

July 29<sup>th</sup>, 2021



## **2021 grants to the executive corporate officers of Danone**

At its meeting of July 28<sup>th</sup>, 2021, the Board of Directors of Danone decided, upon proposal of the Governance Committee, to grant Group Performance Shares (“GPS”) and Group Performance Units (“GPU”) or Units of the equivalent North America Program to Véronique PENCHIENATI-BOSETTA , Chief Executive Officer, and Shane GRANT, Deputy Chief Executive Officer.

### **1. Reminder of the applicable compensation principles**

The principles of compensation applicable to the Chief Executive Officer and the Deputy Chief Executive Officer of Danone are consistent with those applied to Executive Committee members and to approximately 1,500 Danone senior executives worldwide. They were the subject of a vote in the 27<sup>th</sup> resolution approved by more than 96% at the Shareholders’ Meeting of April 29, 2021.

The compensation for these executive corporate officers is split into two separate elements:

#### **1. Annual compensation**

- A fixed compensation, reviewed every few years, in accordance with the AFEP-MEDEF Code, which takes into account the beneficiary’s experience and level of responsibility;
- An additional compensation in a fixed amount, in order to take into account the assumption of duties in very exceptional and unforeseen circumstances, and to compensate appropriately for the sudden increase in the scope of responsibility of the corporate officer in the context of this interim appointment (not taken into account in the fixed compensation) and for operational management in a very particular context;
- An annual variable compensation subject to performance conditions, based on economic, social and managerial objectives as detailed with their respective weights in the Universal Registration Document, and which is calculated with reference to quantified, objective, quantitative and qualitative criteria. The method of allocation of each criteria category used for the economic part is also published in the Universal Registration Document.

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## 1.2 Variable long-term compensation

### Variable long-term compensation in cash, in the form of GPU (Group Performance Units)

This three-year variable compensation program is based on performance objectives which are described in the Universal Registration Document in section 6.4 *Detailed information on long-term compensation plans*, available on Danone's website at the following address: [www.danone.com](http://www.danone.com).

The performance conditions applicable to the 2021 GPU which are the subject of this grant are based, for 60% on a condition relating to the achievement of financial objectives communicated to the market for 2021 (i.e. a recurring operating margin broadly in line with 2020), 2022 and 2023, and for 40% on a condition relating to the level of commitment of Danone employees compared to that of benchmark panel (FMCG sector) over the period 2021, 2022 and 2023. They will, like the performance conditions relating to the 2021 Group Performance Shares, be presented in detail in the 2021 Universal Registration Document in section 6.4 *Detailed information on long-term compensation plans*.

The payment of GPU is subject to the validation of a three-year continuous employment condition, with the exceptions mentioned in the Universal Registration Document.

### Variable long-term compensation in the form of GPS (Group Performance Shares)

GPS are Danone shares entirely subject to performance conditions, including since 2018 an environmental performance condition.

The performance conditions applicable to the 2021 GPS are presented in the notice of meeting relating to the 2021 Shareholders' Meeting, available on Danone's website in the section dedicated to the Shareholders' Meeting. They were approved at 97.42% by the Shareholders' Meeting of April 29, 2021. They will be reproduced in full in the 2021 Universal Registration Document, in section 6.4 *Detailed information on long-term compensation plans*, available on Danone's website at the following address: [www.danone.com](http://www.danone.com).

A four-year continuous employment condition for the definitive allocation of the shares also applies, with the exceptions mentioned in the Universal Registration Document.

## 2. Grant decided on July 28<sup>th</sup>, 2021 for the executive corporate officers:

	Number of GPS granted in 2021	Number of GPU granted in 2021	Number of units granted in 2021 under the North America program
<b>Véronique PENCHIENATI-BOSETTA</b>	16,537	15,000	-
<b>Shane GRANT</b>	12,794	-	17,500

Like the other senior executives of the company (including the members of the Executive Committee), Véronique PENCHIENATI-BOSETTA is eligible to receive GPU. The Board of Directors decided on July 28 to grant her 15,000 GPU, with a maximum unit value of €30, for the year 2021. In addition, Shane GRANT benefits from a long-term variable compensation in

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cash (3 years) allocated annually in local currency (USD) to key managers based in North America. This North America program replaces the GPU program in the United States 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 Board of Directors decided on July 28 to grant him 17,500 units with a 60 USD nominal value under the North America program.

In addition, the Board of Directors decided on July 28 to grant 16,537 2021 GPS to Véronique PENCHIENATI-BOSETTA and 12,794 2021 GPS to Shane GRANT. These nominal grants may vary depending on the level of achievement of the GPS performance conditions, and could, in case of full achievement of the performance conditions, in particular the condition relating to sales growth amount respectively to 17,364 and 13,434 shares. These grants of GPS are part of the one-year authorization granted by the Shareholders’ Meeting on April 29, 2021. This authorization is limited to a number of shares equal to 0.2% of the company’s share capital, this ceiling being combined with a sub-ceiling of 0.03% of the company’s share capital for the grants of GPS reserved for the executive corporate officers. The current grant is consistent with this sub-ceiling.

At the end of the vesting period, *i.e.* on July 29<sup>th</sup>, 2025, Véronique PENCHIENATI-BOSETTA and Shane GRANT may freely dispose of their shares, subject to compliance with the commitment to hold a number of Danone shares corresponding to 35% of the capital gain, net of taxes and social security charges, which would be realized if all shares resulting from GPS plans were sold.

In accordance with the recommendations of the AFEP-MEDEF Code, the scheme is completed by the setting of an overall holding objective of a number of Danone shares representing in value 4 years of base salary for the Chief Executive Officer and the Deputy Chief Executive Officer. This holding commitment shall be deemed to be satisfied as soon as the threshold determined above is reached.

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