



HEALTH • NATURE • PEOPLE • FOR ALL

Cares[™]



2010

Corporate
Responsibility &
Environmental
Sustainability
Overview

Danone and Dannon: Guided by Our Values



humanism

Sharing, dialogue, transparency and teamwork in all of our relationships.

Responsibility: concern for one another, the environment, local communities, health and safety.

Respect for others: respect for the differences that make each of us unique.

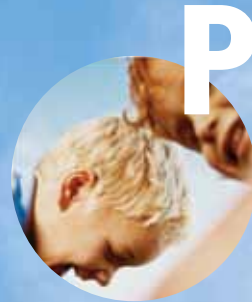


openness

Curiosity: awareness, imagination, rejection of prejudice.

Agility: speed, adaptability.

Simplicity: a pragmatic, informal management style.



proximity

Accessibility: an approachable, straightforward, management style.

Credibility: being true to one's self and taking responsibility for one's decisions and actions.

Empathy: the willingness to reach out to customers, suppliers and consumers, and to build ties beyond mere buying and selling.



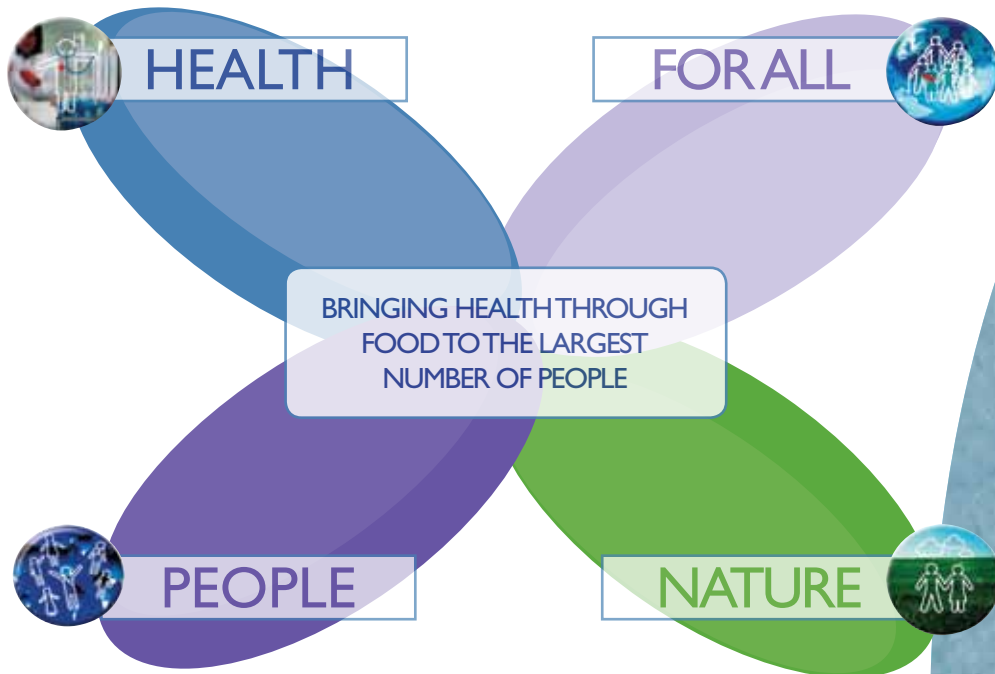
enthusiasm

Boldness: capacity to take risks and overcome failure.

Passion: a sense of conviction, pleasure in work, the ability to surpass one's self expectations.

Appetite for challenge: enthusiasm for growing and taking the lead.

What Makes Us Special — the quality that makes all the difference — is not always tangible. It's a state of mind, a willingness to ask questions instead of settling for answers, a way of looking at the world.



“The values and principles that drive Dannon are key to the success of our business. Dannon employees are proud ambassadors of our yogurt and fresh dairy products. Every day, we challenge ourselves to find new ways to bring health through food to the largest number of people.”

*Gustavo Valle,
President & CEO,
The Dannon Company, Inc.*



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Mission

We at Dannon are committed to bringing health to the greatest number of people across America through our products' benefits. We will exceed customer expectations by transforming the dairy category to attract and build daily consumption.



The Dannon Company is America's founding national yogurt company and makes innovative cultured fresh dairy products. The 1,300 people who are The Dannon Company pride themselves on consistently delivering high-quality, wholesome products and responding to consumer needs with nutritious, innovative new products and flavors. We have been satisfying Americans' hunger for better-for-you snacks for nearly seven decades, and counting.

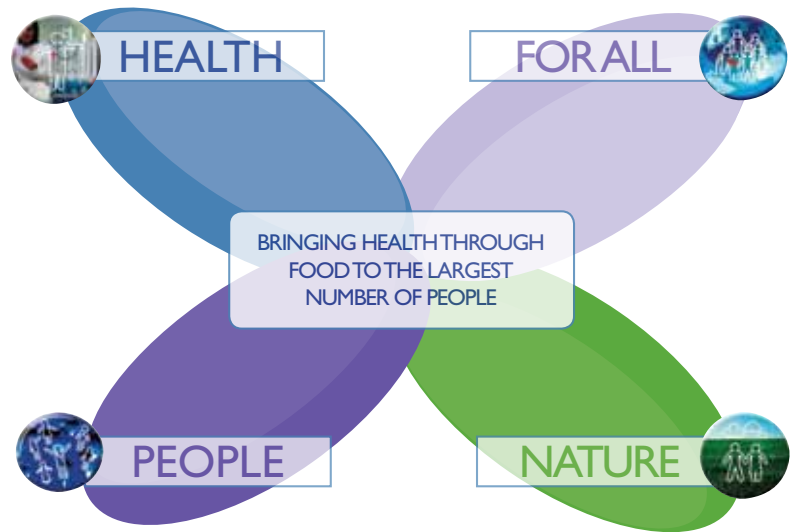
Headquartered in White Plains, New York, Dannon makes its products in Minster, Ohio, Fort Worth, Texas, and West Jordan, Utah. Dannon produces and sells approximately 100 different types of flavors, styles and sizes of cultured fresh dairy products. Our Minster, Ohio, plant produces 250,000 cups of yogurt an hour, or about six million cups per day. Dannon is the top-selling brand of yogurt products worldwide, sold under the names Dannon and Danone.

Dannon is a subsidiary of Danone, one of the world's leading producers of packaged foods and beverages. Introduced by Danone in 2001, *Danone Way* is our internal system of metrics that enables us to integrate business and economic performance with social and environmental responsibility. It is based on an assessment process around 5 key themes: Human Rights, Human Relations, Environment, Consumers and Principles of Governance. We at Dannon are proud to have received five stars for our Danone Way Fundamentals assessment in 2010, the best score possible.

Values

Danone's commitment to economic and social values was first formalized in 1972, when then-chairman Antoine Riboud stated, "A company's responsibility does not end at the office door or the factory gate, since its action affects the community as a whole." This view was formalized in the economic and social "dual project," which forms the basis of our model. It is rooted in a simple principle: economic performance, attention to the people and respect for the environment go hand in hand, and none can be sacrificed for the benefit of another.

Four social issues related to our mission have been defined: Health & Nutrition, contributing to public health through nutrition; Nature, aiming to reduce environmental impact throughout the lifecycle of our products; People, giving our employees the opportunity to give meaning to their work and to show their commitment to their local communities; and For All, creating products and economic models accessible to population groups with less purchasing power.



Our mission, "to bring health through food to as many people as possible," inspires us to integrate both economic and social facets into our business strategies.

For more information about our global commitment to Sustainable Development and Corporate Responsibility around the world and to read Danone's most recent Sustainability report, including Global Reporting Initiative metrics, please visit www.danone.com.



Dannon is committed to helping people lead a healthy lifestyle.

We work hard to create nutritious products that taste great, and we take pride in leading initiatives that help address larger health concerns in our local communities. Nutrition and health are at the heart of Dannon's business.



Gayle Binney
Manager, Corporate Responsibility
Manager, Dannon Institute



“ Dannon's mission of health through food includes support for public health nutrition education programs. ”

Dannon follows guidelines set forth by our global Food, Health and Nutrition Charter. These include developing products that meet consumers' needs in nutritional content, taste, and affordability, while informing consumers through easily understandable labeling and advertising responsibly, especially to children. Danone's Food, Health and Nutrition Charter also commits Dannon's interest to promote health through nutrition, engagement with consumers, local communities, and employees to promote balanced diets, physical exercise and healthy lifestyles.

Dannon believes strongly in taking an active role in public health and nutrition challenges through active dialogue with stakeholders such as The Alliance for a Healthier Generation and the Children's Food and Beverage Advertising Initiative, and by supporting efforts to promote healthy eating in the community. In 2010, we donated

nearly 3 million pounds of our fresh dairy products to Feeding America, the nation's leading domestic hunger-relief charity, and we have supported nutrition education initiatives for children for nearly fifteen years.

In 2010, Dannon extended its commitment to health by supporting Breast Cancer Awareness Month by partnering with the National Breast Cancer Foundation, Inc.® to Give Hope With Every Cup™. Specially marked packages of Dannon yogurt included under-the-lid codes which could be entered into Dannon's website, www.cups-of-hope.com. Each code entered by consumers generated a 10 cent donation from Dannon, ultimately contributing \$1.6 million to enable the National Breast Cancer Foundation to fund free or low-cost mammograms for women who could otherwise not afford them.

In 2010, Dannon awarded a Dannon Next Generation Nutrition Grant to the YMCA of Greater Salt Lake for their Activate America Initiative. The story of Sam, one of the children participating, is representative of the successes of programs funded by Dannon Next Generation Nutrition Grants.

One student specifically in our After School Program has really transformed before our eyes in his vision of nutrition. When first reviewing the concept of the main food groups this student, Sam, mentioned he never had the correct servings of fruits or vegetables because his father would just “stop off” somewhere to get dinner on the way home.

After hearing this, YMCA staff members then made an agreement with Sam to eat more fruit and vegetables with the reward of a simple incentive. Well, when Sam’s dad heard about this agreement he was inspired to make a change as well and set up a star chart reward system at home. Every time Sam ate a serving of a fruit or vegetable he would receive a star. Even better, every time Sam did 30 minutes of physical activity instead of video games, he received another star.

It was really nice to see how a lesson in our Activate America program could make a lifestyle change at home.

— Story submitted by Angela Wright, Facility Director, and Kandace Davis, YMCA Community Family Center Liaison, YMCA of Greater Salt Lake.



Dannon Next Generation Nutrition Grants Inspire Healthy Change in Children



We at Dannon are committed to encouraging healthy eating and living through activities in communities where we operate. In 2006, we established the Dannon Next Generation Nutrition Grants to promote childhood nutrition education in the four communities where Dannon employees live and work. In 2010 alone, \$120,000 in grants benefited nearly 4,000 children and families; and since the inception of the Dannon Next Generation Grants, more than \$580,000 has helped nearly 14,000 children and their families learn healthy eating and exercise habits that they will use throughout their lives.

We also provide funding for the Dannon Institute, an independent, non-profit foundation dedicated to promoting excellence in the field of nutrition. Since 1997, the Dannon Institute’s unique public-private partnership of independent experts in nutrition science and Dannon business leaders has fostered the growth of tomorrow’s leaders in nutrition and promoted children’s nutrition and health by increasing knowledge among medical professionals, educators and parents. To date, Dannon has invested nearly \$12 million in programs created by the Dannon Institute.

Healthy food comes from a healthy planet.

Commitment to our planet is key to the long-term achievement of our mission to bring health through food to the largest number of people.



5 Strategic Environmental Sustainability Priorities

At Dannon, we work to ensure that our actions reflect this commitment. From the sourcing of ingredients, to the design of packaging and manufacturing, distribution, sales and marketing, our strategic sustainability initiatives focus on continuously reducing our impact on the environment.

Through Dannon's cross-functional *Green Team*, employees across the company from manufacturing to marketing incorporate environmental sustainability management throughout the company's business objectives.

Commitment and Impact:

In 2008, Dannon formally committed to reducing its carbon footprint across functional areas. Beginning in 2011, this environmental commitment expanded to **Five Environmental Sustainability Pillars: Climate Change, Biodiversity, Packaging, Agriculture, and Water Preservation.**

Danone Commitment

Dannon Impact/Status



1. Climate Change:

Danone: 30% reduction in carbon footprint between 2008-2012

2010: 24%¹ reduction from 2008-2010



2. Biodiversity

Protect and restore biodiversity

2010: Included in strategic planning going forward



3. Packaging:

10% reduction (pack ratio²) between 2000-2010

2010: 15.5% reduction (pack ratio²) from 2000-2010



4. Agriculture:

Support eco-friendly agriculture

2010: Included in strategic planning going forward



5. Water Preservation:

30% reduction (l/kg produced) between 2000-2010
Protect resources within our operational zones and communities

2010: 22% reduction (3.86 to 3.0 l/kg) from 2000-2010³

1. **2010 carbon footprint reduction** was based on annual top 10 products. We at Dannon take into account not only our own direct impact and that of our factories, but also all the downstream stages in product lifecycles we can effectively influence. Scope includes: packaging, production, logistics, end of life packaging, and end of life finished product. Carbon footprint reduction does not include raw milk or the application of purchased Renewable Energy Credits.

2. **Pack ratio:** The ratio weight of packaging (includes primary packaging: yogurt cups/bottles, lid, & labels; and secondary packaging: overwraps) divided by the weight of product for the Top Ten products of each local business unit (e.g. Dannon). Between 2000 and 2010, Dannon targeted a 10% reduction.

3. **Water usage** is based on consolidated annual reduction across all three Dannon U.S. plants.

Life Cycle of Yogurt

Packaging

Conversion from preformed cups to cups made within feet of being filled: In 2010, three new 6oz 'Form-Filled Seal' (FFS) packaging lines were installed. This reduced plastic consumption by 30% and improved logistics by 28% (saving fuel and Green House Gas Emissions) by eliminating the need to transport empty preformed cups before they are filled.

Removal of unnecessary overwrap: The original 4 pack Activia 4oz was sold within a cardboard overwrap, which served as a communication surface. From 2009 to 2010, the product was reconfigured and the overwrap was removed from Activia, Activia Light, and Activia Fiber. This change reduced packaging weight by 26%.

Manufacturing/ Production

Reduce: The manufacturing sites have improved on-site utilities buildings and new equipment, allowing for a reduction of the use of ammonia. At our largest site, Minster, Ohio, last year, we reduced anhydrous ammonia by 55%. Freight fuel emissions were also reduced at two Dannon manufacturing sites, due to the manufacturing of plastic bottles on the same site where the yogurt manufacturing and packaging occur.

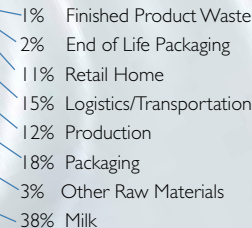
Reuse: Dannon's manufacturing processes provide nutritious by-products to local farms for use as animal feed.

Recycle: At Dannon, we continue to work toward a goal of zero waste to landfills. As of the end of 2010, on average, approximately 75% of manufacturing waste was recycled at our manufacturing facilities.

Dairy

Local Sourcing Whenever Possible: Dannon works to source the primary ingredient in our products – fresh milk – from local farmers, whenever possible. Local sourcing reduces the amount of transport needed.

Carbon Footprint of a Cup of Yogurt⁴



4. Analysis is a full scope carbon footprint analysis (includes all stages of life cycle). Data is based on The Dannon Company's 2010 carbon footprinting results.

Product Consumption and Donation

Helping Feed Hungry Families and Eliminate Unnecessary Waste: In 2010, Dannon donated nearly 3 million pounds of fresh dairy products through Feeding America to help people at risk for hunger. Nutrient dense foods like Dannon products are in high demand at food banks.

Shipping/ Distribution

Additional New Distribution Centers Reduce Transport Miles and Improve Freshness of Products: Dannon was able to reduce 1.6 million transport miles annually from our overall distribution network by opening new distribution centers closer to our plants and increasing our Direct Plant Ship program to our customers. For example, Salt Lake City retailers (once serviced from Fort Worth, Texas) are now serviced, directly, from our Salt Lake City distribution center, which is 12 miles from Dannon's West Jordan, Utah manufacturing site. This resulted not only in a reduction of carbon emissions, but also in fresher product to customers.



“To me the most interesting thing about these projects is to learn how to do more with less. We want to have less of an impact on the environment around us.”

Jean-Yves Latour, Director, Packaging North America

People are the Foundation of Our Business and Our Most Important Asset



*Paula Sawyer,
Manager,
Customer Solutions*

“Dannon encourages me to stretch myself and grow in my abilities.”

It is essential for Dannon's future success that we all share the commitment, skills, great attitude, and creativity to meet new expectations and overcome new challenges. Learning is everyone's business, and Dannon encourages employees to further their skills and knowledge at every opportunity. Recently, we introduced a worldwide initiative to train our employees with a common leadership model called **CODE: Committed, Open, Doer, Empowered**. Dannon employees invested more than 87,000 hours in their training in 2010, with an average of 68 – 88 hours of training per individual.

Our **WISE Safety** program, developed in partnership with Dupont Safety Resources, guides us to continuously improve safety behavior and culture in order to build a safe working environment.

WISE is an audit consisting of 13 essential safety “visible elements.” The primary responsibility of our corporate management is to ensure the safety of all the people working throughout the company, especially in our manufacturing locations. Safety is everyone's business and extends beyond the workplace to the home and to our family members.

As an organization, Dannon is also committed to enriching the health and well-being of all employees through the development of a comprehensive work-life wellness program that encourages and motivates all employees to lead a healthy lifestyle at work and at home.

We have taken on a worldwide initiative to train our employees with a common leadership model called CODE. The Danone Leadership CODE is based on four key principles:



Inspire and “be” the vision: build and share an ambitious future, lead by example.

Commit to creating breakthrough results: challenge the status quo.

committed



Listen with empathy and talk straight: interact with proximity, develop authentic relationships through generous listening, value different opinions.

Connect inside and outside: demonstrate curiosity, break silos, network outside Dannon.

open



Take responsibility and risk to show the way forward: experiment, speak up, make tough decisions.

Act with speed, agility and pragmatism: solve complex problems with smart pragmatic solutions, set priorities, show resilience and tenacity.

doer



Engage and align teams: toward common goals, empower through trust, give constructive feedback.

Coach and harness diverse talent: be passionate for people growth, demonstrate healthy ambition, seek feedback on oneself.

empowered

People



“Volunteering is really important to me. That’s why I’m very happy to be a part of a company that also feels the same way.”

*Milosz Przedpelski,
Business Intelligence Tools Analyst*

Dannon is committed to making a difference in the communities in which we operate. You’ll see it in our responsible advertising, employee volunteer initiatives, clear and honest labeling and the environmental choices we strive to make.

Our headquarters, three manufacturing facilities, and sales offices generously provide support to local charities, while our distribution centers ensure the successful donation of great-tasting dairy products to support schools, special events and community activities. Dannon also organizes volunteer events for employees, providing opportunities to showcase our

corporate commitment to charitable organizations that share our values, such as Health and Nature.

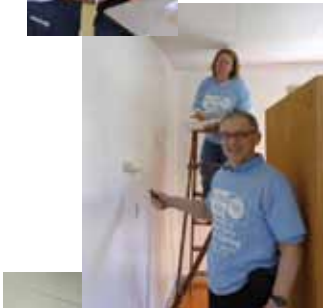
Dannon supports employee’s individual efforts in the community. We provide a dollar-for-dollar match through our Partnership in Giving program when employees make a charitable donation that demonstrates a purpose and philosophy consistent with Dannon’s values.

We are proud to support nutrition education for children in the communities where our headquarters and manufacturing facilities are located. For more information about Dannon’s donation guidelines, please see the Dannon Cares section of www.dannon.com.



“ Danone’s approach has always been a mixture of vision and pragmatism . Starting from some fundamental beliefs, a little intuition and a lot of experimentation, we are striving to follow a business model where **economic** and **social performance** nourish and feed each other. ”

– Franck Riboud,
Chairman and CEO,
Danone



For All

For All: Using Our Global Resources to Better Serve the World

Throughout the world, all Danone companies aim to make socially responsible business choices while also achieving profitability. Our goal of Social Innovation is demonstrated in projects designed to create benefits for the company and society at large, through the creation of jobs, reduction of poverty or development of public health initiatives. The projects profiled here are just two examples of joint collaborations between Dannon's sister companies in other countries and non-governmental or non-profit organizations around the world.

Working with Grameen Bank and its founder Muhammad Yunus, we have created a social business enterprise in Bangladesh called Grameen Danone Foods. This innovative program was developed to tackle local malnutrition, stimulate economic growth, create new employment skills and promote sustainable development. A mini-factory is staffed by local people and produces a special yogurt called Shakti Doi, which means "yogurt with strength." Shakti Doi is fortified with the proper nutrients to address the local problem of malnourishment. And each yogurt has been made affordable, even for the very poor. We are planning to build more factories that will produce this fortified yogurt over the next decade.



Working with Heifer International, we have launched a dynamic project in the Ukraine that connects small family farms to the dairy market. The initiative provides both livestock and training to help over a thousand small family farms to increase the quality and quantity of their milk production, helping project participants achieve financial independence by cooperating to market their milk directly to dairy factories. For our procurement teams, working with these very small milk producers means forging new kinds of partnerships, securing the supply chain while promoting economic and social development in the agricultural community, without losing any focus on productivity and quality. In 2011, we will work with Heifer International to match donations from interested individuals dollar for dollar up to a total of \$1.6 million to fund this exciting Ukraine Milk Communities Project.



“And it is exactly through these sort of activities that you can tell that ours is a company that is committed to delivering health through food to as many people as possible.”

Alessandro Arosio,
Vice President, Connection/Media/Innovation



“When we talk about **health through food**, we’re talking primarily about fundamental issues of public health, which in most countries center on nutrition. So we’re talking about basic nutrients and healthy, appetizing and affordable products.... Health through food starts with meeting local nutritional needs.”

– Franck Riboud, Chairman and CEO, Danone





The Dannon Company is committed to protecting our natural resources. The recycled paper used in this brochure is FSC® certified. The Forest Stewardship Council™ (FSC) is independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests. FSC certification provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value.

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