



Paris, May 18, 2021

Compensation of Danone new Chief Executive Officer

Danone announced, on May 17, 2021, the appointment of Antoine de Saint-Affrique as Chief Executive Officer effective September 15, 2021.

In this context, Danone's Board of Directors set, upon recommendation of the Governance Committee, the components of compensation of the Chief Executive Officer effective as of September 15, 2021 in accordance with the 2021 executive corporate officers' compensation policy approved on April 29 by the General Meeting.

As a preliminary point, it is reminded that, in accordance with the Afep-Medef Code's recommendation, Antoine de Saint-Affrique will not benefit from an employment contract.

Furthermore, it is specified that the compensation principles applicable to Danone's corporate officers are the same as those applying to members of the Executive Committee and to approximately 1,400 managers worldwide.

Compensation of the new Chief Executive Officer

2021 annual fixed compensation

Taking into account Antoine de Saint-Affrique's international experience and skills, considering the level of his previous compensation and the practices observed at comparable companies (in particular, CAC 40 companies with comparable market capitalization and international groups constituting Danone's historical peer group), the Board of Directors, upon recommendation of the Governance Committee, set Antoine de Saint-Affrique's gross annual fixed compensation as Chief Executive Officer at €1,400,000, paid in twelve monthly instalments. In respect of 2021, this compensation will be paid *pro rata temporis*.

This amount will be reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Annual variable compensation

In line with the compensation policy of Danone’s executive corporate officers, the Board of Directors, upon recommendation of the Governance Committee, set the annual variable part of Antoine de Saint-Affrique’s compensation as Chief Executive Officer at 100% of the fixed part of his compensation (gross amount of €1,400,000) if targets are achieved at 100%; this percentage can increase to a maximum of 200% of that amount (gross amount of €2,800,000) in the event that the targets are exceeded, without a guaranteed floor.

The variable compensation is currently based on the achievement of the following targets:

	Performance indicators	Proportion of the target amount	Possible variation based on the weighting
Economic Quantifiable portion, calculated on the basis of Danone’s economic targets	Like-for-like sales growth	25%	0% to 50%
	Recurring operating margin growth	25%	0% to 50%
	Free cash flow generation	10%	0% to 20%
	Total	60%	0% to 120%
Social, societal and environmental Reference to Danone’s social, societal and environmental targets	Employees engagement	10%	0% to 20%
	Fulfilment of climate ambitions	10%	0% to 20%
	Total	20%	0% to 40%
Managerial Reference to specific annual targets	Organizational leadership	20%	0% to 40%
	Total	20%	0% to 40%
TOTAL		100%	0% to 200%

The amount of the variable compensation for the 2021 fiscal year will be settled by the Board of Directors in the first quarter of the 2022 fiscal year. The variable compensation for the 2021 fiscal year will be granted to Antoine de Saint-Affrique *pro rata temporis*, on the basis of the target amount, *i.e.* up to a gross amount of €408,333. This takes into account the difficulty of determining the amount of variable compensation as he only takes office on September 15, 2021. The payment of this annual variable compensation is subject to the approval of the General Meeting convened to approve the accounts for the fiscal year ending December 31, 2021, pursuant to Article L. 22-10-34 of the French Commercial Code.

Long-term compensation

The Chief Executive Officer can benefit from the Group’s long-term compensation plans in the form of free allocations of Group performance shares (“GPS”) or Group performance units (“GPU”).

For the 2021 fiscal year, he will be allocated in October 2021 a number of GPS representing an amount of 200% of the Chief Executive Officer’s gross fixed compensation, *pro rata temporis, i.e.*, for 2021, a target gross amount of €816,667.

This long-term compensation will be subject to performance conditions assessed over three years, set for 2021, in accordance with the authorization of the General Meeting dated 29 April 2021, as follows:

- an external performance criterion, based on Danone's sales growth compared to that of a panel of its historical peers consisting of leading international groups in the food sector;
- an external performance criterion based on Danone's Total Shareholder Return ("TSR") compared to that of a panel of its historical peers consisting of leading international groups in the food sector; and
- an external environmental performance criterion.

This allocation will also be subject to a condition of continuous presence for four years, except as provided by the plan regulations (particularly in the event of death or disability).

Until the end of his term of office, Antoine de Saint-Affrique will have to retain 35% of the shares allocated in registered form until his overall ownership of Company shares amounts to 400% of his gross annual fixed compensation. Furthermore, in accordance with the recommendations of the Afep-Medef Code, Antoine de Saint-Affrique commits not to use hedging products covering the Company's shares as well as any associated financial instruments.

Benefits in kind and other benefits

In line with the compensation practices relating to members of the Company's Executive Committee and the benefits granted to international managers, Antoine de Saint-Affrique will have the benefit of:

- the Company's pool of cars and drivers;
- housing and accommodation, and
- insurance and healthcare coverage.

Exceptional compensation in the form of performance shares

Antoine de Saint-Affrique waived, as a result of his acceptance of the Danone Chief Executive Officer's position, the long-term variable compensations due in respect of his duties as Chief Executive Officer of Barry Callebaut, estimated in the total gross amount of €1.3 million.

This long-term variable compensation consists of Barry Callebaut shares subject to performance and presence conditions, deliverable in September 2022 and in September 2023.

The assessment of these long-term variable compensation was carried out by a financial adviser, based on a delivery of the target number of performance shares (and not the maximum), after applying a *pro rata* reflecting the duration of Antoine de Saint-Affrique's term of office as Chief Executive Officer of Barry Callebaut, and the stock market price of the Barry Callebaut share.

It is reminded that the 2021 executive corporate officers' compensation policy of Danone provides the possibility for the Board of Directors to grant, in case of an appointment of a new executive officer further to an external recruitment, an exceptional compensation, mainly in the form of long-term compensation in cash and/or in shares subject to performance conditions,

in order to compensate him for all or part of any loss of compensation suffered as a result of accepting this new appointment.

In this context, the Board of Directors, upon recommendation of the Governance Committee decided to allocate an exceptional compensation to Antoine de Saint-Affrique on the terms and conditions detailed below:

- this compensation under the form of GPS represents 100% of the value of the compensation allocated to Antoine de Saint-Affrique in the context of the exercise of his previous appointment but which due to his departure were not acquired or paid;
- the GPS will be allocated on a one-time basis, representing an amount of €1.3 million gross, in October 2021; and
- the GPS will be allocated under the Company's usual GPS plans and their acquisition will therefore be subject to (i) performance conditions of the plans concerned; and (ii) a condition of continuous presence for four years, except as provided by the plan regulations (particularly in the event of death or disability).

Furthermore, in accordance with Article L. 22-10-34, II, of the French Commercial Code and the compensation policy for executive corporate officers approved by the General Meeting on April 29, 2021, the allocation of this exceptional compensation will (a) be subject to approval of the resolution relating to the compensation paid or allocated to Antoine de Saint-Affrique, Chief Executive Officer, for the fiscal year 2021 (the "ex post say on pay") by the General Meeting convened to approve the accounts for the fiscal year 2021; and (b) take place subject to the suspensive condition of a favourable vote on that resolution with retrospective effect, as of the allocation date (October 2021).

Non-compete clause

The Board of Directors decided to subject Antoine de Saint-Affrique to a non-compete clause applicable in the event of termination of his office as Chief Executive Officer. The purpose of this non-compete clause is to protect the Company, considering the sensitive information about Danone Antoine de Saint-Affrique will have access to as part of his functions.

The terms and conditions of this non-compete clause imposed on Antoine de Saint-Affrique will be as follow (the "**Non-Competition Obligation**"), in line with the compensation practices relating to members of the Company's Executive Committee:

- Scope:
 - functions: directly or indirectly (i) any remunerated functions, as an executive or non-executive director or corporate officer, and in particular any participation in a governance body, e.g., Board of Directors or Supervisory Board, in any form; and (ii) any provision of services or consultancy role for the benefit of the companies of the business sector described hereafter, or for their directors, in any form, and in particular as an adviser to the Chairman;
 - business sectors: any company (and any other entity belonging to the group of the said companies or succeeding to their rights) operating in the food and beverage sector and manufacturing, distributing or selling products competing with those of Danone, at the date of the termination of his position.

He will also commit not to form a company on his own behalf operating in this business sector.

- Concerned territories:
 - o Europe: European Union countries, Switzerland, Norway, United Kingdom, Russia;
 - o Asia-Pacific: China, Singapore, Hong Kong, Japan, Australia, New Zealand, Indonesia;
 - o North America: Canada, United States of America, Mexico;
 - o Middle East: Cyprus, Lebanon, Syria, Iraq, Iran, Israel, Jordan, Saudi Arabia, Kuwait, Qatar, Bahrain, United Arab Emirates, Oman, Yemen.
- Duration: 18 months with effect from the date of termination of the office of Chief Executive Officer.

As a result, Antoine de Saint-Affrique will receive a non-compete payment in an amount equal to 50% of one twelfth of his annual gross (fixed and variable annual target) compensation, payable each month for 18 months on the usual date of payment of salaries by the Company, (the “**Non-Compete Payment**”), being specified that, in accordance with the Afep-Medef Code, this Non-Compete Payment will not be paid if the Chief Executive Officer claims his retirement pension entitlement and no indemnity will be paid beyond the age of 65.

In accordance with the recommendations of the Afep-Medef Code, the Board of Directors can freely waive the application of this Non-Competition Obligation at the time of the Chief Executive Officer’s departure.

Severance payment

The Board of Directors decided to grant Antoine de Saint-Affrique a severance payment (the “**Severance Payment**”) capped at 200% of the gross annual (fixed and annual variable paid) compensation received by Antoine de Saint-Affrique during the last 12 months before the termination of his position as Chief Executive Officer (the “**Maximum Amount**”) in the event of forced departure, regardless of the form that termination of office took (a “**Forced Departure**”). The amount of the Severance Payment will be subject to the achievement of the performance conditions detailed below.

It is specified that a revocation of the Chief Executive Officer from his position motivated by gross negligence or wilful misconduct on the part of the latter will not constitute a Forced Departure.

No Severance Payment will be due in the event of voluntary departure (therefore out of Forced Departure), change of functions within Danone on the initiative of the Chief Executive Officer, or if Antoine de Saint-Affrique has the possibility of claiming his retirement pension entitlement in the near future further to the Forced Departure. Furthermore, as the by-laws provide for an age limit of 65 years old for the position of Chief Executive Officer, no Severance Payment will be due in case of the termination of the position due to the reach of the age limit provided by the by-laws.

The benefit of the Severance Payment will be subject to, and its amount will be adjusted, in accordance with, the level of achievement of the economic performance indicators provided in respect of the Chief Executive Officer's annual variable compensation in the last three fiscal years preceding the date of termination of his office, calculated on the basis of their arithmetical average:

- achievement of less than 75% of the economic performance indicators: no payment will be made;
- achievement of 75% of the economic performance indicators: the Chief Executive Officer will receive 75% of the Maximum Amount;
- achievement of between 75% and 100% of the economic performance indicators: the Chief Executive Officer will receive between 75% and 100% of the Maximum Amount, calculated on a linear basis depending on the rate of achievement;
- achievement of 100% or more of the economic performance indicators: the Chief Executive Officer will receive 100% of the Maximum Amount.

It is specified that in the event of Forced Departure during the first year of the term of office, namely between September 15, 2021 and September 14, 2022, the amount of the Severance Payment will be calculated *prorata temporis* on the basis of a maximum amount equal to six months' total gross (fixed and annual variable target) compensation, subject to performance conditions linked to Danone's economic results and to Antoine de Saint-Affrique's managerial performance, which will be assessed by the Board of Directors according to the period in question.

In addition, in the event of Force Departure during the second year of the term of office, namely between September 15, 2022 and September 14, 2023, the amount of the Severance Payment will be calculated *prorata temporis* on the basis of twelve months' total gross (fixed and variable target) compensation, subject to a performance condition relating to the level of achievement of the economic performance indicators provided for the Chief Executive Officer's annual variable compensation for the fiscal year 2022, in accordance with the principles defined below, namely:

- achievement of less than 75% of the economic performance indicators: no payment will be made;
- achievement of 75% of the economic performance indicators: the Chief Executive Officer will receive 75% of the Maximum Amount;
- achievement of between 75% and 100% of the economic performance indicators: the Chief Executive Officer will receive between 75% and 100% of the Maximum Amount, calculated on a linear basis depending on the rate of achievement;
- achievement of 100% or more of the economic performance indicators: the Chief Executive Officer will receive 100% of the Maximum Amount;

subject, in this event, to the Maximum Amount being equal to 100% of the annual gross (fixed and variable actually paid) compensation for the fiscal year 2022.

The Severance Payment will also be subject to the Board of Directors determining in advance, following the opinion of the Governance Committee, that the performance conditions have been achieved, assessed at the time of termination of the Chief Executive Officer's office and duly proved and communicated to the shareholders. The amount of the Severance Payment will be paid within 30 days of the date on which the Board of Directors determined that the performance conditions on which the payment was conditional have been achieved.

Furthermore, the cumulative amount of the (i) Severance Payment and (ii) Non-Competition Payment shall not exceed twice the amount of the gross annual compensation (fixed and annual variable) received by Antoine de Saint-Affrique during the last twelve months before the termination of his position, in compliance with the Afep-Medef Code's recommendations.

Assuming that the amount of the Severance Payment and the amount of the Non-Competition Payment would exceed this ceiling of twice the gross annual compensation and in order to ensure a strict compliance with this ceiling, the amount paid to Antoine de Saint-Affrique will be, first the Non-Compete Payment and the remaining part will be paid for the Severance Payment further reduction allowing to respect the ceiling of twice the amount of the gross annual compensation.

Retirement

Finally, Antoine de Saint-Affrique will only benefit from the supplementary defined contributions pension plan ("article 83") and will not benefit from a defined benefit pension plan.