



IUF - International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
UITA - Unión Internacional de Trabajadores/as de la Alimentación, Agricultura, Hotelería, Restaurantes, Catering, Tabaco y Afines
UITA - Union internationale des travailleurs-euses de l'alimentation, de l'agriculture, de l'hôtellerie-restauration, du catering, du tabac et des branches connexes
IUL - Internationale Union der Lebensmittel-, Landwirtschafts-, Hotel-, Restaurant-, Catering- und Genussmittelarbeiter-Gewerkschaften
IUL - Internationella unionen för livsmedels-, njutningsmedels- och lantarbetareförbund samt förbund inom hotell-, restaurang- och cateringbranschen

Rampe du Pont-Rouge 8

1213 Petit-Lancy, Geneva, Switzerland

E-mail: iuf@iuf.org

Tel: (+41) 22 793 22 33

Fax: (+41) 22 793 22 38

President
Mark Lauritsen

General Secretary
Sue Longley

Laurent Sacchi
Secretary of the Board
Danone
Laurent.SACCHI@danone.com

sl/ro/nd/0010

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Open letter to the Board of Danone

Dear Board Members,

The IUF is an international trade union federation made up of 423 affiliated trade unions in 123 countries representing more than 10 million workers. The IUF's membership includes more than 60 IUF affiliated trade unions representing the majority of Danone workers worldwide.

Our members are deeply concerned about recent press coverage suggesting that "activist investors" are challenging Danone's financial, social, and environmental sustainability model through their attacks on Danone's leadership team.

Our opposition to the reported "activist investor" intervention stands in defence of the long-standing "dual economic and social" model underpinning Danone's business strategies over many years. Its past and present corporate leadership have consistently driven that model.

One consequence of that model is that Danone is widely regarded as a company that fully respects its workforce's rights and equally respects their right to be represented through independent and democratic trade unions.

Danone's willingness to engage in a meaningful and fruitful dialogue with trade union organizations at every level and enter into binding agreements with them has built a corporate social behaviour model that few companies can match.

On occasion, we naturally have differences with the company, and on those occasions, we inevitably confront some challenging issues on behalf of IUF members everywhere. However, the company's commitment to an open, frank, and constructive dialogue with trade unions, and, through those unions, with employees, goes significantly beyond that of many companies.

We have seen the impact in other companies where our members faced senior management or activist investor interventions exclusively focused on driving up short-term shareholder value. Whether driven by activist investors or senior management with little interest in a company's underlying and longer-term inner strength, the impact on employees has been mostly negative. The consequences our members have faced in such cases include demoralization in the short term. That has arisen often from brutal short-term cost-cutting, aggressive restructuring again driven by further cost-cutting, stripping away parts of the company in the mid-term, and significant loss of business value in the long term. A demoralized management team and ultimately lower growth have often accompanied these longer-term consequences.

The reality of Danone that our members experience is different. There is value in the consistency built on the company's fundamental economic and social model, open and inclusive management, and an approach to transformation and anticipated future trends and needs in a transparent and inclusive way. In every case, active and meaningful dialogue with trade unions representing Danone workers has been a critical component of the model. We strongly believe it also represents a long-term competitive advantage to the company.

In parallel, Danone has also clearly developed strategies designed to mitigate the adverse impacts of its operations on the environment. The company quite rightly invests significantly in those strategies. The company's environmental efforts have widespread support among our Danone membership because a significant majority favour action to save our planet for future generations and because many recognize that such investment can ultimately enhance the security of their future in the company.

Despite their public assurances, our members will be greatly concerned about the potential damage to Danone at the hands of investors whose principal objectives based on our experience would be overly focused on short-term delivery of shareholder value.

In contrast, we firmly believe that there is inherent value in Danone's long-term commitment to sustainability in all its forms. We also believe that the company's former and the current leadership under Emmanuel Faber and his leadership team have consistently upheld and promoted that commitment to long-term sustainability and values.

For these reasons, the IUF will continue to defend Danone's "economic and social model" and its commitment to economic, social, environmental sustainability.

We will do so for two reasons.

The first is that Danone's model is far superior and sustainable than short-term financial engineering models, too often promoted by so-called "activist investors." As such, as stewarded by its past and present leadership, Danone's model is a model that best serves the interests of the thousands of workers we represent.

The second is that Danone's model represents a far better option for our societies and our economies as a whole than that promoted by those interested primarily in short-term financial return.

As a result of the above, we feel strongly that any dismantling of the Danone model, its leadership, or the company itself would inherently damage our members' individual and collective interests and those of their families and communities.

Therefore, we strongly oppose the current threat to the company. We will make our reasons for doing so clear to as broad a public audience as possible.

Yours sincerely,



Sue Longley
General Secretary