



Press release – Paris, May 20, 2020

Update on 2020 Annual General Meeting

**Danone to pioneer French “Entreprise à Mission” model  
to progress stakeholder value creation**

**2020 Annual General Meeting (AGM) to be held on June 26<sup>th</sup>, 2020**

- Danone to become first listed company to adopt French legal framework of "entreprise à mission" and so further lead the way to create and share sustainable value for all stakeholders
- Confirmed dividend payment for 2019, in line with original recommendation
- Chairman and CEO's fixed remuneration and Directors' compensation to be reduced for rest of 2020, to fund the Dan'Cares program

The Board of Directors of Danone met yesterday to agree arrangements and proposed resolutions for the 2020 AGM, which will be held on 26<sup>th</sup> June 2020 in closed session, given the context of COVID-19 pandemic. This context brings with it increased expectations on companies to demonstrate their use to society, and for trusted brands to go beyond their normal ways of engaging with consumers. The Board reaffirmed under these circumstances the strong commitment of Danone to the sustainable shared value creation model that has driven its vision of business since it established its dual economic and social project for the first time in 1972. At the heart of this business model lies the conviction that commitment to all stakeholders creates further value for all of them, including shareholders.

The Board will therefore recommend at the AGM that:

- **Danone becomes the first listed company to adopt the ‘Entreprise à Mission’ model created by French law in 2019.** This will embed the legal “entreprise à mission” framework within its articles of association (including a purpose) and apply a new governance arrangement to oversee the progress of its environmental, social and societal goals. By doing so, Danone adds to the trajectory that inspired its largest subsidiary, Danone North America, to become the world's largest Public Benefit Corporation. It also propels Danone further down the path of achieving its ambition to become B Corp certified at global level.

- **The proposed 2019 dividend is paid in line with the original recommendation** (€2.10 per share in cash), in light of Danone's business resilience, access to liquidity and balance sheet strength that also enabled the support given to the entire ecosystem of the company (employees, suppliers, farmers, and other business partners) since the start of COVID-19 pandemic. This amount is consistent with the Board's policy to remunerate shareholders with a reasonable and consistent dividend payout ratio. Assuming this proposal is approved at the General Meeting, the ex-dividend date will be July 14, 2020 and dividends will be payable on July 16, 2020. The company confirms that no share buyback operations will take place in 2020.

The Board of Directors also **accepted Mr Emmanuel Faber's proposal, in a spirit of solidarity, to reduce by 30% his fixed remuneration for the rest of year 2020 with effect from July 1st 2020** and the Members of the Board of Directors decided to give up their entire compensation for the second half of 2020, in order to allocate the corresponding amounts to the financing of Dan'Cares<sup>1</sup> program in favor of the expansion of Danone employees' health coverage.

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<sup>1</sup> Danone launched the Dan'Cares program in 2010 with the objective to offer health coverage and health education to every employee. The top-3 risks covered are hospitalization and surgery, outpatient care and maternity care.

**Emmanuel Faber, Chairman and CEO, said:**

*"We are on the threshold of a time when what we mean by "in the ordinary course of business" will change forever. This is an extraordinary moment. Putting the DNA of Danone at the heart of our articles of association by becoming an *Entreprise à Mission* may be a natural step for us. But it could not be timelier and more meaningful, as employees, consumers, customers, partners, governments and shareholders now see the critical importance of a balanced multi-stakeholder approach to value creation and sharing.*

*We made an unequivocal choice to protect our whole business ecosystem during the current entry phase into what will be a radically new operating environment, while we are witnessing sanitary scenarii unfolding, gradually assessing how they will impact the way people live and work, and before we then start our own preparation for long-term adaptation.*

*Our people have been our number one priority. We moved quickly to ensure their safety and took unprecedented measures to protect their incomes. We've also used our scale and our brands beyond the norm in how we have supported our ecosystem in radically new ways.*

*Obviously, we would not have been able to do this without the support of our shareholders; the people whose savings were invested in Danone with the confidence that our ambition is to lead the way to create and share value for all. So, similarly, their interests need also to be recognized. This is why our Board made the decision to maintain the initial recommendation for the 2019 dividend.*

*I am convinced that becoming an *Entreprise à Mission* will meet our objective to serve, in a fair and transparent manner, everyone in our business ecosystem, and therefore create for Danone a consistent and efficient framework for how we will create resilient, and therefore sustainable, value in this new world.*

*It will obviously support our objective to be the first very large company to achieve, in five years, global B Corp status. Namely that all our businesses and brands are seen in the eyes of consumers, and of all Danone stakeholders, as serving society's and people's interests.*

*This too is an energizing opportunity to engage further with our shareholders about the fit between our integrated goals for 2030 and their more than ever increasing ESG agendas."*

**Update on Danone's key actions to protect its ecosystem in COVID-19 context**

Since the start of COVID-19 pandemic, Danone's priority has been to maintain the availability of its daily food supply to consumers and protect the interests of its entire ecosystem through key actions on the ground. For its **employees**, employment contracts have been secured and wages guaranteed for all Danone employees worldwide until June 30; extensive health and childcare coverage has been provided for all employees worldwide; and specific bonus have been paid to all employees working on site during the pandemic lockdowns. For its **trading partners**, a financial support of c. €300 million has been made available. This includes €250 million of available cash flow for extended payment terms and credit to farmers, suppliers and smaller customers in its global ecosystem; a \$10 million relief fund, dedicated to supporting the entrepreneurs of Danone Manifesto Ventures' portfolio; and a €20 million extra-fund in Danone Ecosystem Fund, supporting since 2009 the partners of Danone's ecosystems notably around employment, skills and employability and micro-entrepreneurship, with total donated funds now reaching more than €125 million. For the **most vulnerable people**, a total of €6m of funds and 32 million of products have been donated since the beginning of the crisis. These actions, were entirely funded with the company's cash flow and in order to ensure the **authorities** could first help the companies that needed it the most, the company ensured there was no delay in the payment of any social charges or taxes during this period.

**Danone to become the first listed 'Entreprise à Mission' in France**

**Framework for "Entreprise à Mission" model in France**

Introduced in France in 2019 with the "Pacte" law, an "entreprise à mission" company is defined as a company whose purpose, and whose objectives in the social, societal and environmental fields aligned with this purpose, are set out in its Articles of Association. It is not a new legal form. The aim is to ensure that the purpose of the company is fixed on long-term objectives which are described in the company's Articles (the Mission). The Articles specify the

means by which the execution of the Mission will be monitored, under the control of a Mission Committee, which is distinct from the Board Committees and which must include at least one employee. An independent third party verifies the execution of the Mission, and establishes a written opinion which is annexed to the report of the Mission Committee to shareholders and made available on the internet site of the company for a period of 5 years.

### **A pioneer and natural step in Danone's 50-year journey of dual economic and social project**

The adoption of the "entreprise à mission" status is a logical and natural step for Danone, which has had a mission for several years and for which the pursuit of a long-term vision enabling sustained, sustainable and resource-conscious value creation with and for all its stakeholders is anchored in the company's values.

The relevance of this new status reaches far beyond the confines of France because it legally enshrines, at the heart of the company, Danone's purpose which is applied globally.

Its purpose is consistent with Danone's mission defined in 2005 to "bring health through food to as many people as possible". Its social, societal and environmental objectives are consistent with the "OnePlanet. One Health" frame of action and the nine integrated strategic goals set out in 2018, aligned with the 2030 United Nations Sustainable Development Goals, embedding the business, brand and trust models of the company to drive long-term sustainable value creation.

This move to adopt a legally enforceable purpose for Danone also comes with a strengthened governance framework. The progress towards the social, societal and environmental goals set for the Mission will be verified by an independent third party and overseen by a newly created Mission Committee, which will regroup about ten eminent and qualified global experts, including from non-governmental and international organizations, appointed by the Board of Directors. The Mission Committee will review and challenge the company's roadmap and progress particularly on subjects such as health & nutrition, water, agriculture, biodiversity, packaging, social innovation, people and social matters.

This step is independent from but consistent with Danone's ambition to become certified B Corporation®, where a certification is provided by B Lab that goes beyond product certification as it measures a company's entire social and environmental performance and evaluates how operations, business model and governance impact workers, community, environment, and customers. To date, 20 subsidiaries of Danone have become B Corp Certified and more than one third of Danone's global business is already covered by B Corp™ certification, and an additional 15 subsidiaries are in the process of certification for 2020.

### **Purpose in articles of association**

#### **Purpose**

The purpose (raison d'être) of the Company is to bring health through food to as many people as possible. This purpose is embedded in the "One Planet. One Health" framework of action of Danone, which reflects its strong belief that people's health and the planet's preservation are interconnected and should be at the core of a food company's strategy. This framework of action builds on decades of responsible business stewardship to serve a dual economic and social project.

#### **Environmental, social and societal objectives**

In connection with its purpose, the Company defined strategic goals aligned with the 2030 United Nations Sustainable Development Goals, embedding the business, brand and trust models of the Company to drive long-term sustainable value creation.

Among these strategic goals, the social and environmental objectives that the Company sets as its mission to pursue as part of its activities, pursuant to 2° of Article L.210-10 of French Commercial Code, integrated into its model of profitable and sustainable growth, are as follows (the "Mission"):

- Impact people's health locally, with a portfolio of healthier products, with brands encouraging better nutritional choices and by promoting better dietary habits;
- Preserve and renew the planet's resources, by supporting regenerative agriculture, protecting the water cycle and strengthening the circular economy of packaging, across its entire ecosystem in order to contribute to the fight against climate change;
- Entrust Danone's people to create new futures: building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Company, both locally and globally;

- Foster inclusive growth, by ensuring equal opportunities within the Company, supporting the most vulnerable partners in its ecosystem and developing everyday products accessible to as many people as possible.

## Arrangements for 2020 Annual General Meeting

Danone's 2020 Annual General Meeting will be convened on **Friday, June 26<sup>th</sup> 2020 at 2:30pm CET**. Out of concern for people's health given COVID-19 pandemic and in application of the provisions of Ordinance 2020-321 of March 25, 2020, it will be held at Danone's registered office - 17 boulevard Haussmann 75009 Paris - in closed session, without the physical presence of shareholders and other persons entitled to attend. The Board regrets the unusual circumstances of the Meeting in these extraordinary times. The Meeting will be webcasted live on Danone's website. Shareholders are highly encouraged to vote, or to give a proxy, in advance of the Meeting. The practicalities of how shareholders should exercise their rights (including voting and asking written questions) will be detailed in the Notice of Meeting, which will be published soon.

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### FORWARD-LOOKING STATEMENTS

*This press release contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as "estimate", "expect", "anticipate", "project", "plan", "intend", "objective", "believe", "forecast", "guidance", "foresee", "likely", "may", "should", "goal", "target", "might", "will", "could", "predict", "continue", "convinced" and "confident," the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of Danone.*

*Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the "Risk Factor" section of Danone's Universal Registration Document (the current version of which is available on [www.danone.com](http://www.danone.com)).*

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