

Groupe Danone

Meeting type: Annual General Meeting
Date: 23 April 2009
Country: France
Index: CAC40
Sector: Packaged foods and meats

Item	Description	TMF vote	Mgmt vote
1	<p>Approve the financial statements and statutory reports</p> <p><i>Comment: The company accounts have been audited and certified. No remark in the special auditors report on the internal risks control. Triodos knows of no reason not to support this resolution.</i></p>	FOR	FOR
2	<p>Approve the consolidated financial statements and statutory reports</p> <p><i>Comment: Triodos knows of no reason not to support this resolution</i></p>	FOR	FOR
3	<p>Approve the allocation of income and dividend of EUR 1.20 per share</p> <p><i>Comment: Distribution amounts to 7% of consolidated shareholder equity and the dividend is in line with the results of the company (uncommon sales excluded). Triodos knows of no reason not to support this resolution</i></p>	FOR	FOR
4	<p>Approve the stock dividend programme</p> <p><i>Comment: The issue price of the new shares is set at 90% of the average share prices less the amount of the dividend. Shareholders may opt for the payment of a dividend in shares between 30 April 2009 and 18 May 2009. The proposal offers the possibility to reinvest the dividend with a 10% rebate on the average market price over the 20 days preceding the AGM. Given that the option is only valid for one month, we are of the opinion that the resolution presents a dilution risk at the expense of non-subscribing shareholders. In light of our own voting guidelines and local best practice advice, we oppose this proposal.</i></p>	OPPOSE	FOR
5	<p>Receive the Auditor's special report regarding related party-transactions</p> <p><i>Comments: This proposal includes approval of related party transactions and the approval of severance payments:</i></p> <ul style="list-style-type: none"> <i>"Top-hat" retirement provisions - the pension scheme exceeds local market best practice and our guidelines.</i> <i>Performance conditions are only based on consolidated sales. Triodos considers that they should also be based on other criteria such as profitability, shareholder value</i> 	OPPOSE	FOR

creation (TSR) and sustainability performance.

- *Regarding payments made to the board, the socially acceptable maximum pay is 240 times the legal minimum wage and this has been exceeded in two of the three cases. In financial year 2008 payments made were: Mr Vincent EUR 3.851 (215 legal minimum wage); Mr Riboud EUR 7,425,970 (414 the legal minimum wage); and Mr Hours EUR 5.166M (288 legal minimum wage). We have concerns about the remuneration policy of the company.*

6 Re-elect Mr Richard Gobiet Daviella as a Director FOR FOR

Comment: Mr D'Alviella additionally holds one other executive position and 12 other non-executive positions. This is in excess of our voting guidelines and what we consider to be best practice. We would prefer to abstain on this proposal however due to the French voting system being either for or against we choose to support this resolution.

7 Re-elect Mr Christian Laubie as a Director OPPOSE FOR

Comment: Mr Laubie has had an association with the company for more than 12 years and reportedly owns 188,768 company shares. We therefore do not consider him to be sufficiently independent.

8 Re-elect Mr Jean Laurent as a Director FOR FOR

Comment: Mr Laurent holds nine other non-executive positions. This is in excess of our voting guidelines and what we consider to be best practice. We would prefer to abstain on this proposal however due to the French voting system being either for or against we choose to support this resolution.

9 Re-elect Mr Hakan Mogren as a Director FOR FOR

Comment: Triodos knows of no reason not to support Mr Mogren's re-election.

10 Re-elect Mr Benoit Potier as a Director ABSTAIN FOR

Comment: Mr Potier additionally holds six executive positions and five other non-executive positions. This is in excess of our voting guidelines and what we consider to be best practice. We abstain on this proposal knowing that in the French voting system this will be counted as an oppose vote.

11 Elect Mr Guylaine Saucier as a Director FOR FOR

Comment: Mr Saucier additionally holds eight other non-executive positions. This is in excess of our voting guidelines and what we consider to be best practice. We would prefer to abstain on this proposal however due to the French voting system being either for or against we choose to support this resolution.

12 Approve the remuneration of the directors in the aggregate amount of EUR 600,000 FOR FOR

Comment: The board attendance fees are set at €600,000 and the

average individual fee is € 46,154 per director. It amounts to 72,4% of the expected attendance fee level for this company (estimated from a linear extrapolation based on French firms with a market capitalisation includes in the fourth quartile of the SBF 250 index: French blue chips). The proposed remuneration appears to be justified with regard to the Board's composition and the minimum investment required of Board members by the bylaws or Board charter. We therefore support this proposal.

13	<p>Grant authority for the repurchase of up to 10% of issued capital</p> <p><i>Comment: Up to 10% of the capital stock with the purchase being forbidden during a public offer, maximum purchase price of €65 and authorisation is valid for 18 months. The repurchase of own shares by French companies is conducted under the supervision of the AMF.</i></p>	FOR	FOR
14	<p>Approve the creation of the Danone Eco-Systems Fund</p> <p><i>Comment: The Danone Eco-system Fund will be an equity capital fund (fonds de dotation) and/or any not-for-profit organisation. Due to the Foundation structure, the fund will be created with two committees - the Board (which will decide upon and follow up on new projects) and The Investment Committee (which will be in charge of allocating the determined amount in the projects decided by the Board). We do not have main concerns about the governance of the Foundation, but we consider that the company should improve the independence rate of its own board before trying to implement good governance principles in the fund. The Company will allocate a free allocation of €100,000,000 and the Company and its subsidiaries may each year, and for a duration of five years as from the 2009 fiscal year, allot a maximum total amount representing up to 1% of consolidated current net profits of the Danone group. Due to the French fiscal code, the creation of a foundation is fiscally more interesting than the creation of a simple subsidiary. Whilst the projects of this foundation appear to be redundant with the Danone.Communities Fund, the projects contribute to sustainable development and will enhance the Group's value.</i></p>	FOR	FOR
15	<p>Approve to change the Company name to Danone</p> <p><i>Comment: The resolution has no noticeable impact on the value of shareholdings. We therefore support it.</i></p>	FOR	FOR
16	<p>Amend the Article 7 of Bylaws regarding: authorise the share capital increase</p> <p><i>Comment: This is a technical change that places the company bylaws in conformity with the new general provisions of the French commercial law.</i></p>	FOR	FOR
17	<p>Amend the Article 10 of Association regarding: shareholder identification</p> <p><i>Comment: This is a technical change that places the company bylaws in conformity with the new general provisions of the French commercial law.</i></p>	FOR	FOR
18	<p>Amend the Article 18 of Bylaws regarding: attendance to Board meetings through videoconference and telecommunication</p>	FOR	FOR

Comment: This resolution is about the introduction of telecommunication means for Board meetings, which we support.

19	<p>Amend the Article 22 of Bylaws regarding: Record Date</p> <p><i>Comment: Technical change to bring the Company by-laws in line with the introduction of the record date at D-3 in France. The investor community has expected this for a long time.</i></p>	FOR	FOR
20	<p>Amend the Article 26 of Bylaws regarding: electronic voting</p> <p><i>Comment: This is a technical change that will allow the company to accept internet votes with identification of shareowners by the simple electronic signature. Danone was the first French issuer to implement Internet Voting in France however despite the Group's efforts, the inefficient Internet Voting system until now has lead to minimal numbers of Internet participants at Danone meetings.</i></p>	FOR	FOR
21	<p>Amend the Article 27 of Bylaws regarding: authorise the Board for the issuance of bonds</p> <p><i>Comment: Deletion of a part of Article 27 about the powers of the ordinary general meeting. The CEO will be responsible for issues of bonds on a delegation of decision-making from the Board of Directors instead of the General Meeting. This change in the by-law is not imposed by the French Code de Commerce and does not appear to be in shareholders' interests as it reduces the control of the shareholders over the Company's debt. We therefore oppose.</i></p>	OPPOSE	FOR
22	<p>Amend the Articles 27 and 28 of Association regarding: quorum requirements for ordinary and extraordinary general meetings</p> <p><i>Comment: This is a technical change that places the company bylaws in conformity with the new general provisions of the French commercial law.</i></p>	FOR	FOR
23	<p>Grant authority for the issuance of equity or equity-linked securities with preemptive rights up to aggregate nominal amount of EUR 45 million</p> <p><i>Comment: Authorise an operation up to €45,000,000 in nominal value and the issuance of related securities up to an amount of €2,000,000,000. The authorisation is valid for a period of 26 months and amounts to 35% of current capital. We consider the proposal to be in line with shareholders' interest thanks to the protection ensured by the tradable pre-emption right.</i></p>	FOR	FOR
24	<p>Grant authority for the issuance of equity or equity-linked securities without preemptive rights up to aggregate nominal amount of EUR 30 Million</p> <p><i>Comment: Authorise a capital increase up to €30,000,000 and issuances of other securities up to €2,000,000,000 with a minimum price being 95% of the market stock price. The authorisation is valid for a period of 26 months and there is a guaranteed pre-emption priority. The authorisation amounts to 23.36% of the Company's capital. The issuance of shares with a guaranteed priority delay ("délai de priorité") must be analysed as an issuance with non tradable pre-emptive rights. The difference is that the French pre-emptive rights defined by law ("Droits préférentiels de souscription") are tradable and the subscription period for "Droits</i></p>	FOR	FOR

préférentiels de souscription" is longer than for the simple priority delay ("délai de priorité"). According to local best practice advise, this type of share issue is acceptable up to one-third of share capital.

25	<p>Authorise the Board to increase capital in the event of additional demand related to delegations submitted to shareholder vote above</p> <p><i>Comment: Authorisation is valid for a period of 26 months. This authorisation would be used within the dilution limit of the resolution 23 (ie 35% of the company's shares) and resolution 24 (ie 23% of the company's shares). A "greenshoe" global authorisation allows increasing the placement by 15% for new capital at a price equal to the initial offer within a 30-day period. In case of increase of the stock price over this period, the company and its bankers will be able to issue shares with a discount price superior to the legal maximal 5% discount over market price. Such additional dilution risk is not favourable to shareholders' interest. Therefore we oppose.</i></p>	FOR	FOR
26	<p>Grant authority for the capital increase of up to EUR 25 million for future exchange offers</p> <p><i>Comment: Authorise a capital increase up to €25,000,000 and issuances of securities up to an amount of €2,000,000,000. The authorisation is valid for a period of 26 months and amounts to 19.46% of the company's capital. The authorisation can be used for a public tender offer involving a merger without prior or later shareholders approval.</i></p>	OPPOSE	FOR
27	<p>Grant authority for the capital increase of up to 10 % of issued capital for future acquisitions</p> <p><i>Comment: Authorisation is sought for up to 10% of the capital stock, for a validity period of 26 months. No specific project is provided as a justification for such a blanket clearance, which avoids the usual external controls of a regular merger by EGM.</i></p>	OPPOSE	FOR
28	<p>Grant authority for the capitalisation of reserves of up to EUR 33 million for bonus issue or increase in par value</p> <p><i>Comment: Authorisation is sought for an operation up to € 33,000,000 in nominal value with a validity period of 26 months. This proposal authorises capital increases by way of transfer of reserves (increase in nominal value of each share or remittance of free shares to shareholders). Triodos considers that it has no negative impact on shareholders' investment and therefore votes in favour.</i></p>	FOR	FOR
29	<p>Approve the Employee Stock Purchase Plan</p> <p><i>Comment: Authorisation is sought for a capital increase up to EUR 3,000,000, with a minimum issuance price of 80% of the market stock price. The authorisation is valid for a period of 26 months. The employees' share of the company's capital is of 1.6% and the final employees share of the company's capital would reach almost 4%. In order to develop employees shareholding and because of the IFRS accounting method for dilution, our voting policy is to accept the maximum legal discount (up to 30% below the market price) as long as the authorisation does not lead to a part of the shares owned by employees higher than 5% of the total</i></p>	FOR	FOR

<i>number of shares.</i>			
30	Grant authority up to 6 million shares for use in stock option plan <i>Comment: Authorisation is sought for 6,000,000 shares to be used in a stock option plan. The minimum purchase price for beneficiaries of the authorisation amounts to 1.2% of the capital stock. The number of outstanding options amounts to 2.91% of share capital. The plans will be subject to performance conditions. No specific limit for the managing directors is disclosed in the resolution except the maximum total percentage of 1.2% of the capital stock. The proposal does not meet Triodos voting guidelines because there is no disclosure of individual maximum grants. We therefore oppose.</i>	OPPOSE	FOR
31	Grant authority up to 2 million shares for use in restricted stock plan <i>Comment: Authorisation is sought for 2,000,000 shares to be used in a restricted stock plan with a validity period of 26 months. The authorisation amounts to 0.4% of the capital stock. The maximum percentage of stock-capital to be issued under the new authorisations and outstanding options and restricted shares amounts to 4.47%. No performance conditions attached to the last restricted/performance shares plan. No performance condition is announced. No specific limit for the managing directors is disclosed except the maximum percentage of the resolution. .In order to prevent any disproportionate award, Triodos inline with our own voting guidelines and the French Asset Management Association (AFG) finds it appropriate that proposals authorising any new performance shares plan specify a maximum individual level of reward for executive directors or separate resolutions authorising a new plan for managing directors and for employees. Resolutions submitted to shareholders should include precise performance conditions. As no performance conditions are specified we oppose.</i>	OPPOSE	FOR
32	Approve the reduction in share capital via cancellation of repurchased shares <i>Comment: The requested authorisation amounts to 10% of the capital stock and is valid for 24 months. We consider this an acceptable proposal, which allows the Board to better manage the company's capital and therefore support.</i>	FOR	FOR
33	Grant authority for the filing of required documents/other formalities <i>Comment: Triodos considers that this resolution does not raise any governance concerns as it authorises the board to undertake and complete all legal and administrative formalities associated with the forthcoming general meeting. We therefore approve.</i>	FOR	FOR