



Paris, February 24, 2023

2023 compensation for corporate officers of Danone

At its February 21, 2023, meeting, the Danone Board of Directors, acting on the recommendation of the Nomination, Compensation and Governance Committee, determined the annual variable compensation payable to Danone's Chief Executive Officer for 2022, as well as all elements of the compensation of the Chief Executive Officer and the Chairman of the Board of Directors for 2023.

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

1.1 Compensation payable in 2023 to Antoine de SAINT-AFFRIQUE

- **Fixed compensation for 2023**

The amount of Antoine de SAINT-AFFRIQUE's fixed compensation is €1,400,000 for 2023, unchanged from 2022.

- **Annual variable compensation for 2022 payable in 2023**

Following the implementation of the Board's adjustment ability, the annual variable compensation of Antoine de SAINT-AFFRIQUE, for fiscal year 2022, amounts to €2,121,000, instead of €2,310,000 resulting from the application of the financial criteria set at the beginning of 2022, this means a decrease of €189.000.

The Board of Directors, upon recommendation of the Nomination, Compensation and Governance Committee, has determined this amount with regard to the level of fulfillment of the economic component as described below:

Indicators	Weighting	Percentage fulfillments based on the objectives set at the beginning of the year	Percentage fulfillments (after adjustment)	Weighted result (after adjustment)
Sales growth on a like-for-like basis	15%	200%	110%	16.5%
Recurring operating margin	15%	200%	200%	30%
Free cash-flow	15%	200%	200%	30%
Return on invested capital (ROIC)	15%	200%	200%	30%
Total	60%	200%	177.5%	106.5%

Thus, the Board of Directors has decided, upon proposal of the Chief Executive Officer, pursuant to its ability to adjust the performance criteria for the annual variable compensation, included in the compensation policy for executive corporate officers for 2022, to reduce the level of achievement of the condition regarding like-for-like sales growth.

This decision was taken in view of the upgrade of the sales growth guidance announced to the market during the year (in July, and then in October) and considering the economic environment and in particular external factors, such as inflation, which have sustained the like-for-like sales growth.

The Board of Directors has determined the fulfillment level of the objectives as presented above for the following reasons:

- Over-achievement of the like-for-like sales growth objective, given that growth was 7.8% in 2022, exceeded the objective initially set at the beginning of 2022 (growth between 3% and 5%) and was at the top of the range announced in October 2022 (growth between +7% and +8%), driven by all geographic areas and categories. This organic growth was achieved in a balanced way, given the macroeconomic and operating environment in 2022; it was delivered by maximizing the mix and price contribution, while also maintaining a resilient volume contribution;
- Achievement of the recurring operating margin in line with the objective set at the beginning of 2022 ("above 12%"), despite the sequential deterioration in the operating environment (including war in Ukraine and disruptions in China) and the sharp acceleration in commodities inflation throughout the year. These actual results were achieved without revisiting the objective of reinvesting massively in product superiority, advertising and Danone’s core competencies; in fact, the Company reinvested 58 basis points in these three areas;
- Over-achievement of the free cash flow generation objective, given the €2.1 billion in free cash flow generated in 2022, despite the deterioration in the operating environment, the decline in recurring operating margin and the massive reinvestment, the Company was able to maintain a healthy free cash flow generation cycle that exceeded market expectations;
- Over-achievement of the return on invested capital (ROIC) objective, given that the ROIC reached 8.9% in 2022; this sequential improvement in ROIC in the very first year of the Renew Danone plan, against the backdrop of a decline in recurring operating margin, demonstrates the new focus on disciplined capital allocation.

The specific fulfillment percentages of the social and societal component are described below:

Indicators	Weighting	Percentage fulfillment	Weighted result
Employees sustainable engagement	10%	150%	15%
Gender pay gap	10%	100%	10%
Total	20%	125%	25%

Employee engagement was assessed through the “Danone People Survey”, covering all Danone employees worldwide, and conducted by an external service provider. The results show a positive improvement on the previous survey. The sustainable positive engagement of employees is above the median of the panel of participating FMCG companies, despite a difficult context linked to external shocks, organizational changes (with the implementation in 2022 of the Local First reorganization plan) and the change of management team. In 2022, 90% of Danone employees worldwide participated in the survey and the indicator measuring

sustainable positive employee engagement rose to 86% (3 points above the FMCG sector median).

The impact in terms of Diversity & Inclusion is assessed by the extent of the reduction in the difference in compensation between men and women (“Gender Pay Gap”). The position was on par with the previous year and is estimated at 3.2% for the Executives, Directors & Managers group.

The achievement of the managerial part is determined on the basis of a qualitative assessment to take into account the events that took place in 2022. In what was a particularly challenging external environment in 2022, the Board of Directors noted the definition, communication and successful early implementation of the “Renew Danone” strategic plan; the reorganization of the Executive Committee, with a number of recruitments of high-level talent; and the implementation of bold and necessary portfolio reviews under the strategic plan. The Board of Directors therefore considered this objective to be 100% achieved.

Therefore, Antoine de SAINT-AFFRIQUE's annual variable compensation of € 2,121,000 (after adjustment) was established as follows:

Indicators	Weighting	Percentage fulfillments based on the objectives set at the beginning of the year	Percentage fulfillments (after adjustment by the Board)	Weighted percentage (after adjustment)	Fulfillment amount (after adjustment) (in euros)
Economic	60%	200%	177.5%	106.5%	1,491,000
Social and societal and/or environmental	20%	125%	125%	25%	350,000
Managerial	20%	100%	100%	20%	280,000
Total annual variable compensation in 2022	100%	-	-	151.5%	2,121,000

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 27, 2023.

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

On July 26, 2022, 51,900 GPS were granted to the Chief Executive Officer. This nominal grant may vary depending on the level of achievement of the performance conditions and may amount to 54,495 GPS. These GPS represent 50% of the of the Chief Executive Officer's overall target nominal compensation for 2022.

- **Other benefits**

For the fiscal year 2022, the benefits in kind represent an amount of €46,593. 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 2023 fiscal year

- **A fixed compensation amounting to €1,400,000**, unchanged from 2022.
- **An annual variable compensation payable in 2024:**

The target amount of the annual variable compensation for 2023 and the maximum compensation percentage are the same as for the previous year. 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 indeed 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 in 2022: a quantifiable economic component (60%) based on Danone's objectives, a measurable social and environmental component (20%) and a qualitative managerial component (20%).

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

Performance indicators	Percentage of the target amount	Possible variation according to the weighting
Sales growth on a like-for-like basis	15%	0 to 30%
Sales volume/mix growth on a like-for-like basis	15%	0 to 30%
Recurring operating margin	15%	0 to 30%
Free cash-flow	15%	0 to 30%
Total	60%	0 to 120%

The detailed criteria breakdown for the social and environmental component is as follows:

Performance indicators	Percentage of the target amount	Possible variation according to the weighting
Reduction of greenhouse gas emissions across the value chain (scopes 1, 2 and 3) in 2023 vs 2022	10%	0 to 20%
Percentage of Danone sales covered by B-Corp certification in 2023	10%	0 to 20%
Total	20%	0 to 40%

The assessment elements for the managerial criterion 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.

The allocation of the annual variable compensation will be specifically disclosed at the close of the 2023 fiscal year. It will also be detailed in the 2023 Universal Registration Document.

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

The grant of GPS in 2023 will be decided by the Board of Directors in July, subject to the approval of the Shareholders' Meeting to be held on April 27, 2023 and will be disclosed in a special publication following the Board's meeting. The GPS granted at such time would represent approximately 50% of the Chief Executive Officer's overall target nominal compensation for 2023.

The performance conditions attached to these GPS were determined by the Board of Directors on February 21, 2023, and relate to:

- (i) the evolution of the recurring net earnings per share, for 20%
- (ii) the relative total shareholder return of the Danone share (TSR) compared to the Stoxx Europe 600 Food & Beverage index, for 25%
- (iii) the return on invested capital (ROIC), for 25% and
- (iv) three social and environmental criteria for 10% each, a health criterion, a nature criterion and a social criterion.

These conditions cover 3 years (2023, 2024 and 2025), are described in detail in the 2022 Universal Registration Document and will also be presented in the comments on the resolutions of the 2023 Shareholders' Meeting.

2. Compensation of Gilles SCHNEPP, Chairman of the Board of Directors, for the 2023 fiscal year

Gilles SCHNEPP's fixed annual compensation for 2023 amounts to €650,000, unchanged from 2022.

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