



**Danone Management System Manual for the Marketing
of Foods for Infants and Young Children**

"Blue Book"

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1. Purpose of this Manual

Danone acknowledges the importance and respects the Aims and Principles of the International Code of Marketing of Breast Milk Substitutes of the World Health Organization (the “WHO-Code”) and subsequent relevant WHA resolutions of the World Health Assembly (the “WHA Resolutions”), together referred to as the WHO-Code.

This document is intended to be used in conjunction with the Danone Policy for the Marketing of Foods for Infants and Young Children (the “Green Book”). It is intended to ensure robust and consistent internal processes are applied and implemented in all Danone entities doing business within the scope of the Green Book.



2. Responsibilities for implementation

LEVEL	OWNER	RESPONSIBILITY
Danone Baby Nutrition Division – Headquarters (Danone Place Schiphol)	President	The President of Danone Baby Nutrition Division – who is also a member of the Danone Executive Committee (“Comex”), is the person nominated by the Chairman of Danone as being responsible for the global implementation and monitoring of compliance with the Danone Policy on the Marketing of Foods for Infants and Young Children (the ‘Green Book’)
Danone Baby Nutrition Division - Headquarters (Danone Place Schiphol)	Legal & Regulatory Affairs Director	The Legal & Regulatory Affairs Director of Danone Baby Nutrition Division is responsible for the global implementation and monitoring of the procedures in this manual through the Legal & Regulatory Affairs Department.
Danone Baby Nutrition Division - Country Business Unit (hereafter CBU)	General Manager	While this Management System Manual is elaborated at corporate level, each individual country’s specific legislations, guidelines or practices is factored in at country level. Therefore, the General Manager of a country is responsible for the local implementation of the Policy and monitoring of the procedures in this Manual.
Danone Baby Nutrition Division - Country Business Unit	Country Compliance Manager	The Compliance Manager of a country is responsible for supporting the local implementation of the Policy.



3. Induction & Training

3.1. Purpose and scope

A process is in place to ensure timely induction and training programs for all (current and new) Danone employees responsible for the Marketing of products within the scope of Danone's Green Book (Covered Products) and to ensure they fully understand their individual and collectively responsibilities as detailed in the Green Book. In addition to general training, supplementary functional specific training is conducted for functions mentioned in article 3.1.2.

Danone Induction and Training on the 'Green Book' is understood as an umbrella initiative with 3 main objectives:

1. To instill a "Green Book compliance culture" 'right from the start' for all new employees
2. To thoroughly train compliant behavior in business - 'as part of the Danone DNA' - to existing employees
3. To 'bring the Green Book to live' with all Danone employees, acting as ambassadors after formal training

3.1.1. General Induction (new employees), including knowledge on Danone's Green Book, cover all Danone employees at the Danone Baby Nutrition Headquarters, as well as in each market.

3.1.2. The letter of appointment of all new Danone Baby Nutrition Division's employees includes a statement supporting the aims and principles of the WHO-Code and a requirement for the employee to comply with Danone's Green Book.

3.1.3. Specific Training, including deep knowledge on and application of the Green Book is given to employees that are **more directly exposed** to areas of business included in the scope of the Green Book, such as Sales, Marketing, Medical, and Regulatory Affairs.

3.2. The responsibility for ensuring Danone Induction to new employees lies with the HR Director of Danone Baby Nutrition Division.

3.3. Transparency and Updates

- 3.3.1. Induction and training materials are updated regularly, reflecting the changes in the Green Book, policies or organisations of Danone.
- 3.3.2. The Danone Charter is visible and well displayed in Danone Baby Nutrition Division's Headquarters as well as regional and CBU offices.
- 3.3.3. Danone's implementation of the Green Book is mentioned during regular Face to Face business updates by senior management to all staff at local offices and during regular CBU updates.
- 3.3.4. A thorough communication program around Danone's Green Book and its commitments is available, using on and offline communication platforms.

3.4. Hiring of new or transfer of existing staff.

- 3.4.1. The Danone Baby Nutrition Division's HR departments keep a Hiring and Transfer checklist in order to guarantee that all employees undergo respective induction and training on the Green Book – either when entering the company or during transfer or promotion.



4. Whistle-blowing system (DIALERT) for alerts related to compliance with the Green Book

4.1. Purpose

A process is in place to enable Danone employees to report alleged incidents of non-compliance with the Green Book, in a confidential and anonymous manner.

4.2. Procedure

4.2.1. Any employee who notices a breach of Danone's Green Book has a responsibility to report it as soon as possible.

4.2.2. The employee has the choice of:

- Informing his or her hierarchical or functional manager, the internal controller (or the local internal auditor, if applicable) in each CBU, a representative of the Human Resources Department or of the Legal Department.
- Directly notifying the breach to Danone Management. In such case, the employee can use the internal Whistle-blowing system (DIALERT) through internet or postal address.

4.2.3. On receipt of a complaint of non-compliance, the Legal & Regulatory Affairs Director of Danone Baby Nutrition Division and the Vice President of Quality & Public Affairs will be immediately informed. The Legal & Regulatory Affairs Director of Danone Baby Nutrition Division then informs the respective CCM.

4.2.4. The investigation of the alleged allegation will be conducted according to Section 7 (Managing Allegations of Non-Compliance), and a formal response will be given to the employee within 4 weeks.

5. Internal Auditing

5.1. Purpose

A process is in place that ensures that Danone's Green Book and management systems detailed in this Blue Book have been effectively implemented.

5.2. Procedure

This procedure forms part of Danone's internal self-assessment compliance processes. Each CBU of Danone Baby Nutrition Division undertakes an annual assessment of compliance with Danone's Green Book. CBU's may also be audited by an Internal Audit procedure.

5.3. Reporting

5.3.1. At least once a year, the Legal & Regulatory Affairs Director of Danone Baby Nutrition will present to the Danone Baby Nutrition Division Executive Committee a summary report detailing CBU self-assessment results for this procedure.

5.3.2. An annual management review is undertaken by the Legal & Regulatory Affairs Department of Danone Baby Nutrition Division to identify potential weaknesses in the management systems and to recommend revision as required.



6. External Auditing

6.1. Purpose

A process is in place to ensure both Danone's Green Book and this Blue Book have been effectively and correctly implemented; external audits (second party) are conducted through external audits by a suitably qualified expert. These audits are carried out at the Danone Baby Nutrition Division Headquarters and CBU level.

These audits aim at verifying that;

- practices are in conformance with the internal Policy and related instructions and
- non-conformance is followed by corrective actions.

6.2. Procedure

6.2.1. Second party

An external auditing company is selected by the Legal & Regulatory Affairs Director of Danone Baby Nutrition Division. A contract including independency and confidentiality defines the relation with the second party.

6.2.2. Audit planning

An audit plan is proposed every year by the Legal & Regulatory Affairs Director of Danone Baby Nutrition Division. It is approved by the Danone Baby Nutrition Division Executive Committee before being shared with the second party and CBU's to be audited.

The audit plan is adapted according to the priorities and following an annual review organised by the Legal & Regulatory Affairs Director of Danone Baby Nutrition Division. A minimum of 5 countries are audited each year.

6.2.3. Audit organisation

The CCM is responsible for coordination and organisation of the audit locally.

The second party defines the conditions of the audit, its scope and the list of persons being met.

6.2.3. Audit process

The audit is carried out according to auditing good practices, with the following phases:

- opening,
- audit itself based on interviews and document evaluation,
- identification of improvements,
- closing.

6.3 Reporting

6.3.1 Audit report

For each audit, a detailed report is established by the second party and reviewed by the General Manager and CCM of the CBU before being sent to the respective Regional Vice President and Legal & Regulatory Affairs Director of Danone Baby Nutrition Division

6.3.2. Reference materials include the following documents related to Danone's Green Book but are not limited to:

- Danone Policy for the Marketing of foods for Infants and Young Children ("**Green Book**").
- Danone Management System Manual for the marketing of Breast-milk Substitutes and other foods intended for infants and young children ("**Blue Book**").
- Danone **Charter** for the Marketing of Foods for Infants and Young Children.
- Danone Group Lobbying Policy
- Reporting of Non-compliance
- Danone Baby Nutrition Membership in Trade Associations
- Danone Business Conduct Policy
- Local laws and regulations and/or local WHO-Code interpretation



7. Managing Allegations of Non-Compliance

7.1. Purpose

A process is in place to define the handling of allegations of non-compliance by both employees and external parties relating to the Green Book and/or local laws and regulations related to the marketing of Breast-milk Substitutes.

7.2. Procedure

7.2.1. Allegations of non-compliance may be received through any communication means, including, but not limited to;

- Email
- Danone Websites
- Telephone
- Letter

7.2.2. Any alleged non-compliance will be forwarded to the Country Compliance Manager (CCM) in the country where the non-compliance is alleged to have taken place.

7.2.3 The respective CBU General Manager and the Legal & Regulatory Affairs Director of Danone Baby Nutrition Division will be immediately informed on receipt of alleged violations.

7.2.4. The CCM is responsible for overseeing the investigation into alleged non-compliance. All investigations will be documented and the outcome recorded whether the allegation is substantiated or not.

7.2.5. Where non-compliance is found to be substantiated, the Vice President Quality & Public Affairs of Danone Baby Nutrition Division and the respective Regional Vice President will be informed of the investigation outcome and corrective action plan.

7.2.6. If non-compliance is found to be systematic or repetitive, the President of Danone Baby Nutrition Division, in addition to the Quality & Public Affairs Vice President and respective Regional Vice President will be informed of the investigation outcome and corrective action plan.

7.2.7. The CBU represented by the GM will respond to the complainant in writing, detailing the investigation outcome and corrective action taken in case of a complaint being substantiated.



7.2.8. All alleged individual non-compliance issues will be responded to within four weeks of receipt of the complaint. In cases of multiple complaints, the response time may exceed four weeks.

7.2.9. Corrective actions will be tracked by the CCM according to the procedure in Section 9 Reporting (Internal & External).

7.3. Reporting

7.3.1. On receipt of alleged non-compliance it will be recorded in a specific database detailing;

- Country
- Date
- Nature of alleged non-compliance
- Complainant's details
- Corrective action taken

7.3.2. On completion of the investigation, the report will be systematically stored, along with the official response sent to the complainant. No investigation may be reported as complete, without confirmation the corrective action has been fully implemented

7.3.3. The Legal & Regulatory Affairs Director of Danone Baby Nutrition Division presents an annual summary report detailing alleged non-compliances and any subsequent action plans, to the Danone Baby Nutrition Division Executive Committee.

8. Reporting (Internal & External)

8.1. Purpose

A process is in place to:

- a) ensure that accurate and complete data on compliance with the Green Book across Danone are generated and assembled at Danone Baby Nutrition Division and Danone level;
- b) guarantee Danone is fully transparent about compliance with its Green Book, including concrete corrective actions in cases of non-compliance.

8.2. Procedure

8.2.1. A CCM is appointed in each CBU. The CCM's function is to implement and effectively monitor this Management Systems detailed in this manual. The CCM reports to the CBU General Manager.

The CCM monitors adherence to the Green Book and against that context creates an **internal** annual report which serves to annually track performance on the following Green Book non-compliance:

- Green Book related complaints, breaches and allegations (numbers, source and type);
- Investigations (findings);
- Corrective actions taken;
- Assessment of the level of compliance performance (annual tracking).

Information for the report may stem from internal and external sources:

- **Internally:** Danone Whistle-blowing system (Dialert), internal audit reports
- **Externally:** Stakeholders, monitoring, external audit reports

8.2.2. Each CBU sends its annual report to the Legal & Regulatory Affairs Director of Danone Baby Nutrition Division, who compiles all market reports into one single summary report, which is then submitted to the Danone Baby Nutrition Division Executive Committee. The summary report contains consolidated information on the following:

- Internal and External monitoring
- Corrective actions taken in case of non-compliance
- External audit reporting



8.2.3. The Legal & Regulatory Affairs Director of Danone Baby Nutrition Division monitors adherence to the Green Book and against that context creates an external annual report, assessing e compliance with the Green Book such as:

- Adherence to policy
- Non-compliance
- Corrective actions taken

8.2.4. The Legal & Regulatory Affairs Director of Danone Baby Nutrition Division centralises all information and ensures Green Book compliance is externally transparent and accessible.

8.2.5. The Legal & Regulatory Affairs Director of Danone Baby Nutrition Division produces an annual summary report for presentation to the Danone Executive Committee (Comex). The report covers the following key areas relating to non-compliance;

- internal monitoring;
- external reporting and;
- corrective actions undertaken.



9. Approach to Lobbying

Danone supports the sensible and consistent application of local government regulation relating to the WHO Code and believes it has an important role in assisting Governments achieve this aim. Danone Baby Nutrition Division complies with Danone's Global Lobbying Policy and ensures that any lobbying related to the implementation of the WHO-Code adheres to the respective principles. In detail, this means:

- Danone seeks regular and consistent relations with external stakeholders in order to share its perspective.
- Engagement and advocacy activities, either direct, or via industry associations must be transparent and fact based.
- Danone seeks to ensure that the trade associations and industry policy groups, to which they belong, operate to the same high standards with Membership of such organizations being disclosed*. In the event that Danone disagrees with the decision of a trade association or other companies' positions, Danone will make all parties aware of this disagreement. Danone will endeavor to amend such decisions or positions and ensure that the company is not associated with any position with which we do not agree.
- Danone is transparent with regard its positions and communicates them to stakeholders involved.
- Lobbying activities are carried out according to the local regulations, where existing.
- Any third party or agent undertaking lobbying activity relating to the application of the WHO Code on behalf of Danone must adhere to this policy.

* See also the document 'Danone Baby Nutrition Membership in Trade Associations'.



10. Glossary: Terms & Abbreviations

Blue Book	Danone Management System Manual for the Marketing Foods for Infants and Young Children
CBU	Country Business Unit
CCM	Country Compliance Manager
COMEX	Danone Executive Committee
DBN	Danone Baby Nutrition
GM	General Manager (of a CBU)
Green Book	Danone Policy for the Marketing of Foods for Infants and Young Children
RVP	Regional Vice President
WHO	World Health Organisation
WHO-Code	International Code of Marketing of Breast-milk Substitutes of the World Health Organization

