



DANONE

**REPORT OF THE
SHAREHOLDERS' MEETING**

**APRIL 29, 2021
AT THE HEADQUARTERS**

In the context of the Covid-19 pandemic and pursuant to the French Order No. 2020-321 of March 25, 2020, as amended by Order No. 2020-1497 of December 2, 2020, and Decree No. 2020-418 of April 10, 2020, as amended by Decree No. 2020-1614 of December 18, 2020, both extended by Decree No. 2021-255 of March 9, 2021, Danone Combined Shareholders' Meeting has been held on April 29th, 2021, behind closed doors, without the shareholders and other persons entitled to attend being physically present.

Shareholders had the opportunity to follow this Shareholders' Meeting in its entirety *via* a live webcast on Danone's website, in the section dedicated to the 2021 Shareholders' Meeting available at the following address:

<https://www.danone.com/investor-relations/shareholders/shareholders-meeting.html>.

The webcast of the Shareholders' Meeting is available at the same address.

The number of shareholders who voted was 9,570 shareholders (Extraordinary Shareholders' Meeting), of which 3,949 gave proxy to the Chairman of the Meeting, 118 gave proxy to a third-party and 5,503 voted by correspondence.

The quorum was established with 64.09%.

The Shareholders' Meeting was chaired by Mr. Gilles SCHNEPP, Chairman of the Board of Directors.

Ms. Corinne FERRIERE, representing Amundi, and Mr. Cyril BLANC, representing the FCPE "*Fonds Danone*", who also attended the Meeting, were scrutineers. Mr. Laurent SACCHI, Secretary of the Board of Directors, was appointed as Secretary of the Meeting.

In his introduction, Mr. Gilles SCHNEPP reviewed the recent changes in the company's governance and expressed the Board's gratitude to the Danone teams for their commitment.

Mr. Laurent SACCHI then recalled the legal formalities carried out prior to the Shareholders' Meeting and reported on the quorum reached by remote voting.

Then, four presentations were made to the shareholders:

- a presentation by Mr. Jean-Michel SEVERINO, Lead Independent Director of Danone, on the work of the Lead Independent Director, the Governance Committee and the Board of Directors in 2020 and early 2021, particularly on governance matters;
- as part of the adoption of the "Entreprise à Mission" status, a presentation of the first report of the Mission Committee, by Mr. Pascal LAMY, Chairman of the Mission Committee;
- a financial presentation on the results for 2020 and the outlook for 2021, by Mr. Juergen ESSER, Chief Financial, Technology & Data Officer; and
- a presentation by Ms. Véronique PENCHIENATI-BOSETTA and Mr. Shane GRANT, interim Co-Chief Executive Officers, of Danone's 2020 business highlights and outlooks.

1. Report from the Lead Independent Director

Mr. Jean-Michel SEVERINO, Lead Independent Director and Chairman of the Governance Committee since March 1st, 2021, presented in detail the work of the Lead Independent Director and the Governance Committee in 2020, conducted by his predecessor, Mr. Michel LANDEL.

Mr. Jean-Michel SEVERINO then presented the work of the Board of Directors since the beginning of 2021 as well as the ones he has conducted since his appointment as Lead Independent Director, mentioning in particular his meetings with several investors to discuss the recruitment of the future Chief

Executive Officer, the Local First project, the composition of the Board of Directors, Danone's strategy and its commitments on ESG matters.

Mr. Jean-Michel SEVERINO then spoke about the Board of Directors' decision to separate the functions of Chairman of the Board and Chief Executive Officer and the ongoing recruitment process of a new Chief Executive Officer.

Mr. Jean-Michel SEVERINO concluded his speech by indicating that the Board had also initiated a reflection on the evolution of its composition.

2. Report from the Mission Committee

Mr. Pascal LAMY presented the Mission Committee's first report to shareholders via a pre-recorded video. In particular, he reviewed the process, carried out by the Mission Committee with Danone's management and the independent third-party, of identifying the first performance indicators to evaluate and measure progress towards Danone's health, environmental and social objectives. A dozen indicators have been identified, including those related to the nutritional quality of the product portfolio and equal pay for men and women. He indicated that the details of these indicators, as well as the values used to measure Danone's progress, were available in the Mission Committee's first annual report.

Mr. Pascal LAMY also spoke about the impact of the changes in governance on the work of the Mission Committee, explaining that the members of the Committee had asked the new Chairman, Mr. Gilles SCHNEPP, to provide them with guarantees, in particular: the reaffirmation of the support for the "Entreprise à Mission" status, the profile of the new Chief Executive Officer, Danone's commitment to invest in the transformation programs necessary to achieve the 2021 objectives set by the Mission Committee, the confirmation of Danone's ambition to obtain B Corp certification by 2025 for all its entities, and Danone's participation in the B4IG coalition. Mr. Pascal LAMY stated that all these guarantees had been obtained.

Mr. Pascal LAMY then presented the ambitions and requirements of the Mission Committee for the second year of implementation of the "Entreprise à Mission" status. In his conclusion, Mr. Pascal LAMY emphasized the vigilance that the Mission Committee will demonstrate in its work and thanked the members of the Committee as well as the Committee's stakeholders at Danone for their availability and their contribution.

3. Financial presentation on 2020 results and the 2021 outlook

Mr. Juergen ESSER began by presenting Danone's progress towards its 2030 Objectives, based on three pillars: business model, brand model and trust model.

He then presented the 2020 financial performance and recalled that it had been in line with the guidance reinstated in October 2020, with a recurring operating margin of 14% and free cash flow of €2.1 billion. Sales were down -1.5% on a like-for-like basis, with a sequential improvement in the fourth quarter, down -1.4%.

Mr. Juergen ESSER then detailed the performance of each reporting entity in 2020:

- **Essential Dairy and Plant-based:** this reporting entity posted +3.4% like-for-like sales growth, led by Europe and North America and sustained by both Essential Dairy, back to growth in Europe after several years of decline, and Plant-based that grew at +15%.
- **Specialized Nutrition:** this reporting entity posted net sales growth of -0.9% on a like-for-like basis. Adult nutrition delivered strong growth, notably driven by Europe, while Infant Nutrition performance was severely penalized by the health crisis, especially in China where cross-border channels have been affected by Hong-Kong border closure and travel limitations with mainland

China. In the Chinese domestic market, demand for Danone's brands remained strong, driven by the excellent performance of *Aptamil* brand. Other regions delivered strong growth, sustained by market share gains in South East Asia and Latin America.

- **Waters:** Water sales declined by -16.8% on a like-for-like basis, severely impacted by restrictions to mobility that disrupted out-of-home sales, resulting in negative volumes, product and format mix. In Europe, sales were penalized by various waves of lockdowns and restrictions to mobility, notably in France and Germany where market shares remained resilient. In the Rest of the World, sales in Latin America and Indonesia declined at a steep double-digit rate, due to the important restrictions implemented by the authorities. In China, the sales trend of *Mizone* improved throughout the year and posted positive growth in the fourth quarter.

Mr. Juergen ESSER then addressed the proposed dividend at €1.94 per share, in cash: this dividend is down 8% from last year, which reflects on the one hand the impact of the deteriorated environment on 2020 results, which notably resulted into a double-digit decline in the recurring earnings per share, and on the other hand, Danone's confidence in rapidly reconnecting with profitable growth, as reflected by the increased pay-out ratio to 58%.

He then reviewed Danone's performance in the first quarter of 2021, down -3.3% on a like-for-like basis, in line with expectations and marking the last quarter of decline before a return to growth. He then presented the performance of each reporting entity since the beginning of the year.

Mr. Juergen ESSER then presented the outlook for 2021 and indicated that Danone was reiterating its 2021 objectives announced in February, with a return to like-for-like sales growth in the second quarter and to profitable growth in the second half of 2021, and a 2021 recurring operating margin broadly in line with 2020.

A film showing the key events of 2020 and the beginning of the 2021 was shown.

4. Presentation of Danone's 2020 business highlights and outlooks

Ms. Véronique PENCHIENATI-BOSETTA introduced this presentation by reviewing the impact of the Covid-19 crisis on the activities of Danone's divisions. She then presented the great inroads of the year 2020: gain of market share in many countries, rapid adaptation to the rapid surge in online sales which accounted for 10% of Danone's sales in 2020, *i.e.* a 40% increase compared to 2019, maintaining a steady pace of innovation which accounts for more than 35% of sales. She highlighted the return to strong growth of Essential Dairy and Plant-Based products, which account for nearly 60% of sales, illustrating the strength of Danone's brands and the increased interest of consumers in healthy, natural and essential products.

Ms. Véronique PENCHIENATI-BOSETTA then presented Danone's social and solidarity role during the crisis, recalling that the company's top priority had been to ensure the health and safety of its employees, and that Danone had also provided support to its partners and healthcare professionals, via its Specialized Nutrition business, by donating products and contributing to studies in hospitals.

Then, Ms. Véronique PENCHIENATI-BOSETTA presented the different pockets of growth identified, in particular concerning the Plant-based product offering, Specialized Nutrition and online business.

Ms. Véronique PENCHIENATI-BOSETTA concluded her speech by underlining her confidence in the fact that the company will return to profitable growth in the coming months.

A pre-recorded video was then played in which Mr. Shane GRANT and Ms. Véronique PENCHIENATI-BOSETTA took turns to speak in detail about various key points of the year 2020 for Danone's business, including:

- the performance on the Plant-based business;
- the turnaround of Dairy in North America;
- the resilience of the Specialized Nutrition business;
- the Local First project of new organizational framework;
- Danone's positioning to return to growth after the Covid-19 crisis, the outlook by category and the four strategic priorities for growth; and
- Danone's commitment to the dual economic and social project.

Following these presentations, Mr. Gilles COHEN, from the firm Ernst & Young Audit, spoke on behalf of the College of Statutory Auditors and presented the conclusions of their work.

Then, in the context of a request from several shareholders, representing 0.7% of the Company's share capital, to include an item on the agenda of the Meeting, without any resolution submitted to the shareholders' vote, in the form of four questions addressed to the members of the Board of Directors, the Chairman of the Board and three Directors (Ms. Cécile CABANIS, Ms. Serpil TIMURAY and Mr. Michel LANDEL) spoke in turn via pre-recorded video clips, to share the Board's collective view of the four subjects raised: the Local First project, the "Entreprise à Mission" status, environmental matters and the separation of management powers.

Mr. Laurent SACCHI then indicated that the Company had received twenty-six written questions, from six shareholders, and specified that all written questions asked by shareholders and the answers provided would be published, on the evening, on Danone's website in the section dedicated to the 2021 Shareholders' Meeting available at the following address:
<https://www.danone.com/investor-relations/shareholders/shareholders-meeting.html>.

Ms. Véronique PENCHIENATI-BOSETTA, Mr. Gilles SCHNEPP and Mr. Juergen ESSER replied orally, during the Meeting, to four written questions concerning the B Corp certification, the gender equality policy, biodiversity and ESG rating.

Mr. Laurent SACCHI reminded that, the Shareholders' Meeting being held behind closed doors, the vote was closed on Wednesday, April 28, 2021, the day before the Meeting, and announced the results of the votes.

All resolutions presented by the Board of Directors were approved, namely:

Resolutions within the authority of the Ordinary Shareholders' Meeting:

1. Approval of the statutory financial statements for the fiscal year ended December 31, 2020;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2020;
3. Allocation of earnings for the fiscal year ended December 31, 2020 and setting of the dividend at €1.94 per share;
4. Renewal of the term of office of Mr. Guido BARILLA as Director;
5. Renewal of the term of office of Ms. Cécile CABANIS as Director;

6. Renewal of the term of office of Mr. Michel LANDEL as Director pursuant to Article 15 II subparagraph 2 of the Company's by-laws;
7. Renewal of the term of office of Ms. Serpil TIMURAY as Director;
8. Ratification of the co-opting of Mr. Gilles SCHNEPP as Director;
9. Approval of agreements entered into with the SICAV Danone Communities referred to in Articles L.225-38 and seq. of the French Commercial Code;
10. Approval of the information regarding the compensation of the Directors and corporate officers referred to in paragraph I of Article L.22-10-9 of the French Commercial Code for the 2020 fiscal year;
11. Approval of the components of compensation paid in or awarded for the fiscal year 2020 to Mr. Emmanuel FABER, Chairman and Chief Executive Officer;
12. Approval of the compensation policy for corporate officers for the 2021 fiscal year;
13. Setting of the amount of Directors' aggregate annual compensation;
14. Approval of the compensation policy for Directors for the 2021 fiscal year;
15. Authorization granted to the Board of Directors to purchase, retain or transfer Company's shares;

Agenda within the authority of the Extraordinary Shareholders' Meeting:

16. Delegation of authority to the Board of Directors to issue, with preferential subscription right of the shareholders, ordinary shares and securities;
17. Delegation of authority to the Board of Directors to issue, without preferential subscription right of the shareholders but with the obligation to grant a priority right, ordinary shares and securities;
18. Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of a capital increase without preferential subscription right of the shareholders;
19. Delegation of authority to the Board of Directors to issue ordinary shares and securities, without preferential subscription right of the shareholders, in the event of a public exchange offer initiated by the Company;
20. Delegation of powers to the Board of Directors to issue ordinary shares and securities, without preferential subscription right of the shareholders, in consideration for contributions in kind granted to the Company and comprised of equity securities or securities giving access to share capital;
21. Delegation of authority to the Board of Directors to increase the Company's share capital through incorporation of reserves, profits, premiums or any other amounts that may be capitalized;
22. Delegation of authority to the Board of Directors to increase the share capital in favor of employees who are members of a company's savings plan and/or to carry out reserved sales of securities, without preferential subscription right of the shareholders;
23. Delegation of authority to the Board of Directors to increase the share capital in favor of categories of beneficiaries made up of employees working within foreign companies of Danone's group or in international mobility, in the framework of employee shareholding plans, without preferential subscription right of the shareholders;
24. Authorization to the Board of Directors to grant existing or newly issued shares of the Company, without preferential subscription right of the shareholders;
25. Authorization granted to the Board of Directors to reduce the share capital by canceling shares;

Agenda within the authority of the Ordinary Shareholders' Meeting:

26. Powers to carry out formalities;
27. Approval of the compensation policy for the interim executive corporate officers for the 2021 fiscal year;
28. Approval of the components of compensation paid in or awarded for the 2021 fiscal year to Mr. Emmanuel FABER, Chairman and Chief Executive Officer, until his departure.

The presentation of Mr. Juergen ESSER to the Shareholders' Meeting, the Mission Committee's report, the voting results, and the webcast of the Shareholders' Meeting are available on Danone's website at the following address:

<https://www.danone.com/investor-relations/shareholders/shareholders-meeting.html>.
