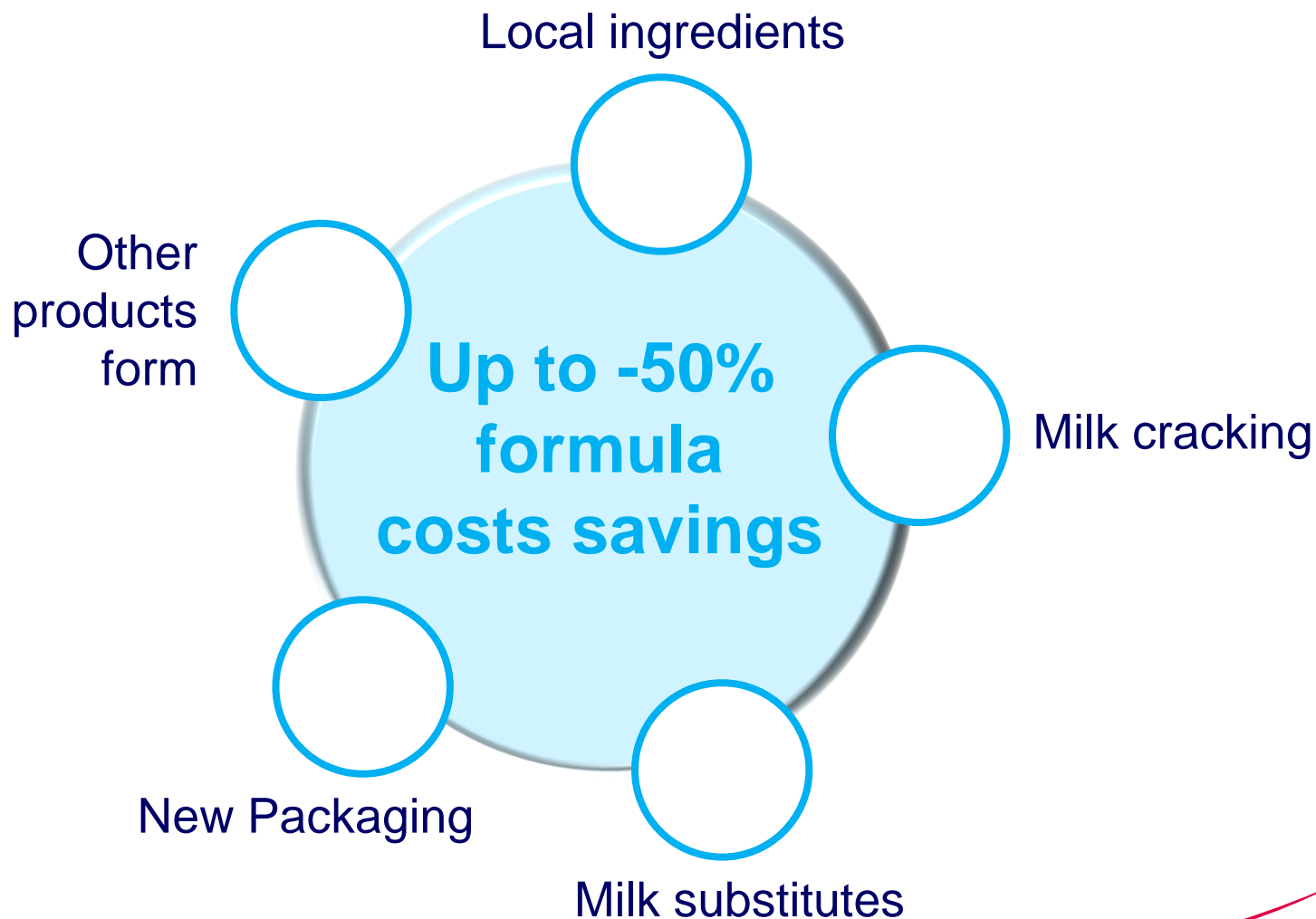
2. Breakthrough models for profitable growth

Impossible equation in an inflationary context?



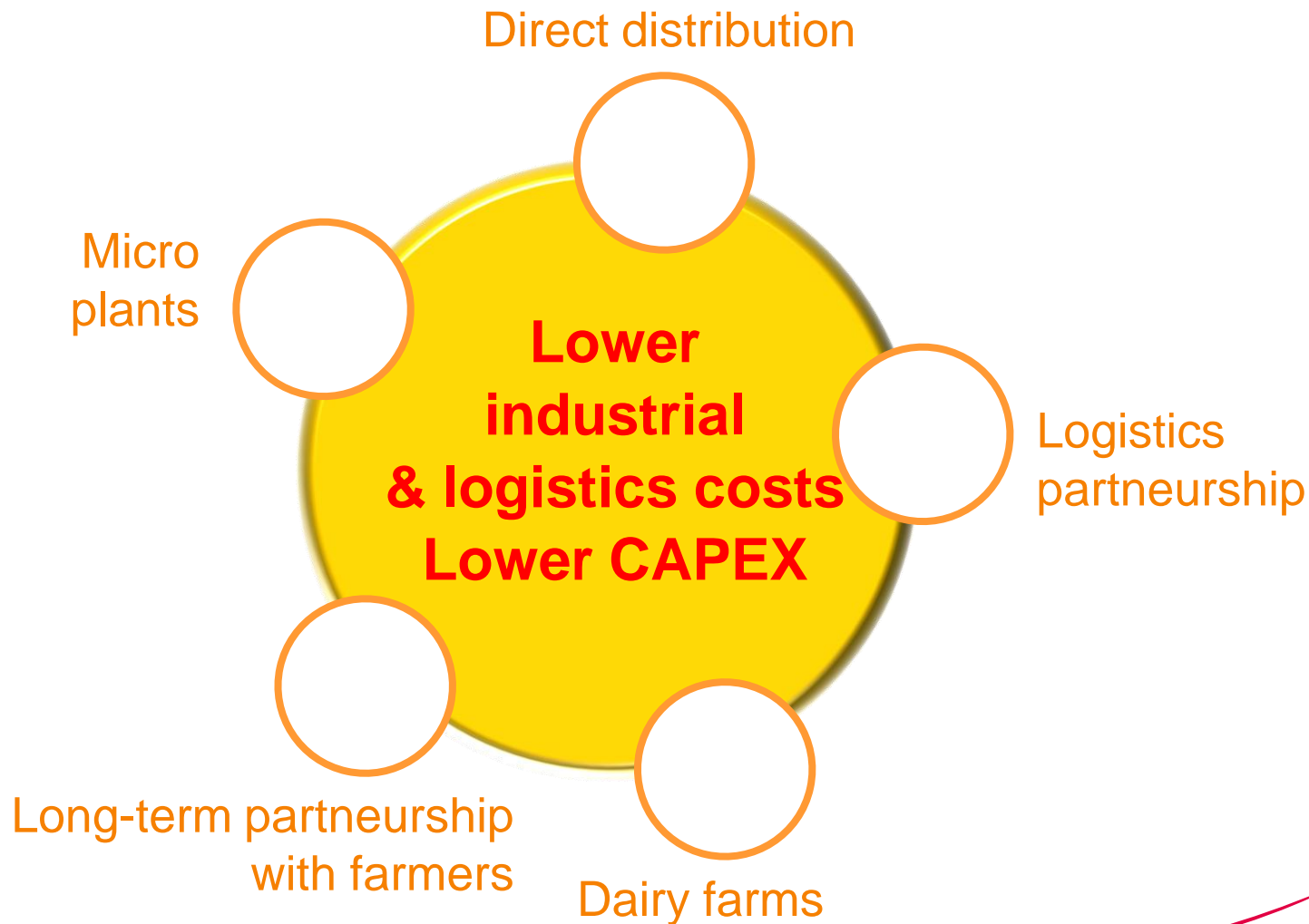
2. Breakthrough models for profitable growth

Breakthrough formulas



2. Breakthrough models for profitable growth

Breakthrough operating models



2. Breakthrough models for profitable growth

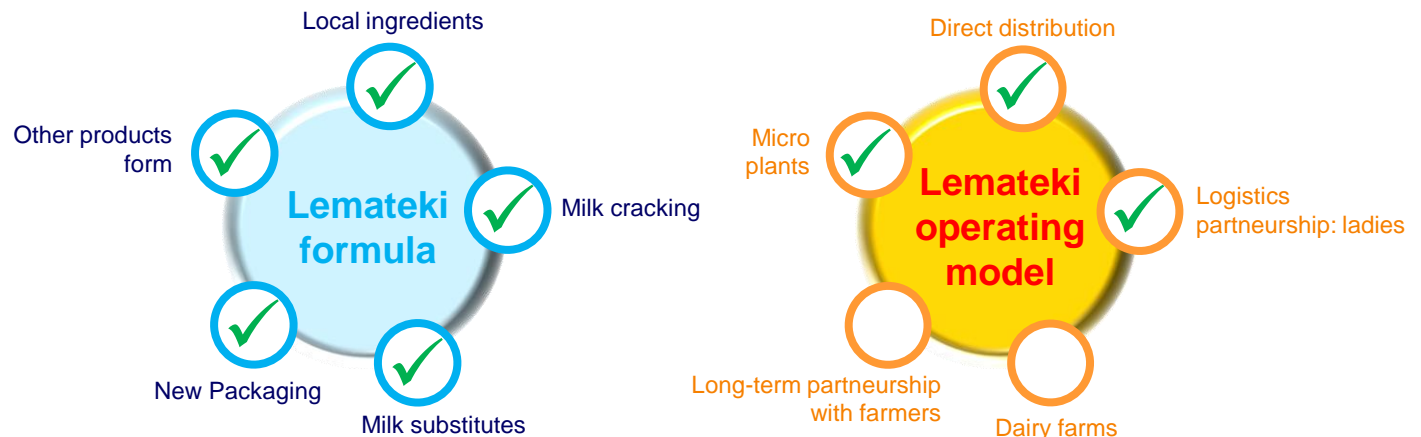


Breakthrough formulas & operating models

- Origin of the project – Mme Diallo Diokh
Co-development with Danone R&D:
local processes and cultural cooking ingredients
- **Co-building:** NGOs - ENDA,
GRET + Danone Communities + KOLs
- **Education program** in Dakar schools



Fortified Formula



**Lemateki: affordable delicious nutritive paste
For kids 6-12 yo in Dakar (Senegal)**



2. Breakthrough models for profitable growth

**Breakthrough
models**

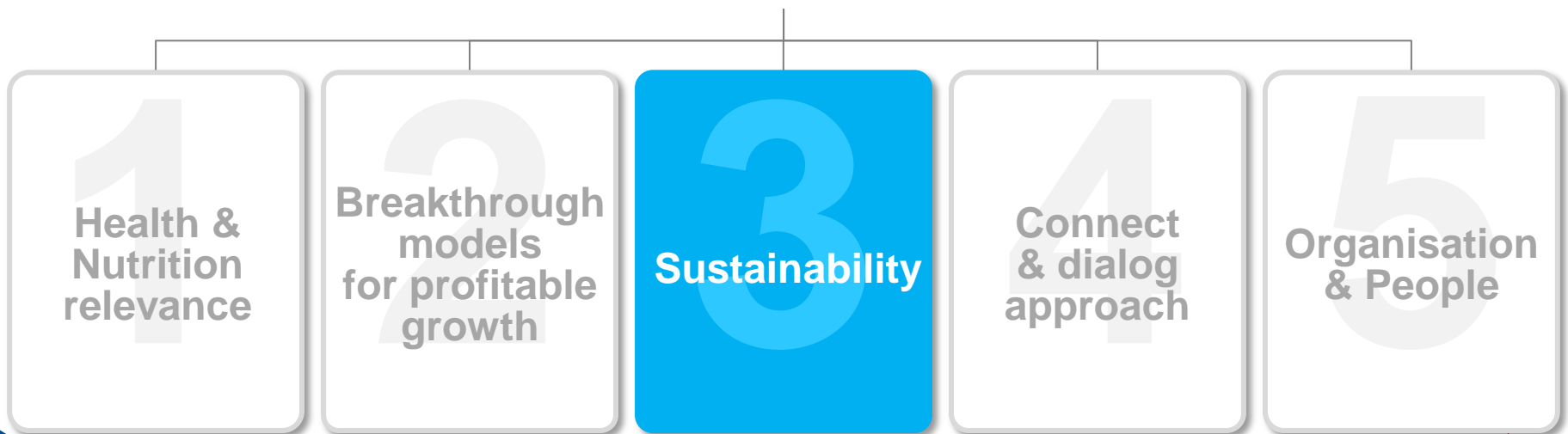
From Engine of profitable growth
in **emerging markets**

To Engine of sustained
productivities & innovations
in **mature markets**



How to accelerate “Danone mission” business opportunity?

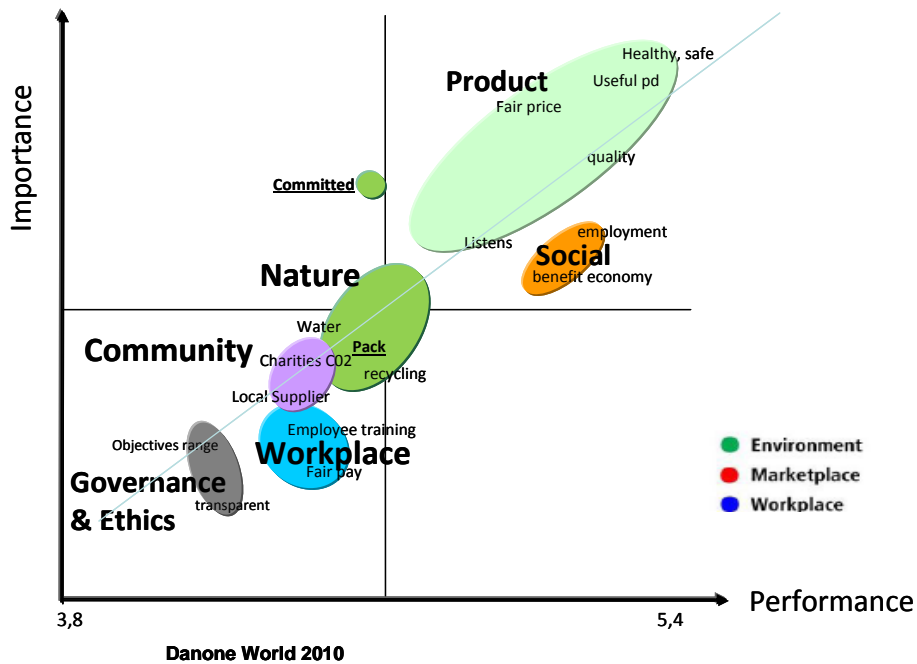
Axes for sustainable performance



3. Sustainability

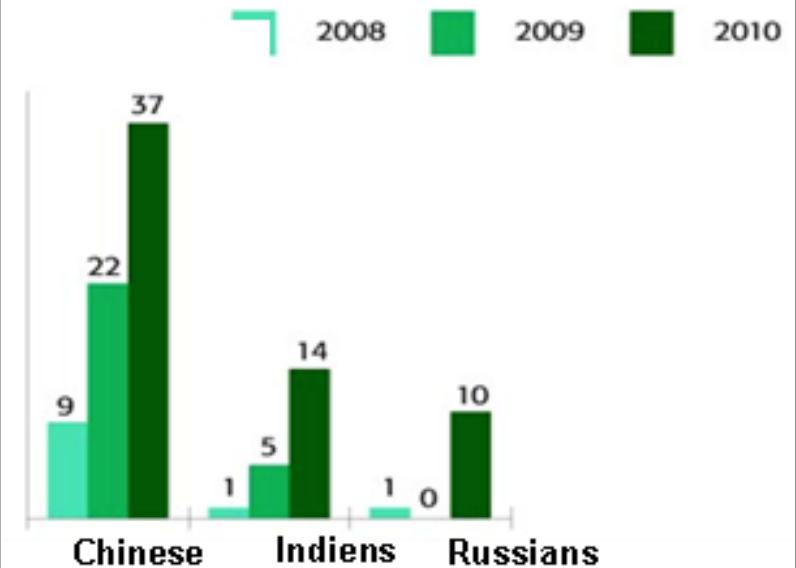
A raising demand & concern for consumers

Expectations in companies' responsibilities



Environment

Most important national issues in China, India, Russia

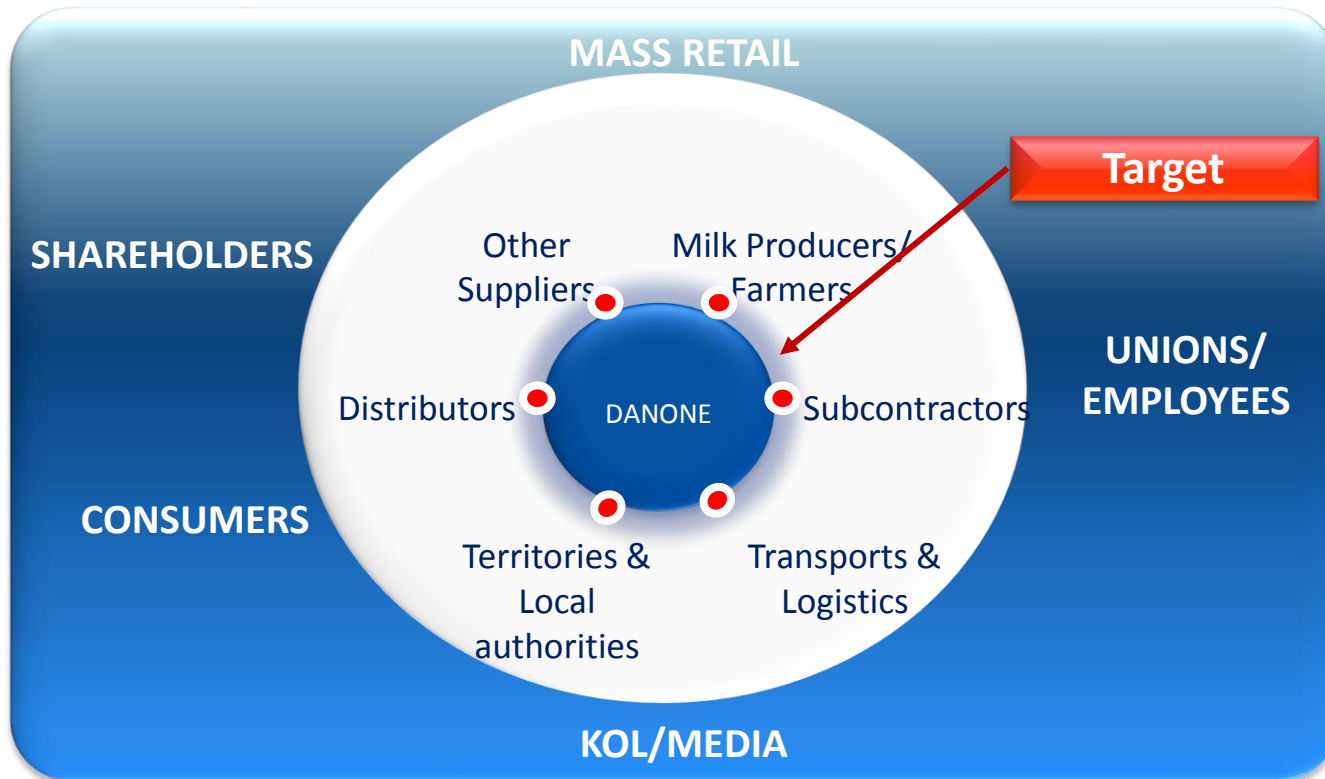


**Social & Nature:
key concerns WW for consumers**

Source: 2010 Havas sustainable Future 2010, countries: Brasil, France, Spain, Mexico, UK, US

3. Sustainability through Ecosystem

The Business ecosystem



All stakeholders whose activities are impacted by Danone and who act closely with its local subsidiaries from an economic, social and territorial point of view



3. Sustainability through Ecosystem

Danone France: building consumer preference via Upstream strategy



Ma ferme est située à moins de 20 kilomètres de l'usine Danone. Et avec une telle distance, je suis sûr de leur livrer un lait frais et d'excellente qualité. //



Pour en savoir plus sur Jean et sa passion, rejoignez nous sur aulaitdenoseleveurs.com

Health & Quality

44 km from the factory
Traceability & Quality

Socially responsible

92% from France

Objective

- Secure the sustainability of milk ecosystem around the factory via building farmers entrepreneurship

Plan

- Share best technical practice
- Run coaching (competitiveness, environment)

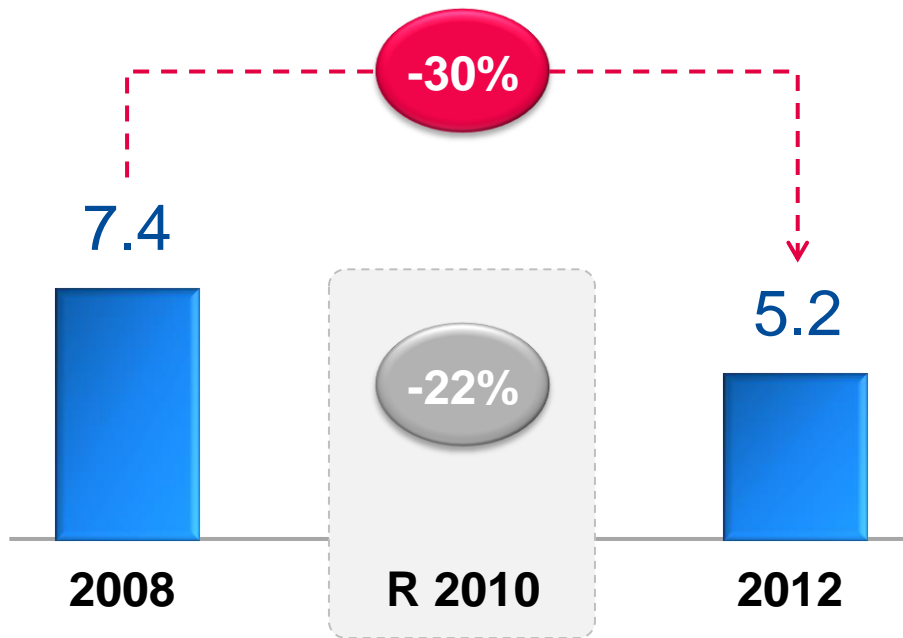
*Made from our farmers' milk

Ecosystem

3. Sustainability through Nature

A strong Danone ambition on Nature

CO₂ kg/tn at constant volumes



On Direct Danone Responsibility that counts for **45% of our total emissions:**

- Factory
- Packaging
- Transportation

- 30% CO₂/kg 2008 - 2012



3. Sustainability through Nature

Danone commitments since 2000

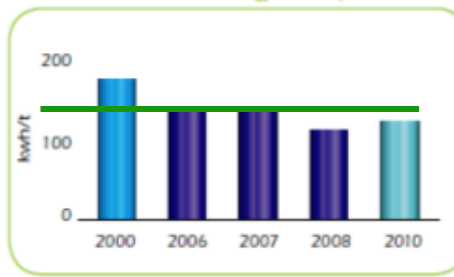
Precise objectives to reduce natural resources consumption on a 10-year horizon were established by Danone Executive Committee in 2000

Energy consumption **20% reduction**

Water consumption **30% reduction**

Waste recovered **80%**

Global thermal energy consumption



Objective 2010 : 118 kWh/t

Surpassed:
-45%

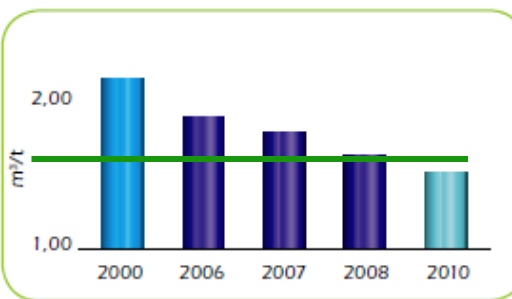
Total global energy consumption



Objective 2010 : 220 kWh/t

Surpassed:
-45%

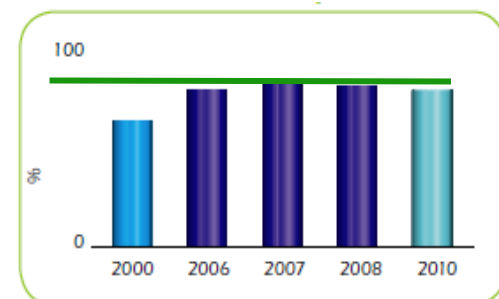
Global consumption of water



Objective 2010 : 1,56 m³/t

Surpassed:
-35%

Waste recovery



Objective 2010 : 80% of waste recovered.

Surpassed:
86%

3. Sustainability through Nature



Nature as Business opportunity

Green packs in Waters and Dairy:
Volvic Goes Green



The first Vegetal bottle ever

After Launch of Volvic 50 CL
in oct. 2010

20%
of vegetal
origin

2nd
generation/
sugarcane

-40%
CO₂
impact

Launch 1.5L april 2011

3. Sustainability through Nature



Nature as Business opportunity

Green packs in Waters and Dairy:

Actimel Goes Green



Launch April 2011

95%
of vegetal
origin

1st
generation/
sugarcane
Ethanol
based

-17% CO₂
impact

innovation

UNE BOUTEILLE EN PLASTIQUE D'ORIGINE VÉGÉTALE

Danone s'est fixé comme objectif ambiteux de réduire de 30% son empreinte carbone à l'horizon 2012. Dans le cadre de cet engagement, Danone innove : voici la nouvelle bouteille Actimel en plastique d'origine végétale qui permet de réduire les émissions de CO₂.

Une bouteille d'origine végétale, ça se fabrique comment ?
Le plastique des bouteilles Actimel est fabriqué à partir d'un sucre issu de cannes à sucre. Le sucre de canne est transformé en éthanol. Celui-ci est ensuite transformé en plastique. C'est un processus qui permet de réduire de 30% les émissions de CO₂ par rapport au plastique traditionnel.

L'empreinte carbone est réduite
La nouvelle bouteille Actimel est produite dans un processus innovateur et est à 95% d'origine végétale. Cette bouteille permet ainsi de réduire de 17% les émissions de CO₂ par rapport au plastique traditionnel.

Une bouteille toujours responsable. Actimel innove et se veut vertueux, et comme toute bouteille en plastique, elle est 100% recyclable. Elle est aussi 100% recyclable. Elle est aussi 100% recyclable. Elle est aussi 100% recyclable.

KOL meetings
KOL
RP
TV
900 GRF

TRADE
1500 POS + animations

PACK
7 mois on pack

PRESS
22 insertions

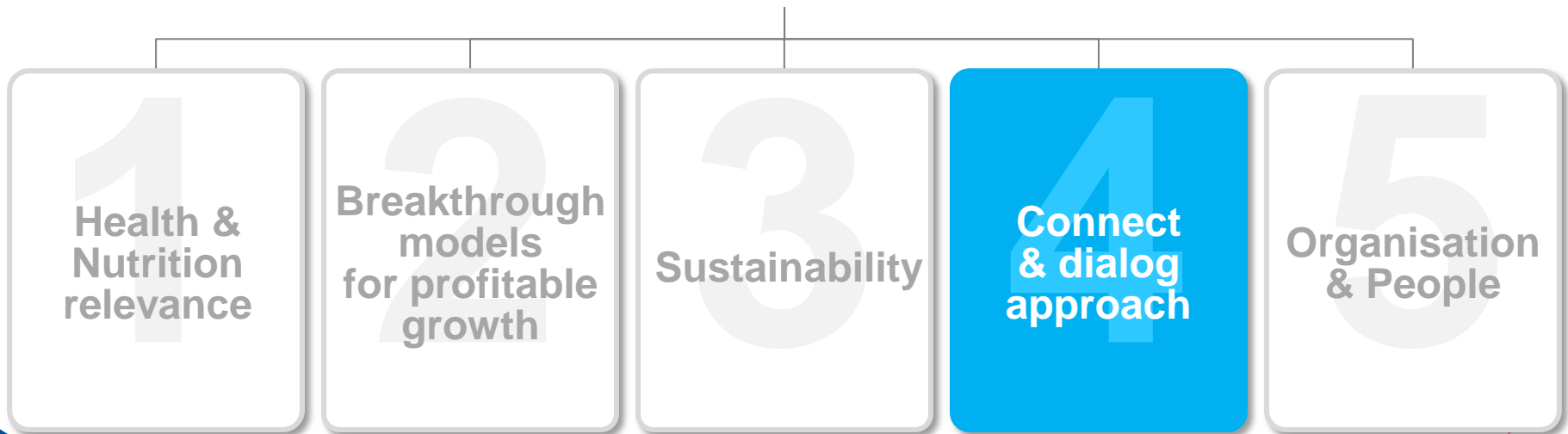
SITE INTERNET

WEB
150K€
273 GRP
16M PAP @

Un petit geste pour demain!

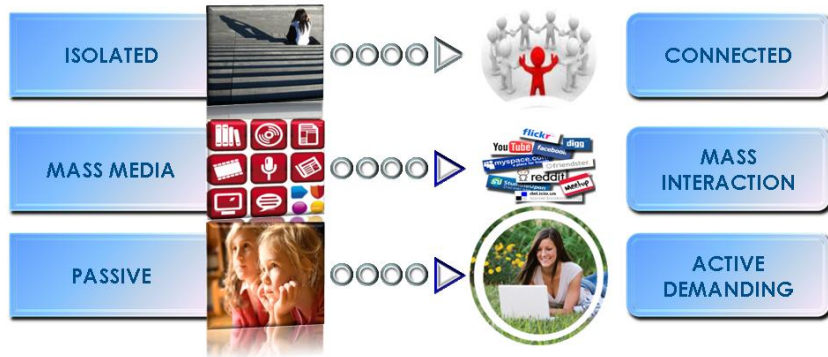
How to accelerate “Danone mission” business opportunity?

Axes for sustainable performance

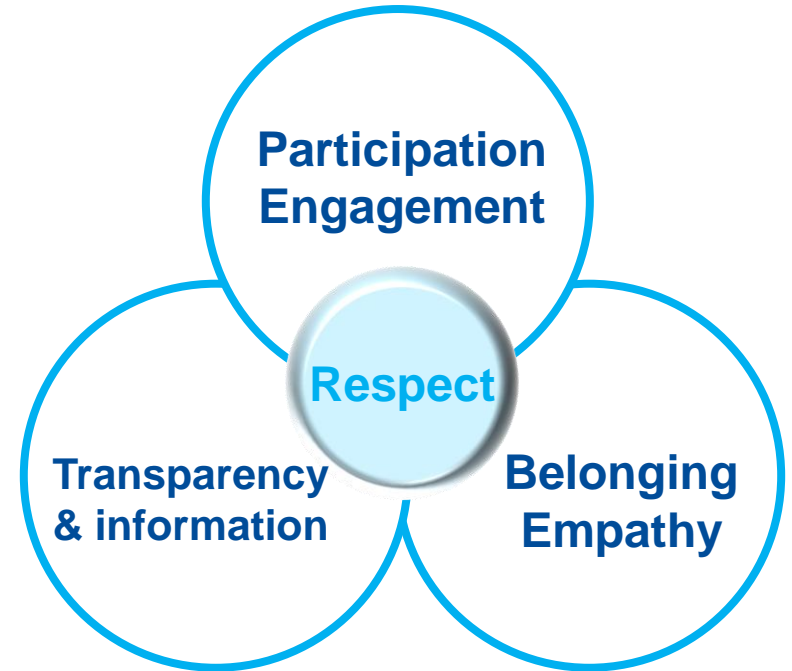


4. Connect & dialog approach

The social media revolution: a sociological shift



+500 mln people in Facebook
4th country in the world



- **75%** of people feel that companies don't tell the truth
- **78%** people trust peer recommendations
- **14%** brand recommendations

4. Connect & dialog approach

Opportunity to boost dialogue & co-building approach

A MULTI-STAKEHOLDERS APPROACH

Key opinion
leaders



Prescribers
& influencers



Consumers



Danoners



SUSTAINABILITY ROADMAP

For a business-integrated sustainability strategy

1 CREATE
sustainability
committee

2 IDENTIFY
sustainability
issues

3 PRIORITIZE
sustainability
challenges

4 INTEGRATE
stakeholders'
positions

5 DESIGN
sustainability
strategy &
roadmap

4. Connect & dialog approach



Co-building with KOL for business impact

Mum, Dad I prefer water “educational campaign” in Poland



Source: Synovate, U&A for Numico, 2007 & IPSOS U&A for ZZ 2006

Only 8% kids drink water

Water and Hydration Educational kit for schools

Pedagogical Toolkits for
 Teachers
 Children
 Parents

2.200 schools & preschools
300.000 kids impacted directly

Increase Category penetration: **+1 pt**

-  Ministry of Health
-  Food & Nourishment Institute
-  Mother&Child Institute

360 Brand activation

OPERTA SPECJALNA
 WYBIERAJCIE SIĘ NA WODĘ



DANONE

4. Connect & dialog approach

Dialog with consumers for transparency and reputation



1 Q&A Platform

- Direct questions from consumers
- One to one video or written answers by Team Actimel



2 Credibility Tour

- Real Consumers receive a tour at the Danone research center
- They report as ambassadors (written & video) what they have learned



3 Fresenius Endorser

- A credible 3rd party endorsing Actimel BENEFIT



Digital support (Banners and SEM) to bring targeted awareness

4. Connect & dialog approach



“Milk of our farmers” campaign



34% advertising

147 mln contacts

Bought



10% content production

43 mln contacts

Owned



5 Régions



56% Buzz

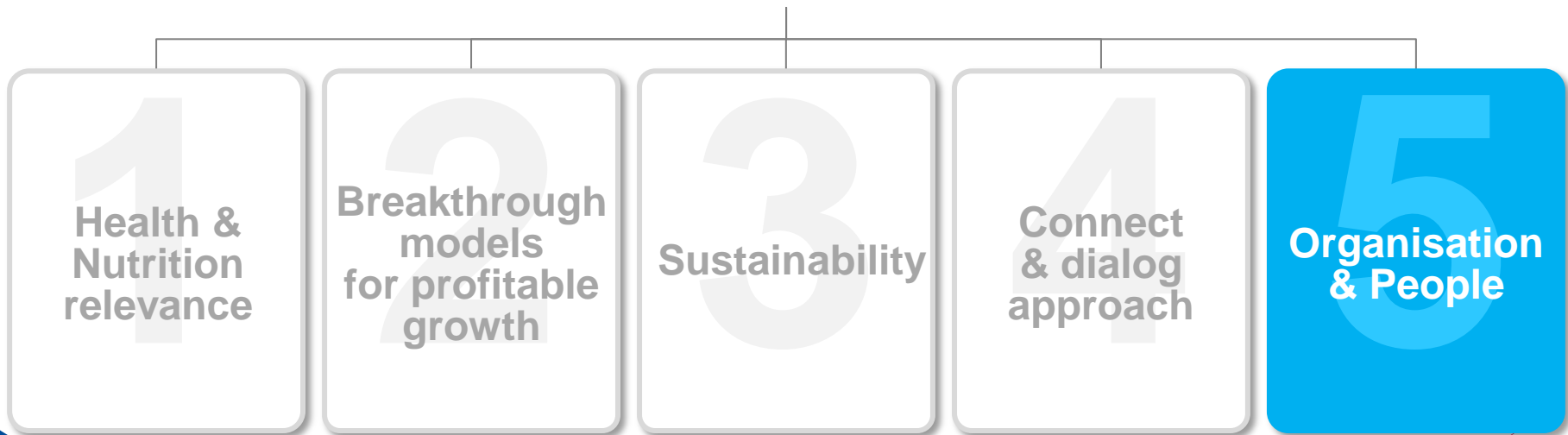
239 mln contacts

Earned



How to accelerate “Danone mission” business opportunity?

Axes for sustainable performance



5. Organisation & People

Gouvernance: The Board of Directors and its Committees

BOARD OF DIRECTORS

14 members/8 independent

Audit Committee

3 members / 3 independent

=> Financial statements
and performance

Nomination & Compensation Committee

3 members / 2 independent

=> Corporate Governance
issues and Top
Management rewarding
system

Social Responsibility Committee

4 members / 3 independent

=> Social and
Environmental matters

5. Organisation & People

Our HR schemes to build commitment

1,400 Top executives

ANNUAL BONUS SCHEME



eg: EBIT objective = CO₂ reduction objective
= 11% target Bonus

5. Organisation & People

A top level of engagement

87% | The highest **ENGAGEMENT** score of danoners in history and superior to the most performing companies ever

