



DANONE
ONE PLANET. ONE HEALTH

Shareholders' Engagement on Governance

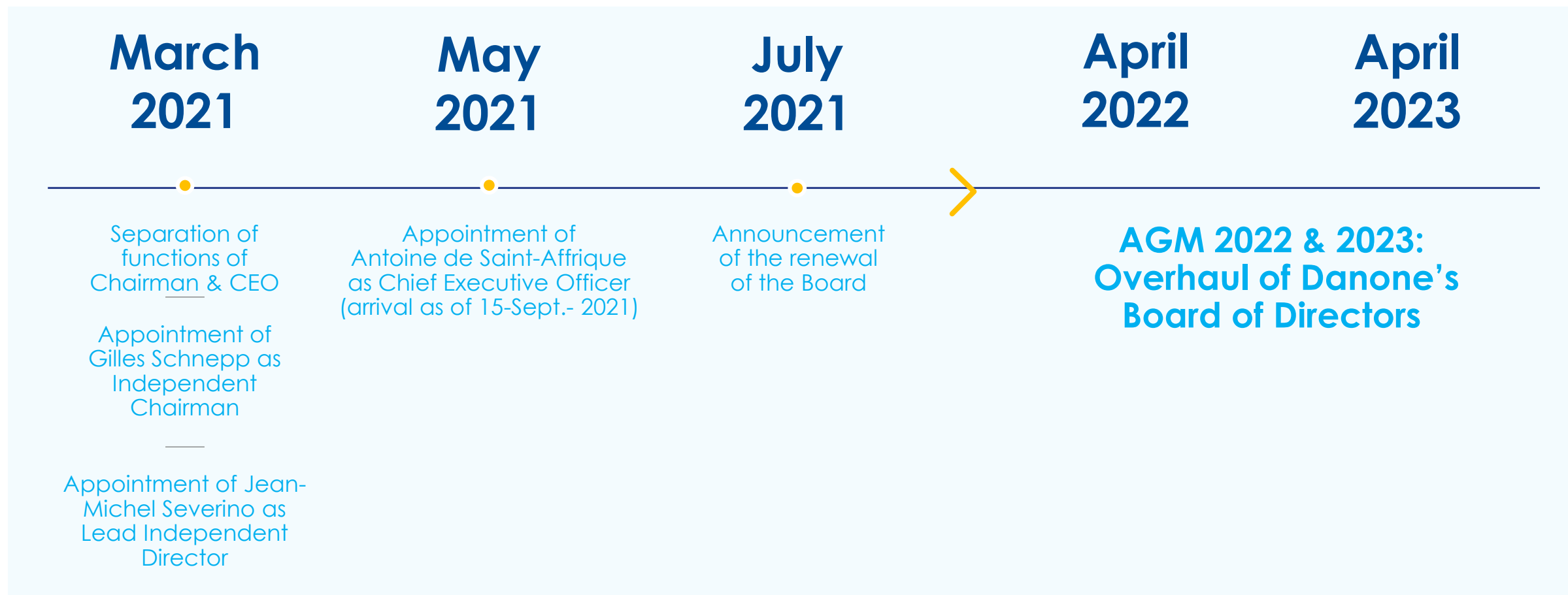
November, 2021

Disclaimer

- *This presentation contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate”, “expect”, “anticipate”, “project”, “plan”, “intend”, “objective”, “believe”, “forecast”, “guidance”, “outlook”, “foresee”, “likely”, “may”, “should”, “goal”, “target”, “might”, “will”, “could”, “predict”, “continue”, “convinced” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of Danone.*
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2021- 2024: overhaul of Danone's governance system

Towards best-in-class governance practices



Danone's Board of Directors to initiate a composition renewal program

Overhaul of the Board excl. the Chairman and the 2 Directors representing employees by April 2023

- 2022 Shareholding meeting: no mandate renewal for the Directors whose terms end in April 2022 and for those whose terms end in April 2023, with one year of anticipation
- 2023 Shareholding meeting: no mandate renewal for the Directors whose terms end in April 2024, with one year of anticipation

New Directors to be proposed

- Candidacy of Antoine de Saint-Affrique as Director to be proposed on 2022 Shareholding meeting
- Election of other new Directors to be proposed at 2022 and 2023 Shareholding meetings
- Search process conducted by the Governance Committee, with the participation of the Chairman, and the support of an international headhunter firm

Aim of constituting a Board of Directors of 12 members, incl. the 2 Directors representing employees

The Board of Directors as of today



Gilles Schnepp
Chairman



Cécile CABANIS
Vice-Chair



Franck RIBOUD
Honorary Chairman



Jean-Michel SEVERINO
Lead Independent Director



Frédéric BOUTTEBA



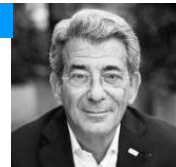
Clara GAYMARD



Guido BARILLA



Isabelle SELLIER



Michel LANDEL



Gaëlle OLIVIER



Serpil TIMURAY



Lionel ZINSOU-DERLIN



Bettina THEISSIG

13 members

73% independent

45% women

~7 years average length

Board's work and involvement in 2021

A highly engaged and active Board

- **95% attendance rate** YTD at Board meetings
- **12 Board meetings** (as during the Covid crisis in 2020)
- **6 Board meetings** dedicated exclusively to the evolution of Danone's governance
- **15 Governance Committee meetings** in 2021, including **5 meetings** during the recruitment period of the new CEO

Governance structure

Independent Chairman and Lead Independent Director

Chairman of the Board



- ✓ Preparation, organization, coordination and oversight of the Board's meetings, including setting the agenda for each meeting
- ✓ Regular communication and coordination with the General Management, including in 2021 a close liaising with the interim General Management
- ✓ Exchanges with employees and employee representatives
- ✓ Participation to discussions with investors when required

Lead Independent Director



- ✓ Chairmanship of the Governance Committee and steering of its work, in particular in 2021 the recruitment process of the new CEO and the search of new Board members
- ✓ Main interlocutor of shareholders and investors on governance-related matters
- ✓ Board's assessment process (every 2 years)
- ✓ Facilitator of relations and exchanges between Board members

April 2021 Shareholders' Meeting

All resolutions voted with a large majority

All resolutions were approved with a large majority, including:

- ✓ The proposed dividend of €1.94 per share in cash, down 8% from 2019
- ✓ All proposed renewals of terms of office of Board members
Guido Barilla, Cécile Cabanis, Michel Landel and Serpil Timuray
- ✓ Ratification of the co-opting of Gilles Schnepp as Director
- ✓ Components of compensation paid in or awarded for 2020 and 2021 to Emmanuel Faber
- ✓ Compensation policies for Board members, Chairman, CEO and interim co-CEOs for the 2021 fiscal year
- ✓ Setting of the amount of Board members' aggregate annual compensation
- ✓ Renewal of customary financial authorizations, including share buy back and capital increases for employees

Key topics for 2022 AGM

Main resolutions to be approved

Dividend

**Board
composition**

**Remuneration
incl. GPS**

**Statutory
auditors
renewal/
appointment**

Compensation schemes

New schemes to reflect Danone's improved governance

Voted at 2021 AGM

New GPS criteria - in addition to sales growth criteria (weighting for 50%)

- for the executive corporate officers and other Executive Committee members, the relative total shareholder return (TSR), weighting for 30%
- for the other beneficiaries, the achievement of a total free cash flow ("FCF"), weighting for 30%
- for all beneficiaries, an external environmental performance condition based on Danone's rankings established by CDP Climate, Waters & Forest, weighting for 20%

To be voted at 2022 AGM

Approval of the 2021 compensation

- Chairman – Gilles Schnepf
- Interim CEO – Véronique Pénchiet-Bosetta
- Interim Co-CEO – Shane Grant
- CEO – Antoine de Saint-Affrique

Approval of the 2022 compensation policies

Approval of the 2022 Group Performance Shares

First year of Entreprise à Mission

Mission Committee's main areas of focus

2021

- Working sessions on each of the four objectives with internal experts
- First Mission Committee Report published for 2021 Shareholder's meeting
- Launch of 2021–2022 audit verification by the Independent Third Party (PwC)

2022

- Setting the mid-to-long term Entreprise à Mission agenda taking into account the publication of the Entreprise à Mission decree and new audit standards that are being defined
- Alignment and articulation with Danone's global strategy
- Close collaboration with internal experts, Independent Third Party and Board members



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Appendix

April 2021 Shareholders' Meeting

All resolutions voted with a large majority

	Resolutions	Approved ?	Favorable votes
1	Approval of the statutory financial statements for the fiscal year ended December 31, 2020	✓	99.98%
2	Approval of the consolidated financial statements for the fiscal year ended December 31, 2020	✓	99.98%
3	Allocation of earnings for the fiscal year ended December 31, 2020 and setting of the dividend at €1.94 per share	✓	99.28%
4	Renewal of the term of office of Mr. Guido BARILLA as Director;	✓	98.49%
5	Renewal of the term of office of Ms. Cécile CABANIS as Director;	✓	81.71%
6	Renewal of the term of office of Mr. Michel LANDEL as Director pursuant to Article 15-II subparagraph 2 of the Company's by-laws;	✓	95.90%
7	Renewal of the term of office of Ms. Serpil TIMURAY as Director;	✓	97.32%
8	Ratification of the co-opting of Mr. Gilles SCHNEPP as Director;	✓	93.89%
9	Approval of agreements entered into with the SICAV Danone Communities referred to in Articles L.225-38 and seq. of the French Commercial Code;	✓	99.87%
10	Approval of the information regarding the compensation of the Directors and corporate officers referred to in paragraph I of Article L.22-10-9 of the French Commercial Code for the 2020 fiscal year;	✓	98.24%
11	Approval of the components of compensation paid in or awarded for the fiscal year 2020 to Mr. Emmanuel FABER, Chairman and Chief Executive Officer;	✓	97.65%
12	Approval of the compensation policy for corporate officers for the 2021 fiscal year;	✓	91.66%
13	Setting of the amount of Directors' aggregate annual compensation;	✓	98.96%

April 2021 Shareholders' Meeting

All resolutions voted with a large majority

	Resolutions	Approved ?	Favorable votes
14	Approval of the compensation policy for Directors for the 2021 fiscal year;	✓	94.98%
15	Authorization granted to the Board of Directors to purchase, retain or transfer Company's shares;	✓	97.72%
16	Delegation of authority to the Board of Directors to issue, with preferential subscription right of the shareholders, ordinary shares and securities;	✓	90.81%
17	Delegation of authority to the Board of Directors to issue, without preferential subscription right of the shareholders but with the obligation to grant a priority right, ordinary shares and securities;	✓	86.20%
18	Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of a capital increase without preferential subscription right of the shareholders;	✓	86.73%
19	Delegation of authority to the Board of Directors to issue ordinary shares and securities, without preferential subscription right of the shareholders, in the event of a public exchange offer initiated by the Company;	✓	89.20%
20	Delegation of powers to the Board of Directors to issue ordinary shares and securities, without preferential subscription right of the shareholders, in consideration for contributions in kind granted to the Company and comprised of equity securities or securities giving access to share capital;	✓	88.53%
21	Delegation of authority to the Board of Directors to increase the Company's share capital through incorporation of reserves, profits, premiums or any other amounts that may be capitalized;	✓	99.05%
22	Delegation of authority to the Board of Directors to increase the share capital in favor of employees who are members of a company's savings plan and/or to carry out reserved sales of securities, without preferential subscription right of the shareholders;	✓	98.72%
23	Delegation of authority to the Board of Directors to increase the share capital in favor of categories of beneficiaries made up of employees working within foreign companies of Danone's group or in international mobility, in the framework of employee shareholding plans, without preferential subscription right of the shareholders;	✓	98.69%

April 2021 Shareholders' Meeting

All resolutions voted with a large majority

	Resolutions	Approved ?	Favorable votes
24	Authorization to the Board of Directors to grant existing or newly issued shares of the Company, without preferential subscription right of the shareholders;	✓	97.42%
25	Authorization granted to the Board of Directors to reduce the share capital by canceling shares;	✓	94.96%
26	Powers to carry out formalities;	✓	99.99%
27	Approval of the compensation policy for the interim executive corporate officers for the 2021 fiscal year;	✓	96.35%
28	Approval of the components of compensation paid in or awarded for the 2021 fiscal year to Mr. Emmanuel FABER, Chairman and Chief Executive Officer, until his departure.	✓	97.54%


Board of Directors

JEAN-MICHEL SEVERINO (64) L



- Tenure: 10.5 years
- **Manger of I&P**
- Lead Independent Director of Danone, former CEO of the Agence Francaise de Developpement (AFD)
- **Committee:** Governance (Chairman)
- **Other Boards:** Orange SA, Michelin

FRÉDÉRIC BOUTEBBA (54) E



- Tenure: 5.5 years
- **Director representing employees**
- Joined Danone in 1992 in the Sales Department
- Involved in Employee Representative Bodies
- **Committee:** Audit

GAËLLE OLIVIER (50) I




- Tenure: 7.5 years
- **CEO of Société Générale Asia Pacific**
- Former CEO of AXA Global P&C
- **Committee:** Audit (Chair)

BETTINA THEISSIG (59) E




- Tenure: 7 years
- **Director representing employees**
- Chair of Milupa Nutricia GmbH's Works Council
- Member of Danone's European Works Council and its steering committee
- **Committee:** Engagement

GILLES SCHNEPP (63) I




- Tenure: 1 year
- **Chairman, Danone**
- Former Chairman and CEO of Legrand
- **Other Boards:** Legrand, Sanofi, Saint-Gobain

CECILE CABANIS (50)



- Tenure: 3.5 years
- **Deputy CEO of Tikehau Capital**
- Former CFO of Danone
- **Committee:** Strategy & Transformation
- **Other Boards:** Schneider Electric, Unibail-Rodamco-Westfield, 2MX Organic

CLARA GAYMARD (61) I



- Tenure: 5.5 years
- **Co-founder of Raise**
- Former President of GE France
- **Committee:** Governance
- **Other Boards:** Veolia, LVMH, Bouygues

FRANCK RIBOUD (66)



- Tenure: 29.5 years
- **Honorary Chairman, Danone**
- Former Chairman and CEO of Danone
- **Committee:** Strategy & Transformation
- **Other Boards:** Rolex France SAS, Rolex Holding SA, Boardriders Inc.

SERPIL TIMURAY (52) I



- Tenure: 6.5 years
- **CEO Europe and member of the Executive Committee, Vodafone Group**
- Previously served as Group Chief Commercial Operations and Strategy Officer of Vodafone Group, GM of Danone Turkey
- **Committee:** Engagement (Chair)

GUIDO BARILLA (63) I



- Tenure: 3.5 years
- **Chairman of Barilla**
- Chairman of the Advisory Board of the BCFN Foundation
- **Committee:** Strategy & Transformation

MICHEL LANDEL (70) I



- Tenure: 3.5 years
- **Lead Independent Director of Legrand**
- Former Lead Independent Director of Danone, former CEO of Sodexo
- **Committee:** Governance, Engagement

ISABELLE SEILLIER (61)



- Tenure: 10.5 years
- **Global Chairman of Investment Banking at J.P. Morgan**
- Held prior positions at Société Générale in Paris
- **Committee:** Strategy & Transformation

LIONEL ZINSOU-DERLIN (67) I



- Tenure: 7.5 years
- **Chairman of Southbridge**
- Former Prime Minister of Benin
- Former Chairman of PAI Partners and Advisor to the French Ministry of Industry
- **Committees:** Strategy & Transformation (Chairman), Audit

Directors skills and qualifications

Well-suited depth and breadth of expertise, focus on Consumer expertise

General information	Participation to board committees				Directors expertise						
	Audit Committee	Governance Committee	Engagement Committee	Strategy & Transformation Committee	Core skills				Sector-specific skills		
					Operational management of large companies / governance of listed companies	Experience in emerging markets	International experience	Finance/Audit/M&A	FMCG/Food and beverage industry	Social and environmental responsibility / Climate	Health/Nutrition
Gilles SCHNEPP		●	●		●	●	●	●		●	
Jean-Michel SEVERINO		○			●	●	●	●		●	●
Guido BARILLA				●	●	●	●		●	●	●
Frederic BOUTEBBA	●								●	●	
Cécile CABANIS				●	●	●	●	●	●	●	●
Clara GAYMARD		●			●	●	●	●		●	
Michel LANDEL		●	●		●	●	●	●	●	●	
Gaëlle OLIVIER	○				●	●	●	●		●	
Franck RIBOUD				●	●	●	●	●	●	●	●
Isabelle SEILLIER				●	●	●	●	●			
Bettina THEISSIG			●						●		●
Serpil TIMURAY			○	●	●	●	●	●	●	●	●
Lionel ZINSOU-DERLIN			●	○	●	●	●	●	●	●	●

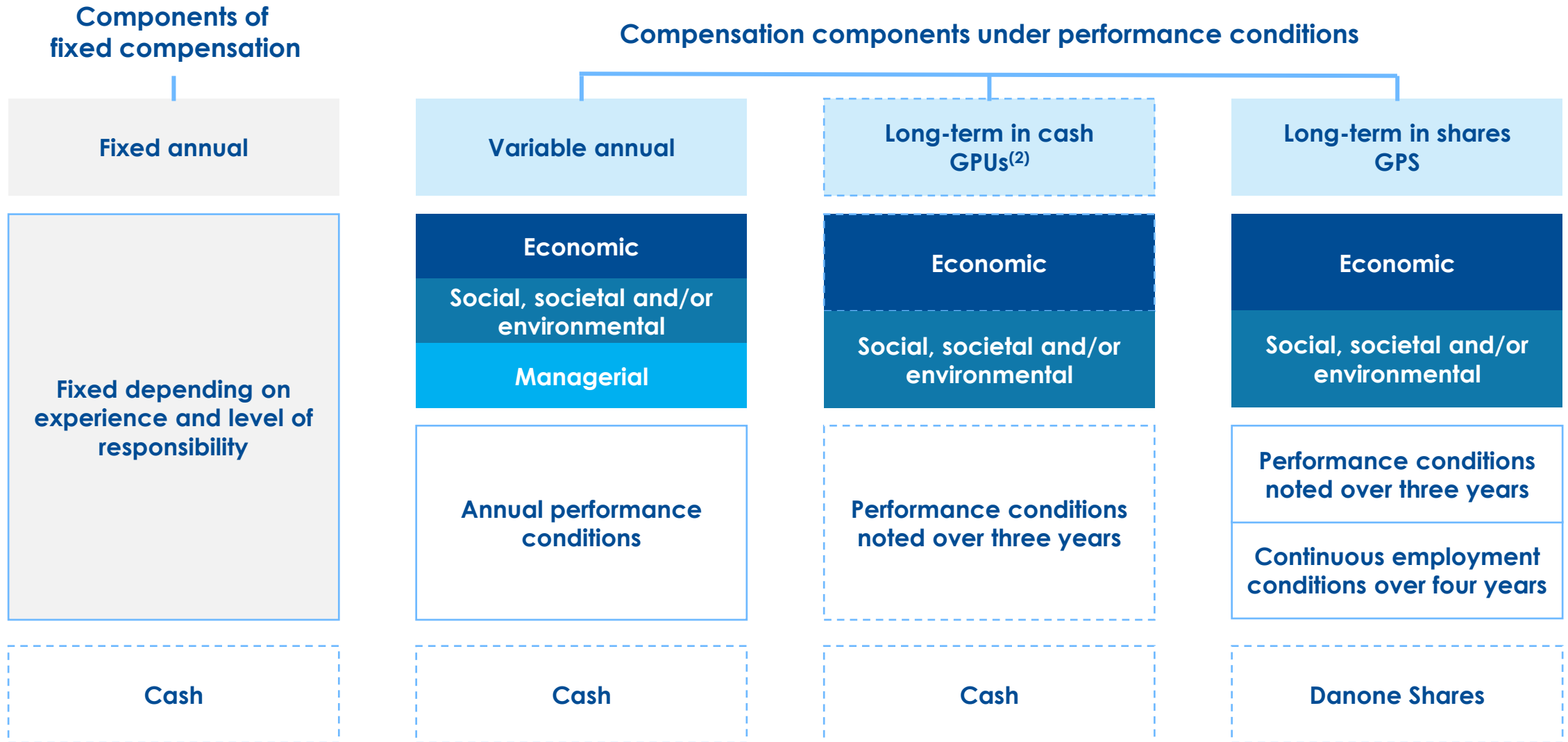
Data post AGM 2021

○ Committee Chairman

Extract of the 2020 Universal Registration Document. The expertise matrix is currently being reviewed; a new version will be published in the 2021 Universal Registration Document.

Management compensation structure⁽¹⁾

Overview of short-term and long-term incentives



(1) Program applies to 1,600 general managers and senior executives worldwide

(2) No GPUs have been granted to Mr. Emmanuel FABER since 2017 and no GPUs were granted to Mr. de Saint-Affrique in 2021

Incentives supporting sustainable value creation

Balancing economic, social & societal, and managerial criteria

Short-term incentives

Mix of economic, social and managerial KPIs for annual variable compensation

- Economic (60%)
- **Social, societal and/or environmental (20%)⁽¹⁾**
- Managerial (20%)

Long-term incentives

Three financial criteria for grants of long-term performance shares, vesting after 4 years

- 3-year like-for-like sales growth relative to peers (50%)
- For CEO/Comex members: 3-year total shareholder return (TSR) relative to peers (30%)
- For other beneficiaries: achievement of 3-year cumulated free cash flow (between €6.3bn and €7bn) (30%)
- **Sustainability criteria, weighting for 20%:** strengthening of this performance criteria for the 2021 GPS with the inclusion, in addition to the CDP Climate program, of the CDP Water and Forests programs (3 consecutive years of score A for these 3 programs)

⁽¹⁾ Refers to Danone's societal and environmental initiatives

Management compensation structure

Changes to align incentives with strategic objectives

GPS Performance based shares⁽¹⁾

2017

Sales growth
> panel growth
over 3 years
(50%)
+
Free cash flow
≥ €6.5bn over a
period of 3
years (50%)



2018

Sales growth
> panel growth
over 3 years (50%)
+
Free cash flow
≥ €6.5bn over a
period
of 3 years(30%)
+
CDP Climate
leadership level
(20%)



2019

Sales growth
> panel growth
over 3 years (50%)
+
Free cash flow
≥ €6.7bn over a
period
of 3 years (30%)
+
CDP Climate
leadership level
over 3 years and
score A assigned
over 2 years (20%)



2020

Sales growth
> panel growth over 3
years (50%)
+
Free cash flow
≥ €6.7bn over a period
of 3 years (30%)
+
CDP Climate
leadership level over 3
years and score A
assigned over 3 years
(20%)



2021

Sales growth
> panel growth over 3
years (50%)
+
TSR > panel growth over
three years (30%)⁽²⁾
+
Score A assigned under
the CDP Climate, Water
and Forests programs
over 3 years
(20%)

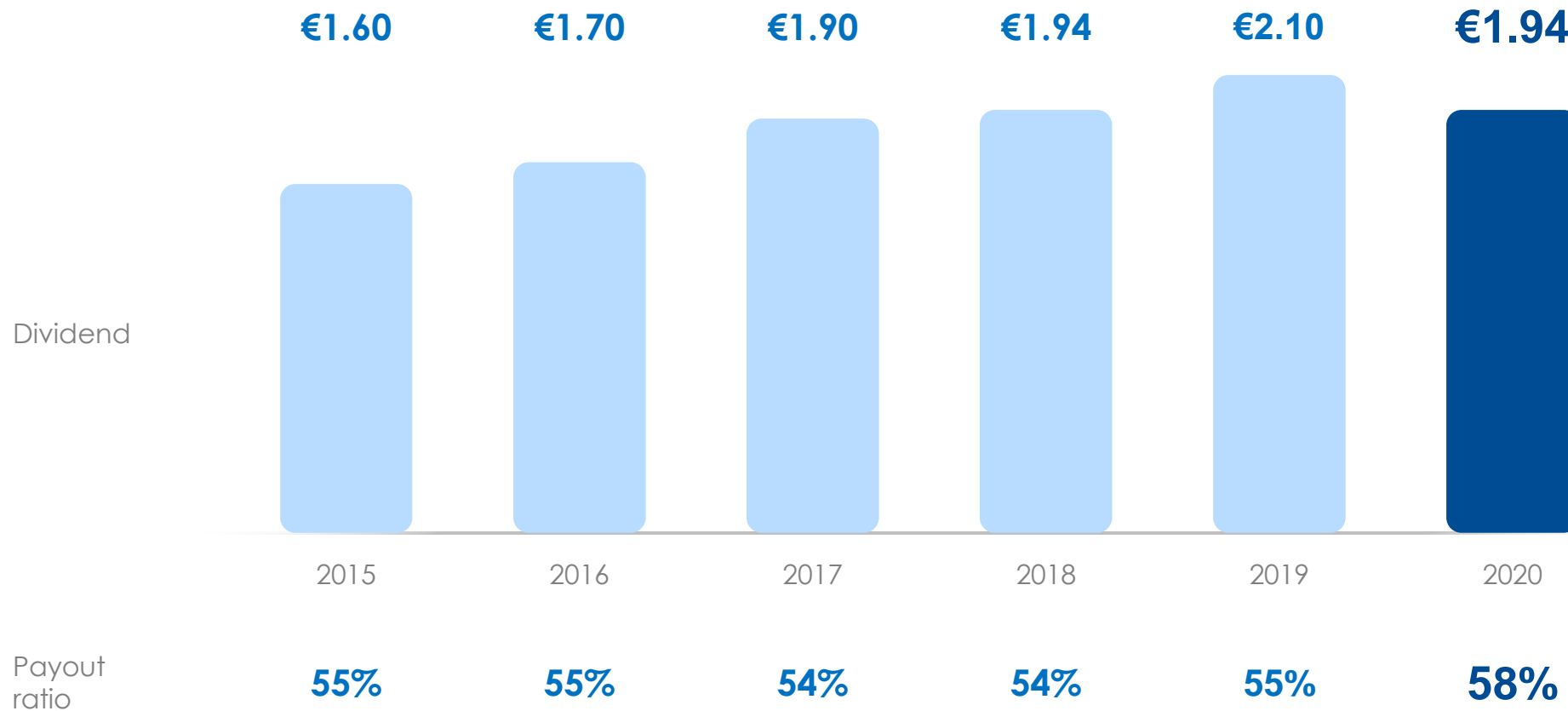
(1) Target to get 100% grant

(2) The TSR-related performance condition apply to the CEO and the other Executive Committee members. A condition relating to the level of free cash flow apply to the other beneficiaries of GPS (FCF ≥ €7bn over a period of 3 years (30%))

Compensation of Antoine de Saint-Affrique, new Chief Executive Officer

- **Determined by the Board of Directors upon recommendation of the Governance Committee, fully in line with the compensation policy approved by the Shareholders' Meeting in April 2021**
- **Same performance conditions and same balance between fixed, annual variable and long-term compensation - Target and maximum variable remunerations unchanged:**
 - Target annual variable compensation: 100% of fixed compensation (maximum: 200%)
 - Long-term compensation: performance shares representing 200% of fixed compensation (pro-rated to effective presence for the 2021 grant) (maximum: 60% fixed + target)
- **Adaptation in a context of external recruitment:**
 - Increase of remuneration to reflect previous compensation and practices observed at comparable companies - Annual fixed compensation of €1.4 million
 - Exceptional remuneration representing €1.3 million to compensate 100% of the loss of his previous long-term variable compensations in shares, exclusively in the form of Danone shares subject to 3-year performance conditions and 4-year continuous presence
 - Additional elements fully in line with the recommendations of Afep-Medef code, include:
 - Benefit in kind in line with group practices, including benefit of accommodation
 - Severance payment: in case of forced departure capped at 2 years' worth of fixed and variable paid compensation, subject to challenging performance conditions
 - Non-competition payment: duration of 18 months with payment of 50% of the annual fixed and variable compensation target - being specified that the severance payment and the non-competition payment cannot amount to more than 2 years' worth of paid annual fixed and variable compensation

2020 Dividend of 1.94€ per share in cash Balanced decision reflecting confidence in Danone's resilience



Becoming the first listed “Entreprise à Mission” in 2020 with > 99% support from shareholders

A consistent and efficient framework to progress our ESG agenda

1 Purpose (“Raison d’être”)

- Consistent with our historical social and economic project
- Focused on mission to “bring health through food to as many people as possible”
- In line with our One Planet. One Health vision & our B Corp ambition

2 Environmental and social objectives (“Mission”)

- Set of existing long-term KPIs
- In line with our 9 integrated Company Goals
- Aligned with UN SDGs

3 Mission Committee (“Comité de Mission”)

- Includes very high-level independent global experts
- Responsible for monitoring the execution of environmental and social objectives in by-laws
- Critical role to challenge the company on key sustainability topics
- Meetings at least twice a year with regular touchpoints with the company

4 Independent verification third-party

- Current company's auditor : PwC
- Synergies with mandatory ESG performed audit as part of European Directive on Non Financial Performance

The Mission Committee to monitor execution of sustainability objectives as *Entreprise à Mission*

Independent members including experts from international organizations



Pascal LAMY
France

Former Managing Director of the World Trade Organization from 2005 to 2013 and previously European Commissioner for Trade, Mr. Lamy currently chairs the Paris Peace Forum and the World Council for Ethics of Tourism.



Emna LAHMER
France

Ms. Emna Lahmer is an employee at Danone where she is currently stream leader for indirect purchasing. She served as delegate from the works council at the Board of directors of Danone.



Hiromichi MIZUNO
Japan

Mr. Mizuno currently serves on the board of PRI (Principles for Responsible Investment) and as Special Adviser to the Japanese government on green innovation and finance. On April 2020, he joined the Board of directors of Tesla.



David NABARRO
UK

Mr. David Nabarro is a medical doctor. He previously served as special adviser to the Secretary-General of the United Nations on the 2030 Agenda for Sustainable Development and Climate Change.



Ron OSWALD
USA

Mr. Ron Oswald was elected General Secretary of the International Union of Food Workers in 1997 and served in that capacity until 2017.



Gabriella Ilian RAMOS
Mexico

As of July 1st 2020, Ms. Gabriela Ramos serves as UNESCO Assistant Director General in charge of Social and Human Sciences. She currently serves as OECD Chief of Staff and Sherpa to the G20.



Jean-Michel SEVERINO
France

Mr Sévérino is the Manager of Investisseurs & Partenaires, a B Corp™ certified fund management company specializing in financing African small and medium-sized businesses.



Rajiv SHAH
USA

Mr. Rajiv Shah is a former American government official, physician and health economist. He currently serves as President of the Rockefeller Foundation.