



Frollini Vitasnella.
Fatti del bene ogni giorno.



Per il tuo benessere, scegli un'alimentazione quotidiana equilibrata. I Frollini Vitasnella, ricchi di gusto e con l'apporto nutrizivo delle fibre, ma con il 25% di grassi in meno* al giorno dopo giorno ti aiutano a stare in forma. Scegli tra Frollini Latte e Miele, ai frutti rossi e ai cereali. Da Saiwa.

*rispetto al tipo di grasso contenuto nelle meringhe per dolci. Saiwa pasticceria, Chiasso (VA) - 20131

L. 1962/1996/2014/1996

HISTORY



40 YEARS OF PIONEERING SPIRIT

transformed French glass company BSN into DANONE, the international food group of today. The adventure that began under the bold, visionary leadership of Antoine Riboud in 1966 continues with the teams led by his son Franck since 1996—now building on 40 years of achievement and openness to the world.

Pioneering spirit

At DANONE pioneering spirit means accepting risks, daring to strike out in new directions, and a capacity to overcome setbacks and move on to new successes.

189 | DANONE 2006

Strategy

From geographical boundaries to business categories, nothing is ever taken for granted. For DANONE as for BSN, strategy has always meant being on the move.

1966

Birth of BSN After lengthy talks, two little-known French companies—flat glass specialist Glaces de Boussois and container glass manufacturer Souchon-Neuvesel—announce merger plans, setting the stage for the rise of DANONE. Antoine Riboud is named CEO of the new company, which adopts the name BSN a year later.

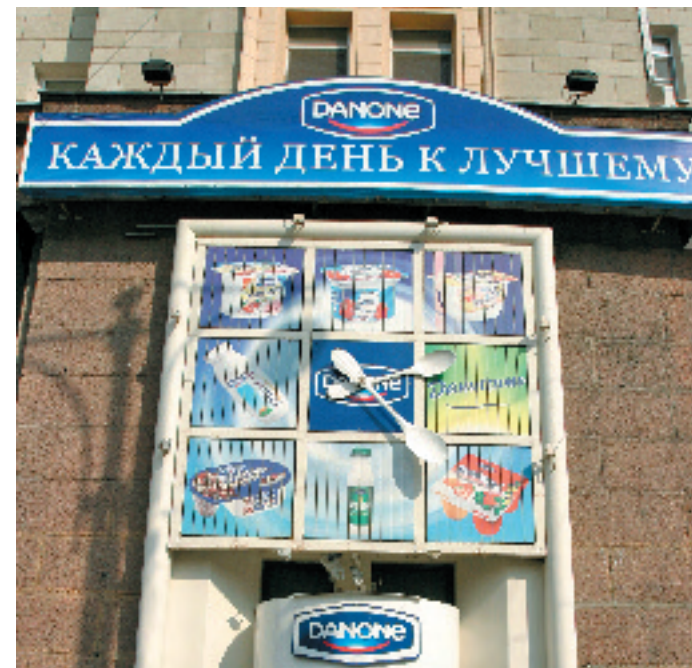
1968

A failed takeover bid and a new strategic direction Aiming to win new global reach for the French glass industry, Antoine Riboud seeks an agreement with glass manufacturer Saint-Gobain, but talks fall through. In late December 1968, Riboud mounts a hostile takeover bid—a first in France. The controversial move fails, but thrusts BSN and its CEO into the limelight. Antoine Riboud learns from the setback and rebounds, revising his strategy to expand downstream into the food industry.

From BSN to DANONE

No one could have foreseen it in 1966 but over the next 40 years French glass manufacturer BSN would become the world leader for fresh dairy products and number two for both bottled water and biscuits, its workforce rising ten-fold from the 8,800 employees it began with. In the late 1960s, supermarkets were springing up all over France, and consumption of bottled mineral water was skyrocketing. Anticipating the trend away from glass, Antoine Riboud, then CEO of BSN, shifted business focus from container to content, taking control of brewer Kronenbourg, Société Européenne de Brasserie and Evian in the early 1970s, and taking advantage of the 1973 Danone-Gervais merger to add fresh dairy products to the product portfolio. Drawing strength from successes in the food sector, from 1974 to 1979 the Group responded to economic changes with a sweeping overhaul of production facilities, and in 1979 sold off flat-glass manufacturer Boussois.

BSN was determined to achieve international scope and made a string of acquisitions in the world food industry, beginning in Western Europe and moving on to buy Dannon USA in 1981. Starting in 1990, the Group stepped up the pace of global expansion with a focus on Eastern Europe, Southeast Asia and Latin America, targeting categories where it could rival or outperform the world's top contenders. These sectors—biscuits, dairy products and bottled water—would become DANONE's three core business lines.



Danone shop, Moscow. When the Berlin Wall fell on November 9, 1989, it opened up a "strategic opportunity"—400 million people in search of better food. Three years later a Danone shop opened a few steps from Red Square.

New markets, new international reach

Specialized in fresh dairy products with Gervais fromages frais and Danone yogurts and desserts, the Gervais Danone group had already diversified with moves including the acquisition of Panzani pasta by the time it merged with BSN in 1973, giving it access to new markets. At 52% of sales, food was the primary activity of the new BSN-Danone group, which took its place as France's number-one food company. The Group first acquired Amora and Maille (sauces and condiments), Vandamme (cakes) and La Pie qui chante (confectionery), followed by Liebig (soups), Viandox (beef extract) and Materne (jams and compotes). It then took diversification one step further in 1986 with the acquisition of General Biscuit and its famous LU brand, following this

up in 1989 with that of Nabisco's European subsidiaries—Biscuits Belin in France, Jacob's in the UK and Saiwa in Italy. In less than 20 years, BSN-Danone's acquisition strategy had secured the number-three place in the European food industry, and the Group continued to expand its growth horizons. Having long foreseen the emergence of China and Southeast Asia, Antoine Riboud made a personal visit to China in September 1983 and a Danone team arrived in the country a year later. The launch of Guangzhou Danone Yoghurt Company Ltd. in 1987 gave the Group its first industrial presence in China, and this was followed by numerous initiatives in Poland, Turkey, Algeria, New Zealand and other countries. Today Asia, Latin America and Eastern Europe together account for over 40% of Group sales.

1994

BSN becomes DANONE At a meeting on July 7, 1994, BSN-Danone shareholders vote to change the name of the Group from BSN to DANONE. Already the world leader in fresh dairy products, the DANONE brand is present in more than 30 countries and accounts for nearly 25% of consolidated sales, projecting an image of natural health, pleasure and innovation exactly matching the Group's mission. A new logo—a child looking up at a star—symbolizes a new course. The little boy evokes every parent's desire to raise a healthy, well-nourished child, while the star is a universal symbol of hope and optimism.



1996

New focus Antoine Riboud steps down in May 1996 as President of DANONE as it celebrates its 30th anniversary. His son Franck takes over. Over the next ten years, the Group turns its full attention to three health-oriented business lines with maximum potential—fresh dairy products, biscuits and beverages. It makes some 50 international acquisitions and strategic partnerships in these sectors and sheds other activities. The sale of Amoy to Ajinomoto completes the strategic shift in 2006.

Innovation

At DANONE innovation means more than new ideas—it is also the courage to put them to work on a grand scale.

1994

Actimel A cultured milk drink in a distinctive bottle, Actimel is the result of ten years of research. Its special benefits derive from *L. casei* defensius, a probiotic culture that boosts the body's natural defenses when taken daily, as independent studies have confirmed. Sixty researchers continue to explore the strain's potential.



2000

Mizone This innovative energy drink for sports enthusiasts was created by Frucor, the Group's New Zealand Beverages subsidiary, and sales have soared since China-based Robust adapted it for sale on the Chinese market under the name Maidong. With added vitamins and sports-bottle packaging, the product appeals to active city dwellers who want the most out of life. A year after its launch in April 2003, Maidong took the top spot in the energy-drink segment and was named China's beverage of the year. In 2006 the product went on to make a strong start in Indonesia under the Mizone brand.



1997

Ourson A soft biscuit for young children, Ourson was designed to meet DANONE's rigorous nutritional standards, providing youngsters with the grains and fatty acids they need for healthy growth. Launched in Belgium as Petit LU and in the Czech Republic as Bebe Brumik, Ourson is now also sold in Finland, Poland and Hungary.



2004

Danacol A dairy product fortified with plant sterols that can help reduce bad cholesterol when consumed as part of a balanced diet, Danacol is now sold in ten countries, posting sales of €100 million in 2006. Strong health positioning and taste appeal have made it number one in the highly competitive cholesterol-reduction market and scope for continued growth means that Danacol has the makings of a top performer for Fresh Dairy Products in the future.



2007

Essensis: the beauty product in the dairy case

A fresh dairy product that nourishes skin from the inside, Essensis is a revolutionary new link between nutrition and cosmetics. The Group's R&D teams put all their resources to work over two years to develop ProNutris®, a groundbreaking formula that combines exclusive probiotic cultures with the beneficial omega-6 fatty acids in borage oil and the antioxidant power of green tea and vitamin E. Because ProNutris® works deep below the surface where skin cells regenerate, it benefits the entire skin and thus the entire body. Eating Essensis for six weeks improves the quality of the skin, making it healthier and more attractive. Before the launch of Essensis in Belgium, Spain, Italy and France, DANONE called on the support of two independent laboratories, one specialized in dermatology and the other in nutrition, to conduct clinical trials with the participation of 72 women over six months.

1995



1999

LU P'tit Déjeuner More than ten years of research went into P'tit Déjeuner, a range of slow energy release biscuits with sugar and fat content to complement a balanced breakfast. Packed with wholesome grains and slow-baked, P'tit Déjeuner provides sustained energy with slowly digested carbohydrates and a low glycemic index. When enjoyed as part of a healthy breakfast, it helps to keep appetite in check throughout the morning. Several versions of the product are on sale in more than ten countries.



Evian introduces an exclusive, revolutionary new technology to cut packaging volumes with breathtaking simplicity—a squeeze of the hands brings the compactable bottle down to 25% of its original size.

1987

Activia "Works on the inside, shows on the outside." Activia built its reputation on this slogan. Now sold in various versions in more than 25 countries, this milk product with the active bifidus ferment promotes regularity when consumed daily—a health claim backed by four clinical studies.

Commitment

Economic activity is there to serve people: embracing this common-sense principle consistently for 40 years has often made DANONE a pioneer.



Guiding principles, guiding lights

In a 1972 speech to the French employers' federation, Antoine Riboud declared his determination not to sacrifice people to profits, setting the course for Group policy to this day. Although DANONE's geographical boundaries and business divisions have changed, the Group has remained true to Riboud's vision, closely linking corporate values, management style and social responsibility. Riboud quickly put his principles to work. As early as 1975, for example, the Group began redeveloping sites affected by reorganization and closures, and in 1988 the vast majority of the Group's employees in France logged less than a 37-hour work week. Since 2001, our DANONE Way program (see page 33) has systematically and continuously fostered progress with all our partners employees and shareholders, customers and consumers, suppliers and local communities. We launched our first major environmental initiative—an anti-litter campaign—in 1971, long before sustainable development was in the news, and in 1992 the Group was instrumental in the adoption of a French eco-packaging decree making businesses responsible for final disposal of their packaging. Today, DANONE continues to make an active contribution to economic and social development with pioneering social and environmental policies.

1972

Speech in Marseilles "The company's responsibility does not stop at the factory gates or office door. Its action has repercussions throughout the whole community and influences every citizen's quality of life. The jobs that it generates condition individuals' whole lives. Their future and that of their children depend on the possibilities of change and promotion that the company offers. Through the energy and raw materials that it consumes, through the nuisances that it generates, it gradually changes the appearance of our planet and even its balance. The public see to it that we are reminded of these responsibilities in this industrial society. [...] It is clear that growth should no longer be an end in itself, but rather a tool used to serve the quality of life without ever being detrimental to it."



2006

Fighting malnutrition in Poland

Danone Poland began its campaign against malnutrition in 2002 forming a partnership with two Polish scientific institutes to launch Poland's first national study of nutrition in four-year-olds, and later raising public awareness of the problem by organizing the country's first national conference on malnutrition. In another important move, Danone fortified Danonki—the local version of Danonino—with essential nutrients, calcium and vitamin D. In 2006, DANONE took the next step with the launch of Mleczny Start, a porridge with extra minerals and vitamins D, C, E and B6 to provide a nutritious breakfast for schoolchildren. Poland's first nutritional product targeting social progress, Mleczny Start was developed by Danone Poland in partnership with Lubella, which leads the Polish market for grain products; Biedronka, the number-one discount distributor; and the Mother and Child Institute, a major Polish institution for medical research. In a strategy devised by Groupe DANONE, Lubella produces Mleczny Start, the Mother and Child Institute verifies its nutritional content and Biedronka distributes the product through its nationwide network. Each partner agreed to slash margins to the minimum, making Mleczny Start—priced at around 15 eurocents per packet—affordable for even the most disadvantaged families. The product is the first of its kind for European consumers.

1987

Groupe DANONE becomes the world's first corporation to open international talks with the International Union of Food Workers' Associations (IUF). The dialog produces six agreements establishing joint international guidelines on the exercise of union rights, qualification training, working conditions, business changes that affect jobs, and other issues. The closely monitored agreements were updated in 2005 to address the Group's geographical expansion and incorporate the fundamental social principles contained in the International Labour Organization Convention.

1971

Vacances propres launched in France. The program aims to reduce litter by encouraging tourists to use prominently placed striped bags for trash. In 2006, some 65,000 collection points were set up in 1,300 vacation venues with the support of the business community.

2004

The Evolution program set up to back employability of Group staff members. In a rapidly changing job market where no employer can guarantee a job for life, Evolution has two goals: to bolster the Group's performance by continually enhancing the skills of employees, and to promote active job security by fostering mobility and professional development. Designed for the 89% of our staff who are not managers, Evolution helps employees lay the foundations for new opportunities at DANONE—and beyond.

(Re)invention

DANONE joins micro-credit specialist Grameen for a groundbreaking initiative in Bangladesh, experimenting with new models for local development and inventing a whole new way of doing business.



Ribbon-cutting

Grameen Danone Foods officially began operations in Bogra, Bangladesh on November 8, 2006. On hand to open the new plant were Grameen President and Nobel laureate Muhammad Yunus, DANONE CEO Franck Riboud, and French soccer star Zinedine Zidane, DANONE's goodwill ambassador for children's programs. "This isn't charity," said Riboud. "We want to develop a genuinely community-based business model in Bangladesh. The Group's strong financial results give us room to experiment with projects combining business performance and social progress." Yunus applauded the creation of "a business with a strong social component that will combine concern for the local population with profitability." After signing the official plaque, Zidane joined youngsters in Kamar Basuli village for a soccer match.

Building a social business

The mission of Grameen Danone Foods speaks for itself: to reduce poverty by bringing health through food to children using a unique community-based business model. A joint venture launched by DANONE and Grameen in March 2006, Grameen Danone Foods is a business—and as such must turn a profit—but its priorities are reversed.

While the purpose of a traditional business is to maximize profits without losing sight of impact on the community, Grameen Danone Foods seeks to maximize community benefits without losing sight of profits.

Without profitability the project cannot expand, since income from the first group of plants will fund construction of the next, but its success will be judged primarily on largely non-financial criteria.

These include the number of direct and indirect jobs created upstream among dairy producers and downstream among small retailers and the door-to-door saleswomen known as Grameen Ladies; better child health as measured by an independent non-governmental organization; improved living conditions in the communities around the plant; and positive impact on the local environment.

DANONE's experiment with this pioneering model is a meaningful step towards fulfilling our mission—bringing health through food to a majority of people—but it also affirms the Group's longstanding commitment to development and moves us closer to the business model of the future.

For more on Shoktidoi, our new product in Bangladesh, see page 45.



Doing business differently

"For years I've worked to build bigger, more sophisticated plants with more and more automation and capacity measured in hundreds of millions of tons. In Bogra I had to build a plant with a tiny fraction of the capacity—only 3,000 metric tons—50 to 100 times smaller than a typical plant in three months for just €700,000. We also had to keep automation to a minimum to create as many jobs as possible and reduce the number of qualified personnel needed to run the unit. So I did the opposite of everything I'd ever done before. I couldn't get ideas from existing plans or use standard equipment, which is generally European. I found new suppliers in Asia and asked our usual suppliers to come up with creative solutions. The challenge really energized us. Having to slash operating costs and make a positive environmental impact also forced us to find new solutions, like lighting the plant with gas from our compost

and using biodegradable PLA packaging (see p. 55) for the first time in the Group's history. We also had to re-examine our product concept. For example, using sugar would have meant importing it—an expensive proposition with no benefit to the local economy. So we used locally produced date molasses and adapted the recipe. Another problem was the lack of refrigeration between milk collection points and the plant, but we managed to find the perfect product to maintain milk quality in transit. The challenges we face here have forced us to think more creatively and question our assumptions. And I know that some of these atypical ideas will be adapted in other parts of the Group."

GUY GAVELLE, Industrial Director,
Danone Asia

Investing in danone.communities

The launch of Grameen Danone Foods quickly generated strong interest, not only among advocates of the social business model, but also within the DANONE community—our partners, suppliers, customers, investors and individual shareholders. To involve as many interested parties as possible and lay the groundwork for expanding and adapting the project in other parts of the world, the Group is setting up danone.communities, a unique investment fund for anyone interested in making a meaningful, prudent* investment designed to promote new models for development and at the same time ensure at least a minimum return. The first investments in danone.communities will fund new Grameen Danone plants in Bangladesh and new projects on other continents.

* Structured by Crédit Agricole, a leading European bank, the danone.communities fund aims for a return equal to the money-market rate less actual management expenses.



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DANONE
nations cup

5

40 countries continents

2,5 million children

**8TH INTERNATIONAL
FINAL FOR KIDS**

**GERLAND STADIUM
SUNDAY 1ST JULY 2007**



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