



## **- SHAREHOLDERS' MEETING 2021 -**

*April 29, 2021*

### **ANSWERS TO THE WRITTEN QUESTIONS SENT BY SHAREHOLDERS**

In view of the Combined Shareholders' Meeting of April 29, 2021, Danone received 26 written questions from shareholders, pursuant to Article R.225-84 of the French Commercial Code.

This document, made available on the Company's website in accordance with applicable law, contains the answers to 26 questions. Some Answers have been provided to some of these questions during the Shareholders' Meeting.

### **- WRITTEN QUESTIONS FROM FORUM POUR L'INVESTISSEMENT RESPONSABLE -**

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#### **ENVIRONMENT**

##### **1. To be in line with the Paris Agreement, what are the amounts of CAPEX by 2025? How will these CAPEX be spread across the entire value chain between CAPEX maintenance and CAPEX growth? What is the geographical distribution?**

As part of our Climate Policy, Danone pledged in 2015 to achieve carbon neutrality throughout its entire value chain by 2050 (scopes 1, 2 and 3, *i.e.* all direct and indirect emissions, including those of suppliers and consumers) by reducing its greenhouse gas emissions "GHGs" and offsetting remaining emissions. In September 2019, Danone underlined its pledge by signing the "Business Ambition for 1.5°C pledge" at the UN Climate Summit, undertaking to reach its peak emissions in 2020. In order to reach its goal, Danone has developed the strategy around the following main pillars: cutting greenhouse gas emissions; transforming the agricultural practices of its supply chains; keeping more carbon in the ground; and offsetting remaining greenhouse gas emissions.

In December 2020, Danone was recognized, for a second time, as the world's leading company in terms of its environmental performance, becoming one of ten companies from among more than 5,800 assessed by the CDP (Carbon Disclosure Project), and the only food company to have been awarded the "triple A" rating in fight against climate change, forests preservation and water security. Danone confirmed that the peak of its carbon emissions on its entire scope has been reached in 2019, with a total of 26.1 million tons of GHGs in 2020, 1.3 million tons of carbon equivalent lower than as of 2019. Half of this carbon reduction is linked to regenerative agriculture initiatives across Danone's extended supply chain.

More than 95% of Danone's carbon footprint lies in its extended supply chain ("scope 3" according to the GHG protocol). Therefore, the Cycles and Procurement teams, across the organization, monitor the environmental performance of the supplier portfolio in order to meet Danone's commitments, particularly those relating to the reduction of greenhouse gas emissions.

Efforts are particularly focused on the implementation of regenerative agriculture practices among our suppliers, to improve soil resilience and to encourage the implementation of low greenhouse gas emission practices. Many action plans are already active in the main geographies in which the company operates, particularly in the United States and Canada where 33,000 hectares have been transformed into regenerative agriculture.

In addition, several recent investments in Danone's network of factories illustrate the company's ambition to fight climate change. For example, the Specialized Nutrition division invested NZ\$40 million in [the Balclutha factory in New Zealand](#) in order to reach carbon neutrality in 2021, particularly through the acquisition of a cutting-edge biomass

boiler. Powered by co-products from local forestry operations which are not usually considered valuable, it will reduce CO2 emissions by 20,000 metric tons per year, *i.e.* the equivalent of 60,000 vehicles.

Finally, our Belgian factory in Rotselaar won the "Factory of The Future" award 2021: this production site makes sustainable development a central part of the production process, with a zero waste, zero water and carbon neutrality approach.

## **2. How do you limit the impact of biodiversity loss on your future income? Please specify the indicators and means put in place.**

Climate change has negative effects on natural cycles and water availability, soils, biodiversity and ecosystems. It may therefore affect the activity of Danone, its farmers and its customers, and have negative impacts on its results and financial situation. Loss of biodiversity can for example lead to soil depletion, ending into farms yield decrease, and potentially an increase in agricultural products price.

Thus, Danone supports more sustainable food, "*from farm to fork*", by offering a wide portfolio of plant-based alternatives to complement high quality dairy products and focuses on three key pillars to drive action on these issues:

1. Developing regenerative agriculture practices for livestock and crops at farm level. Regenerative Agriculture aims at protecting soils and water, restoring biodiversity and sequestering carbon in the soil;
2. Increasing supply chain transparency on commodities at risk (palm oil, soy, paper and beef) to drive accountability and progress related to deforestation, a major driver of biodiversity loss;
3. Diversifying portfolio and product lines through the development of local or rare species and varieties; GMO-free, organic product ranges; and/or new product lines which contribute to improve biodiversity, resilience and/or nutrition. It is in this context that the Blédina brand launched "Sauvez Williams" project in 2020 to ensure the sustainability of the Williams pear industry in France.

As watersheds also play a key role in Danone's supply chain and have a vital impact on biodiversity, Danone implements projects to preserve them. For example, since 1992, evian has been working through the APIEME - The Association for the Protection of the evian Mineral Water Impluvium, which it co-founded with 13 municipalities around the watershed - with mayors, farmers and local associations to ensure healthy biodiversity and preserve evian's natural resource. These initiatives support the sustainable economic development of the territory. In addition, in 2008, evian became the first natural mineral water with its watershed being recognized as a wetland of international importance by the Ramsar Convention, a UNESCO partner.

These actions all contribute to the target that Danone has fixed itself: to purchase 15% of its volume of agricultural ingredients directly from farms actively committed to a regenerative agriculture approach by the end of 2021. This is an initial key step for Danone, which aims to have all its partner farmers to adopt this approach. This is a commitment that will be monitored and verified in the context of our "*Entreprise à Mission*" status.

Adopting a collective action approach, the company continues to help protect biodiversity by working on joint pilots within the One Planet Business for Biodiversity (OP2B) coalition formed in 2019, consisting of 26 companies as at December 31, 2020.

## **3. How do you anticipate the scarcity of certain natural resources and the difficulties of supplying your strategic resources? How does this affect your business models and how do you secure your supply chains?**

Danone's businesses are directly related to nature and agriculture, where we face major challenges including food safety, competitiveness, price volatility and access to raw materials. This means that the sustainability of our business hinges on our ability to strengthen and protect the global food chain, in terms of both quality and quantity. To this end, we benefit from many years of experience in partnering with milk producers, protecting our natural springs and their watersheds, and working with local communities.

Regarding its raw materials, Danone has identified milk, water and plastic as key resources for its growth, and created the Cycles and Procurement function in 2017, which is now reinforced by its Design to Delivery organization, so as to

have a systemic, end-to-end and cross-functional approach on the various challenges faced for these strategic resources.

Moreover, we support regenerative agriculture, based on three pillars: protecting soil, supporting new generation of farmers and promoting animal welfare. We promote practices which enhance soil organic matter content and help sequester more carbon: rotating crops, reducing soil tillage, or even a better management of livestock manure and compost. Studies have also shown that healthier soils are more resistant to both drought and erosion from heavy rainfall. Healthy soils are able to retain more water, energizing their ability to support microorganisms and plant growth. We believe that animal welfare is directly linked to the environmental and economic regeneration of farms, but also to their performance and competitiveness: indeed, dairy farms that respect the fundamentals of animal welfare have shown significantly higher milk production and milk quality.

Finally, Danone published in June 2020 its Water Policy, where the company reiterates the role played by regenerative agriculture in ensuring the protection of natural ecosystems and water cycles, defines its commitments according to different time horizons and underlines its support for its upstream agricultural partners in setting up practices encouraging biodiversity as follows:

- preserve and improve the physical and biological structure of soil to enhance its organic matter content by reducing soil tillage, crop rotation, and planting permanent cover crops;
- maintain soil's natural capacity to regulate water resources;
- preserve animal and plant biodiversity by limiting the use of mineral fertilizers, pesticides and other chemical products and increasing their wildlife habitats (including the protection of water courses). In this respect, Danone pledges to increase the size of buffer zones on farms by at least 15% by 2030.

## **SOCIAL**

**4. Solidarity between economic actors, large and small businesses, seems necessary to limit the negative impacts of the current crisis. How does your group adapt its buying or selling practices at national and international levels to support its suppliers or customers who are affected by the crisis? Do you have differentiated policies for small and medium-sized enterprises (SMEs)? Has the crisis pushed you to structurally change your policies in this area?**

For a long time, Danone has integrated this logic of co-creation with its entire ecosystem, including its most vulnerable stakeholders. Indeed, nearly 80% of its farmers own farms with fewer than ten cows, so Danone has implemented the so-called CPM contracts (Cost Performance Model) that guarantee greater income stability for dairy farmers and encourage them to make the transition to new regenerative agriculture practices. Danone's social innovation funds also contribute to solidarity between economic actors: for example, the Danone Communities fund backs 12 social companies which impact nearly 10 million people on a daily basis in terms of access to water and fighting malnutrition.

At the heart of the COVID-19 pandemic, Danone's priority has been to maintain its supply chain in order to preserve 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 trading partners, significant financial support has been made available. It included, among other things, extended payment terms and credit to farmers, suppliers and smaller customers in its global ecosystem. These actions were 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.

**5. How do you manage, at the group level, the social impacts associated with the massive development of telework since the beginning of the pandemic? In particular in terms of managing psychosocial risks, participating in costs, surveying employee satisfaction, reversing the choice of employees, share of employees in telework, etc.**

Since 2014, Danone has included promoting health and well-being in the workplace to its WISE<sup>2</sup> program. Danone defined a systematic approach built around five pillars: (1) ensure a good work rhythm, (2) make daily work meaningful, (3) promote healthy ways of working (4) manage staff with kindness and authenticity, and (5) promote a

healthy lifestyle and environment. Practical guides encourage the subsidiaries and sites to implement them. Some subsidiaries have implemented initiatives that call for:

- the right to disconnect;
- visits by psychologists and social workers and committees to detect situations of workplace isolation;
- training of management to detect and prevent employee's stress.

In 2019, Danone offered a training program in Europe for the Human Resources function on quality of life in the workplace. In 2020, in the context of Covid-19 crisis, these measures were supplemented by:

- global and local surveys to regularly monitor and ensure the well-being of employees and identify their needs;
- a "Stay Strong, Stay Safe" campaign in which employees were asked about changes in their working conditions in the following five categories: (i) effectiveness at work, (ii) mental health, (iii) physical health, (iv) managerial monitoring and support and (v) solidarity and mutual assistance;
- the creation of a psychological support unit for employees.

**6. Do you have a definition of "decent wage" not limited to the local legal minimum wage? If so, which one? How does your company ensure that its employees, as well as the employees of its suppliers, receive a decent wage?**

In its principal countries of operation, Danone's compensation practices are not limited to the local legal minimum wage. In addition to remuneration, Danone provides social benefits for its employees. For example, in 2009 Danone launched the Dan'Cares program, with a goal of ultimately guaranteeing quality health coverage for all employees to cover major risks while taking into account practices in the respective markets. The three main risks taken into account are hospitalization and surgery, ambulatory care and maternity care. Dan'Cares is intended to be deployed in all Danone subsidiaries, including in countries where such coverages are not offered by the healthcare systems. As of December 31, 2020, 100,109 employees in 53 countries received health coverage meeting the criteria defined by Dan'Cares. Most of the beneficiaries under the Dan'Cares program were able to include family members.

**7. As part of the formula of incentive agreements enjoyed by your employees in France, do you take into account environmental and social criteria? If so:**

- What are these criteria? Have they evolved since April 1, 2020?
- What is the proportion of these criteria in the incentive formula? Has it changed in the last year?
- What is the share of the employees involved?

Environmental and social criteria are taken into account, up to 20%, in the Company's Group Performance Shares plans for approximately 1,600 Danone's senior executives. In the end, they will also be proposed for inclusion in profit-sharing agreements, depending on the timetable for renewal of these agreements every 3 years and on social dialogue.

To date, the external environmental performance condition is based on Danone's ranking established by CDP for the Climate Change program. It has been strengthened to include the rankings established by CDP under the Water and Forests programs, following the approval of the twenty-fourth resolution by the Shareholders' Meeting of April 29, 2021.

**8. In the context of wage savings, which funds actually benefit from a responsible label (CIES, Finansol, Greenfin, SRI)? For each proposed fund, what is the name of the label or labels, what is its share as a percentage of the outstanding wage savings, to what proportion of employees is proposed? Moreover, what is the share of employees in the group, in France and abroad, who have access to other forms of savings underwritten on a professional level, especially in the area of retirement? What proportion of the assets corresponding to this savings are managed in a socially responsible manner and have "quality signs"? which? Regarding the company savings plan, what portion of the funds carries a responsible investment label (CIES, Finansol, Greenfin, SRI)?**

All Danone employees in France have access to the Group Savings Plan which offers 3 funds that take into account socially responsible investment (SRI) criteria in their management.

In total, these funds represent 76% of the total outstanding of the Group Savings Plan (excluding employee shareholding):

- Dan'Dynamique Environment represents 36% of the outstanding amounts of the Group Savings Plan. It is classified as article 9 by the new European classification established by the Sustainable Finance Disclosure Regulation (SFDR), namely financial products targeting sustainable investments with the GREENFIN and FEBELFIN labels for the underlying MIROVA fund “« MIROVA EUROPE ENVIRONMENTAL EQUITY FUND;”
- Dan'Equilibre represents 22% of the outstanding amounts of the Group Savings Plan;
- Danone Communities Solidaire fund represents 17% of the outstanding amounts of the Group Savings Plan.

More than 90% of Danone employees in France have access to a supplementary retirement plan.

Currently, the majority of French companies offer a supplementary retirement plan that allows employees to invest in a euro fund and in funds that include ESG criteria. In the end, and in accordance with the provisions of Article 71 of the French “PACTE” law, supplementary retirement plans may be subject to further development and the investment vehicles offered to employees may be reviewed.

In addition, Danone regularly carries out capital increases reserved for Danone employees in France participating in a company savings plan (through a temporary fund later merged into the “Fonds Danone” company investment fund). In 2021 the capital increase reserved for Danone employees in France participating in a company savings plan represented a total amount of €44,1 million. In addition, since 2019 Danone also carries out capital increases reserved for employees of foreign companies, under the authorization granted by the Shareholders’ Meeting, as part as the “One Person, One Voice, One Share” program: a new capital increase reserved for employees of foreign companies should be carried out in 2021 following the approval of the twenty-third resolution by the Shareholders' Meeting of April 29, 2021.

## GOVERNANCE

**9. Do you apply the GRI 207 standard for your public tax reporting? If so: Does this reporting address all the elements listed in this standard and if not, what items did you choose not to publish and why? If you don't use this standard: what are the reasons for this and plan to apply it to maturity (1 to 2 years)? What other measures do you have or are you considering to implement in order to meet the growing demand for tax transparency from your stakeholders?**

Danone applies GRI 207-1, GRI 207-2, and GRI 207-3 standards. Danone’s Tax Policy underscores its commitment to responsible tax management and its pledge to avoid tax schemes that are artificial, fraudulent or disconnected from actual operations. It is updated annually and can be found on Danone’s website. Internally, Danone has also implemented a code of conduct. Externally, Danone is involved in discussions on taxation with its external stakeholders. The company thus supports the OECD’s Base Erosion and Profit-Sharing initiative. Danone has also signed on to a partnership agreement with the French tax authorities as part of the “Confiance Plus” initiative, which encourages transparency in the interactions between the government and companies. Finally, Danone has published in 2019 its first [tax contribution report](#) which includes its global and regional tax reporting.

**10. What is the scope of the equity ratios you publish? What analysis do you make of the evolution of these ratios? Did this analysis push you to adapt your compensation policies? If so, how?**

Equity ratios have been calculated on a full-time equivalent basis and for the Danone SA scope. Beyond this perimeter, Danone, within all of its countries, ensures equal pay for women and men with the objective of a gap within a range of equity plus or minus 3 points in order to support equal opportunities and the recognition of each employee. The 2020 female-to-male ratio is 96.8 globally, in line with the company’s ambition. This objective is monitored as part of as part of [our “Entreprise à Mission” status](#).

In addition to the equity ratios, Danone provides a significant additional insight into the distribution of remuneration by quintile for more than 90% of Danone’s employees in all professional categories of Danone in France (see page 260 of the [2020 Universal Registration Document](#)).



**11. With regard to the implementation of your group's gender equality policy, could you share with us:**

- (i) The agenda and numerical objectives - achieved or to be achieved - on the subjects related to this policy (career, training, remuneration, distribution of private/professional life, etc.) at all levels of responsibility.**
- (ii) If the application of this equality policy is applied in all the group's companies both in France and internationally. If not, why?**
- (iii) If so, what specific means do you use to promote equality between women and men in your countries where this concept is having difficulty in establishing itself?**

At Danone, we are very sensitive to the issue of gender equality and have put in place numerous initiatives “to help break through the glass ceiling”. We believe that this starts with raising awareness among men and gaining the confidence of women, who often contribute to the existence of this ceiling by not making their voices heard enough. To this end, we created the EVE Program in 2010, which brings together more than twenty major companies and mixes men and women, because it is by bringing all forces together that we will succeed.

In 2017, we joined the HeForShe movement initiated by the UN, and as part of the roadmap for inclusive diversity, we have achieved the commitments made for 2020, i.e. to have 30% women among executives.

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It is important to emphasize that all the commitments and action plans we have defined at the global level are then implemented at the local level to cover diversity issues specific to local cultures and contexts.

Finally, Danone has reaffirmed its ambition for gender equality by signing the "LEAD Pledge" in which the company commits to achieving gender parity in management positions (cumulative number of managers and directors) by 2050.

**12. How are your lobbying practices formalized and how do they fit into your group's CSR strategy? Can you describe your company's chain of responsibility for lobbying or institutional relations? In which cases can or should your group's supervisory body (board of directors, supervisory board) be referred? What elements of your lobbying practices do you publish (public positions, allocated budgets, etc.) for each of your global markets?**

Danone has established policies and procedures for responsible practices that apply to all its employees, its subsidiaries, the companies controlled by the company and, in some cases, its business partners.

In 2020, Danone updated its [policy on advocacy activities](#) which describes:

- the company's vision of advocacy (including the need to work hand-in-hand with the various governmental and non-governmental players, in particular through multi-players coalitions),
- the way Danone works with the various stakeholders,
- and the related control mechanisms.

The behaviors expected of its employees are also included in its advocacy policy. Danone does not pay any sums of money to individuals or organizations involved in politics to support their activities. As a result, no candidates or political parties receive funds or assets from the company.

The reporting on Danone's advocacy activities is subject to applicable national regulations. Danone is, for example, listed in the registers of interest representatives of the European Union, of the French High Authority for Transparency in Public Life (HATVP) and in the US register of interest representatives governed by the US Lobbying Disclosure Act.

**13. How, in practice, do you involve the social partners, at the group level and locally, to engage your company in a just transition? Do you intend to publish their opinion on your vigilance plan? Do you intend to publish their opinion on your extra-financial performance document?**

Danone aims to build successful relationships with its employees through continuous engagement and dialogue, the establishment of systems for reporting problems and filing complaints, and the use of responsible practices, especially during company reorganizations. Social dialogue is a key driver for Danone at the management, trade union and employee representatives levels. It enables collective efforts to be aligned in order to improve the company's performance. Since 1989, 10 agreements have been signed between Danone and the International Union of Food Workers (IUF), and a joint vision was established. In 2020, 78% of Danone employees worldwide were covered by collective agreements. The framework agreements between Danone and the IUF are deployed in each subsidiary, and each year a joint assessment is carried out with a Danone representative and IUF representative. Between 2009 and 2020, a total of 60 site visits were made.

As part of the application of the French Duty of Vigilance Law, and to act in defence of fundamental rights throughout our value chain, exchanges are initiated with Danone's social partners. To this end, meetings have been held with the IUF and its affiliated unions, in order to benefit from the privileged sources of information to which the unions have access.

Danone's Extra-Financial Performance Declaration ("EFPD") and Danone's Vigilance Plan are presented each year in chapter 5 of the Universal Registration Document. This document is made available to employee representatives in accordance with the law and collective agreements in force in the company. Social dialogue is one of the central themes of Danone's EFPD, in which relations with employee representation bodies and trade unions are described. To date, the opinion of the social partners on Danone's EFPD has not been published.

- 1. Are the nine 2030 Goals to achieve the company's "One Planet – One Health" vision, which were published in the 2019 annual report, maintained by the President and his Board, or could they be challenged by the new Chief Executive Officer ? Do you think it is possible to better quantify these objectives?**

The nine 2030 Goals integrate financial and non-financial objectives and are aligned with the Sustainable Development Goals of the United Nations. These objectives are monitored by commitments, performance indicators and qualitative analysis. Each year, the performance of these objectives is monitored through i) a presentation to the Board of Directors' Engagement Committee and ii) a report published on our website, entitled "[Company Dashboard](#)". We will continue to monitor and publish this report, in particular with the publication of our Company Dashboard for the year 2020 in early May 2021.

- 2. BCorp: in 2019, 30% of sales were BCorp certified. What is the percentage in 2020, and do you confirm the 100% target of 100% by 2030 at the latest?**

In June 2020, Danone has adopted the "Entreprise à Mission" status, and, at the same time, strengthened its commitment to become B Corp, at the global level, by bringing forward the B Corp™ certification date from 2030 to 2025. By the end of 2020, nearly 50% of Danone's sales were covered by B Corp™ certification. This percentage has increased to 55% by the end of April 2021 with the certification of all our entities in the Waters division in France, including the brands evian, Volvic, Badoit and Salvetat, all our entities in Brazil and our Specialized Nutrition company in Thailand. Moreover, Alpro, Danone North America and Danone Canada were all recertified with an even higher score than when they were first certified. This progress is the result of a strong commitment from our internal teams, who volunteer to obtain B Corp certification, thus reinforcing the sense of belonging and the corporate culture.

- 3. Is the objective of remaining the industry leader in ESG rating maintained by the Board and its Chairman?**

In its letter to Danone's shareholders of March 17, 2021, the Chairman of the Board of Directors reaffirmed its support and that of the Board of Directors to remain committed to Danone's mission and its status as an "Entreprise à Mission". Indeed, this is the very essence of Danone's competitive advantage. In addition, environmental and social aspects are monitored by the Engagement Committee of Danone's Board of Directors which is responsible, among other things, for monitoring the roll-out of policies, commitments and initiatives implemented by Danone as part of its 2030 Goals, notably in the health, environment, human resources, inclusive growth and B Corp™ certification areas.

- 4. Should not the Engagement Committee make the company's progress towards its CSR 2030 goals public, and thus share a little more qualitative and quantitative data? Your company is very transparent on financial issues. Shouldn't it also be transparent on sustainability issues, on which Danone seems to me to be exemplary?**

Danone makes it a point of honour to ensure the publication and transparency of its non-financial information. Each year, chapter 5 of its Universal Registration Document describes Danone's social and environmental responsibility through its policies, commitments and qualitative and quantitative performance. All of this chapter is audited by one of its Statutory Auditors. Moreover, each year Danone publishes its [integrated annual report](#) including, among other things, its reporting on the Sustainable Development Goals of the United Nations. Finally, Danone publishes its performance in relation to these Nutrition & Health objectives annually in a dedicated publication, i.e. the [Nutrition Achievements report](#). All these reports are made available to shareholders in the [Investors section of Danone's website](#)



1. **While Mr Faber, CEO, had been re-elected as a Director in 2019, he was replaced as Chairman before the end of his term of office, for policy change purpose, without seeking the opinion of the Shareholders' Meeting. I am pleased that Danone is seeking to improve its governance, but governance starts with the Shareholders' Meeting. None of the resolutions before us address the policy change underlying this change of Chief Executive Officer, and I don't even know who the Board is considering for the position of CEO. Do you plan to change the operating rules of the Board of Directors so that major decisions are referred to the Shareholders' Meeting in the future?**

The allocation of powers between the Shareholders' Meeting and the Board of Directors is determined by law, according to which the Board of Directors is the body responsible for appointing the Chairman of the Board of Directors and the Chief Executive Officer.

Regarding the resolutions submitted to the 2021 Shareholders' Meeting, five resolutions, numbered from 4 to 8, relate to the renewal or appointment of members of the Board of Directors, thereby enabling the Shareholders' Meeting to decide on a major governance decision, namely the composition of Danone's Board of Directors.

Finally, following the announcement by the Board of Directors, on March 1, 2021, of a decision in principle to initiate the process of separating the functions of Chairman of the Board and Chief Executive Officer, Danone announced on March 14, 2021, the appointment of:

- Mr Gilles SCHNEPP as Chairman of the Board of Directors, and
- Ms Véronique PENCHIENATI-BOSETTA and Mr Shane GRANT to jointly lead the company, while the search of a new Chief Executive Officer is underway.

The recruitment process for the new Chief Executive Officer is led by the Governance Committee, with the support of an international search agency.

2. **Major shareholders can present their resolutions at the Shareholders' Meeting, although they usually avoid the Shareholders' Meeting and prefer to influence the Board of Directors. Small shareholders do not have access to any of these methods. Would you consider helping us to participate in Danone's governance, by allowing us to make proposals for motions for resolutions via the internet and to collectively support such initiatives via the internet, so that those that reach the legal threshold of support become motions for resolutions?**

The filing by shareholders of resolutions submitted to the Shareholders' Meeting is strictly regulated and is subject to legal conditions, in particular a threshold of required share ownership. Thus, one or more shareholders holding a percentage of share capital in line with the minimum legal requirement may file resolutions and/or request the inclusion of an item on the agenda if they so wish, under the conditions provided for by the regulations.

Individual shareholding is very important to Danone and the company encourages its shareholders to fully exercise their shareholder rights, in particular through their written questions and their vote.

3. To vote by internet at the Shareholders' Meeting, I had to go to the PlanetShares website, which sent me to Voteaccess, where each draft resolution referred to the notice of meeting, but without ever providing a hyperlink to the text of the resolutions. The draft resolutions often refer to the "2020 Universal Registration Document", but still without a hyperlink. You have to go to this document, by clicking twice on "Load more". The notice of meeting has the advantage of providing a clickable summary in the margin. Draft resolution 27 refers to the "addendum to the report on corporate governance", again without a hyperlink. So, you need to go and look for it too. References to articles of the law and regulations are also without hyperlinks. Is Danone planning to simplify the shareholder obstacle course for next year, and to systematically provide us with hyperlinks of its references?

Danone is dedicated to making the shareholder experience as smooth as possible and to facilitating the understanding of the resolutions submitted to the vote of the Shareholders' Meeting and the exercise of voting rights.

Regarding the VOTACCESS website, the various documents relating to the Shareholders' Meeting can be consulted on the website, via the "Consult the documentation" section, without having to go through the Planetshares website.

We will ensure that our teams examine your point carefully by next year in order to make it easier, if possible, to consult the documentation relating to our Shareholders' Meetings.

**1. Is EVIAN's market in the Middle East so significant that the brand has to put itself in a state of submission by publishing an apology or even a repentance tweet towards Muslims?**

On April 13, the evian Twitter account issued a post calling on people who have already drunk a liter of water during the day to retweet said post.

evian regularly uses its Twitter account to encourage its community to stay hydrated. However, this tweet published on the first day of Ramadan has caused many, and sometimes violent reactions.

The evian brand wants to be open and inclusive. Also, faced with these numerous and strong reactions, and after the publication of articles in the press alleging a provocative intention, we wanted to react quickly to avoid any counter-interpretation of the initial goal of our message.

**1. Could you confirm that the company remains committed to achieving net zero emissions by 2050 or sooner across scopes 1, 2 and 3?**

Danone has been committed, since 2015, to achieving carbon neutrality throughout its value chain by 2050, that is to say in its direct scopes 1 and 2, but also 3. Scope 3 emissions are the indirect emissions of suppliers and consumers and represent about 95% of Danone's total greenhouse gas emissions, out of which 60% comes from agriculture.

In 2017, this ambition to reduce greenhouse gas emissions was recognized by the Science-Based Targets initiative (SBTi), as in line with the objective of keeping global warming below 2 degrees. In 2019, Danone committed to go further and to define targets in line with a 1.5-degree climate scenario.

We therefore confirm our commitment to become carbon neutral and Danone participates actively in the working group led by the SBTi to define 1.5°C trajectories for the sector.

All of Danone's efforts have been recognized as, for the second time in a row, as Danone was given by the CDP a Triple A score, demonstrating the company's effort in three environmental areas: climate change, forests preservation and water security. So far, Danone is the only Food & Beverage company to have reached this recognition.

But where Danone is also particularly engaged on these topics, it is through its brands and in each of its division:

- In 2020, the Water brands evian and volvic became carbon neutral;
- By 2025, the organic milk brand Horizon Organic will become carbon positive;
- And by 2030, the Specialized Nutrition brand Karicare will become carbon neutral.

**2. When will you be communicating your roadmap to net zero? This should include short- and medium-term emissions reduction targets covering the entire value chain and that are aligned with a 1.5°C trajectory.**

Danone does believe in the absolute necessity of having a climate action transition plan and has already one in line with the recommendations of the "Say on Climate" initiative on providing a specific action plan, disclosing on all elements of the TCFD recommendations, making full annual public disclosure to CDP and tying executive compensation to the achievements of climate-related targets.

On providing a specific action plan, in its 2015 Climate Policy, Danone set a target of carbon neutrality emissions across its entire value chain by 2050. This objective covers its entire value chain: scopes 1, 2 and 3, i.e. all its direct and indirect emissions, including those of suppliers and consumers. In order to reach this goal, Danone has developed the following strategy:

- cutting emissions notably through a commitment to achieve 100% renewable electricity;
- transform the agricultural practices of its supply chain;
- keeping more carbon in the ground through regenerative practices enhancing carbon sequestration;
- eliminate deforestation from its supply chain by 2020;
- offsetting remaining emissions.

Since 2019, Danone's disclosures related to climate change are in line with the recommendations put forth by the TCFD. A reconciliation table makes it possible to identify the main information of the disclosures in the [Danone 2020 Universal Registration Document](#) related to these recommendations (see from page 158).

Danone showed in 2019 for the first time a "carbon-adjusted" recurring EPS evolution that takes into account an estimated financial cost for the absolute GHG emissions on its entire value chain. This means that the carbon-adjusted recurring EPS is calculated as the difference between recurring EPS and the cost of carbon per share.

Moreover, On December 8<sup>th</sup>, 2020, Danone announced that it has been highlighted for the second year in a row as a world environmental leader by the international non-profit organization CDP, whose disclosure and scoring system is recognized as the gold standard of corporate environmental transparency. Out of the 5,800+ companies scored in

2020, Danone is one of the only 10 companies that achieved a place on the A List for the three environmental areas covered by CDP of climate change, forests preservation and water security.

Finally, since 2018, Danone has included an environmental performance criterion in the performance shares granted to approximately 1,600 senior executives. Weighted by 20%, it reflects the rating assigned to Danone by CDP under its Climate Change program and has been strengthened, following the approval by the Shareholders' Meeting of April 29, 2021, of the twenty-fourth resolution, with the consideration also of the rating assigned for the Water and Forests programs.

This action plan will be updated under a 1.5°C trajectory and then will be disclosed when the sector-related recommendations of the SBTi will be finalized (in Q4 2021 latest).

**3. In addition to your intensity target, have you considered setting absolute emissions reduction targets for scope 3 emissions?**

We will follow the SBTi recommendations that indeed should recommend absolute emission reduction in scope 3. By the way, Danone has been one of the first corporate to commit to reach a peak of carbon emission.

**4. Will you be submitting your climate action plan to a vote by shareholders at the 2022 AGM and at least every three year thereafter, with an annual update on progress made in its implementation?**

As detailed above in the answers to question [2], Danone is committed to achieve its carbon neutrality ambition by 2050, particularly through its 2015 Climate Policy, while taking into account all its stakeholders, including its shareholders. As a matter of fact, our shareholders have already a say on climate-related issues.

First of all, the conditions of Danone's Group Performance Shares plans for around 1,600 senior executives are based, in part, on the rating assigned to Danone by CDP under its Climate Change program. This has been submitted to shareholders approval every year since 2018 and has been extended to the Waters and Forests programs, following the approval of the twenty-fourth resolution by the Shareholders' Meeting on April 29, 2021.

Most importantly, Danone has become the first listed *Entreprise à Mission* on June 26<sup>th</sup>, 2020, with the support of more than 99% of its shareholders. Introduced in France in 2019 with the "PACTE" law, an "*Entreprise à Mission*" company is defined as a company whose social, societal and environmental objectives are aligned with the purpose set out in its by-laws. The by-laws specify the methods for monitoring the execution of the Mission, under the control of a Mission Committee. An independent third party verifies the execution of the social and environmental objectives defined in the by-laws and establishes a written opinion which is attached to the report of the Mission Committee.

[As illustrated in its report](#) to the 2021 Shareholders' Meeting, the Mission Committee has reviewed Danone's objectives and KPIs, among which our climate action transition plan. It will focus in 2021 on the following KPIs: CO2 volume reduction full scope like for like vs. previous year (%).

The company is well committed to its climate action transition plan and already involves its shareholders while progressing against its commitments, demonstrating its willingness to embed responsibility, accountability and sustainability.



**1. As part of Danone's commitment to being an enterprise a mission, we would like to know what sustainability-related criteria the board of directors is using in its CEO search.**

The Board is overseeing a robust process to appoint a new CEO. To this end, an international executive search firm is conducting an extensive review of suitable external candidates.

It is critical that the Board selects a globally respected CEO who is ready to take charge from day one, assess the state of the business and begin implementing initiatives very quickly. The Board makes a point in recruiting someone with a high experience in FMCG, an international dimension, a strong performance record, while having a strong ESG background to ensure an undisputable fit with Danone's culture, values and commitments, including the Enterprise à Mission status.