



DANONE

**REPORT OF THE
SHAREHOLDERS' MEETING**

**APRIL 27, 2023
SALLE GAVEAU**

The Combined Shareholders' Meeting of Danone was held on Thursday, April 27, 2023 at Salle Gaveau in Paris. A total of 583 shareholders attended the Meeting in person (ESM). The number of shareholders present, represented by proxy or having voted by correspondence was 11,389 (ESM). The quorum was established at 69.01%.

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

Frédérique DEBRIL, representing Amundi, and Cyril BLANC, 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 then made to the shareholders:

1. a presentation on Danone's governance by Gilles SCHNEPP;
2. a presentation of the Mission Committee's report by Pascal LAMY, Chairman of such committee;
3. an introductory presentation of the year 2022 by Antoine de SAINT-AFFRIQUE, Danone's Chief Executive Officer;
4. a financial presentation on the 2022 results by Juergen ESSER, Group Deputy CEO in Charge of Finance, Technology & Data;
5. a presentation of the strategic orientations, including Danone's climate strategy, by Antoine de SAINT-AFFRIQUE.

1. Presentation on Danone's governance

Gilles SCHNEPP began by commenting on what Danone has accomplished over the past two years to reset its fundamentals, namely controlling economic performance and pursuing its mission of “bringing health through food to as many people as possible.” He also mentioned the completion of the successful process of renewing Danone's governance, with the separation of the roles of Chairman and Chief Executive Officer following the governance crisis in March 2021, the recruitment of Antoine de SAINT-AFFRIQUE as Chief Executive Officer, and the decision in July 2021 to replace the entire Board of Directors.

Gilles SCHNEPP then acknowledged the exceptional contribution of the two Directors whose terms of office were ending following this Shareholders' Meeting: Serpil Timuray and Michel Landel. He also acknowledged the contribution of Guido BARILLA, Director whose term of office ended in October 2022.

Gilles SCHNEPP then introduced the three new Board members on whose co-option confirmation or appointment the shareholders will be asked to vote: Lise KINGO, Gilbert GHOSTINE and Sanjiv MEHTA.

Videos presenting these new Directors were shown.

Gilles SCHNEPP then presented the new composition of the Board of Directors, which has an exceptional concentration of expertise in the FMCG/food and beverage sector with nearly two centuries of combined experience. He stated that this Board is a deliberately small group with 11 members, and that each Director is committed to being an active contributor to the Board and its committees. Along these lines, Gilles SCHNEPP noted the decision to eliminate the Strategic Committee, since the Board felt that, particularly given its size, the strategy could be discussed in depth by all the Board members.

Gilles SCHNEPP continued his presentation by mentioning the wealth and diversity of the Directors' backgrounds, a real asset for the Board, whether in terms of sector, international, financial, scientific, CSR or managerial expertise at the highest level. He also underscored the Board members' active involvement and attendance rate. He also noted the trips taken during the year, which enabled the Directors to get to know Danone better, particularly during the strategic seminar in the Netherlands that focused on the Specialized Nutrition category. He then recalled that meetings of the independent Directors are held every six months and ensure good interaction between the Board and management.

Finally, Gilles SCHNEPP presented the changes to the Chief Executive Officer's 2023 variable compensation, the result of significant work by the Board of Directors and, in particular, the Nomination, Compensation and Governance Committee, especially its Chair and Lead Director, Valérie Chapoulaud-Floquet, whom he thanked. He stated that the structure and amounts of the Chief Executive Officer's 2023 compensation remain unchanged compared with last year and that the main changes concern the economic criteria, namely the introduction of the volume-mix criterion given that inflation may make the performance less relevant in terms of sales, and transfer of the ROIC criterion from the annual variable compensation criteria to the conditions for long-term compensation, such criterion being more appropriate for long term compensation. Gilles SCHNEPP also talked about the changes regarding the non-financial criteria, including the integration of the objectives of the new roadmap into the long-term compensation plan (health, nature and people) and the integration into the annual variable compensation of a climate criterion linked to a reduction in greenhouse gas emissions.

Gilles SCHNEPP concluded his presentation by highlighting the important work accomplished and the creation of solid foundations for building the future.

He then invited Pascal LAMY, Chairman of the Mission Committee, to speak.

2. Mission Committee's report

Pascal LAMY first stated that the Mission Committee carries out its activities 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 in 2020. He then indicated that the role of the Mission Committee is to deliver a reasoned opinion on the way in which Danone meets its non-financial performance obligations in terms of health, environment and social responsibility.

He then presented the two main factors on which the Mission Committee bases its opinion:

- the framework adopted by Danone to present its ambitions clearly, rather than using broad statements: the objectives, trajectories and indicators proposed and discussed in detail with management;
- the results, as reflected in the measurements used, are verified by an independent third party, as defined in the law, which is one of Danone's statutory auditors.

As for the first point, Pascal LAMY noted that the recent strategic changes have not led Danone to lower the objectives of its missions, but rather the opposite. Concerning the second point, he indicated that the results are in line with and even exceed the objectives. However, he pointed out that, because of revisions in the baselines of some indicators and the change of independent third party, the results will not be audited until 2023, which is fully in line with the legal provisions.

Pascal LAMY concluded his presentation by making two observations:

- it was agreed with Danone's management to discuss in 2023 the best way to ensure consistency between Danone's commitments as an *Entreprise à Mission* and the objectives of its sustainable development strategy under its new "Danone Impact Journey" roadmap;

- the Mission Committee is informed and supports the company's efforts to gradually further integrate the sustainable development aspect and the operational aspect of its activities into its organizations.

Lastly, Pascal LAMY emphasized the excellent work ethic both on the Committee and with Danone's teams.

3. Introductory presentation for 2022

Antoine de SAINT-AFFRIQUE began his presentation by saying that 2022 was a founding year for Danone: a year of transformation, renewal, return to investment and progress in order to lay the foundations of a new chapter in the company's history.

Antoine de SAINT-AFFRIQUE presented the transformation of Danone's governance and management:

- starting with the Board of Directors, whose rate of independence will be 90% at the end of this Shareholders' Meeting. It is made up of very experienced members, a majority of whom are CEOs and CFOs with real expertise in consumer products, nutrition and sustainable development;
- followed by alignment of management with both the short- and long-term interests of shareholders;
- lastly, the renewal and strengthening of the Executive Committee, enabling the categories and regions in which the Group operates to be better connected and with clearer roles and responsibilities within this Committee in order to work in a more effective and more impactful way.

Antoine de SAINT-AFFRIQUE added that 2022 was also a year of progress in terms of strategy and execution, with the Local First reorganization plan fully implemented and the new "Renew Danone" strategy defined. He went on to say that Danone continued to invest heavily in its products, brands and skills in the second half of 2022, while meeting its margin commitments and despite a year marked by unprecedented external challenges. Antoine de SAINT-AFFRIQUE also stated that, at the same time, the Group improved the quality of its execution, from product design to launch.

Lastly, Antoine de SAINT-AFFRIQUE noted that 2022 was an essential year for Danone in terms of achieving a better alignment of its economic performance and environmental performance. He stated that while sustainability without performance has no impact, performance without sustainability has no future. In this respect, he added that the first effects of "Renew Danone" are already visible, noting that 2022 ended with solid growth of 7.8% on a like-for-like basis, with all regions and categories contributing. He also pointed out that the composition of growth is encouraging, with a resilient volume/mix of +0.2% excluding the EDP business in Russia.

Antoine de SAINT-AFFRIQUE went on to say that the "Renew Danone" strategy has also resulted in a more agile and more targeted capital allocation approach, by focusing on brands and assets that generate the best returns on investment. He underscored the Group's progress in its portfolio rotation program, particularly with the announcements about its EDP business in Russia and its organic dairy products platform in the United States.

4. Presentation of the 2022 results

Juergen ESSER then presented the results for 2022. He indicated that performance in 2022 was solid, with 7.8% growth on a like-for-like basis compared with 2021 and nearly €28 billion in sales.

Juergen ESSER then presented the recurring operating margin, which reached 12.2% in 2022, in line with Danone's objectives. He added that the teams did an excellent job of offsetting a large portion of

cost inflation, thanks to record productivity and initiatives that maximized the mix and price effects.

Juergen ESSER then added that the savings generated by Local First allowed Danone's reinvestment program to be ramped up in the second half, not only in advertising, but also in product superiority and in the Group's skills. He also stated that net earnings per share increased by 3.6% compared with 2021, reaching €3.43.

Juergen ESSER presented each zone's performance in detail:

- the Europe zone recorded sales growth of 5.2% on a like-for-like basis, driven by the price effect, although volumes were temporarily impacted by the more rapid transformation of Danone's portfolio. The EDP category recorded like-for-like sales growth of 1.6% thanks to the strong momentum of the indulgence, immunity, high-protein and plant-based product platforms. Specialized Nutrition generated growth of 8.6% on a like-for-like basis, led by the Aptamil infant milk formula brand as well as the Neocate and Fortimel Medical Nutrition brands. Lastly, the Waters category posted growth of 8.5% on a like-for-like basis as a result of strong growth in the evian and Volvic brands.
- the North America zone posted like-for-like growth of 8.9% thanks to positive price effect and volume/mix effect contributions. This performance was driven by continued strong momentum across all the Group's categories and brands, with market share gains. The EDP category, generated 8.1% growth on a like-for-like basis, buoyed by the Oikos, Activia, International Delight and Silk brands. The Waters category grew by 19.0% on a like-for-like basis and Specialized Nutrition recorded sales growth of 15.6%.
- the China, North Asia and Oceania zone recorded sales growth of 6.7% on a like-for-like basis, driven by both the price effect and volumes. Sales of infant milk formulas in China maintained their competitive growth, driven by the Aptamil brand, which continued to gain market share. Adult Nutrition and Pediatric Solutions maintained strong momentum thanks to the Nutrison and Neocate brands, while Mizone sales continued to be negatively impacted by Covid-related mobility restrictions, which were strictly applied for much of 2022. Outside China, the EDP category saw double-digit growth, driven by the performance of the Activia and Oikos brands in Japan.
- the Rest of the World zone posted sales growth of 10.7% on a like-for-like basis. Despite a sharp increase in the price effect, with volumes remaining resilient, down 0.7% excluding the EDP business in Russia. In Latin America, sales growth was in double digits, driven by all categories, particularly waters and dairy products in Mexico. Indonesia, also posted double-digit growth driven by the Aqua brand in the Waters category and SGM in the Specialized Nutrition category, both of which gained market share.

Juergen ESSER then presented the other key figures, including the free cash flow, which was €2.1 billion in 2022 thanks to disciplined capital allocation. Net debt at year-end was €10 billion thanks to deleveraging efforts. The net debt/EBITDA ratio was therefore x2.5 at the end of 2022. He recalled that one of Danone's priorities, as announced at the investor seminar in March 2022, was to improve its return on invested capital year after year. In 2022, the ROIC rose to 8.9% in 2022, up slightly compared with 2021.

Juergen ESSER discussed the proposed payment in cash of a €2.00 per share dividend, 3% higher than the previous year and with a stable distribution rate, thanks to these solid results in a difficult macroeconomic environment.

Lastly, Juergen ESSER presented the results for the first quarter of 2023, which reflect strong performance with like-for-like sales growth of 10.5%, driven by all categories and regions.

- the Europe zone posted growth of 6.2%, helped by France, the UK and Poland. At the same time, the Group moved forward in transforming its dairy and plant-based product portfolio.
- the North America zone continued to deliver strong competitive growth, with sales up 11.8% in the first quarter.
- the China, North Asia and Oceania zone recorded exceptional growth of 16%, thanks mainly to strong growth in Early Life Nutrition, which benefited from further market share gains for the Aptamil brand, as well as a normalization of inventory levels.
- the Latin America zone recorded growth of 12.6% on a like-for-like basis, driven by Mexico and Brazil.
- the Rest of the World zone posted 11.8% growth, driven mainly by Southeast Asia, on a favorable comparison basis.

Juergen ESSER concluded his presentation by pointing to an encouraging first quarter and a higher growth target for 2023, with growth now expected to be 4% to 6% vs. 3% to 5% announced in February. At the same time, he confirmed the objective of a moderate improvement in the recurring operating margin. He noted that the Group's investment program will continue in order to improve its competitiveness and support the increase in its volumes throughout the year.

5. Presentation of the strategic orientations, including Danone's climate strategy

Antoine de SAINT-AFFRIQUE then presented the Group's strategic orientations. He spoke about the nearly year-long implementation of the "Renew Danone" strategy and the alignment in 2022 of the Group's entire organization with a transformation program, the initial results of which are encouraging.

Antoine de SAINT-AFFRIQUE said that the first pillar of "Renew Danone" entails winning in areas where Danone is present, in the key categories and regions, and then presented some of the major achievements in this area in 2022:

- in North America, the teams leveraged the successful recovery of EDP with clear areas of improvement for each brand and part of the portfolio, which resulted in like-for-like sales growth of 8.9% with a positive volume/mix contribution of 0.5% and market share gains. These results reflect the constant efforts made by the teams to enhance the value of the Group's key brands, update the main product ranges with emphasis on product superiority, and innovate effectively in a less significant but more impactful manner.

Antoine de SAINT-AFFRIQUE also stressed the agile management of the income statement in North America despite a gross margin in the first half of 2022 impacted by supply problems and phasing effects between inflation and the schedule of price increases. This gross margin improved in the second half of the year thanks to better productivity and higher prices, as well as a strong mix contribution.

- in China, the infant powdered milk range illustrates how the Group successfully developed its core business in 2022, demonstrating resilience and competitive growth which led to market share gains compared with 2021. These results reflect the quality of the Group's efforts to strengthen Aptamil's position by ensuring that the brand continuously meets the specific needs of Chinese consumers. They also demonstrate the strength of the Group's research and development, which enables the company to innovate with impact thanks to a portfolio of new global products with a strong scientific dimension.

Antoine de SAINT-AFFRIQUE also mentioned the repositioning of the Group's EDP portfolio in Europe to help this category again become a competitive, innovative and growing business. He pointed out that this transformation entails putting more emphasis on the superiority and functionality of the Group's brands and products, citing in particular the work done in France with Activia. He said that the early signs are encouraging and show that efforts are beginning to bear fruit.

Antoine de SAINT-AFFRIQUE then stated that while "Renew Danone" aims to ensure that the Group develops in its current markets, it is also about developing where it should be and preparing for the future. In particular, he highlighted Danone's unique ability to develop the plant-based yogurt market, the Group's new organization that allows the creation of new market opportunities, and the extension in China of the adult nutrition product line to adjacent categories and new occasions. He added that the Group is leveraging its research and development capabilities and sales force to meet the nutrition needs of older people, a very fast-growing market.

Antoine de SAINT-AFFRIQUE then presented the fourth pillar of "Renew Danone": portfolio management, where the Group is making significant progress. He mentioned namely the sale of the fresh dairy products joint venture in China to Mengniu in August 2022 and the announcement in October 2022 regarding the Group's intention to transfer control of its EDP activities in Russia. He also added that Danone deconsolidated its activities in the waters sector in Argentina in December 2022 while maintaining a minority stake under a value-creating strategic partnership with CCU, and that, in January 2023, the Group placed its organic dairy products platform in the United States, Horizon Organic and Wallaby, under strategic review. At the same time, Danone is actively exploring acquisition and investment opportunities to strengthen its categories, market position, skills and technologies.

Antoine de SAINT-AFFRIQUE also presented an illustration of the Group's intention to prepare the future by showing a photo of the new research center in Saclay, which reflects the desire to invest in science and technology in order to create long-term value for its customers, patients and shareholders.

Antoine de SAINT-AFFRIQUE then underscored the progress made by Danone towards achieving sustainable economic performance and value creation. He mentioned the adaptation and innovation capability of the Group, which reinvests in science and has implemented active and targeted management of its portfolio, as well as the three pillars of its new sustainable development approach, Danone Impact Journey: health, nature and communities.

Antoine de SAINT-AFFRIQUE presented the nature pillar of Danone Impact Journey in detail, as well as the Group's carbon trajectory, pointing out that Nature and Health are inseparable and that the Group has adopted an approach allowing to preserve and regenerate nature by putting climate, such a fundamental strategic issue, at the center of its approach.

He then explained the actions taken by the Group, which are structured around five interrelated priorities:

- decarbonization of the Group's activity, by transforming its entire value chain to stay on track for 1.5°C;
- regenerative agriculture, by continuing to support farmers' transition to this model that protects and improves soil health, biodiversity and water resources, while promoting animal welfare and supporting the long-term resilience and profitability of agriculture;
- preservation of water resources and access to it by as many people as possible, by protecting some of the world's best-known natural mineral water sources and their rainwater catchments;
- transition to a circular, low-carbon packaging system, by collecting more than is used and investing in research and innovation to invent the packaging of tomorrow;
- waste reduction across the entire value chain.

Antoine de SAINT-AFFRIQUE stated that Danone has a long tradition in terms of climate action, with ambitious commitments to achieve net zero emissions by 2050. The Group's ambition is structured around four key targets:

- reduction of its CO2 footprint, in line with the SBTi 1.5°C target by 2030;
- 30% reduction in methane emissions associated with fresh milk by 2030;
- 30% improvement in the energy efficiency of its industrial sites by 2025;
- reaffirmation of its net zero emissions commitment by 2050.

Antoine de SAINT-AFFRIQUE stated that, in 2022, Danone was one of the first companies whose 1.5°C trajectory with a specific forests, land and agriculture ("FLAG") target was officially approved by the SBTi. He noted that forests, land and agriculture account for nearly 60% of the Group's emissions and that Danone has reaffirmed its commitment to accelerate its path to decarbonization by covering all its direct and indirect emissions. Antoine de SAINT-AFFRIQUE stated that Danone's trajectory towards the net zero emissions target involves implementing intermediate targets to reduce CO2 emissions by 2030 in absolute value based on 2020 emissions:

- 47.2% reduction in scope 1 and scope 2 greenhouse gas emissions related to its plants;
- 30.3% reduction for scopes 1 and 3 FLAG, related to indirect emissions from agriculture: milk, dairy ingredients and other raw materials;
- 42% reduction in scope 3 greenhouse gas emissions.

Antoine de SAINT-AFFRIQUE then presented his new "Re-Fuel" global energy excellence program launched in 2022 aimed at:

- improving energy efficiency by 30% by 2025 compared with the 2022 baseline;
- significantly increasing the use of renewable energies and ensuring that 100% of the Group's electricity and half of its energy consumption come from renewable sources by 2030.

This is an acceleration of a long-standing commitment which has resulted in Danone now having 86 plants that use 100% renewable energy, six of which are carbon neutral. It is a perfect illustration of the Group's approach, which aims to combine economic performance and sustainability.

Antoine de SAINT-AFFRIQUE then explained that, for Danone, reducing greenhouse gas emissions primarily involves agriculture. In that regard, he noted that, in 2023, Danone was the first global food and beverage company to set a target for reducing methane emissions, and also launched a strategic partnership with the *Environmental Defense Fund* NGO. He added that the Group is pursuing this target by helping its dairy farmer partners to:

- improve herd management and feeding;
- reduce manure-related emissions;
- develop innovative methane inhibitor solutions.

Danone has already implemented convincing pilots in Belgium and Spain which show that this approach is important for the climate, will make farms more resilient and will ensure the sustainability of dairy farming.

Antoine de SAINT-AFFRIQUE noted the ambitious nature of these targets and that transparency and measurement of its results is a priority for Danone. He added that Danone is one of the few companies in the world that has received, for the fourth straight year, a score of AAA from the *Carbon Disclosure Project* for its leadership in the fight against climate change and deforestation and preservation of water resources. He noted that the Group's progress is closely monitored by its Mission Committee, Board of Directors, Executive Committee and many internal experts, and that this strong climate ambition is a focal point of Danone's sustainable development strategy and corporate strategy. Along these lines,

Antoine de SAINT-AFFRIQUE stressed that there will be no health through food for as many people as possible if nature is not healthy and resilient.

Antoine de SAINT-AFFRIQUE added that 2023 is starting off on a solid basis and is a year for Danone's accelerated transformation and return to innovation, on the road to sustainable and profitable growth.

Lastly, Antoine de SAINT-AFFRIQUE ended his presentation by adding that 2023 is also the year leading up to the 2024 Olympic Games, of which Danone is and will be a proud partner.

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

Laurent SACCHI then introduced the shareholders Q&A session which lasted about 30 minutes.

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, 2022;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2022;
3. Allocation of earnings for the fiscal year ended December 31, 2022 and setting of the dividend at €2.00 per share;
4. Renewal of the term of office of Valérie CHAPOULAUD-FLOQUET as Director;
5. Renewal of the term of office of Gilles SCHNEPP as Director;
6. Ratification of the co-opting of Gilbert GHOSTINE as Director;
7. Ratification of the co-opting of Lise KINGO as Director;
8. 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 2022 fiscal year;
9. Approval of the components of compensation paid in or awarded for the 2022 fiscal year to Antoine de SAINT-AFFRIQUE, Chief Executive Officer;
10. Approval of the components of compensation paid in or awarded for the 2022 fiscal year to Gilles SCHNEPP, Chairman of the Board of Directors;
11. Approval of the compensation policy for executive corporate officers for the 2023 fiscal year;
12. Approval of the compensation policy for the Chairman of the Board of Directors for the 2023 fiscal year;
13. Approval of the compensation policy for Directors for the 2023 fiscal year;
14. Authorization granted to the Board of Directors to purchase, retain or transfer Company's shares;

Agenda within the authority of the Extraordinary Shareholders' Meeting:

15. Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital, with preferential subscription right of the shareholders;
16. Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital, without preferential subscription right of the shareholders, but with the obligation to grant a priority right;

17. 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;
18. Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital, without preferential subscription right of the shareholders, in the event of a public exchange offer initiated by the Company;
19. 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; 20.
20. 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;
21. Delegation of authority to the Board of Directors to issue ordinary shares and securities 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;
22. Delegation of authority to the Board of Directors to issue ordinary shares and securities in favor of employees working for foreign companies within the Danone group or in a situation of international mobility, in the context of employee shareholding transactions, without preferential subscription right of the shareholders;
23. Authorization granted to the Board of Directors to allocate existing or newly issued shares of the Company, without preferential subscription right of the shareholders;
24. Authorization granted to the Board of Directors to reduce the share capital by cancelling shares;

Agenda within the authority of the Ordinary Shareholders' Meeting:

25. Powers to carry out the formalities;
26. Appointment of Sanjiv MEHTA as Director.

All the corporate managers' presentations to the Shareholders' Meeting, the Mission Committee's report, responses to written questions from shareholders, voting results and broadcast of the Shareholders' Meeting are available on Danone's website at the following address: <https://www.danone.com/fr/investor-relations/shareholders/shareholders-meeting.html>.

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