THE DANNON COMPANY
Sustainable Development Report
Strategic Initiatives 2013
In 2013, Dannon remained committed to bringing health to the greatest number of people through its great-tasting yogurt and other dairy products. The mission comes to life more than ever before in our ambition to have Americans eat one yogurt every day, while also integrating social and economic objectives in daily activities.

— Gustavo Valle, President and CEO, The Dannon Company
2009-2013
What’s New For 2013

Health and Nutrition
Through a recipe change, the sugar content in Danimals Smoothies has been reduced by 25%.

For All
Dannon continued to support the communities in which it operates, by investing in nutrition-related initiatives.

People
Dannon’s “One Yogurt Every Day” campaign jumped in to action, a new strategic initiative focused on the nutrition and health benefits of yogurt.

Nature
Dannon contributes to Danone’s 34.7% reduction in carbon footprint from 2007-2013.
DANNON’S MISSION
Bringing health through food to as many people as possible.

Dannon shares this mission with its parent company, Danone. In support of the global mission to bring health through food to the largest number of people, Dannon and Danone are involved in innovative projects in the U.S.A. and around the world that fulfill its dual focus on economic and social progress. These innovative programs are rooted in Danone’s culture and are crucial to continue building Danone for the future.

Learn more about Danone’s dual mission at www.danonecommunities.com
ABOUT DANNON

Headquartered in White Plains, New York, Dannon manufactures its products in Minster, Ohio, Fort Worth, Texas, West Jordan, Utah, and Portland, Oregon. Employing nearly 1,400 people, Dannon produces and sells more than 200 different types of flavors, styles and sizes of cultured fresh and frozen dairy products.

The tremendous variety of cultured dairy products Dannon makes supports its ambition to bring health through food to as many people as possible.

Dannon’s mission inspires the company to integrate both economic and social goals into what it does each and every day.
DANNON’S VALUES – HOPE

These values are ethical principles that guide the way Dannon behaves every day, the way it works and progresses in its business, the way it makes contacts, the way it buys and sells products and the way it recruits its workforce.

HUMANISM
• Sharing and respect for others
• Attention to individuals, whether they’re consumers, colleagues or fellow citizens, is at the heart of its decisions

OPENNESS
• Curiosity, awareness, imagination and refusal of prejudice
• Agility, speed and adaptability

PROXIMITY
• Accessible and approachable
• The willingness to reach out to consumers, customers and suppliers to build ties beyond buying and selling

ENTHUSIASM
• Boldness, passion and appetite for challenge
• Eagerness for growing and taking the lead
Dannon’s Leadership Model – CODE

As part of Danone’s worldwide initiative, Dannon trains our employees with a common leadership model – CODE. Through CODE, we constantly strive to maintain an open and dynamic work/life culture and encourage that entrepreneurial spirit in every business endeavor. The Danone Leadership CODE is based on four key principles:

**COMMIED**
- Inspire and “be” the vision
- Commit to create breakthrough results

**OPEN**
- Listen with empathy and talk straight
- Connect inside and outside

**DOER**
- Take responsibility and risk to show the way forward
- Act with speed, agility, and pragmatism

**EMPOWERED**
- Engage and align teams
- Coach and harness diverse talent
Dannon’s actions to promote health also involve actions to protect and preserve the environment. Dannon strives to reduce the impact of its operations throughout the life cycle of the foods it makes.

Dannon believes that yogurt, as a nutrient-rich food, is always a good value. Dannon is committed to creating affordable, delicious and healthy products for its consumers.

Dannon is committed to help all of its employees have opportunities to grow professionally and find meaning in their work. The company also supports its employees’ efforts to help others to achieve a better life.
Sustainable development initiatives are firmly rooted in the core of Dannon and Danone’s history.

1996
Charter for Environment

1972
Double Project/Dual Commitment

2000
10 Year Nature Plan Announced

1997
The Dannon Institute Founded
Protection of Wetlands

2004
Groundwater Resources Protection Policy

2003
Feeding America Partnership Begins

2011
Graham Partnership Formed
Mccartty Family Farms Partnership Formed

2008
EPA SmartWay Partnership Formed

2012
Danone Achieves Goal: 30% CO2/KG Between 2008-12

2013
1Yogurt Everyday Ambassador Program Begins
Danimals Reformulation

“Corporate responsibility does not end at the factory gate or at the office door. The jobs we create are central to people’s lives. The energy and raw materials we consume change the shape of our planet. The public is here to remind us our responsibilities.” - Antoine Riboud, Founder of Danone
HEALTH AND NUTRITION

Dannon believes that food and nutrition are essential to building and sustaining health and well-being. This is the vision on which the company has built its history.

2013 Innovation Proof Point - Danimals Sugar Reduction

At Dannon we focus not only on producing nutritious, great-tasting foods, but also on helping to address larger health concerns through our products. Dannon Research plays a central role in implementing this strategy, with the conviction that diet and an understanding of its impacts will be key to addressing health issues in the future.

True to our commitment to bring health through food to as many people as possible, in 2013 The Dannon Company improved the nutrition profile of its bestselling children’s product, Danimals® Smoothies. Using an innovative process, Dannon reformulated Danimals Smoothies to reduce the sugar content by 25 percent without sacrificing nutrients, taste, texture or convenience.

The Danimals reformulation contributes to Danone’s product portfolio that centers on wholesome categories. In 2013, these wholesome categories represented 89% of Danone’s total global sales. The remainder of the portfolio is positioned as “healthier alternatives,” products that are healthier than those they replace in the diet (for example, beverages with reduced sugar content compared with the benchmark beverages in the market).
HEALTH AND NUTRITION

The Dannon Institute - Investing in careers of future nutrition leaders

In 2013, the Dannon Institute hosted the Early Career Nutrition Leadership Institute in Wye River, Maryland where 20 early-career nutrition and medical professionals attended an intensive 5-day training program to help equip these scientists with the leadership skills Necessary to help lead and achieve in their professional careers as they make an impact on the field of nutrition.

Since 1998, the Dannon Institute Nutrition Leadership programs have provided over 240 early and mid-career nutrition professionals with training designed to provide participants with strategies for improving their ability to lead as well as unique networking and mentoring opportunities.

In addition to its investing in research and leadership, the Danone Institutes around the world support various initiatives aiming at promoting wholesome food categories as daily sources of health and well-being for all.

Among other actions, the Danone Institutes International launched in 2013, in cooperation with the American Society of Nutrition, the “Yogurt in Nutrition Initiative for a Balanced Diet,” with the objective to stimulate research on the effects of yogurt on health and communicate available scientific information to healthcare professionals and the general public.

A first international scientific event, the Global Summit on the Health Effects of Yogurt, was held during the 2013 Experimental Biology congress in Boston, MA.
FOR ALL

Dannon is committed to helping people make informed food choices to improve their nutrition and health.

As part of this commitment, Dannon supports nutrition education in our communities with donations of product and funding to nutrition-related programs for adults and kids and local schools. In 2013, Dannon invested in nearly two dozen non-profit organizations and initiatives in support of community-based nutrition and wellness programs that focus on increased consumption of low-fat yogurt as well as increased nutrition and health for children.

In 2013, Dannon continued Rally for Recess, an initiative that provides consumers with the opportunity to help kids in their community stay active. By collecting Danimals® and Dan-o-nino® package codes, five schools from across the United States won $30,000 for a playground makeover.

By developing a complete understanding of the context in each community where we live and operate, Dannon is able to contribute to good eating habits by offering products that are appropriate and adapted to the local cultures and attitudes.

In 2013, Dannon was the recipient of the Westchester NY Child Care Council’s Champion of Children Award for our work with children and nutrition. Dannon was awarded for its contributions to the Open Door Family Medical Centers in Westchester for the past three years to help the organization achieve success through their creative approach, involving community partners, including professional nutrition staff and designed to impact children’s eating habits now and in the future.
FOR ALL

A commitment to creating affordable, delicious and healthy products for all of our customers to enjoy.

Dannon’s support of access to nutrient-dense foods takes many forms, including product donations to hundreds of community partners that are helping make a positive impact on eating habits and diets in America.

In 2013, Dannon product donations to partner organizations like the Feeding America network of food banks and local community organizations totaled an estimated 3.5 million pounds, providing the equivalent of more than 2 million healthy meals for people at risk of hunger. This includes product donations to over 160 various community organizations in locations where Dannon operates and nearly 200 Feeding America network Food Banks across the US.

“We can’t thank Dannon enough for supporting our programs at the Harlem Children’s Zone this season with the donation of yogurt for our first graders this season. I can’t describe how grateful we were to have this healthy snack throughout the program as an option for this group of kids that so rarely has access to food options that are both healthy and delicious.”

- Barbara Sarbin
  President, Something Good in the World, Inc.
  May 2013
PEOPLE

Dannon’s employees are thought leaders, committed to an ambitious future, open to learning and sharing with others and doers who deliver fast results by empowering and developing people.

DANNOON’S PEOPLE ARE THE KEY TO ITS SUCCESS

Dannon depends on the professional and personal development of its employees in all areas. Employees are encouraged to develop their skills and knowledge through formal training or self-initiated study.

In 2013, Dannon rolled out a virtual learning platform for training known as “Campus 2.0” across all of Dannon’s facilities to support the growth of our best asset – our people. With this platform, containing a rich and varied panel of training courses, people can easily and quickly search for content online and thus develop additional learning opportunities beyond classroom-based training.

2013 COMMUNITY INITIATIVES ACROSS THE USA

Dannon employees are generous in their communities, giving back and helping others to see Dannon’s culture expressed though global awareness, environmental stewardship, volunteerism and an entrepreneurial spirit, values embedded in its CODE philosophy.

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In 2013, Dannon launched the Dannon 1 Yogurt Every Day (1YED) Employee Ambassador Program to engage our employees in Dannon’s commitment to help Americans make better food choices, in the communities where Dannon operates.

1YED Ambassadors hit the streets of our hometowns to encourage people of all ages to eat a balanced diet and live a healthy lifestyle and teach our communities that eating yogurt every day is one simple way to help meet the USDA’s Dietary Guidelines’ recommended three servings of low fat or non fat dairy products daily. Last year, Danoners showcased their 1YED Ambassador training to well over 100 community organizations.
A commitment to nature is vital to Dannon’s mission of bringing health through food to the greatest number of people. Dannon employees contribute to environmental sustainability progress through decisions made and actions taken every day.

**COMMITMENT AND IMPACT**

In 2013, Dannon’s (and Danone’s) environmental strategic commitments include four priorities:

- **Climate**
  - Cut Dannon’s carbon footprint and help keep carbon in soil and forests

- **Packaging**
  - Source packaging materials from sustainable resources and turn waste into a resource

- **Sustainable Agriculture**
  - Support competitive agriculture that creates social value, respects natural ecosystems and generates better nutritional balance

- **Water**
  - Protect and help restore water to whom and where it matters most

**KEY NATURE ACCOMPLISHMENTS IN 2013**

**Climate Change**

Between 2007 and 2013, Danone reduced its carbon footprint by 37.4% as a result of projects cross the world (including Dannon US). Dannon was a significant contributor to this reduction. Dannon’s 2013 carbon footprint was 11% lower than our footprint in 2007.

Dannon and Danone’s industry-leading partnership with SAP implements cutting-edge product carbon footprint software to analyze the greenhouse gas emissions of our products from farm to spoon in real time.

**Agriculture**

Dannon continues to grow its unique partnership with McCarty Family Farms (MFF) focusing on upstream environmental sustainability initiatives.

- On-farm condensing plant to supply Dannon with condensed skim milk and pasteurized cream. Condensing on-site reduces the environmental impact of shipping and allows for on-farm reuse of water retrieved during condensing.

- MFF received the 2013 Innovative Dairy Farmer of the Year award, co-sponsored by the International Dairy Foods Association and Dairy Today Magazine. MFF was recognized for their creativity, excellence and forward thinking to achieve greater on-farm productivity and improved milk marketing.
In 2013, Dannon conducted a Carbon Footprint Analysis to further understand the CO2 breakdown of carbon generated during the life cycle of its fresh dairy products. The results indicate the following:

2013 FOOTPRINT OF A CUP OF YOGURT

- Finished Product Waste
- End of Life Packaging
- Retail Home
- Logistics/Transportation
- Production
- Packaging
- Other Raw Materials
- Milk

1. Analysis is based on direct scope, which includes all categories above, except milk and home/retail storage. 11% reduction is based on 2008 vs. 2013 final footprints.

INITIATIVES THROUGHOUT THE LIFE CYCLE OF A YOGURT

Farm (Milk/Fruit)
Dannon sources milk from farms located as close as possible to its factories.

Reduce/Reuse
In 2013, each of Dannon’s manufacturing facilities created an energy and utility team to drive improvements in environmental initiatives and create detailed action plans to reduce energy and water usage.

Each of Dannon’s facilities provides nutritious by-products to local farms for use as animal feed. By-product from Dannon’s waste water treatment plant at Minster, Ohio is used as fertilizer.

Packaging
Lightweighting of our Form-Filled Seal (FFS) packaging reduced the weight of FFS cups by an average of 20 percent, resulting in an 8 percent reduction in our total packaging carbon footprint.

Our packaging partner, Graham, is located inside and adjacent to our Minster, Ohio and West Jordan, Utah plants, removing the need to transport empty bottles and cutting carbon emissions from fuel consumption.

Transportation/Distribution
More than 95% of Dannon’s products are carried by trucking companies participating in the United States Environmental Protection Agency’s Smartway Transportation partnership, a program aimed at improving mileage for trucks and reducing carbon dioxide emissions through improvements in truck design.

In 2013, Dannon carriers averaged 6.29 MPG which reduced fuel consumption by 30,000 gallons of fuel annually.

Product Consumption/End of Life
In 2013, Dannon donated an estimated 3.5 million pounds of fresh dairy products through Feeding America to help feed hungry families and reduce unnecessary waste.
The role and responsibility of a business leader will be judged on two criteria: meeting business targets for shareholders and meeting targets for human and social progress for employees… We must lead our companies with our hearts as much as our heads, and never forget that unlike energy resources, which are limited, our people are a source of infinite power once they feel motivated.

— Antoine Riboud, Co-Founder, Danone, 1972