Areas of strength

- Danone clearly demonstrates how a company can contribute to preventing and addressing obesity and diet-related chronic diseases and undernutrition. Nutrition-related commitments are fundamentally embedded into Danone’s business objectives and strategic thinking, and are augmented by strong philanthropic initiatives.
  - The company’s annual sustainability report covers global nutrition-related initiatives and is externally verified, a new development since the 2013 Global Index and is considered to be best practice.
  - The company makes significant efforts to address nutrition issues through its commercial portfolio. Consideration of local dietary needs and potential nutrient deficiencies are included in market research assessments and supported by targeted product reformulation as well as follow-up studies to assess efficacy.
  - Danone scored well on several affordability-related indicators that were included in the 2016 Global Index. Each of the company’s product categories includes healthy variants affordable to low-income populations via coupons, discounts or smaller product sizes. Moreover, these affordability efforts extend to several fortified products designed to target undernourished, low-income consumers.
  - During the 2013 Global Index research process, Danone conducted an evaluation of its employee health and wellness program and has since reported the results. An independent academic group has also evaluated the company’s program, focusing on participation rates and employee attitude shifts toward health and wellness.
  - Danone’s maternity leave policies differ by geography, but are generally robust and cover key issues well.
  - The company has a track record of successful commercial initiatives and philanthropic projects targeting nutrient deficiencies in low-income demographics.

Areas of improvement

- At the time of assessment, Danone was in a period of transition between strategic planning cycles. The company was developing its Danone 2020 plan, which is expected to include financial and R&D targets, as well as a revision of strategic business commitments. It is possible that the gaps present in Danone’s disclosure can be attributed to the timing of the 2016 Global Index assessment taking place prior to the company’s publication of the updated business plan. However this has led to a decrease in ranking from the first place in 2013 to the third place in the second index.
  - Danone does not have comprehensive forward-looking targets relating to reducing or increasing key nutrients in its product portfolio. Forward-looking targets related to employee participation in wellness programs are also absent, despite that participation rates and other metrics appear to be routinely tracked.
  - Although Danone has nutrition-related initiatives in many developing countries, it does not make a specific commitment to focus its undernutrition efforts in developing countries of highest priority.
  - Danone only advertises its healthy products to children under-12. Danone improved its threshold for programs with a child audience limit to 35% for all regions. This could be further improved by reducing the child audience threshold limit to 25%.
  - As also recommended in 2013, Danone could improve its disclosure by publishing its policy on nutrition labeling for fortified foods.
  - Danone ranked the second on the breast-milk substitutes (BMS) sub-ranking. While its policy commitments align reasonably strongly with The International Code of Marketing of Breast-milk Substitutes (The Code) and subsequent World Health Assembly (WHA), they are not applied to all products in all markets. In both Vietnam and Indonesia, multiple observations of non-compliance with The Code were made.
Groupe Danone

**Category analysis**

**A Governance**

**Nutrition general**
- At a strategic level, Danone makes strong commitments to nutrition and health, providing several examples of the integration of these into its business goals. Danone's mission statement states an aim of, "Bringing health through food to as many people as possible," and it identifies three areas of strategic growth, one of which is, "Promote a holistic approach of health through food, anchored in local cultures.
- Danone's group-wide commitments cover product nutrition, marketing, affordability and diet-related health issues. Many are codified within a detailed Food, Nutrition and Health Charter, endorsed by the Chairman and CEO.
- Danone has been systematically disposing of non-‘health-focused’ business segments and now targets its acquisitions exclusively on ‘healthy’ categories.
- Danone reports that 86% of its FY2014 sales met its definition of healthy and that its sale of these products increased by between 5% and 9.9% from FY2012 to FY2014.
- Governance of Danone’s nutrition strategy is assigned to the company’s group-level Product Compliance Board, which is chaired by a member of the Executive Committee.
- Danone reports on its nutrition efforts within its annual sustainability report, clearly linking related issues back into its overall business strategy. Qualitative objectives include improving knowledge of local contexts, continually improving products, and measuring the dietary impact of products. However, clear reporting on progress to objectives and targets is not evident.

**Undernutrition**
- Danone has integrated both health and malnutrition considerations into its core business strategy. As a part of its market research process - the Nutriplanet approach, Danone identifies local health issues (such as undernutrition) that can be addressed via commercial product offerings. The nutritional needs of specific demographics such as children, mothers, and the elderly are targeted. However, it is not evident that undernutrition activities are focused on priority developing countries.
- The Danone Communities Fund which is part of the company’s philanthropic efforts has a stated objective, "To finance and develop local businesses, with a sustainable business model, focused on social objectives: To reduce poverty and malnutrition and improve access to clean drinking water." The Fund currently operates in Bangladesh, Cambodia, China, France, India, Mexico and Senegal. This could be extended to other priority developing markets with high levels of undernutrition where Danone operates.

**B Products**

**Nutrition general**
- Danone has committed to continue to invest in nutrition-related R&D and has a well-developed system for reformulating products aimed at improving consumer health. This includes three programs: Nutriplanet, its market research of consumers’ dietary preferences and needs; Nutriways, its product reformulation program; and Nutri-Impact, its program to study product impacts on consumer diets and health.
- Nutritional needs and dietary preferences are assessed on a country-by-country basis and systematic efforts are in place to tailor product formulation to the nutritional needs of each market.
- Danone views reformulation as a continual process: 30% of Danone’s products have been nutritionally improved over the past three years. As of 2014, two-thirds of all products complied with Danone’s internal nutritional standards.
- At the time of publication, Danone did not have any targets or deadlines for ensuring the entire product portfolio meets these standards.
- The majority of Danone’s dairy products meet its healthy standard to be advertised to children under age 12. For example, 100% of its children’s product range in the U.S. meets the Children’s Food and Beverage Advertising Initiative (CFBAI) criteria and 68% of children’s dairy products marketed in Europe meet the EU Pledge criteria.
- Danone's Nutrient Profiling System (NPS) is robust, and there are formal nutritional guidelines in place for product development/reformulation, which correspond to each of the major positive and negative nutrients. Its nutritional standards are applicable across all markets, as is its reporting on performance metrics.

**Undernutrition**
- Danone’s Nutriplanet market research of consumers’ dietary needs includes an assessment of undernutrition, and the company reports that undernutrition is addressed within its three R&D programs. These activities underpin the commercially oriented elements of Danone’s undernutrition efforts.
- As Danone continues to expand its commercial activities into Africa, it will have increased opportunity to leverage its well-established market research program. Taking into account diverse local tastes and nutritional needs, the program will be important to establishing a strong foothold in new African markets while simultaneously addressing issues of undernutrition.
- In addition to commercial efforts, Danone is funding many projects via its philanthropy, which has an overarching mission to address malnutrition. Danone has collaborated with NGOs and local governments to develop and distribute a number of fortified products including, ‘Shokti Doi’ - a children’s yogurt in Bangladesh, ‘Lemateki’ - a children’s snack in Senegal and ‘NutriGo’ - fortified powdered food supplement in rural China.

**C Accessibility**

**Nutrition general**
- Danone has codified a global commitment to product affordability within its Food, Nutrition and Health Charter, which state that, “All are entitled to health through food. Low income must not preclude nutrition.”
- However, Danone has not set affordability targets, such as sales volumes for affordably priced, healthy products.
- With regards to product distribution, Danone describes a strong strategic commitment to accessibility, which is globally applicable to all markets. This commitment does not explicitly reference low-income populations, although Danone is conducting several product distribution initiatives targeting these groups. The commitment is also not translated into a formal policy addressing the distribution of healthy products, nor has it set related targets.
- Necessary refrigeration of dairy products is an accessibility issue that Danone recognizes and that will become increasingly important as the company expands into areas of Africa where refrigerated supply chains are not available. Danone currently offers a few dairy products in South Africa that are designed and packaged so as not to require refrigeration. However these products, such as its ‘Ultramel’ dessert topping, are not in healthy product segments. Danone should expand its R&D efforts to focus on improving the accessibility of its healthy dairy products (i.e. in areas other than its Early Life Nutrition, waters and medication businesses that are not assessed for the Index). Despite these commitments and many examples of initiatives, Danone publishes limited information on the management systems that guide its efforts to improve healthy product accessibility and affordability.

**Undernutrition**
- Although it is clear that Danone generally considers affordability and accessibility in the development and marketing of its fortified products, it is difficult to determine whether an underlying strategy is in place. Related disclosure is focused on project examples, with little discussion of the overall top-down planning process.
- Many Danone products are offered in developing countries and are fortified with nutrients tailored to local needs. Examples include ‘Moufid’ in Morocco, ‘Fundooz’ in India, and ‘Yogurisimo’ in Argentina. These products are priced and sized to ensure affordability for low-income populations in their respective markets.

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Category analysis

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Nutrition general
- Danone has multiple policies in place and external commitments to market its products responsibly. It commits to comply with the International Chamber of Commerce (ICC) Code for Responsible Food and Beverage Communication. Its commitments apply globally.
- Danone operates its own internal validation system for health and nutrition labeling; quantitative disclosure of key positive and negative nutrients; and presentation of Guideline Daily Amounts (GDA) percentages. These commitments have been rolled out in all of Danone’s operating markets.
- Danone makes strong product labeling commitments through global policies, adhering to the voluntary guidelines of the European Confederation of Food Companies.
- Danone makes a globally applicable commitment to conducting robust two-dimensional evaluations (such as Danone’s Eat Like a Champ program in the U.K.), but not all, contrary to best practice.

Undernutrition
- The philanthropic Danone Communities Fund has a dual focus on malnutrition and clean drinking water and supports a variety of undernutrition-oriented initiatives. Beyond this overarching goal to address undernutrition, detailed formal commitments are not evident. The Fund does not publish guidelines about the types of educational or nutrition programs it will support.
- Danone does not disclose any information about other commitments or initiatives to educate undernourished consumers about various aspects of nutrition.

Nutrition general
- Danone’s commitment to the health of its 99,927 employees (FY2014) is codified in its globally applicable Food, Health, and Nutrition Charter. The company's wellness plan is robust, offering employees healthy cafeteria options, on-site exercise facilities and fitness groups.
- Impacts of employee health and wellness programs are assessed by both Danone and independent academic researchers. These evaluations primarily focus on participation rates, number of products/services provided to employees and shifts in attitudes toward health and wellness.
- The company’s support for breastfeeding employees is codified through local/regional policies. All such policies meet or exceed local legislation, but they vary in scope and a group-wide policy for maternity leave and breastfeeding employees is not evident. Although most local policies address issues such as flexible working arrangements, these issues are not addressed in a group-wide context.
- The Danone Ecosystem Fund, Danone Communities Fund, and Danone Institutes support a variety of philanthropic programs including health and nutrition initiatives.
- Commitments on consumer-oriented programs are applicable to all markets. However, reporting on impacts is unclear and does not appear to be global in scope.
- Some consumer-oriented health and wellness programs are independently evaluated (such as Danone’s Eat Like a Champ program in the U.K.), but not all, contrary to best practice.

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Lifestyles

Nutrition general
- Within its philanthropic Danone Communities Fund, the company is undertaking four projects to improve affordability of its fortified products in Bangladesh, France, Senegal and China.
- In Bangladesh a joint-venture with Grameen Bank has resulted in a successful undernutrition-focused accessibility program. The philanthropic project hires Bangladeshi women to sell fortified yogurt products in their local communities, which are typically not served by commercial food markets.
- Room for improvement exists, as neither participation rates nor targets are tracked, and programs are not necessarily offered to all employees and their families.
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Engagement

Nutrition general
- The company states that it conducts lobbying aimed at addressing issues of consumer health via nutritious food products, and similarly provides public policy development input. Danone’s lobbying commitments are global in scope, applicable to all markets.
- Disclosure regarding participation in industry associations has room for improvement. Although Danone discloses its E.U. industry association membership via the E.U. Transparency Register, it does not provide related details, such as its financial support for these associations. This level of transparency has not been extended to the other countries in which it operates. Moreover, lobbying positions are only disclosed at a high level, rather than in detail.
- Danone makes a globally applicable commitment to conducting robust two-
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way stakeholder communication with governments, nutrition experts, scientific societies and NGOs.

**Undernutrition**

- The company's stakeholder engagement approach integrates nutrition and undernutrition. Lobbying and engagement commitments cover both areas.
- The company collaborates with local authorities in combating undernutrition, both at the level of products and of consumer education initiatives. Such initiatives have taken place in China, Argentina, Poland, Russia and Turkey.
- Despite these examples, Danone's support for governments' undernutrition-related efforts is not explicitly set out or codified in a commitment or policy document. A willingness to collaborate on initiatives is clearly demonstrated, but it is unclear how Danone's approach is formalized.

**Breast-milk substitutes (BMS)**

Danone was included in the ATNI BMS assessment, which comprised: i) assessing the company's BMS marketing policy commitments, management systems and disclosure, and; ii) assessing its marketing practices in Vietnam and Indonesia over the summer of 2015. Danone scored 31% and was ranked second out of the six BMS companies assessed. The adjustment made to the Global Index score was -1.04.

Key ways in which Danone could improve its compliance would be to:

- apply its policies in all markets consistently as recommended by The Code.
- adopt the industry best practice of going beyond compliance with local regulation and follow its own policies where they are stronger than local regulations and where local regulations are weaker than The Code.
- strengthen its management systems where they are weak, and make greater efforts to ensure they are applied consistently in all markets.

The full analysis and recommendations are available in the BMS chapter of the Global Index report and the company’s BMS Scorecard.

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**Note**

Sustainalytics Research is responsible for the scoring and ranking of company performance for the Access to Nutrition Index. Sustainalytics Research contributed to the report and company scorecards for the Index, and engaged with food and beverage companies as part of the data collection and analysis process.

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