

Guidance Committee

ECOSYSTEM UPDATE - JULY 2012



Contents

- 1** Ecosystem current overview
- 2 Update on projects since January 2012
- 3 Update on Social Impact Measurement
- 4 Ecosystem Learning Roadmap
- 5 Ecosystem Communication focus





Ecosystem overall strategy

Phase 1
 Launching platform, projects
 & mobilizing

Phase 2
 Consolidating &
 spreading experience

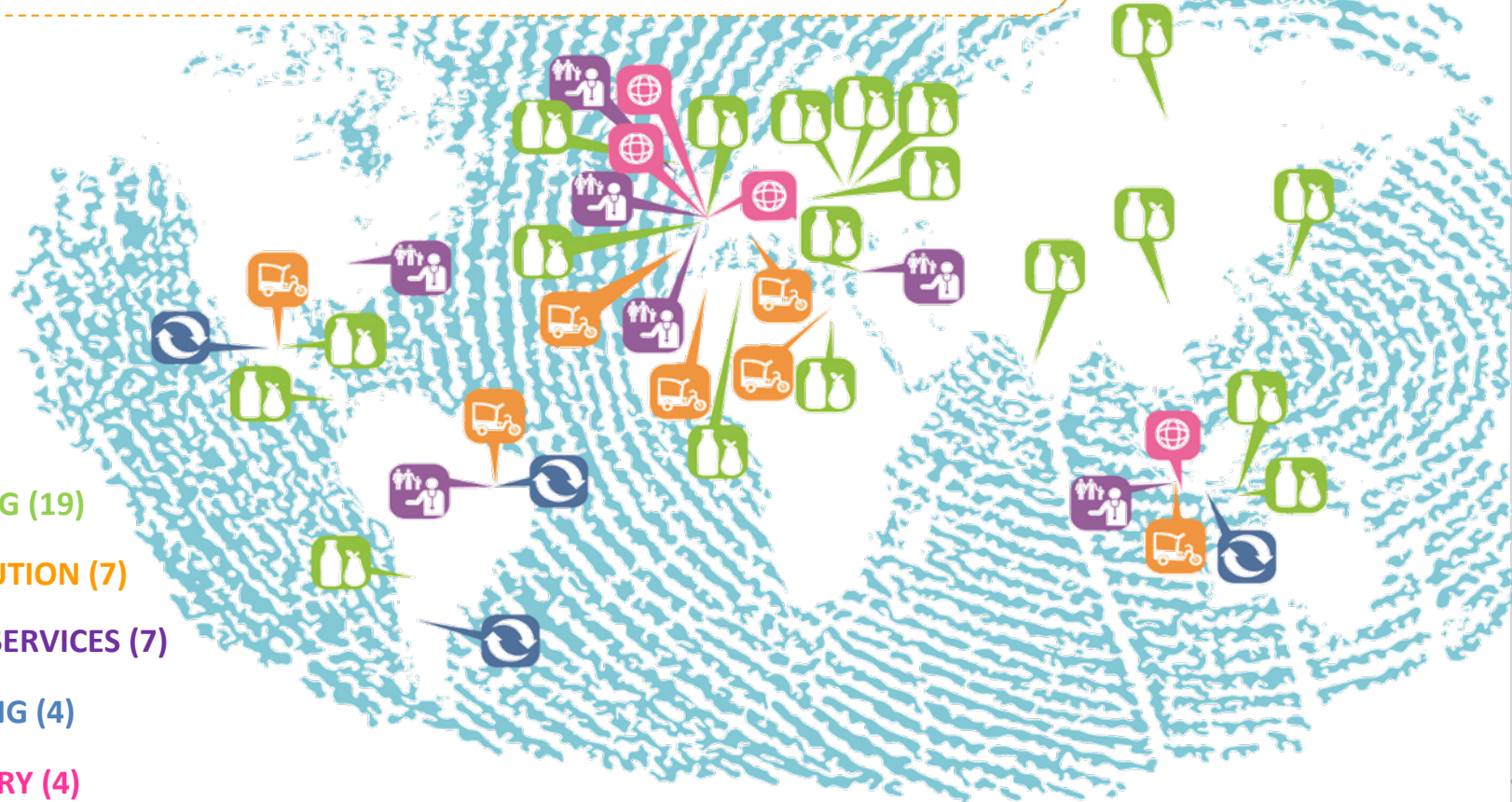
Phase 3
 Ecosystem
 after the
 Fund



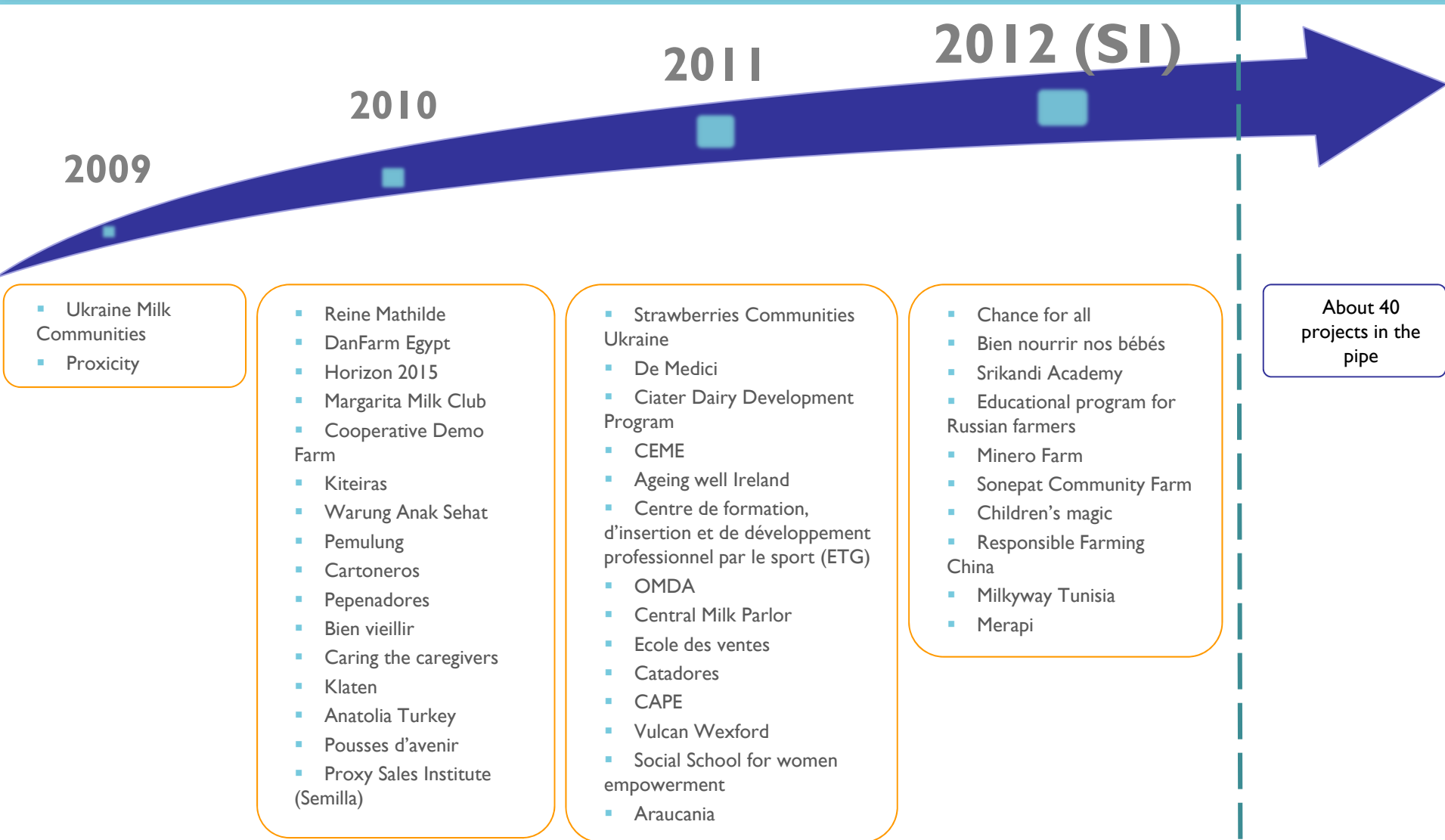
Danone
 transformation
 through ecosystem

Projects mapping and key facts

- 41 active projects
- Targeting the consolidation/creation of 51 000 jobs
- 31 partners



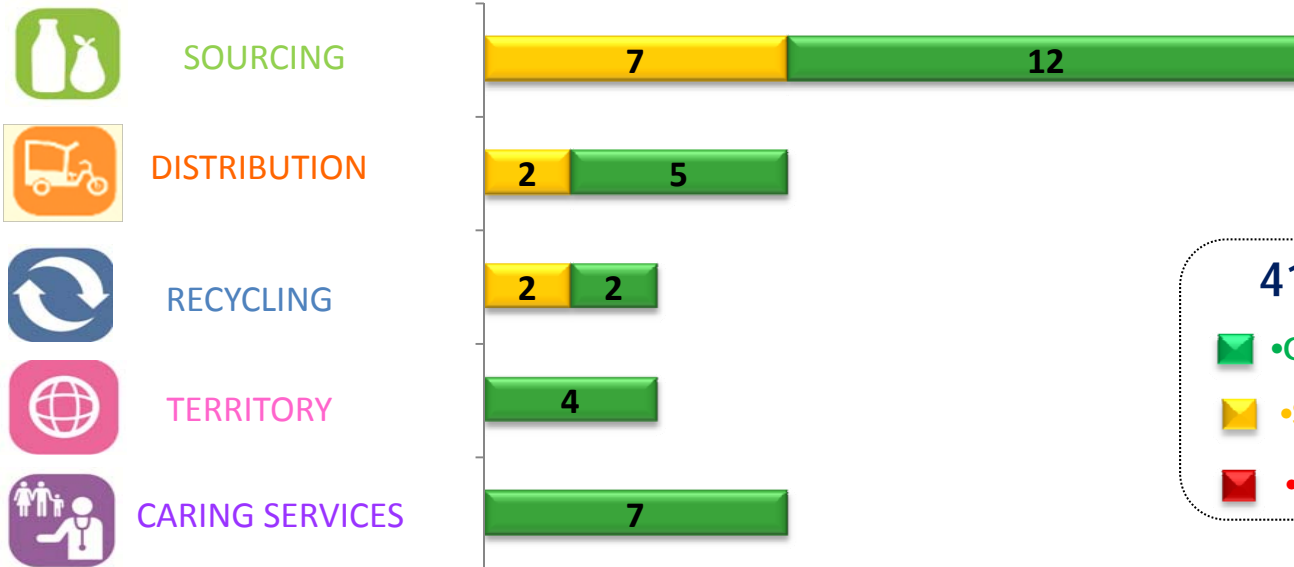
Projects pipe forecast



BUDGET update

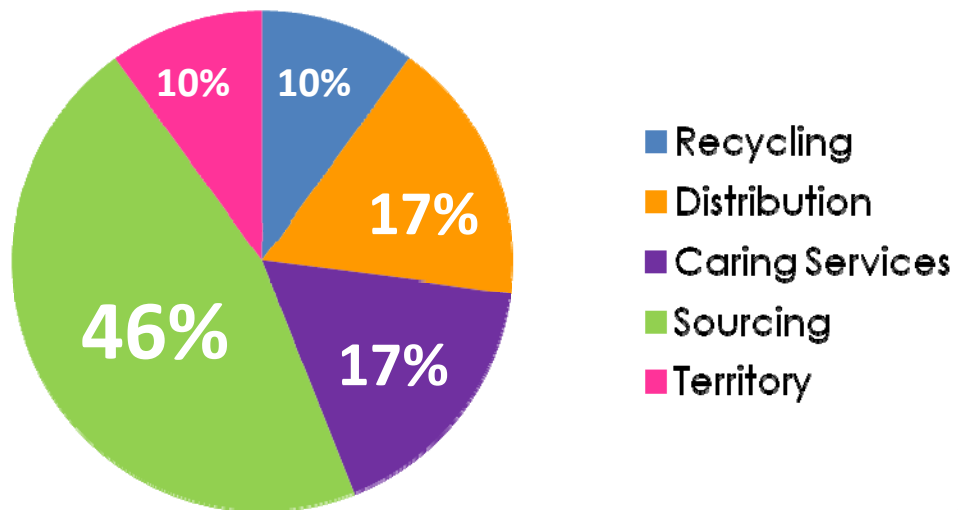
	Number of projects	Approved Budget (M€)	Extensions Budget (M€)	Engaged (approved+extension) Budget (M€)
	19 (+1 stopped)	15,8	13,5	29,3
	4	4,0	4,4	8,4
	7 (+1 stopped)	4,2	7,5	11,7
	4	4,3	0	4,3
	7	3,5	0,9	4,4
TOTAL	41 (2 stopped)	31,8	26,3	58,1

PORTFOLIO overview & CLUSTER repartition



41 on going projects

- On track (30 projects)
- Some issues (11 projects)
- At risk (0 projects)



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New projects since last Guidance Committee

SOURCING/ 19

+7 new projects

- Milkyway/ Tunisia**
- Responsible Farming China/ China**
- Sonepat Community Farm/ India**
- Educational program for russian farmers/ Russia**
- Chance for All/ Romania**
- Japan Minero Farm/ Japan**
- Merapi Dairy Rehabilitation/ Indonesia**

+1 extension

- Ciater dairy development program/ Indonesia**



CARING SERVICES/ 7

+ 3 projects

- Children's Magic/ USA**
- Srikandi Academy / Indonesia**
- Bien nourrir nos bébés/ France**



New Sourcing projects – 1/4

Details



Responsible Farming China – July 2012

Context: Chinese milk market growth is faster than the supply of raw milk and small holders jeopardize the overall milk quality & safety

Actions/ Objectives:

- Connect a large dairy farm with small surrounding farmers community
- Create local capabilities to empower small farmers in beef faltering and animal feeding production
- Reduce overgrazing practices and soil degradation
- Dumex reduction of compliance risk with government regulations of local sourcing
- **Fund contribution : 750 000 € / Social Impact: 1000 farmers impacted over 5 years**



Milky Way Tunisia – July 2012

Context: Tunisian milk production is stressed and milk quality is insufficient to match growth needs with small, fragile and isolated breeders

Actions/ Objectives:

- Train, support and foster farming practices sharing of small breeders around Milk Collection Centers (MCC).
- Give access to micro-credit for breeders to help them implement their projects
- Develop a high quality milk sourcing (through cold chain preservation practices) & foster an environmentally sustainable farm model.
- **Fund contribution : 880 000 € / Social Impact: 4850 farmers trained**



New Sourcing projects – 2/4

Details



Japan Minero Demo Farm – January 2012



Context: Japan milk production is decreasing due to ageing farmers and lack of attractiveness for new generations. Post Fukushima earthquake and nuclear incident

Actions/ Objectives:

- Support the implementation of private cooperative type farms and the development of sustainable farming practices for the future of dairy farming in the Fukushima region.
- Educate farmers on running large multi family farms (150 cows) and develop the cooperative model to secure Danone Japan milk supply.
- Develop ecological and sustainable farming practices like the reduction of farm energy consumption
- Contribute to Danone Japan reputation for milk sourcing access
- **Fund contribution: 1,5 M€ / Social Impact: 3000 farmers to be trained or connected over 5 years, 75 farmers directly engaged in operating Minero farm**



Sonepat Community Farm – January 2012 - INDIA



Context: India is facing significant challenges related to its milk quality (adulteration), low yielding cattle, high cost of feed and fodder discouraging good dairy farming practices.

Actions/ Objectives:

- Set up an innovative community farm model in Sonepat district which will:
 - ✓ Provide technical services to small local farmers through Satellite Milk Collection Center
 - ✓ Build social cohesion and increase farmers milk revenue
 - ✓ Contribute to social cohesion in 5 surrounding villages and increase farmers income
- Develop new milk sourcing channel
- **Fund contribution : 618 000 € / Social Impact: 1300 farmers empowered**



New Sourcing projects – 3/4

Details



Educational Program for Russian Dairy Farmers – January 2012



Context: Russia is facing a structural milk deficit with a challenge to transform ex-kolkhozes.

Actions/ Objectives:

- Creation of an educational center for dairy farmers (milk business academy - MBA) with a training farm of 100 cows for practical classes.
- Increase Russian farmers awareness on environmental farming practices.
- Introduce modern international practices for dairy farmers.
- Contribute to milk volume increase to support CBU business development
- **Fund contribution : 48 M rubles = 1,22 M€ / Social Impact: 800 farmers targeted over 5 years**



DUM

Chance for All Romania – January 2012



Context: Romanians farmers are living in self-sufficient but not sustainable farms with ageing cows and material. In addition, Danone Romania is interested in sustainable farming practices to increase milk quality.

Actions/ Objectives:

- Gather smallholders in order to increase the quality and productivity of milk. This project will help secure sustainable local milk sourcing for Danone Romania.
- Increase skills and knowledge by training and services to reach European milk quality standards.
- Develop new milk sourcing channel
- **Fund contribution: 924 000 € / Social Impact: 24 full time jobs created + 2400 farmers empowered**



Danone
Romania

New Sourcing projects – 4/4

Details



Merapi Dairy Rehabilitation – January 2012 - INDONESIA

Context: The eruption of Mount Merapi in late 2010 damaged the landscape of the Mount Merapi south slopes and farming activities associated. This event resulted in the loss of income for 2,500 farmers.

Actions/ Objectives:

- Aims to support farmers relocation in safe and available area after Merapi Vulcano eruption through the Sustainable Dairy Business. Aims also to foster company reputation and recognition.
- Agree & develop with community a new interdependent farming business model as well as establishing 5 Agricultural Services Centers.
- Foster company reputation and recognition by leveraging CBU responsibility in Merapy recovery
- **Fund contribution : 627 000 € / Social Impact: 3000 farmers empowered**



New Caring Services projects – 1/2

Details



Children's Magic – July 2012 - USA



Context: Today, 150 000 US infants & children depend on amino-acid-based formulas for daily nutrition or risk severe health consequences

Actions/ Objectives:

- Give access to medical foods for 90% of children who need them: 82 500 children to benefit in 7 years from amino-acid-based formula advocacy + nearly 3 million to benefit longer-term through replication to all medical foods.
- Transform the physical lives of these children to enable them to develop normally and free them from pain.
- Enable parents to regain lost income, become fully educated in their child's disease state, and join other families in an effective coalition
- Foster Nutricia US reputation
- **Fund contribution : 960 000 € / Social Impact: 135 000 children who need amino-acid-based formulas reached**



Bien nourrir nos bébés – January 2012 - FRANCE



Context: No real awareness on baby nutrition from parents or professionals and lack of adapted nutrition for babies in DCCs (Day Care Center)

Actions/ Objectives:

- 1st central kitchen dedicated to baby food for daycare centers (5000 meals and 15 jobs)
- A Baby Nutrition Cooking Center to give to 1600 mums & 100 professionals per year information about nutrition and how to cook adapted food for their babies.
- Creation of 9 new DCC's (Day Care Centers) = 150 spots = 67 jobs created
- Foster and enhance CBU credibility in a universe connected to our brand mission: "on mothers' side"
- **Fund contribution : 500 000 € / Social Impact: 85 jobs created + 450 people trained in 3 years**



New Caring Services projects – 2/2

Details



Sri Kandi Academy – January 2012 - INDONESIA



Context: Lack of midwives is crucial in Indonesian rural areas; very few midwives want to go in those area after gaining their diploma because they are lacking self-confident and proper infrastructures.

Actions/ Objectives:

- Open midwives academies = places where midwives get trainings, micro-credits and support to open new practices in rural areas.
- Lack of midwives in Indonesian rural areas = 65 000 missing. After getting their diploma, very few midwives want to go there
- Aims to help midwives open new practices in rural areas.
- Closer relationship with midwives that are key stakeholders of Sari Husada
- **Fund contribution : 180 000 € / Social Impact: 1320 people trained**



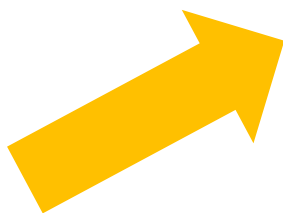
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Guidance
Committee's
insights



Overall context

Diversity of methodologies and challenge of alignment

No reference organization even in development agencies

A set of reliable academic actors

Conditions for successful impact measurement

Causality identification

Participative approach all along measurement process

Mix of qualitative and quantitative assessment

Independent academic & scientific partners

Measurement duration (3 years max) & timing

SOCIAL IMPACT MEASUREMENT

What for: Proving, Improving & Sharing



Proving

- ✓ Accountability & Report to shareholders
- ✓ Ecosystem approach credibility (internal & external)

Improving

- ✓ Professionalize social innovation management & governance
(answer to actors' expectations)
- ✓ Enable projects success

Sharing

- ✓ Enlarge overall awareness, knowledge & network around social Impact

SOCIAL IMPACT MEASUREMENT

On What (The Scope)



Measurement Themes

• COMMON

Social & Economic Value Created for communities

Sustainability of Social & Economic capabilities

Project Potential Scalability

Women's Empowerment

• ADDITIONAL

According to Cluster specificities & Project Area



Environmental "Impact Assessment"



Social inclusion & health/nutrition awareness



Environmental "Impact Assessment" (tons of material collected)



Working condition improvement of caregivers & health/nutrition awareness

SOCIAL IMPACT MEASUREMENT

On which projects : 1st Pre-selection



Distribution



Warung Anak Sehat / Indonesia

Proxi Sales Institute / Mexico



DANONE
BABY NUTRITION



DANONE
DAIRY

Caring Services



Caring the Caregivers / Brazil



DANONE
MEDICAL NUTRITION

Sourcing



Horizon 2015 / France

Milk Communities Egypt



DANONE
DAIRY

Recycling



Pepenadores / Mexico



DANONE
WATERS

SOCIAL IMPACT MEASUREMENT

With who: 1st round partners selection for appel d'offre



Partners selection criteria defined by Guidance Committee

- Causality integrating multidimension
- Baseline reliability, with a specific attention to on ongoing program
- Participative approach with all actors (KPIs definition, restitution, results endorsement). Special attention to beneficiaries involvement for KPI's definition and results appropriation
- Continuity and credibility of academic study coordinator
- Methodology adaptation to project specificities: size, duration, private...
- Duration up to 3 years

Appel d'offre on going.
Outcome expected end of september

List of 1st round pre-selected partners for appel d'offres

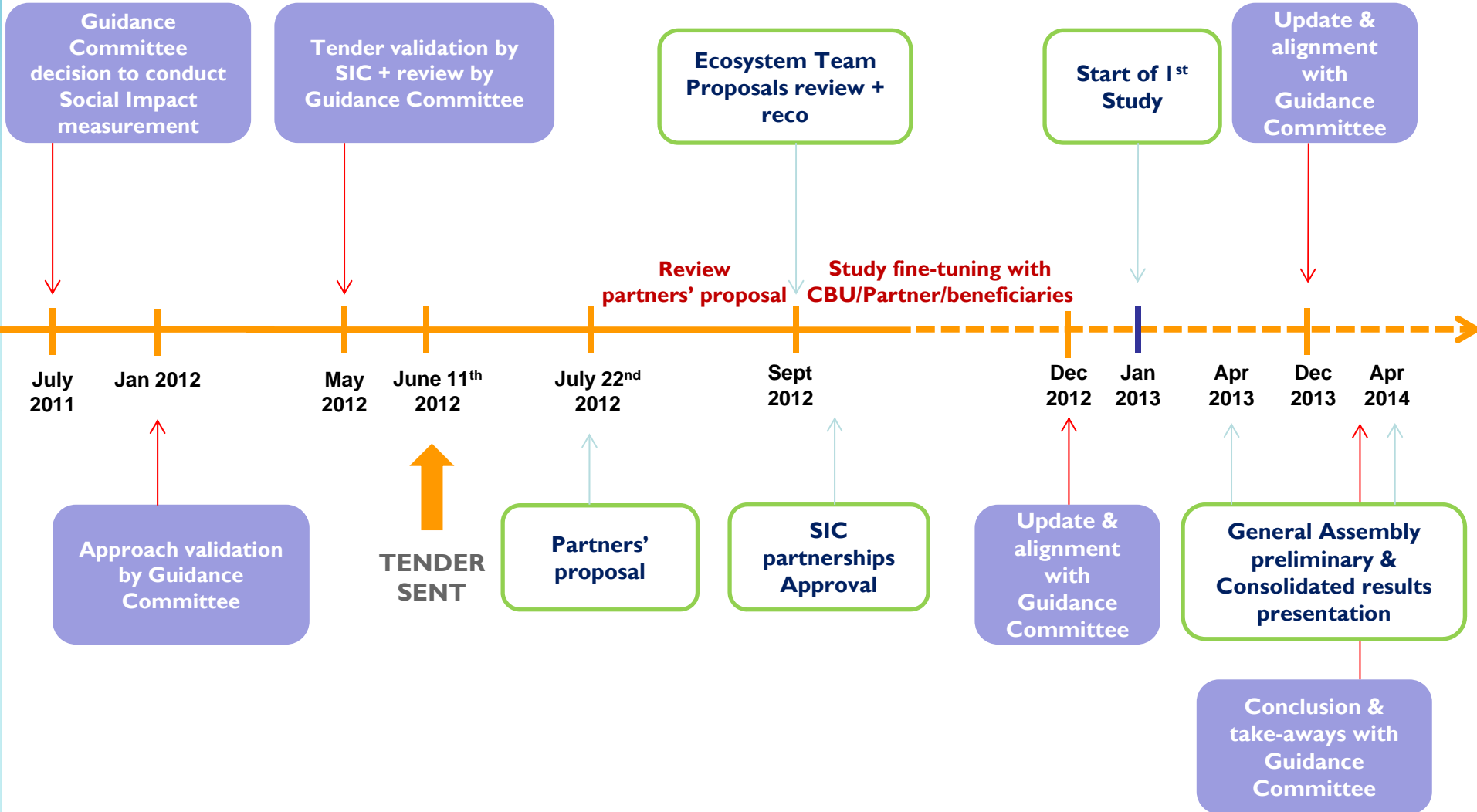


About results

- Publication: Danone commits to publish. Terms of publications to be validated by a Tripartite Committee (2 Independent Scientific Experts (not involved in the tender), 2 from NGO and 2 from Danone)
- Ability to share in Danone Social Impact Network

SOCIAL IMPACT MEASUREMENT

Planning



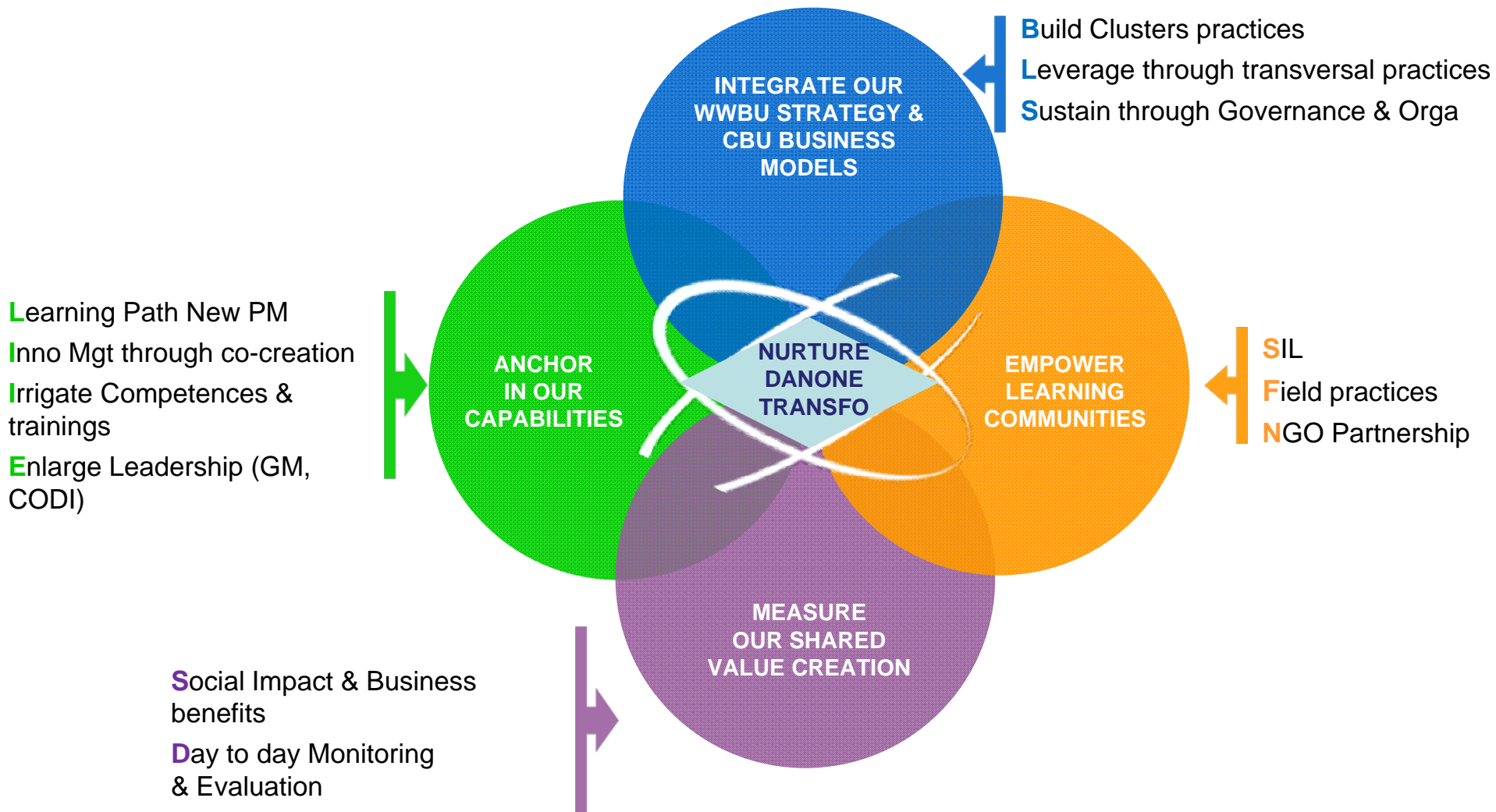
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LEARNING ROADMAP



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Communication & community animation

2 tools examples : will be developed at our next guidance committee

An upgrade of the website

- to foster online learnings consolidation
- to better valorize the activity of the Fund

An electronic Newsletter, easier to share



The screenshot shows the Danone Ecosystem website interface. At the top, there is a navigation bar with the following items: 'Subscribe to the newsletter', 'Welcome Anne-Laure Prevost', 'Mail alerts', and 'LOGOUT'. Below this is a main navigation menu with 'DANONE ECOSYSTEM FUND', 'PROJECTS', 'COMMUNICATION', 'PROJECT MANAGEMENT', and 'SHARE' (circled in red). A search bar is also present.

The main content area features a '38 on-going projects' section with a world map and a sidebar menu with categories: Sourcing, Distribution, Recycling, Caring Services, and Territory. Below this is a list of regions: Western Europe, Central - Eastern Europe, Asia, Latin America, North America, and Africa - Middle East.

There are two highlighted sections: 'VIDEO' showing a person on a bridge with a play button, and 'NEWSLETTER' showing a thumbnail for the 'Ecosystem' newsletter with the text 'The Danone Ecosystem Fund Newsletter latest issue on Social Impact Measurement'.

At the bottom, there are two news items: 'Check Milk sourcing community on DSN Sourcing' dated Jul 06 2012, and 'Danone Ecosysteme V2 is launched! Online collaboration' dated Jul 02.