

DANONE, IS THERE AN HIDDEN AGENDA?

Following the decision of Danone's Board of Directors to separate management functions between a non-executive chairman, Emmanuel Faber, and a Chief Executive Officer to be recruited, the Board reaffirmed its support for the "Local first" plan presented in November 2020.

We can only congratulate Danone's Board of Directors for having collegially reaffirmed the Group's strategy and its confidence in its Chairman to lead it.

The separation of functions within the group, which we have been calling for for many years, is a good development, and we should recall that it was to be implemented in 2022, once the "Local first" plan was on track and on the occasion of the renewal of certain members of the Board (including Franck Riboud, whose term is coming to an end). The reasons that led the Board to decide, under pressure from certain minority shareholders, to separate these functions may long be questioned. The timing of this decision seemed to us to be completely inappropriate at the end of the year: either it was made too early, without leaving the necessary time for the deployment of the "Local First" plan presented by Emmanuel Faber in November 2020; or it was made too late, or it was decided too late, the Board not having implemented it following the announced departure of Cécile Cabanis for personal reasons.

This "governance case" leads us to ask several questions:

- On a general level:

1. Why would the Artisan Partners fund, which spoke out in favor of Emmanuel Faber's departure and was one of the few shareholders to vote against the "mission-based company" status (99.4% adopted by the 2020 General Meeting), suddenly become a supporter of this status?
2. Artisan Partners' advisor is Mr. Jan Bennink, former Danone executive. He is also a member of the Board of Directors of Coca-Cola European Partners, one of the companies that could potentially acquire Danone. Beyond the personal intention of a former employee, can we not ask the question of a competitor's undisclosed strategy?
3. Why isn't there more media coverage of the massive support for Danone's staff expressed both by the social partners, whether European or American, and by the group's employees?
4. Why would the "Local First" plan be so damaging for Danone, when it seems on the contrary to be beneficial in the long run, since local brands are an element of marketing strategy and not the establishment of a subsidiary of these brands?
5. Why would the strategy of diversification of the entire Danone group towards more natural and therefore inherently more local products not be the "right" strategy that would ultimately reconcile consumers with their desire to "consume well" by reducing the impact of its own consumption on the environment?

- In terms of governance:

6. Why did the shareholders vote at the General Meeting of Shareholders of 2019 to renew the term of Franck Riboud, former CEO and former Chairman, even though it is "customary"

for a former Chairman not to remain a director in order to "facilitate" the work of the successor director? Could this situation be at the root of the difficulties encountered by Emmanuel Faber today within the Board?

7. Why question a strategy proposed by the Board of Directors last November, when the General Meeting of Shareholders of June 2020 validated all the resolutions, including the renewal of most of the directors at more than 95%?

8. How can we justify "leaks" of certain decisions made by the Board over the past several months? It is always difficult for a shareholder outside a company and de facto its Board of Directors to judge the functioning of the Board. But if the dissensions appear in broad daylight, in addition to the fact that the confidentiality of the debates is deliberately betrayed, they give a hint of strong opposition. Is it not then the duty of the directors, the vectors of these dissensions, to resign from the Board, putting the interests of the company before their desire to make their ideas prevail, however defensible they may be?

The Danone group has been a company driven by a social and financial plan for some fifty years; it has the means to bounce back to show that its plan is viable and remain the bearer of a vision, its "mission" from which many companies should draw inspiration in the face of today's environmental and social challenges.

About the Sicav Phitrust Active Investors France

The Sicav Phitrust Active Investors has been working since 2003 with large listed companies so that they can change their environmental, social and governance practices.

www.phitrust.com