



DANONE

Danone Business Conduct Policy

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Index

1	Introduction	3
2	Extent of application of the policy	3
2.1	Extent of application within Danone.....	3
2.2	Application by non-controlled companies and suppliers	4
2.3	Legal value of these Principles	4
2.4	Methods of distributing and revising the document	4
2.5	Whistleblowing system (DIALERT) for ethical alerts.....	5
3	Danone's commitments.....	5
3.1	Danone's commitments to its employees	5
3.2	Danone's commitments to the environment.....	6
3.3	Danone's commitments to consumers	6
3.4	Danone's commitments to its suppliers and customers.....	7
3.5	Danone's commitments to its competitors	7
3.6	Danone's commitments to its shareholders	7
3.7	Danone's commitments to the countries in which it operates.....	8
4	Employees' commitments.....	8
4.1	Protection of Danone's image and reputation	8
4.2	Protection of Danone's assets	8
4.3	Respect for relationships with third parties	9
4.4	Protection of Danone's trademarks, patents and data.....	9
4.5	Holding of inside information.....	10
4.6	Managing conflicts of interest	10
4.7	Employees participating in companies or organisations outside the Group	11
4.7.1	Participating personally	11
4.7.2	Participating professionally	11
5	For more information	12
5.1	Documents and external Internet sites:.....	12
5.2	Internal reference documents	12
5.3	Contacts (as of May 2009)	12

Danone Business Conduct Policy

1 Introduction

Danone wants to ensure that its Business Conduct Policy is uniformly applied in all of the companies it controls and in all countries in which the Group is established.

In its relationships with its employees and third parties, Danone wants to act at all times with rigour, transparency, in compliance with international conventions and national laws and regulations and taking into account local cultural contexts.

Danone's Business Conduct Policy is based on Danone values and is aligned with the Danone Way Fundamentals.

The Principles in this Policy are consistent with the Universal Declaration of Human Rights, the international conventions of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises and the commitments that the Group has made in the context of the Global Compact.

2 Extent of application of the policy

2.1 Extent of application within Danone

Danone applies this policy wherever the Group is present, both in its relationships with its employees and in its relationships with third parties.

These Principles are mandatory for all of the companies controlled by Danone (collectively described below as "Danone" or "the Group"). The compliance with Danone's commitments by each company within the Group is ensured by the implementation of appropriate procedures, structures and tools.

The Principles set out in this document also bind every employee in the Group.

The breach by an employee of any of the Principles set out in this document can be assessed and may be sanctioned, depending on the internal provisions of the company that employs the employee and in compliance with the regulations that apply in the country in which such breach may have arisen.

2.2 Application by non-controlled companies and suppliers

The Group promotes the application of these Principles in the companies in which it has a minority shareholding.

The Group also undertakes to promote these Principles in the context of its relationships with its suppliers. The Group undertakes, in the framework of the “Respect” program, to have its suppliers take account of the Sustainable Development Fundamentals and, more generally, encourage them to take into account this Business Conduct Policy.

2.3 Legal value of these Principles

As these Principles are not exhaustive, subsidiaries in the Group can clarify or complete them depending on local regulations.

In the event of doubt over the interpretation of this document, an employee can consult his or her hierarchical manager, the human resources manager, the legal department or internal controller, those persons being able to themselves contact the Risk, Control and Audit Department.

2.4 Methods of distributing and revising the document

These Principles are formally notified to all Danone directors, who:

- acknowledge that they have been informed of these Principles, and
- undertake to apply them, ensure that they are distributed and undertake to promote their application by their employees.

These Principles are also sent to all managers and team managers. They will be distributed to all employees in the Group according to procedures to be defined locally.

Each company in the Group may define the methods of communication, training and internal control that enable all employees to:

- understand the Principles,
- apply them,
- know who to contact in the event of a problem,
- know how to give notice of a breach of these Principles, and
- understand their rights and obligations concerning any notified breaches (personal protection, disciplinary measures in the event of breaches ...).

An assessment will be carried out every three years to examine whether the contents of this document should be updated.

2.5 Whistleblowing system (DIALERT) for ethical alerts

Any employee who notices a breach of accounting and financial rules or internal control or anti-corruption procedures should report it as soon as possible.

The employee has the choice of:

- informing his or her hierarchical or functional manager, the CBU internal controller (or the local internal auditor, if applicable), a representative of the Human Resources Department or of the Legal Department,
- directly notifying the breach to the Group Management. In such case, the employee can use the DIALERT Internet site, the dedicated fax number or send a letter.

The dedicated postal address is:

Danone DIALERT
15 rue du Helder
F- 75439 PARIS Cedex 09
FRANCE

The dedicated fax number is:

+ 33 1 44 35 23 23

The Internet website address is: www.DIALERT.eu
(password: Good4ALL)

In all cases, the employee is guaranteed that the use of DIALERT is confidential. In addition, any employee having in good faith used this alert system will be protected and cannot risk any sanction from his or her employer.

The DIALERT system can also be used by Danone's suppliers (*specific password notified at regular intervals by the SSD-Purchasing Department*) so that they can confidentially notify any breach of the Business Conduct Policy that they may become aware of.

3 Danone's commitments

3.1 Danone's commitments to its employees

The Group undertakes to comply with all of the agreements entered into between Danone and the IUF and, primarily, the Fundamental Social Principles contained in the ILO Conventions relating, in particular, to:

- child labour
- forced labour
- non-discrimination
- freedom of association and the collective bargaining right
- health and safety at work
- working hours
- remuneration

In addition, the Group encourages the personal and professional growth of its employees in the spirit of its dual economic and social objective. It aims at ensuring that everyone has a safe working environment and an equal access to professional training so that each employee can maintain and develop his or her skills.

3.2 Danone's commitments to the environment

Danone acts in compliance with the environmental regulations in the countries in which it operates.

In addition to regulatory compliance, Danone promotes measures that take into account the protection of resources, the environment and nature, in compliance with the Environmental Charter.

In particular, the Group:

- integrates policies, programs and practices in each of its activities that are beneficial to nature;
- endeavours to continuously strengthen its environmental commitment and improve the management of its activities, notably in incurring expenses and investments that reduce its ecological footprint, and
- supplies appropriate information, communication and training in order to ensure a full internal and external understanding of the Group's commitment.

3.3 Danone's commitments to consumers

The Group bases its success on the quality of its products and on the satisfaction of its consumers.

Danone complies with the different health regulations applicable in the countries in which it operates.

Being attentive to the needs and desires of its consumers, Danone undertakes, in compliance with its Food, Nutrition and Health Charter, to:

- provide solutions in terms of taste, nutritional content and economic affordability;
- offer products that have relevant and proven health benefits;
- communicate in a reliable and transparent manner, notably in relation to the nutritional content of products and allergens, and in a responsible manner, in particular in relation to advertising and promoting products to children;
- take part in food education and the promotion of healthy ways of life.

In relation to products that may serve as substitutes for breast milk, the Group encourages and supports breast-feeding as the best start in life. It invests in research and development enabling the constant improvement of appropriate baby milk in order to offer a reliable solution if required to replace breast-feeding. The international code for the marketing of these products, adopted in 1981, acknowledges, moreover, that a legitimate market exists for such substitutes and proposes recommendations to

governments on the regulations to be adopted for the marketing of such products. The Group specifically ensures that its baby milk marketing practices comply with the national legislation or regulations and any other measure adopted by any government.

3.4 Danone's commitments to its suppliers and customers

Danone establishes long-term, equitable, relationships with its suppliers and customers.

The Group undertakes to comply with the applicable competition regulations in relation to its customers and suppliers and asks each of its employees to also comply with them.

Hidden, direct or indirect payments or benefits granted to customers or by suppliers are strictly prohibited.

Lastly, Danone offers all its suppliers a confidential whistleblowing system (for ethical alerts), as noted in paragraph 2.5.

3.5 Danone's commitments to its competitors

The Group undertakes to comply with the applicable competition regulations with respect to its competitors and asks that each of its employees also comply with them.

The Group defines its commercial policy in an independent manner. It undertakes not to enter into any agreement or arrangement with its competitors that has the object or effect of restricting free trade. In particular, it does not agree on prices and does not allocate clients, zones or markets in agreement with or in collusion with competitors.

3.6 Danone's commitments to its shareholders

The Group ensures that its shareholders are treated equally and that the share market regulations and applicable government company regulations are complied with.

At regular intervals or whenever required by the circumstances, the Group provides its shareholders with correct, accurate and genuine financial information in compliance with the applicable rules.

The accounts of the companies in the Group reflect all of the operations carried out in a accurate and genuine manner and comply with the legal and regulatory provisions that are in force. All of the assets and liabilities of the companies in the Group are included in the financial statements in compliance with the applicable accounting principles.

Each company within the Group has implemented internal control procedures in order to ensure the control of its operations and the reliability of its financial statements.

3.7 Danone's commitments to the countries in which it operates

Danone adopts a responsible attitude with respect to the country in which it operates.

Through its activities, the Group participates, in a spirit of long-term development, in the economic and social development of countries where it is established. Notably, Danone undertakes to comply with tax regulations effective in these countries.

The Group acts taking account of the cultural differences and local contexts in each of the countries in which it operates.

It rejects any form of corruption. Hidden, direct or indirect payments or benefits received from or paid to representatives of public authorities or, in a general manner, from any interested third party are strictly prohibited.

Danone prohibits the taking of any political or religious stance or any intervention or support in any manner whatsoever in favour of a party, a political or religious group or a non-governmental organisation with political or religious objectives.

The Group ensures that all of its subsidiaries comply with the laws and regulations applicable in each country in which it operates.

4 Employees' commitments

In the context of his or her role in Danone and in compliance with the Group's commitments, every Danone employee acts with loyalty, integrity, a sense of responsibility and in compliance with the law and regulations.

4.1 Protection of Danone's image and reputation

Every employee in the Group ensures, in the context of his or her role, that the Group's image and reputation is protected.

Where he or she makes a public speech or talks with a journalist or any other media in the Group's name, every employee complies with the external communication principles imposed by the Group.

4.2 Protection of Danone's assets

Every employee ensures the appropriate and reasonable use of Danone's assets and their conservation and avoids any misuse.

Every employee undertakes to use Group funds, credit, personnel, equipment or any other Group property or asset:

- only in conformity with the activities and objectives of the Group, and
- solely in strict compliance with the Group's interest, and
- in compliance with applicable laws.

4.3 Respect for relationships with third parties

In the context of relationships with third parties, every employee undertakes to comply with the following conditions:

- a transaction undertaken by the employee that gives rise to a payment to a third-party must correspond to an actual service or the provision of an actual product for the benefit of the Group,
- the price for the service or the product must be in line with market conditions, and
- a payment made by the Group must be directly paid to the co-contracting or service providing physical or legal person.

Employees must refrain from entering into obligations that are, with respect to their roles, ill-advised, in conformity with the system of delegation of signatures that must be in place in each subsidiary.

Employees are also prohibited from directly or indirectly using Danone funds or other assets for the benefit of organisations of a political nature. However, Danone does encourage its employees to be involved in local and community life.

Benefits and gifts received from third parties

Every employee is forbidden (as are his or her spouse, family or circle of friends or any company in which he or she holds a direct or indirect interest) from personally accepting from any person or company that has - or seeks to develop - a business relationship with the Group:

- discounts, commissions or other forms of remuneration,
- loans or advances other than those obtained from banking or financial organisations at market conditions,
- goods, equipment, services, repair or improvement works without payment or for which the invoiced prices do not reflect those normally occurring in the market, or
- invitations, any form of gift (in the form of an object or in intangible form), or any benefit (financial or legal) of an excessive value or reserved for one employee or a very limited number of employees.

In the event of any doubt, the employee consults his or her hierarchical manager.

4.4 Protection of Danone's trademarks, patents and data

Every employee within the Group ensures the protection of and compliance with the trademarks, patents, knowledge and any other Group intellectual property right, in conformity with the Group's Intellectual Property Policy.

Every employee ensures the protection of and compliance with the confidential nature of any information held in the work context, unless the sending of information is strictly necessary for the performance of his or her task.

By way of example, such confidential information consists of decisions, plans and budgets, non-published results, remuneration, sales forecasts, new products, industrial processes, research programmes, acquisition or assignment projects, customer, prospecting and supplier files, commercial contracts and agreements, etc.

This obligation continues for a period of 2 years after the employee leaves the Group.

4.5 Holding of inside information

Every employee who holds information relating to the Group that is not known to the public and which, if released, would be of such a nature as to influence the market price of the Group's shares, is prohibited, for as long as that information has not been made public, from:

- using that information by buying or selling, directly or via an intermediary, shares in Danone or any other financial product linked to those shares, and
- giving that information to an employee of the Group or to a third party outside the normal context of his or her work or role.

In the context of the Group policy relating to compliance with the share market regulations, employees in the Group who, as a result of their role, are particularly likely to hold inside information, are requested to refer to and comply with the relevant, specific, regulations contained in the "Rules of good conduct in relation to inside information" imposed by the Group.

4.6 Managing conflicts of interest

Every employee within the Group must avoid any conflict between the interests of the Group and his or her personal, direct or indirect interests (ie, in relation to physical persons or companies to which he or she is linked, notably his or her spouse, family, the persons who he or she is responsible or those in his or her circle of friends).

Where an employee finds himself or herself in such a situation or considers that he or she is potentially in such situation, the employee immediately informs his or her hierarchical manager in order that they mutually determine any measures to be taken.

Certain situations can be considered as being likely to lead to such conflicts of interest, notably:

- the holding by an employee of interests, direct or indirect, financial or legal (i) in a company or any other entity that is - or seeks to become - a customer, supplier provider of services to the Group or (ii) in a company that wholly or partially competes with the activity of the Group,

- the exercise by an employee of a role, directly or via an intermediary, as administrator, manager, director or consultant in (i) a company that is - or seeks to become - a customer, supplier or provider of services to the Group or in (ii) a company that wholly or partially competes with the activity of the Group, or
- in a general manner, where an employee benefits from unjustified personal advantages from a third party as a result of his or her role within the Group.

Confronted with a conflict of interest situation, the employee must constantly ensure that he or she can act in the best interests of Danone, to the exclusion of any other consideration, personal preference or specific benefit.

4.7 Employees participating in companies or organisations outside the Group

4.7.1 Participating personally

Where employees in the Group personally participate or exercise any role in associations, companies or any other entity outside the Group or exercise elected positions in them, they ensure that that participation or exercise:

- does not involve any request for financial support from the Group, and
- does not encroach in a significant manner on his or her activity within Danone, with the exception of trade union activities in compliance with the legislation in force.

Where an employee considers that the activities referred to above encroach on his or her work time, he or she must inform his or her hierarchical manager as soon as possible.

An employee occupying management or administrative roles in an entity outside the Group must not:

- present himself or herself or behave as if he or she was a representative of the Group;
- use Group funds, assets or credit;
- have the Group pay for the costs or expenses that he or she may incur in such context.

Furthermore, the rules relating to conflicts of interest set out in point 4.6 apply in all situations referred to in this paragraph.

4.7.2 Participating professionally

Employees in the Group may, as a result of their role or at the request of the Group, be required to join or participate in work by companies, organisations or associations of a professional nature or hold administrative or managerial roles in them in the Group's name.

The administrative or managerial roles that an employee may be required to fulfil at the Group's request in a company or entity, whether it is a member of the Group or not, falls within the framework of his or her normal responsibilities and does not give rise to any additional remuneration. Therefore, if that company or entity pays the employee as a result of his or her role, for example directors' fees or a dividend, those payments will be taken into account in the overall remuneration of the employee concerned.

5 For more information ...

5.1 Documents and external Internet sites:

- Universal Declaration of Human Rights: www.un.org
- International Labour Organisation international conventions: www.ilo.org
- Organisation for Economic Co-operation and Development guidelines: www.oecd.org
- Global Compact : www.unglobalcompact.org
- International Code of Marketing of Breast-milk Substitutes: www.who.int

5.2 Internal reference documents

The following documents will be available on the Group intranet site “mydanone”

- Danone Way Fundamentals (reference DANgo)
- Danone/IUF agreements and Fundamental Social Principles
- Environment Charter
- Food, Nutrition, Health Charter
- Communication Policy
- Risk Management Charter and Internal Audit Charter
- Information Security Guide
- Rules of good conduct in relation to inside information
- Policy of Danone Intellectual Rights Safety

5.3 Contacts (as of May 2009)

DGD – Risk, Control and Audit Department: Philippe Hellich

DGD – Group Legal Department: Christiane Butte

DGD – External Relations Department: Patrick O’Quin

DGRH – Corporate Social Responsibility Department: Jean-Christophe Laugée

DGRH – Social Policy Department: Marc Grosser