



Business Conduct Policies

GROUPE DANONE

1. Introduction

This document reflects the wish of Groupe DANONE¹ to formalise the principles required in relations:

- between the employees and the Company, on the one hand,
- between the Company, its employees and Third Parties, on the other.

These principles are: rigour, transparency and compliance with laws and regulations.

These principles refer to the following international agreements:

- the Universal Declaration of Human Rights,
- the international conventions of the International Labour Organisation
- the guiding principles of the OECD for multinational companies,
- and the commitments which Groupe DANONE has made within the context of the Global Compact concerning human rights, labour rights, the protection of the environment and the fight against corruption.

They are based on the values of Groupe DANONE and the spirit of the “DANONE Way” and apply to all of the employees of the companies controlled by GROUPE DANONE throughout the world.

Groupe DANONE undertakes to promote these principles in all of the companies in which it holds an interest.

These Principles form the basis of compulsory application for all the companies of Groupe DANONE, and such companies may explain or supplement these Principles according to local regulations.

This document is a general guide which recalls the rules that every employee of Groupe DANONE must follow. It is not intended to be exhaustive.

Many other systems and procedures capable of enlightening employees about their work and their responsibilities are accessible on the DANONE Communication Intranet. It is the responsibility of every employee to use all these resources for the exercising of his/her activity.

In the event of doubt regarding the content of this document, the employee shall consult his/her management.

¹ In this document, Groupe DANONE means the GROUPE DANONE company itself and all its controlled companies.

2. The commitments of GROUPE DANONE

2.1 *As regards consumers*

Groupe DANONE bases its success on the quality of its products and on the satisfaction of its consumers. Attentive to their needs and their expectations, Groupe DANONE undertakes to provide them with transparent information.

In each country it operates, Groupe DANONE complies with any regulations issued by sanitary authorities. Each company has the adequate quality structures and tools to ensure the right monitoring of its production and the compliance with the food safety obligations.

2.2 *As regards its employees*

Beyond the application of the Fundamental Social Principles referring to the conventions of the International Labour Organisation on the following subjects:

- Child labour
- Forced labour
- Non discrimination
- Freedom of association and collective bargaining right
- Health and safety at work
- Working hours
- Remuneration

Groupe DANONE seeks to maintain and promote the personal and professional satisfaction of its employees in the spirit of its dual commitment to business success and social progress.

2.3 *As regards its shareholders*

Groupe DANONE maintains the confidence of its shareholders by regularly providing them with transparent information.

Groupe DANONE ensures compliance with stock market regulations and the principles of corporate governance.

The accounts of the companies of Groupe DANONE reflect in a precise, fair and accurate way all of the transactions carried out. All the assets and liabilities are included in the financial statements in accordance with the accounting principles applied by Groupe DANONE.

Every company has established suitable internal control procedures to ensure the control of its operations and the reliability of its financial information.

2.4 As regards its suppliers and its customers

Groupe DANONE establishes equitable long-term relations with its suppliers and its customers and promotes with all of them the principles described in this document.

2.5 As regards its competitors

Groupe DANONE expects its employees to comply with the applicable laws regarding competition. No agreement or arrangement can intervene with the competitors aiming at reducing the free competition.

2.6 As regards the environment

Groupe DANONE complies with the environmental regulations of the countries where it operates.

Beyond regulatory compliance, Groupe DANONE promotes measures which take into account the protection of resources and of the environment.

2.7 As regards the countries where Groupe DANONE operates

Groupe DANONE takes the attitude of a responsible company in the country in which it operates. It rejects any form of corruption.

Granting direct or indirect payments or hidden benefits to clients, suppliers or the representatives of public authorities or, in general, to any interested third party are strictly forbidden. Likewise, Groupe DANONE employees must not under any circumstances accept such payments or benefits from third parties which have a business relationship with the Group.

It conducts its operations in a spirit of long-term development.

Groupe DANONE ensures that its employees comply with the laws and regulations applicable in the countries in which it operates.

3. The commitments of the companies controlled by GROUPE DANONE

The companies controlled by GROUPE DANONE shall apply the commitments of the Group.

Every company controlled by GROUPE DANONE and every employee is expected to behave in a way that does not elevate the objectives and interests of the company over the objectives and interests of Groupe DANONE taken as a whole.

In the absence of laws or regulations or if the latter are unclear, it is the responsibility of the interested parties to consult with the Group. In this case, the Group shall refer to the ethical rules and to the practises generally accepted in the European Union as regards the business conduct of listed companies.

4. Principles for the behaviour of employees

Every employee of Groupe DANONE acts with fairness, integrity and a sense of responsibility, in accordance with the commitments of Groupe DANONE.

4.1 *Relations with third parties*

Employees represent their company and Groupe DANONE and, as a result, affect its image and its reputation. They must refrain from making unreasonable commitments in relation to their function.

Employees undertake not to use the funds or other assets of their company or of Groupe DANONE other than in the context of the activities and objectives of Groupe DANONE in compliance with the following conditions:

- Transactions correspond to a service or supply of goods
- Prices are not knowingly falsified compared with market conditions or normal practises.
- Payments are made directly to the co-contracting individual or company.

Employees undertake not to use the funds or other assets of their company or of Groupe DANONE, directly or indirectly, for the benefit of associations and/ or bodies without the formal agreement of the management.

Employees express themselves in the name of their company or of Groupe DANONE, especially to journalists, within the context of the communication rules stipulated by Groupe DANONE.

4.2 *Confidentiality and protection of the assets of GROUPE DANONE*

Every employee ensures the protection of and compliance with the intellectual property (registered trademarks, patents and copyrights) of all the projects and know-how of any kind of Groupe DANONE and of any confidential information.

Every employee is obliged not to disclose confidential information such as decisions, plans and budgets, unpublished results, remunerations, sales forecasts, new products, industrial processes, research programmes and acquisition or divestiture projects, etc:

- To third parties outside of Groupe DANONE
- To other employees of Groupe DANONE, except if he/she is certain (notably by experience) that this transmission of information is necessary for the execution of his/her mission and complies with the interests of the company.

This obligation remains in force for every employee after his/her departure from Groupe DANONE.

Every employee ensures the suitable and measured use of Groupe DANONE resources and the protection of its assets. He/she avoids improper use. He/she uses the means provided to him/her for the proper conduct of his/her mission in compliance with the interests of Groupe DANONE and the applicable rules.

4.3 Conflicts of interests

Employees of Groupe DANONE must avoid any conflict between their personal, direct or indirect interests (i.e. concerning their spouses, their family or persons that are dependent on them) and the interests of Groupe DANONE.

To establish whether he/she is in conflict of interest or not, the employee must ensure that he/she acts in the best interests of Groupe DANONE, to the exclusion of any other consideration, personal preference or specific benefit.

Certain situations may be considered as capable of entailing such conflicts of interests, in particular:

- The holding by an employee (directly or indirectly) of financial interests in a company which is – or seeks to become – a customer, a supplier or a service provider of the company of Groupe DANONE or in a company competing fully or partially with the activity of the company of Groupe DANONE. Such situations are, by principle, prohibited except with the prior, written authorisation of his/her management.
However, this provision does not apply in the event of a purely financial investment in a listed company.
- The exercising by an employee (directly or indirectly) of a function as Director, Manager, Executive or Consultant in an industrial or commercial company which is – or seeks to become – a customer, a supplier or a service provider of Groupe DANONE or in a company competing fully or partially with the activity of Groupe DANONE.

When an employee finds him/herself in such a situation, the Chief Executive of the company informs Groupe DANONE thereof. It is the responsibility of the General Management of Groupe DANONE to grant, or not, the prior, written authorisation.

- For any other conflict of interest situation, the employee must inform his/her management thereof.

4.4 Participation in the management of associations or of third party companies

4.4.1. Non-profit associations and bodies

In the event where employees freely participate in the activities of non-profit bodies and associations or exercise elective mandates of their choice, they must ensure that this participation does not imply any request for financial support from Groupe DANONE and does not significantly encroach on the working hours that they must reserve for the Group.

When an employee believes that his/her activities take a significant share of the working hours that he/she must reserve for the company of Groupe DANONE which employs him/her or risks entailing a request for financial or other support from the latter, he/she must obtain prior authorisation from his/her management.

These provisions do not involve participation by employees in professional bodies or associations related to the activity of Groupe DANONE, which is part of their mission.

4.4.2. Directorship exercised in the name of Groupe DANONE

Directorships that an employee may carry out in the name of Groupe DANONE in companies fall within the context of his/her normal responsibilities and do not give rise to any additional remuneration.

If the company pays Director's fees, this amount shall be taken into account in the total remuneration of the employee concerned.

4.4.3. Management and administrative functions exercised on a personal basis.

In order not to limit their availability for the Groupe DANONE, employees are requested to limit the acceptance by them of management and administrative functions exercised on a personal basis in companies outside of Groupe DANONE.

Employees inform their management before accepting any function of this kind. An employee occupying management or administrative functions in a company outside of Groupe DANONE must act in the sole interests of this company and must not:

- present him/herself or behave as the representative of Groupe DANONE,
- or use the funds, assets or the credit of his/her company or of Groupe DANONE.

The employee's expenses to carry out his/her functions must not be paid for by Groupe DANONE.

Furthermore, the rules set out above as regards conflicts of interest apply to all the cases cited above.

4.5 Special benefits from which employees could benefit

Employees undertake not to use the staff, the equipment and other assets of their company or of Groupe DANONE for personal needs (direct or indirect) for a purpose other than that of the attainment of the objectives of their company or of the Group.

Employees undertake, for themselves, their spouses, their family and the people in their entourage, not to accept from any person or company having – or seeking to develop – business relations with the company or Groupe DANONE:

- rebates, commissions or other forms of remuneration
- loans or advances, other than those obtained from banking or financial establishments at market conditions

- goods, equipment, services, repair or improvement work without payment or the invoices prices for which would not reflect those which are normally applied in the market
- travel invitations or vouchers of an excessive value which would represent an individual operation or an operation reserved for a very limited number of people
- gifts other than of symbolic value.

Employees are prohibited from using DANONE Group funds or other assets, directly or indirectly, to the benefit of political entities except where this is in compliance with the laws and regulations in force in the country concerned, and with due regard for transparency.

Groupe DANONE encourages its employees to participate in the life of their local community and support local associations.

4.6 Transactions in the securities of GROUPE DANONE or of the listed subsidiaries of the Group

4.6.1. Introduction

Groupe DANONE wishes to continue the development of employee shareholdings. In the face of the increasing number of French and foreign employees who are shareholders of Groupe DANONE and in the context of the increased volatility of financial markets, it seemed to be necessary to draw the attention of employees to their responsibilities concerning investment transactions that they carry out in Groupe DANONE shares, all the more so since the changes in international stock market regulations will probably oblige Groupe DANONE to inform the public on a regular basis of the transactions carried out by certain categories of its employees, in particular its managers. Groupe DANONE thus wants its employees to be able to act with full knowledge and in a secure environment.

The objectives of Groupe DANONE are to ensure compliance with the recommendations issued by the stock market authorities in the field of the management of the risks associated with the holding, disclosure or eventual use of privileged information.

Employees are reminded that it is their responsibility to verify whether they are not in a situation which forbids them to purchase or to sell the shares of Groupe DANONE.

Similarly, the purchase or the sale of a call or a put in Groupe DANONE securities (call/put) may be considered as a speculative act since the price is deferred and fixed in advance. The use of such instruments by an employee of Groupe DANONE may thus raise questions on the part of the stock market authorities about the eventual connection between this transaction and the holding of confidential information, notably and especially within the framework of the covering of stock option schemes where the employees who are beneficiaries of subscription or purchase options in the shares of the company may have insider information and must, in this case, comply

with the rules below and those contained in the regulations of the stock options scheme.

As a result, if such transactions must be carried out, they must be capable of being clearly justified and used with all the more discernment by employees.

From this point of view, Groupe DANONE does not wish to encourage the establishing of mechanisms for the covering of stock options by its employees and thus encourages the latter to limit the use that they could make of these financial instruments.

Lastly, the employees of Groupe DANONE, whether they are of French or European nationality or of a nationality of a country outside of the European Community, may be concerned by these rules and/or by those of the country in which they live. As a result, every employee of Groupe DANONE must personally ensure compliance with the different legislation, in particular tax legislation, which could apply to his/her situation.

The following reminders and explanations do not replace all employees' duty to make sure that their management of investments in Groupe DANONE shares is legal under applicable laws.

4.6.2. Privileged information: Definition

Privileged information is non-public and precise information concerning a company and the securities or negotiable financial instruments of this company which, if it were made public, could have an effect on the price of these securities or instruments.

Numerous items of information may be considered as privileged information, subject to their being significant at the level of Groupe DANONE. The list below is not exhaustive, but will allow some of the most frequent cases to be covered that are encountered in the exercising of their functions by their employees:

- any information concerning the quarterly half-yearly or annual results of a CBU with sales of more than € 500 M or concerning a zone or a business line as defined in the financial documents published by Groupe DANONE,
- one-off items of information concerning sales contracts, investments, acquisitions, disposals, launchings of new products for which:
 - annual sales forecast in 3 years exceed € 50 M or
 - the cost for the current year (dilution for an acquisition, cost of launching or listing, etc.) exceeds € 5 M or
 - the amount invested exceeds € 20 M
 - strategic information concerns significant changes in the policy of Groupe DANONE.

4.6.3. What are the various categories of insiders involved with this privileged information?

So that each employee concerned may more easily understand his/her own situation as regards the stock market regulations, one normally distinguishes between three categories of insiders:

- **the permanent insiders**, i.e. the members of the Executive Committee, the Directors, the Managers of the departments exercising their functions at the head office, most of their direct employees and certain members of their teams
- **the temporary insiders**, i.e. those who are regularly called upon to handle significant financial or strategic questions before they are made public,
- **the occasional insiders**, who are the employees of Groupe DANONE who have knowledge of privileged information either accidentally or within the context of their work. The occasional insiders may also be people who are not employed by Groupe DANONE but work with Groupe DANONE and have knowledge of the privileged information under the same conditions.

4.6.4. What attitude should be taken if you hold privileged information?

Any insider who has privileged information must refrain from carrying out or having carried out transactions in Groupe DANONE securities as long as this information has not been made fully public.

Furthermore, the insider must not communicate the privileged information for other purposes other than or for an activity other than those for which he holds it.

As a result, an insider must not disclose the privileged information to anyone whatsoever (family, friends, business contacts, financial analysts, journalists, etc.) outside of the working party consisting of the employees and/or advisors of Groupe DANONE using this information within the context of their professional missions.

4.6.5. Black out periods

As a measure of precaution and in order to avoid unintentional breaches of the rules recalled above, Groupe DANONE has decided to stipulate so-called "black out" periods every year during which certain people are not allowed to purchase or sell securities in the company.

The "black out" periods are foreseeable periods of short duration during which significant, non-public information concerning Groupe DANONE circulates within Groupe DANONE.

These periods run:

- From the 30th day preceding the date of publication of the annual and half-yearly financial statements of Groupe DANONE and this date,

- From the 15th day preceding the date of publication of the quarterly sales of Groupe DANONE and this date,
- From the proven date of knowledge by the holder of “privileged information” (within the meaning of the French stock market regulations on the misdemeanour of insider-trading) and the date on which this same information is brought to the knowledge of the public.

The 3 categories of insiders covered by these "black out" periods must not, therefore, purchase or sell securities or derivatives (calls, puts, etc.) of the company during these periods.

The dates of publication stipulated are known in advance and are regularly announced by Groupe DANONE to the market authorities. They are, moreover, available from the Financial Communication Department of Groupe DANONE. Every employee is responsible for verifying whether he/she is in one of the four above black out periods.

4.6.6. Role of the “Autorité des Marchés Financiers” and of the various stock market regulators

Without entering into the detail of the various functions exercised by these different national or foreign regulators, these regulators carry out a mission of regulation of the markets in order to detect any practises and behaviour capable of damaging the security of investors, especially as regards stock market misdemeanours and offences.

Within the context of their functions, these regulators may conduct investigations in order to look for offences and seek and decide on the action to take.

4.6.7. Possible sanctions for insider trading

Depending on the case, non-compliance with French regulations constitutes a criminal offence or a breach of administrative regulations:

In the case of a criminal offence, if someone is found guilty of insider trading, he/she incurs a sentence of two years of imprisonment and a fine of € 1,500,000, a fine that can be increased to ten times the amount of the profit recorded, without the fine amounting to less than the amount of this profit.

If someone provides privileged information to another person, the sentence can be six months of imprisonment and € 150,000 of fines.

In the case of a breach of the AMF regulations, this person incurs a financial sanction that may amount to € 1,500,000 or, if profits have been made, a financial sanction that may amount to ten times their amount.

5. Breaches of the Principles of Business Conduct

Adherence to the principles set out in this document is required by the employees of Groupe DANONE.

Any breach by an employee of one of the principles set out in this document shall be examined and eventually sanctioned, in accordance with the internal regulations of the company employing the employee and in compliance with the regulations applicable in the country where such a breach shall have been noted.

6. Alert System (DIAL)

Any employee of Groupe DANONE noticing a violation of financial and accounting principles or of internal control procedures or of anti-corruption procedures, is invited to report it as follows:

The employee could decide:

- to inform his/her hierarchical or functional supervisor, a representative of the Human Resources Department or a representative of the Legal Department,
- to notify this violation directly to the Group Management. In this case, the DIALert internet site, the dedicated fax number or the dedicated DIAL mailbox address are at the employee's disposal.

The dedicated DIAL mailbox address is:

DANONE DIAL
15 rue du Helder
F- 75439 PARIS Cédex 09
FRANCE

The dedicated fax number is: + 33 1 44 35 23 23

The address of the site is: www.DIALert.eu

In any case, this procedure guarantees the full respect of confidentiality to the employee. Use in good faith of DIAL protects you against any disciplinary action even though reported facts may later be revealed incorrect.

7. Methods of distribution of the document

1. These Principles are formally communicated to all the directors of Groupe DANONE who:

- acknowledge having taken note of these Principles
- undertake to apply them
- undertake to ensure the distribution thereof to their collaborators and to verify the application thereof

2. These principles are also communicated to all the managers of Groupe DANONE.

3. Every company of Groupe DANONE has the responsibility to determine the methods of distribution, training and establishing internal controls ensuring that all the employees:

- know the principles
- apply them
- know who to contact in the event of a difficulty
- know how to give notice of a breach of these principles
- know their rights and obligations concerning any breaches they have brought to Groupe DANONE's attention such as protection of the person, disciplinary measures in the event of breaches.

8. Methods of revision of the document

An analysis shall be carried out every two years to examine the need for any revision of this document.

9. Appendix 1

9.1 Reference documents and Internet sites

Universal Declaration of Human Rights

www.un.org

International conventions of the International Labour Organisation

www.ilo.org

Guiding Principles of the Organisation for Economic Cooperation and Development

www.oecd.org

Global Compact

www.unglobalcompact.org

9.2 Reference documents on the DANONE Communication Intranet site:

Fundamental Social Principles of Groupe DANONE

Principles of Communication of Groupe DANONE

Environment Charter of Groupe DANONE

Groupe DANONE's information Security Guide

9.3 Additional document:

GROUPE DANONE'S BUSINESS CONDUCT POLICIES Q & A

10. Appendix 2

Version	Version 3.2
Communication	Last version 3.1 has been sent by the CEO, Franck Riboud, to General Managers on 29 th of July 2005.
Departments involved	DGRH – Sustainable development and social responsibility Department DGRH – Labour relations policies & Acquisitions Department DGFSSI – Internal Control Department SG – Legal Department SG – Risk management Department SG – Internal Audit Department
History	April 2006 – Version 3.2 July 2005 – Version 3.1 2001 – Version 2 July 1996 – Version 1
Confidentiality level	D3 - Internal and external usage – Broad communication
Total number of pages	14
Languages	French (reference language), English, Spanish (official versions communicated by the Group).
Additional document	GROUPE DANONE'S Business Conduct Policies Q & A