



Paris, February 25, 2022

2022 compensation for executive corporate officers of Danone

At its February 22, 2022, meeting, the Danone Board of Directors, acting on the recommendation of the Governance Committee, determined the annual variable compensation payable to Danone's executive officers, as well as all elements of the compensation of the Chief Executive Officer and the Chairman of the Board of Directors for 2022.

1. Compensation of Antoine de SAINT-AFFRIQUE, Chief Executive Officer of Danone

1.1 Compensation payable in 2022 to Antoine de SAINT-AFFRIQUE

- **Fixed compensation for 2022**

The amount of Antoine de SAINT-AFFRIQUE's fixed compensation is €1,400,000 for 2022, unchanged from 2021.

This amount has been established taking into account, on the one hand, Antoine de SAINT-AFFRIQUE's international experience and skills and, on the other hand, the level of his previous compensation and the practices observed in comparable companies.

- **Annual variable compensation for 2021 payable in 2022**

In accordance with Article L.22-10-34 II of the French Commercial Code, this compensation will only be paid after it has been approved by the Shareholders' Meeting of April 26, 2022.

Antoine de SAINT-AFFRIQUE's annual variable compensation for the 2021 fiscal year amounts to €408,333, on a *pro rata temporis* basis from the beginning of his term of office on September 15 to December 31, 2021.

Given the late date of commencement of his office, i.e., September 15, 2021, and the difficulty in determining the resulting annual variable compensation, the amount of Antoine de SAINT-AFFRIQUE's annual variable compensation for the 2021 fiscal year had been established in May 2021 on a *pro rata temporis* basis and set at the target value.

This level of compensation reflects the achievements and developments observed during the first months of Antoine de SAINT-AFFRIQUE's tenure. The Board of Directors noted the reorganization of the Executive Committee, which has been enriched by the recruitment of

several high-level international profiles. The Board also noted the completeness and relevance of the strategic diagnosis carried out by the new Chief Executive Officer with the Executive Committee, thanks to the methodical review of all activities and his numerous visits to the field with the teams, enabling him to draw up a new strategic plan, the orientations of which will be communicated to the market at the investor seminar on March 8. Finally, the Board noted the new constructive dialogue initiated by Antoine de SAINT-AFFRIQUE with the Company's shareholders as well as the active communication to all Danone employees in order to maintain a high level of commitment from the teams.

- **Long-term variable compensation payable in 2022**

No long-term variable compensation will be paid or delivered in 2022 to Antoine de SAINT-AFFRIQUE, as he joined Danone as Chief Executive Officer on September 15, 2021.

- **Other benefits**

Antoine de SAINT-AFFRIQUE will also receive benefits in kind in line with Danone's compensation practices for the members of the Executive Committee and senior executive worldwide, in particular the benefit of the Company's pool of cars and drivers, and a housing benefit. He will also be entitled to same group insurance and healthcare benefits offered to all Danone SA managers.

1.2 Compensation of Antoine de SAINT-AFFRIQUE for the 2022 fiscal year

- A fixed compensation amounting to €1,400,000.
- An annual variable compensation payable in 2023:

In accordance with the compensation policy for Danone's executive corporate officers, the Board of Directors, upon recommendation of the Governance Committee, has set his target annual variable compensation at 100% of his fixed compensation (i.e., €1.4 million gross). This variable annual compensation target may reach a maximum of 200% of this amount (i.e., €2.8 million gross) if objectives are exceeded, with no guaranteed minimum or floor.

It will be composed of three components with the same weightings as the previous year: a quantifiable economic component (60%) based on Danone's objectives, a measurable social, societal and/or environmental component (20%) and a qualitative managerial component (20%). With regard to the economic elements, the Board of Directors has decided that for 2022, the performance criteria will be based on the sales growth, the level of recurring operating margin, and the return on invested capital (ROIC).

In accordance with the recommendations of the AFEP-MEDEF Code, the grant of this variable compensation subject to performance conditions will be covered in a separate disclosure at the end of the 2022 fiscal year. It will also be detailed in the 2022 Universal Registration Document.

- **Long-term variable compensation in the form of Group performance shares**

Any grant of GPS in 2022 will be decided by the Board of Directors in July, subject to the authorization of the Shareholders' Meeting to be held on April 26, 2022, and will be disclosed in a special release following the Board's meeting. Any GPS granted at such time would represent approximately 50% of the Chief Executive Officer's overall target nominal compensation.

The performance conditions attached to these GPS were determined by the Board of Directors on February 22, 2022, and relate to (i) the evolution of the recurring net earnings per share, up to 35%, (ii) the relative total shareholder return of the Danone share (TSR) compared to the median of TSR of Danone's historical peers, up to 35% and (iii) an environmental condition linked to the CDP rating up to 30%; these three conditions covering 3 years (2022, 2023 and 2024). These conditions are described in detail in the 2021 Universal Registration Document and will also be presented in the comments on the resolutions of the 2022 Shareholders' Meeting.

2. Compensation of Gilles Schnepf, Chairman of the Board of Directors, for the 2022 fiscal year

Gilles Schnepf's fixed annual compensation for 2022 amounts to €650,000, unchanged from 2021.

This fixed annual compensation is the only element of compensation for the Chairman of the Board of Directors.

3. Compensation of Véronique PENCHIENATI-BOSETTA and Shane GRANT in respect of their respective offices as interim Chief Executive Officer and interim Co-Chief Executive Officer between March 14 and September 14, 2021

- **Annual variable compensation of the interim Chief Executive Officer in respect of her term of office in 2021 payable in 2022**

In accordance with Article L.22-10-34 II of the French Commercial Code, this compensation will be paid only after its approval by the Shareholders' Meeting of April 26, 2022.

The annual variable compensation of Véronique PENCHIENATI-BOSETTA for her term of office as interim Chief Executive Officer from March 14 to September 14, 2021, amounts to 630,000 euros.

The Board of Directors, upon recommendation of the Governance Committee, has determined the amount of her annual variable compensation with regard to the level of achievement of the following objectives:

Indicators	Weighting	Percentage fulfillments	Percentage after weighting	Fulfillment amount (in euros)
Economic	60%	158%	95%	342 000
Social and societal	20%	200%	40%	144 000
Managerial	20%	200%	40%	144 000
Total annual variable compensation in 2021	100%		175%	630 000

The specific fulfillment percentages of the economic component are presented below:

Indicators	Weighting	Percentages fulfillment	Weighted result
Sales growth	25%	200%	50%
Recurring operating margin	25%	100%	25%
Free cash flow	10%	200%	20%
Total	60%	-	95%

Regarding the economic component, the Board of Directors determined the fulfillment level of each of these objectives, namely:

- Achievement beyond the target of the criterion relating to the sales growth on a like-for-like basis, due to growth of 3.4% in 2021;
- Achievement to the target of the criterion relating to the recurring operating margin of 13.7% in 2021, in line with Danone's commitments in this respect;
- Exceeding the target relating to free cash flow generation, with free cash flow generation of €2.5 billion in 2021.

The specific fulfillment percentages of the social, societal and/or environmental component are described below:

Indicators	Weighting	Percentages fulfillment	Weighted result
Employees sustainable engagement	10%	200%	20%
Organizational leadership	10%	200%	20%
Total	20%	-	40%

The Board of Directors considered that the rate of achievement of the social, societal and/or environmental component was at 200% of the target. In the context of an eventful period, the interim CEO has set up a close and regular communication with all teams and has maintained a permanent and quality dialogue at all levels of the organization in order to fully understand points of view, notably through frequent surveys, and to take them into account in the management of the company. In addition, she has continued to implement the "Local First" transformation project in an outstanding manner and within the pre-set deadlines, while maintaining employee motivation despite the difficult context created by this major transformation and by the governance crisis that Danone experienced at the beginning of the year. Finally, she has maintained a strong commitment in terms of environmental objectives.

The details of the percentages of achievement of the managerial part are described below:

Indicators	Weighting	Percentages fulfillment	Weighted result
Management of the managerial transition	20%	200%	40%
Total	20%	-	40%

Thus, the Board of Directors considered that the level of achievement of the managerial part was at 200% of the target, Véronique PENCHIENATI-BOSETTA having ensured in an exceptional manner the transition of Danone's General Management in March 2021, taking on very quickly new responsibilities with a much broader scope than her former position, allowing to ensure the continuity of Danone's operations. In particular, she has actively participated in the communication to the financial markets, establishing a relationship of trust with investors by bringing a sharp communication on Danone's operational matters. In addition, she has maintained an exceptional level of commitment from the management team, bringing them together despite a particularly difficult internal and external context. She worked in excellent coordination with the Co-Chief Executive Officer and the Chairman of the Board. Finally, she has been very actively preparing for the arrival and induction of the new CEO, recruited from outside the company, and her commitment has greatly facilitated his assumption of office in September 2021.

- **Annual variable compensation of the interim Co-Chief Executive Officer (Directeur Général Délégué) in respect of his term of office in 2021, payable in 2022**

It is recalled that, given the exceptional circumstances and the interim nature of his appointment as Co-Chief Executive Officer (*Directeur Général Délégué*), the Board of Directors on March 22, 2021, decided to maintain Shane GRANT's employment contract in respect of his duties as Chief Executive Officer Danone North America.

All information on Shane GRANT's 2021 compensation will be available in Danone's 2021 Universal Registration Document.

Consequently, no annual variable compensation has been granted to Shane GRANT in respect of his interim term of office in 2021.