



Paris, 25 March 2021

**COMPONENTS OF COMPENSATION OF THE CHAIRMAN OF THE BOARD**

**COMPONENTS OF COMPENSATION OF THE INTERIM CHIEF EXECUTIVE OFFICER AND RELATED PARTY AGREEMENT**

**COMPONENTS OF COMPENSATION OF THE INTERIM CO-CHIEF EXECUTIVE OFFICER (*DIRECTEUR GENERAL DELEGUE*)**

**Pursuant to § 26.1 of the AFEP-MEDEF Code  
and Articles L.22-10-13 and R.22-10-17 of the French Commercial Code**

At its meeting on 22 March 2021, upon recommendation of the Governance Committee, the Board of Directors of Danone determined the components of compensation of the Chairman of the Board of Directors, Gilles Schnepf.

It also decided a compensation policy for the interim executive corporate officers and in compliance with this policy, established the compensation of Véronique Penchienati-Bosetta and Shane Grant, appointed to jointly manage the company while the search for a new Chief Executive Officer continues. On this occasion, pursuant to Article L. 225-38 of the French Commercial Code, the Board of Directors authorised the amendment of Véronique Penchienati-Bosetta's employment contract with Danone SA, in the manner described below.

**Compensation of Gilles Schnepf, Chairman of the Board of Directors**

In accordance with the principles of the compensation policy for the Chairman of the Board of Directors to be proposed to the Shareholders' Meeting on 29 April 2021, the Board of Directors, upon proposal of the Governance Committee, decided that Gilles Schnepf will receive an annual fixed compensation of €650,000 in respect of his office as Chairman.

In accordance with the compensation policy for the Chairman of the Board of Directors, he will not receive any other compensation in respect of his office as a Director.

## **Compensation of Véronique PENCHIENATI-BOSETTA, interim Chief Executive Officer**

### **1. Maintenance of the employment contract**

Having regard to the exceptional circumstances and the interim nature of her appointment, the employment contract of Véronique PENCHIENATI-BOSETTA with Danone SA is not terminated. In accordance with the recommendations of the AFEP-MEDEF Code, it is, however, suspended during her interim term of office.

### **2. Annual compensation**

#### **2.1. 2021 fixed compensation**

The amount of Véronique PENCHIENATI-BOSETTA's fixed compensation is €900,000, such amount being unchanged from the compensation that she received in respect of her employment contract before its suspension.

#### **2.2. Additional fixed compensation**

Véronique PENCHIENATI-BOSETTA will receive additional compensation in respect of her increased functions in the context of this interim appointment, in a fixed amount of €600,000. 1/10<sup>th</sup> of this amount will be paid monthly, and the balance will be paid at the end of the interim period.

#### **2.3. Annual variable compensation for 2021 payable in 2022**

The target amount of Véronique PENCHIENATI-BOSETTA's annual variable compensation for the 2021 fiscal year is €720,000.

The characteristics of this variable compensation (performance conditions, with a cap of 200% of the target amount and with no guaranteed minimum or floor) are those provided by the compensation policy for executive corporate officers.

The achievement level for each of the criteria had been precisely predetermined but will not be made public for reasons of confidentiality.

The allocation of this variable compensation, subject to performance conditions, will be the subject of a specific communication at the end of the 2021 fiscal year. It will also be detailed in the 2021 Universal Registration Document and its payment will be conditional upon the approval of the Shareholders' Meeting convened to approve the financial statements for the 2021 fiscal year.

### **3. Variable long-term compensation**

The variable long-term compensation to be allocated to Véronique PENCHIENATI-BOSETTA shall represent at least 45% of her overall compensation excluding the additional fixed compensation, within the limit of 60% in compliance with the compensation policy for executive corporate officers.

### 3.1. Variable long-term compensation in cash

As for other management executives of the Company (including the members of the Executive Committee), the allocation of GPU will be the subject of a decision of the Board of Directors in July, and then of a specific communication further to the meeting of the Board.

The characteristics of this three-year program of variable compensation are detailed in the 2020 Universal Registration Document (p. 284 *et seq.*).

### 3.2. Variable long-term compensation in shares

The potential allocation of GPS in 2021 will be the subject of a decision of the Board of Directors in July, subject to the authorisation of the Shareholders' Meeting to be held on 29 April 2021, and then of a specific communication further to the meeting of the Board.

The characteristics of the GPS are detailed in the 2020 Universal Registration Document (p. 262 *et seq.*).

## 4. **Benefits**

In respect of her employment contract, Véronique Penchienati-Bosetta receives the benefits described below, in line with the compensation practices applicable to members of Danone's Executive Committee.

In the context of the determination of her compensation in respect of her office as interim Chief Executive Officer, the Board of Directors has considered all the benefits that she receives pursuant to that contract now suspended, *i.e.*:

- a defined-benefits retirement plan introduced for certain Danone management executives and subject to the provisions of Article L.137-11 of the French Social Security Code ("Article 39");
- a defined-contributions retirement plan ("Article 83") introduced for Danone employees affiliated to the AGIRC and whose annual compensation is more than three times the French social security ceiling;
- a life and disability group insurance and a healthcare coverage;
- a non-competition compensation subject to the application of a non-competition undertaking in the event of departure; and
- a severance payment.

It is specified that during her office as interim Chief Executive Officer, Véronique Penchienati-Bosetta will not acquire any additional rights in respect of the aforementioned defined-benefits retirement plan, non-competition compensation and severance payment.

During her term of office, she will continue to benefit from her benefits in kind and social security and pension benefits under the terms and conditions set out below.

#### 4.1. Benefits in kind

Véronique Penchienati-Bosetta receives the following benefits in kind, in accordance with Danone's policy: car and driver pool.

#### 4.2. Social security and pension benefits

Véronique Penchienati-Bosetta will continue to benefit, as for all Danone management executives, from:

- the group collective insurance and healthcare coverage;
- the defined-contributions retirement plan ("Article 83") introduced for Danone employees affiliated to the AGIRC and whose annual compensation is more than three times the French Social Security ceiling.

Danone will continue to pay for her benefit the employer's contributions related to the group insurance, healthcare coverage and defined-contributions retirement plan ("Article 83") in respect of her term of office, under the same conditions as for Danone's management employees.

### **5. Amendment of the suspended employment contract**

Upon her appointment as interim Chief Executive Officer, the terms and conditions of resumption of Véronique Penchienati-Bosetta's employment contract were adapted to provide for a mechanism for the reintegration of Véronique Penchienati-Bosetta as an employee. The company will make at least two successive offers for positions at Executive Committee level, each subject to an acceptance period of one month maximum. The company also extends the notice of possible termination of her employment contract to a period of six months. Pursuant to Article L.225-38 of the French Commercial Code, these amendments, authorised by the Board of Directors, will be submitted, on a special report from the Statutory Auditors, for the approval of the Shareholders' Meeting convened to approve the financial statements for the 2021 fiscal year.

The Board noted that it was in Danone's interest to conclude this amendment to Véronique Penchienati-Bosetta's employment contract, which is necessary for the person concerned to be assured of being able to resume her suspended employment agreement contract once her term of office as executive corporate officers has ended.

Since the benefits granted by this amendment cannot be quantified, a price cannot be calculated in this case. Consequently, the information required pursuant to Article R.22-10-17 of the French Commercial Code cannot be provided. For information, it is specified that Danone 2020 consolidated net income amounted to €1,956 million.

### **Compensation of Shane Grant, interim Co-Chief Executive Officer (*Directeur Général Délégué*)**

#### **1. Maintenance of the employment contract**

Having regard to the exceptional circumstances and the interim nature of his appointment as Co-Chief Executive Officer (*Directeur Général Délégué*), the employment contract of Shane Grant with

Danone North America in respect of his functions as Executive Vice President and Chief Executive Officer of Danone North America, is maintained.

In order to determine his compensation in respect of the office of interim Co-Chief Executive Officer (*Directeur Général Délégué*), the Board of Directors of Danone, upon recommendation of the Governance Committee, took account of all the compensation and benefits that he receives pursuant to that contract.

## **2. Additional fixed compensation**

Shane Grant will receive additional compensation in respect of his new functions as interim Co-Chief Executive Officer (*Directeur Général Délégué*), in a fixed amount of USD360,000 during the transition period. 1/10<sup>th</sup> of this amount will be paid monthly, and the balance will be paid at the end of the interim period. He will not receive any variable compensation in respect of his office as interim Co-Chief Executive Officer (*Directeur Général Délégué*).

## **3. Reminder of the main elements of the employment contract**

It is specified that Shane Grant receives the following components of compensation in respect of his employment contract, which is maintained:

### **3.1. Annual fixed compensation**

The amount of Shane Grant's annual fixed compensation in respect of his employment contract is USD 833,350.

### **3.2. Annual variable compensation for 2021 payable in 2022**

The target amount of Shane Grant's annual variable compensation for 2021 is USD 666,680.

The characteristics of this variable compensation (performance conditions, with a cap of 200% of the target amount and with no guaranteed minimum or floor) are the same as those provided by the compensation policy for executive corporate officers.

The achievement level for each of the criteria had been precisely predetermined but will not be made public for reasons of confidentiality.

The allocation of this variable compensation subject to performance conditions will be the subject of a specific communication at the end of the 2021 fiscal year 2021. It will also be detailed in the 2021 Universal Registration Document.

## **4. Variable long-term compensation**

The variable long-term compensation to be allocated to Shane Grant shall represent at least 45% of his overall compensation excluding the additional fixed compensation, within the limit of 60% in compliance with the compensation policy for executive corporate officers.

#### 4.1. Variable long-term compensation in cash

Shane Grant receives variable long-term compensation in cash (3 years) allocated annually in local currency (USD) to key managers based in North America.

This North America program replaces the GPU program and comprises, on the one hand, a reward for service, in part linked to the trend in the Danone share price (“service units”), and on the other hand, a reward for Danone’s performance in North America over 3 years (“performance units”).

The allocation of this compensation in 2021 will be the subject of a decision of the Board of Directors in July, and then of a specific communication further to the meeting of the Board.

#### 4.2. Variable long-term compensation in shares

The potential allocation of GPS in 2021 will be the subject of a decision of the Board of Directors in July, subject to the authorisation of the Shareholders’ Meeting to be held on 29 April 2021, and then of a specific communication further to the meeting of the Board.

The characteristics of the GPS are detailed in the 2020 Universal Registration Document (p. 262 *et seq.*).

### **5. Other elements of the employment contract**

In respect of his maintained employment contract, Shane Grant receives the following benefits in line with the compensation practices applicable to members of Danone’s Executive Committee based internationally, *i.e.*:

- a defined-contributions retirement plan;
- a non-competition clause;
- a severance payment; and
- other benefits granted to international managers (accommodation, school fees, etc.).

It is specified that holding the office of interim Co-Chief Executive Officer (*Directeur Général Délégué*) will not give rise to any additional rights in respect of the above items.

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