



**DANONE**

**REPORT OF THE  
SHAREHOLDERS' MEETING**

**APRIL 26, 2022  
MAISON DE LA MUTUALITE**

The Combined Shareholders' Meeting of Danone was held on April 26, 2022, at Maison de la Mutualité in Paris. A total of 592 shareholders attended the Meeting in person (ESM). The number of shareholders present, represented by proxy or having voted by correspondence was 10,434 (ESM). The quorum was established at 66.98% (ESM).

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

Paul MAROUZÉ, representing Amundi, and Christophe MARTIN, representing the FCPE "*Fonds Danone*", who also attended the Meeting, were scrutineers. Laurent SACCHI, General Secretary and Secretary of the Board of Directors was appointed as Secretary of the Meeting.

After the opening of the Shareholders' Meeting by Gilles SCHNEPP, Laurent SACCHI recalled the legal formalities carried out prior to the Meeting, the agenda on which shareholders were called to vote, and reported on the quorum reached.

Then, five presentations were made to the shareholders:

1. a presentation on Danone's governance by Gilles SCHNEPP, Chairman of the Board of Directors;
2. as part of Danone's status as "*société à mission*" (purpose-driven company), a presentation of the report from the Mission Committee by Pascal LAMY, Chairman of such committee;
3. a financial presentation on the 2021 results by Juergen ESSER, Chief Financial, Technology & Data Officer;
4. a presentation on Danone's new strategic orientations by Antoine de SAINT-AFFRIQUE, Chief Executive Officer of Danone; and
5. a presentation on Danone's outlooks by Juergen ESSER, Chief Financial, Technology & Data Officer.

### **1. Presentation on Danone's governance**

Gilles SCHNEPP began by reviewing the 2021 key milestones in terms of governance, with the separation of functions between Chairman of the Board and Chief Executive Officer and the appointment of an independent Chairman in March, the recruitment of a new Chief Executive Officer in May, and the launch of a full Board renewal program in July.

Then, he presented the work delivered by the Board of Directors in 2021, detailing the number of meetings and the various topics covered.

Gilles SCHNEPP then explained that the Board of Directors was ready to support Danone in its new cycle, describing its vision, role, and key priorities. He detailed the first priority of the Board of Directors', which is the renewal of its composition, aiming in particular at reducing its size and strengthening its expertise, efficiency and independence.

He then commented on the appointment of the four new directors proposed to this Shareholders' Meeting in addition to Antoine de SAINT-AFFRIQUE: Valérie CHAPOULAUD-FLOQUET, Susan ROBERTS, Patrice LOUVET and Géraldine PICAUD.

*Videos presenting these four external directors were shown.*

Gilles SCHNEPP then showed the new structure of the Board of Directors, composed of 12 Board members with diverse, complementary, and experienced profiles.

Finally, he detailed the new composition of the Board Committees and explained that the by-laws and Board rules of procedure would be adapted, with a redefinition of the roles and responsibilities of the

Chairman and the Lead Independent Director, as well as an adjustment of the age limit for the Chairman and the CEO.

He then handed over to Pascal LAMY, Chairman of the Mission Committee.

## **2. Mission Committee Report**

Pascal LAMY first recalled that information on Danone's extra-financial performance was published, ahead of the Shareholders' Meeting, in the Mission Committee's report and in chapter 5 of the 2021 Universal Registration Document.

He then recalled that the Mission Committee's activities are carried out within the framework of the 2019 French regulation on purpose-driven companies ("*sociétés à mission*"), a new status that Danone was the first listed company to adopt as of 2020. He then indicated that the Mission Committee's role is to make an independent assessment on how Danone is fulfilling the four missions that have been incorporated into its by-laws: impact people's health locally, preserve and renew the planet's resources, entrust Danone's people to create new futures and foster inclusive growth.

He then presented the steps taken by the Mission Committee to implement its work: the first step was to define, in collaboration with Danone's management, a series of operational objectives to be achieved under each of the four statutory objectives, as well as the indicators to measure their achievement; and the second step was to analyze the results of the external audit conducted on the selected indicators to draw conclusions on the next steps to be taken. With regard to 2022, the work of the Mission Committee has had to integrate that of the strategic review initiated by Danone's new management. Thus, the operational objectives and indicators for 2022 will only be approved by the Mission Committee in a few weeks, it being understood that next year, as part of a normal cycle, the Mission Committee should be in a position to communicate the precise objectives for the current financial year at the Annual Shareholders' Meeting.

Pascal LAMY concluded his speech by presenting three assessment considerations:

- the Mission Committee's assessment of Danone's performance in fulfilling its extra-financial objectives for 2021 is positive, with the vast majority of indicators either met or exceeded;
- the working relationship between the Mission Committee, Danone's teams and the independent third-party is now well established, after these first two years of operation;
- the Mission Committee is confident that it will continue to provide an independent, expert and committed assessment of how Danone is meeting its objectives in accordance with current regulations and the Mission Committee's duty to Danone's shareholders.

## **3. Presentation on the 2021 results**

Next, Juergen ESSER presented the results for the year 2021. He indicated that growth had been solid in 2021, reaching +3.4%, despite a first quarter penalized by restrictions linked to COVID. He outlined that all categories contributed to this growth:

- Essential Dairy and Plant-Based posted +3.7% growth on a like-for-like basis, notably driven by Europe and North America. The dairy portfolio delivered solid growth while the plant-based portfolio registered high-single-digit growth amid supply challenges in the second semester.
- Specialized Nutrition sales increased by +1.0% on a like-for-like basis. Adult Nutrition registered strong growth, led by China and the Rest of the World. Infant Nutrition posted slightly positive growth, showing sequential sales recovery across quarters, and closing the year with very strong growth in the fourth quarter, notably led by the good growth momentum in China.

- Waters sales increased by +7.2% on a like-for-like basis, led by strong volume growth. Europe posted mid-to-high-single digit sales growth. In the Rest of the World, China and Latin America registered double-digit sales growth, while Indonesia sales were negatively impacted by mobility restrictions linked to Covid-19.

Juergen ESSER also presented Danone's financial results beyond topline. He outlined that recurring operating margin reached 13.7% in 2021, in a volatile and difficult context, including 8% input cost inflation and supply chain challenges. He indicated that the recurring Earning Per Share declined by -1.1% compared to 2021 to €3.31, while Free Cash Flow increased by 21% to reach €2.5 billion.

Finally, Juergen ESSER addressed the proposed dividend at €1.94 per share, in cash, in line with 2020.

#### **4. Presentation on the strategic orientations**

Antoine de SAINT-AFFRIQUE, Chief Executive Officer of Danone, began by noting Danone's strengths and areas for improvement:

- first, he recalled that Danone's heritage is unique, that the categories in which Danone operates are growing and on trend, and that its portfolio, focused on health, is fully consistent with its mission to bring health through food to as many people as possible;
- Antoine de SAINT-AFFRIQUE noted that, however, in recent years Danone has not been growing at the speed of its categories, that there has been a lack of consistency in the definition and achievement of objectives, and that the organization has been changed too many times.

Antoine de SAINT-AFFRIQUE then outlined the uniqueness and strength of Danone's portfolio: a unique base of powerful global and local brands, a broad geographic footprint with balanced exposure to mature and emerging markets, leading positions in its markets, and alignment with key consumer trends.

Antoine de SAINT-AFFRIQUE returned in more detail to past underperformance in categories and relative to peers, recalling that between 2017 and 2019, Danone grew on average by 2.7% over the period, while its categories grew between 3% and 4%. He stressed the need to improve the composition of growth, with more attention to mix and volume growth, before recalling the need to strengthen resilience, reducing dependence on a few categories, geographies and channels.

Antoine de SAINT-AFFRIQUE then presented his "Renew Danone" strategic plan, which aims at moving from underperformance to performance in line with Danone's markets over the next two to three years. This plan is based on four priorities:

- winning where we are, while working to regain competitiveness in key categories and geographies;
- expanding where we should be, by selectively deploying the current portfolio in geographies and channels where Danone has legitimacy and a tangible ability to win;
- seeding for the future, by exploring and seeding for future growth platforms;
- managing the portfolio, by being more agile in rotating it through a mix of bolt-on acquisitions and targeted disposals.

These 4 priorities will be supported by 4 key enablers:

- restoring a meritocratic and performance-driven culture;
- rebuilding strong functional capabilities;
- reuniting economic performance and sustainability;
- driving a culture of frugality and cost leverage.

Antoine de SAINT-AFFRIQUE explained that as part of this strategy, he wanted to make clearer choices in terms of portfolio management:

- putting greater focus and support on the core, which represents more than half of Danone's revenues, generated by healthy brands and platforms in growing categories, with the right level of A&P and R&I investments;
- fixing the underperformers, which account for about a quarter of revenues, and, if they cannot be fixed, look for different ways of creating value;
- boosting the winners of Danone's portfolio, which represent around 20% of its revenues.

Antoine de SAINT-AFFRIQUE then returned to the recent changes made to the Executive Committee, which have considerably strengthened the company's functional capabilities: separation of the roles of General Secretary and CHRO, appointment of Laurent SACCHI as General Secretary, Roberto DI BERNARDINI as Chief Human Resources Officer, Vikram AGARWAL as Chief Operations Officer, Isabelle ESSER as Chief Research, Innovation, Quality and Food Safety Officer, and finally appointment of Henri BRUXELLES as Chief Sustainability and Strategic Business Development Officer of the company.

Antoine de SAINT-AFFRIQUE concluded by underlining the uniqueness of Danone's culture, which combines entrepreneurship and social and environmental responsibility, and by sharing his ambition to make the organic bond between sustainability and economic performance even more apparent and to make sustainability an even greater differentiating factor for Danone than it is today.

## **5. Presentation on Danone's outlooks**

Juergen ESSER explained that the "Renew Danone" project mainly aimed at restoring Danone's sustainable and profitable growth model.

He indicated that 2022 would be a foundational year for Danone and outlined that 100% of Local First savings will be reinvested in products, brands, core capabilities and enablers, to create value.

Juergen ESSER, showed a graph illustrating Danone's future growth levers: get more out of the Core, boost Winners, and fix or dispose of Underperformers.

Then, Juergen ESSER presented Danone's short and mid-term ambition:

- he indicated that like-for-like sales growth will be between +3 and +5% in 2022, and that recurring operating margin will be above 12%;
- he explained that Danone will reconnect with profitable growth in 2023-2024, with like-for-like sales growth between +3 and +5% and recurring operating income growing faster than like-for-like net sales.

Finally, Juergen ESSER reviewed Danone's Q1 2022 performance, with sales up +7.1% on a like-for-like basis. He outlined that this performance was delivered in a particularly complex context, with the consequences from Ukraine war, but also supply chain challenges and global inflation acceleration. He indicated that this growth was led by all categories and all geographies.

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Following these presentations, François JAUMAIN, from the firm PricewaterhouseCoopers Audit, spoke on behalf of the College of Statutory Auditors and presented the conclusions of their work.

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Laurent SACCHI then introduced the Q&A session.

In accordance with the recommendations of the French Financial Markets Authority (*Autorité des Marchés Financiers*), the floor was given to one of the shareholders who had requested, under the provisions of Articles L.225-105 and R.225-71 of the French Commercial Code, the inclusion of a draft resolution in the agenda of the Extraordinary Shareholders' Meeting. This shareholder, who was attending the Meeting in person, presented this draft resolution submitted to the vote of the shareholders.

The Q&A session lasted about 40 minutes.

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Laurent SACCHI reported on the final quorum; then, shareholders were invited to vote on the resolutions submitted to the approval of the Shareholders' Meeting.

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

*Agenda within the authority of the Ordinary Shareholders' Meeting:*

1. Approval of the statutory financial statements for the fiscal year ended December 31, 2021;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2021;
3. Allocation of earnings for the fiscal year ended December 31, 2021 and setting of the dividend at €1.94 per share;
4. Ratification of the co-opting of Valérie CHAPOULAUD-FLOQUET as Director;
5. Appointment of Antoine de SAINT-AFFRIQUE as Director;
6. Appointment of Patrice LOUVET as Director;
7. Appointment of Géraldine PICAUD as Director;
8. Appointment of Susan ROBERTS as a Director;
9. Renewal of Ernst & Young Audit as Statutory auditor;
10. Appointment of Mazars & Associés as Statutory auditor;
11. Approval of an agreement entered into with Véronique PENCHIENATI-BOSETTA referred to in Articles L.225-38 *et seq.* of the French Commercial Code;
12. Approval of the information regarding the compensation of corporate officers referred to in paragraph I of Article L.22-10-9 of the French Commercial Code for the 2021 fiscal year;
13. Approval of the components of compensation paid in or awarded for the 2021 fiscal year to Véronique PENCHIENATI-BOSETTA, in respect of her term of office as Chief Executive Officer between March 14 and September 14, 2021;
14. Approval of the components of compensation paid in or awarded for the 2021 fiscal year to Shane GRANT, in respect of his term of office as Deputy Chief Executive Officer between March 14 and September 14, 2021;
15. Approval of the components of compensation paid in or awarded for the 2021 fiscal year to Antoine de SAINT-AFFRIQUE, Chief Executive Officer as from September 15, 2021;
16. Approval of the components of compensation paid in or awarded for the 2021 fiscal year to Gilles SCHNEPP, Chairman of the Board of Directors as from March 14, 2021;
17. Approval of the compensation policy for executive corporate officers for the 2022 fiscal year;
18. Approval of the compensation policy for the Chairman of the Board of Directors for the 2022 fiscal year;
19. Approval of the compensation policy for Directors for the 2022 fiscal year;
20. Authorization granted to the Board of Directors to purchase, retain or transfer Company's shares;

*Agenda within the authority of the Extraordinary Shareholders' Meeting:*

21. 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;
22. Authorization to the Board of Directors to grant existing or newly issued performance shares of the Company, without preferential subscription right of the shareholders;
23. Authorization for the Board of Directors to grant existing or newly issued shares of the Company not subject to performance conditions, without preferential subscription right of the shareholders;
24. Amendment of Article 19.II of the Company's by-laws relating to the age limit for the Chief Executive Officer and the Deputy Chief Executive Officer;
25. Amendment of Article 18.I of the Company's by-laws relating to the age limit for the Chairman of the Board of Directors;
26. Amendment of Article 17 of the Company's by-laws relating to the shareholding requirement applicable to Directors;
27. Powers to carry out the formalities.

The Shareholders' Meeting also rejected the resolution included on the agenda at the request of shareholders, the title of which was as follows: "Resolution A presented pursuant to Article L.225-105 of the French Commercial Code – not supported by the Board of Directors: Amendment of paragraphs I and III of Article 18 "Board Officers – Resolutions" of the Company's by-laws".

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All of the managers' presentations at the Shareholders' Meeting, the report from the Mission Committee, the answers to written questions from shareholders, 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>.

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