

# 2025 COMPENSATION FOR CORPORATE OFFICERS OF DANONE

At its February 25, 2025 meeting, the Board of Directors, acting upon the recommendation of the Nomination, Compensation and Governance Committee, determined the annual variable compensation payable to the Chief Executive Officer for 2024, as well as all elements of the compensation of the Chief Executive Officer and the Chairman of the Board of Directors for 2025.

## 1. COMPENSATION OF ANTOINE DE SAINT-AFFRIQUE, CHIEF EXECUTIVE OFFICER

### 1.1 Compensation of Antoine de SAINT AFFRIQUE for 2024 fiscal year

As a reminder, the 2024 compensation policy for the Chief Executive Officer was approved at 92.07% by the Shareholders' Meeting of April 25, 2024, under the 10<sup>th</sup> resolution on the compensation policy for executive corporate officers. The compensation of Antoine de SAINT-AFFRIQUE for 2024 fiscal year, is defined in accordance with this compensation policy and is detailed below.

- **Fixed compensation for 2024**

The amount of Antoine de SAINT-AFFRIQUE's fixed compensation was €1,400,000 for 2024, unchanged since his appointment in 2021.

- **Annual variable compensation for 2024, payable in 2025**

The annual variable compensation of Antoine de SAINT-AFFRIQUE, for fiscal year 2024, amounts to €2,394,000.

The Board of Directors, upon recommendation of the Nomination, Compensation and Governance Committee, has determined this amount with regards to the level of fulfillment of the financial, sustainability and managerial criteria as described below:

#### Financial criteria

Financial Criteria	Weighting	Percentage fulfillments	Weighted result
Sales growth on a like-for-like basis	15%	113 %	17 %
Volume/mix on a like-for-like basis	15%	200 %	30 %
Level of recurring operating margin	15%	200 %	30 %
Free cash-flow generation	15%	200 %	30 %
<b>Total</b>	<b>60%</b>	<b>178 %</b>	<b>107 %</b>

The Board of Directors has acknowledged the fulfillment level of the objectives as presented here above in light of the following facts:

- Like-for-like sales growth of +4.3% in 2024, slightly above the internal target and in line with the guidance announced to the market at the beginning of the year (growth between 3% and 5%), driven by quality growth across all categories;
- Volume/mix significantly up by +3.0%, well beyond the internal target, and positive across all categories. Danone made significant progress in rebalancing its growth model in 2024, improving the quality of its growth each quarter and closing the fourth quarter with a volume/mix of +4.2%. This performance reflects the continuous optimization of the portfolio, boosting the winners, driving the core and addressing the underperformers;
- Recurring operating margin of 13.0%, well beyond the internal target, up 39 basis points compared to last year, driven by a strong increase in margin from operations, while continuing to significantly reinvest in brands, product superiority, and capabilities;
- Record level of free cash flow, reaching €3.0 billion (compared to €2.6 billion in 2023), beyond the internal target, reflecting an improvement in working capital and enabling for reinvestments and deleveraging.

### Sustainability criteria

Sustainability Criteria	Weighting	Percentage fulfillment	Weighted result
Like for like reduction in greenhouse gas emissions across the value chain (scopes 1, 2 and 3) in 2024 vs 2023	10%	130%	13%
Forest - Volume of key commodities verified Deforestation & Conversion Free (vDCF)	5%	200%	10%
Percentage of Danone's employees covered by B-Corp certification	5%	133%	7%
<b>Total</b>	<b>20%</b>	<b>148%</b>	<b>30%</b>

The Board of Directors has acknowledged the fulfillment level of the objectives as presented here above in light of the following facts:

- Reduction of 3.4% in greenhouse gas emissions across the entire value chain (scopes 1, 2, and 3) in 2024 compared to 2023, beyond the internal target, notably thanks to regenerative agriculture programs, supplier commitment on dairy ingredients and packaging, and the increased share of renewable electricity in Danone's energy mix;
- 93% of volumes of key commodities verified Deforestation & Conversion Free (vDCF) in 2024 (compared to 84% in 2023), beyond the internal target of 87%, notably thanks to a strengthened data collection and data verification process providing better visibility;
- 83% of Danone's employees covered by B Corp certification in 2024 (compared to 68% in 2023), beyond the internal target of 82%, notably thanks to the certification of new key Danone entities, particularly in South Africa, Algeria, Morocco, the Netherlands (Specialized Nutrition) and Poland.

## Managerial criteria

The achievement of the managerial part, qualitative component, is assessed according to specific criteria determined by the Board of Directors in February 2024: (i) business portfolio rotation, (ii) implementation of new innovative social projects and (iii) Capital Market Event (CME) and strategy. The Board of Directors considered an achievement level of 170% for these criteria (which account for 20% of the annual variable compensation), considering the following elements:

- Portfolio rotation: as part of its Renew strategy, Danone continued to strengthen and optimize its portfolio in 2024 through the disposal of certain non-strategic assets and the completion of selected bolt-on value adding acquisitions. Thus, during the year, the Group finalized the sale of EDP in Russia and the sale of Horizon Organic and Wallaby milk and dairy products activities in the United States. It should be noted that between 2022 and 2024, disposals represented approximately 9% of the Group's revenues. Additionally, in 2024, the Group strengthened its Medical Nutrition portfolio by acquiring Functional Formularies, a leading whole foods tube feeding business in the United States;
- Implementation of new innovative social projects: 2024 was the year of the launch of Dan'Skill, an innovative global training initiative aimed at empowering employees through lifelong learning programs and transforming Danone into a learning organization. The first objective of this program is acculturation and upskilling in the field of artificial intelligence (AI), supported by a multi-year collaboration with Microsoft to integrate this AI into the Company's operations. This collaboration includes the launch of the Danone Microsoft AI Academy, dedicated to upskilling all Danone employees and equipping them with AI tools. Today, more than 50,000 employees use AI in their daily work;
- Capital Market Event (CME) and strategy: following the "Renew Danone" strategic plan presented in March 2022, Antoine de SAINT-AFFRIQUE and the management team opened the next chapter of the Renew strategy, presented at the Capital Market Event held in June 2024 in Amsterdam. The event included plenary presentations, on-site visits, interactive sessions, immersive experiences, and informal moments. It brought together around a hundred investors, financial analysts, and employees, and was broadcast on Danone's website, followed live or on-replay by more than 2,500 people. The financial community recognized the work accomplished over the past few years, highlighting namely the improvement in volume/mix, portfolio repositioning, as well as investments made in brands, product superiority, and capabilities. They appreciated the next chapter of the strategic plan, which will be based on science and innovation, operational discipline, and excellence in execution, allowing Danone to project itself towards the future of Health and Nutrition. Danone's share price increased by 10.5% between the Capital Market Event in June and the end of 2024.

Therefore, Antoine de SAINT-AFFRIQUE's annual variable compensation of €2,394,000 was established as follows:

Indicators	Weighting	Percentage fulfillments	Weighted percentage	Fulfillment amount (in euros)
Financial	60%	178%	107%	1,498,000
Sustainability	20%	148%	30%	420,000
Managerial	20%	170%	34%	476,000
<b>Total annual variable compensation in 2024</b>	<b>100%</b>	<b>-</b>	<b>171%</b>	<b>2,394,000</b>

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 24, 2025.

- **Long term variable compensation, in the form of GPS**

On July 30, 2024, 47,880 GPS were granted to the Chief Executive Officer. As every year, this nominal grant may vary depending on the level of achievement of the performance conditions and may amount up to 50,274 GPS, with no guaranteed minimum. In accordance with the CEO's compensation policy, these GPS represent 50 % of the Chief Executive Officer's overall target compensation in value for 2024.

- **Other benefits**

For the 2024 fiscal year, the benefits in kind represent an amount of €26,822. These benefits in kind, in line with Danone's policy for senior executives, include a pool of cars and drivers, a housing benefit as well as insurance and healthcare benefits.

## **1.2 Compensation of Antoine de SAINT AFFRIQUE for the 2025 fiscal year**

The 2025 compensation policy for the CEO, the components of which are detailed below, will be submitted to approval by the Shareholders' Meeting of April 24, 2025.

- **A fixed compensation amounting to €1,400,000**, unchanged since 2021
- **An annual variable compensation payable in 2026:**

The target amount for the annual variable compensation for 2025 and the percentage of maximum compensation are identical to last year's. In accordance with the compensation policy for Danone's executive corporate officers, the Board of Directors, upon recommendation of the Nomination, Compensation, and Governance Committee, has set the target annual variable compensation at 100% of the fixed compensation (i.e., €1,400,000). This target annual variable compensation can reach a maximum of 200% of this amount (i.e., €2,800,000) in case of exceeding the objectives, with no minimum or guaranteed floor.

It will be composed of three parts with the same weightings as in 2024: a quantifiable financial component (60%), a quantifiable sustainability component (20%), and a qualitative managerial component (20%).

The detailed criteria breakdown for the financial component is presented below:

Financial criteria	Percentage of the target amount	Possible variation according to the weighting
Sales growth on a like-for-like basis	15%	0 to 30%
Volume/mix on a like-for-like basis	15%	0 to 30%
Level of recurring operating margin	15%	0 to 30%
Free cash-flow generation	15%	0 to 30%
<b>Total</b>	<b>60%</b>	<b>0 to 120%</b>

The detailed criteria breakdown for the sustainability component is presented below:

Sustainability criteria	Percentage of the target amount	Possible variation according to the weighting
Like for like reduction in greenhouse gas emissions across the value chain (scopes 1, 2 and 3) in 2025 vs 2024	5%	0 to 10%
Forest - Volume of key commodities verified <i>Deforestation &amp; Conversion Free</i> (vDCF)	5%	0 to 10%
B-Corp certification of Danone and percentage of Danone's employees covered by the certification	5%	0 to 10%
Danone's <i>Fair Wage Network</i> certification	5%	0 to 10%
<b>Total</b>	<b>20%</b>	<b>0 to 40%</b>

The assessment elements for the managerial component have been determined by the Board of Directors but are not made public for confidentiality reasons, in accordance with French Financial Market Authority recommendation DOC-2012-02 of February 9, 2012 (as amended).

The allocation of the annual variable compensation will be specifically disclosed after the end of the 2025 fiscal year. It will also be detailed in the 2025 Universal Registration Document.

- **Long-term shareholder variable compensation in shares, in the form of Group performance shares (GPS)**

The long-term shareholder variable compensation policy for 2025 is similar to the one of 2024. However, for the renewal of the CEO's term of office, the Board of Directors, upon proposal of the Nomination, Compensation and Governance Committee, will propose to the Shareholders' Meeting of April 24, 2025, to approve the following adjustments regarding GPS:

- The alignment of the maximum number of GPS (Group Performance Shares) that can be allocated to executive corporate officers with that of other GPS beneficiaries, the maximum number of GPS increasing from 105% to 120% of the initially allocated GPS based on the level of achievement of performance conditions; and
- The possibility for the Board of Directors to adjust, both upwards or downwards, the criteria for long-term variable compensation under exceptional circumstances and within the maximum limit defined in the compensation policy, as it is already the case for short-term variable compensation.

The allocation of GPS (Group Performance Shares) in 2025 will be decided by the Board of Directors in July and will be specifically communicated after the Board meeting. The GPS that will then be allocated will represent approximately 50% of the target total compensation in value for the CEO for 2025, in accordance with the principles of the compensation policy.

The performance conditions of these GPS were determined by the Board of Directors of February 25, 2025, and are based on:

- (i) the evolution of recurring earnings per share (EPS), accounting for 20%,
- (ii) the relative overall performance of Danone shares (TSR - Total Shareholder Return) compared with the Stoxx Europe 600 Food & Beverage index, representing 25%,
- (iii) the return on invested capital (ROIC), accounting for 25%, and
- (iv) three sustainability criteria, each accounting for 10%, related to the reduction of (i) the sugar content in EDP products for adults intended for daily use, (ii) greenhouse gas emissions across the entire value chain, and (iii) water consumption at Danone's production sites.

These conditions cover a 3-year period (2025, 2026 and 2027). They will be described in detail in the 2024 Universal Registration Documents (section 6.4)

## **2. COMPENSATION OF GILLES SCHNEPP, CHAIRMAN OF THE BOARD OF DIRECTORS, FOR THE 2024 FISCAL YEAR**

Gilles SCHNEPP's fixed annual compensation for 2025 amounts to €650,000, unchanged since 2021.

This fixed annual compensation is the only component of the Chairman of the Board of Directors' compensation.

The 2025 compensation policy for the Chairman of the Board of Directors will be submitted to approval by the Shareholders' Meeting of April 24, 2025.