



## **2020 grant to the Chairman and Chief Executive Officer**

At its meeting of July 29, 2020, the Board of Directors of Danone decided, upon proposal of the Governance Committee, to grant Group Performance Shares (“GPS”) to Emmanuel FABER, Chairman and Chief Executive Officer.

### **1. Reminder of the applicable compensation principles**

The principles of compensation applicable to Danone’s Chairman and Chief Executive Officer are consistent with those applied to Executive Committee members and to approximately 1,600 Danone officers worldwide.

The compensation for these officers is split into two separate elements:

#### **1.1 – Fixed and annual variable compensation**

- A fixed compensation, reviewed every few years, in accordance with the AFEP-MEDEF Code, which takes into account the beneficiary’s experience and level of responsibility; and
- An annual variable compensation subject to performance conditions, based on economic, social and managerial objectives as detailed with their respective weights in the Universal Registration Document, and which is calculated with reference to quantified, objective, quantitative and qualitative criteria. The method of allocation of each criteria category used for the economic part is also published in the Universal Registration Document.

With respect to the Chairman and Chief Executive Officer, the amount of his variable annual compensation will continue to be limited to 200% of his fixed compensation with no guaranteed minimum or floor.

## 1.2 – Mid-term and long-term variable compensation

### Mid-term variable compensation in the form of GPUs (Group Performance Units)

This three-year variable compensation program is based on Danone's objectives which are detailed in the Universal Registration Document.

In line with the simplification of his compensation, the Chairman and Chief Executive Officer no longer receives GPUs since 2017.

### Long-term variable compensation in the form of GPS (Group Performance Shares)

GPS are Danone shares entirely subject to performance conditions, including since 2018 an environmental performance condition.

These conditions are detailed in the 2019 Universal Registration Document in section 6.4 *Detailed information on long-term compensation plans*, pages 244 *et seq.* available on Danone's website at the following address: [www.danone.com](http://www.danone.com).

The performance conditions applicable to the 2020 GPS are as follows:

- for 50%, an external performance condition involving a comparison of the arithmetical average of Danone's consolidated sales growth on a like-for-like basis, over a three-year period (2020, 2021, 2022), with the median average sales growth of an international food industry groups panel, with (a) no payment if Danone's performance is below the median of the panel; (b) achievement of 75% of the shares subject to this performance condition if Danone's performance is equal to the median of the panel; (c) a variable achievement between 75% and 110% of the shares subject to this performance condition, if Danone's performance is between the median panel and 120% of the median panel; and (d) achievement of 110% of the shares subject to this performance condition if Danone's performance is greater than or equal to 120% of the median panel.
- for 30%, an internal performance condition involving the achievement of a cumulative amount of free cash flow over 2020, 2021 and 2022, leading to a variable fulfillment depending on the amount of free cash flow between €6.2 billion (0% achievement) and €6.7 billion (100% achievement); and
- for 20%, an external environmental condition based on the level and grade attributed to Danone by CDP for its "Climate Change" program, taking into account Danone's environmental performance for the fiscal years 2020, 2021 and 2022, with an achievement of 100% only if Danone has been attributed (a) the Leadership level over the three fiscal years and (b) the A score each of these three years.

A four-year continuous presence requirement for the definitive allocation also applies, with the exceptions mentioned in the Universal Registration Document.

## **2. A nominal grant of 37,500 GPS to the Chairman and Chief Executive Officer as decided by the Board of Directors of Danone on July 29, 2020**

This grant of GPS is consistent with the one-year authorization granted by the Shareholder's Meeting on June 26, 2020. This nominal grant may vary depending on the level of achievement of the conditions described hereabove, and could, in case of full achievement of the

performance conditions, in particular the condition relating to sales growth, amount to 39,375 shares.

For further information on the compensation of Danone's corporate officers, please refer to the 2019 Universal Registration Document filed with the French Financial Markets Authority ("AMF") and available on Danone' website at the following address: [www.danone.com](http://www.danone.com).

### **3. Acknowledgment of the 2016 GPS delivery to Emmanuel FABER**

As a reminder, on July 27<sup>th</sup>, 2016, 34,200 GPS were granted to Emmanuel FABER.

The Board of Directors, on April 25<sup>th</sup>, 2019, noted the achievement of the two performance conditions related to the 2016 GPS.

Hence, on July 28<sup>th</sup>, 2020, 34,200 of 2016 GPS were delivered to Emmanuel FABER.