

# NOTICE OF MEETING COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF DANONE

Thursday, April 27, 2017 at 2:30 p.m.

Maison de la Mutualité

24, rue Saint-Victor,

75005 Paris – France

Doors opening at 1:00 p.m.

**DANONE**

Registered Office: 17, boulevard Haussmann, 75009 Paris – France  
A French société anonyme with a share capital of €163,973,000  
552 032 534 RCS Paris



**DANONE**



# CONTENTS

Chairman's message	3
Key figures	4
Summary on the Company's situation during the last fiscal year	6
Financial results of the Company during the last five fiscal years and other significant financial information	13
Agenda of the Shareholders' Meeting	14
How to participate in the Shareholders' Meeting?	15
How to complete your voting form?	18
Draft resolutions presented at the Shareholders' Meeting	20
Board of Directors' report on the resolutions	30
Appointment and renewals of terms of office proposed to the Shareholders' Meeting	51
Special reports of the Statutory auditors	56
Request for additional information	67

# CHAIRMAN'S MESSAGE



Ladies and Gentlemen, dear Shareholders,

I am pleased to invite you to the 2017 Shareholders' Meeting which will be held on Thursday, April 27, 2017, at 2:30 p.m., at the Maison de la Mutualité in Paris.

This special occasion to exchange views is very important for Danone. It is the occasion for the Board members and for the officers of your company to present to you all the projects led by Emmanuel Faber and his team in 2016 as well as Danone's strategy and its prospects. It is also an opportunity for you to play an active role in the company's decisions by voting on the resolutions submitted to your approval, and to express your views during the Q&A session.

You will find, in this document, all the information relating to this meeting, including information on how to participate.

I sincerely hope to see many of you at this meeting.

Thank you for your trust,

Franck Riboud

# KEY FIGURES

“Bringing health through  
food to as many people as possible”



“With the upcoming addition of WhiteWave, we will soon start a whole new and exciting chapter of our alimentation revolution journey. While we delivered a robust performance leading to a very strong recurring EPS growth in 2016, the challenges we faced, including a slower turnaround of dairy in Europe and major market volatility, are a clear case to step up in our ability to seize consumer opportunities and improve our efficiency.

The changes announced at the beginning of the year will drive horizontal collaboration and vertical delegation across our entire organization, making us more agile to grow, closer to consumers, and driving consistency in resource allocation. On one hand, I have decided to address our efficiency agenda in a radically new way, and to launch a comprehensive, company-wide program allowing us to spend better and more sustainably and to work more efficiently. On the other hand, fueled by resources generated from higher efficiency, our new integrated growth and innovation process will gradually bring our brands into an entirely new level of relevance with their communities of consumers, which is the core of the alimentation revolution.

These decoupled mid-term growth and short-term efficiency agendas, linked by our seamless resource allocation process, will allow us to reach both our short and mid-term financial objectives, beyond the benefits of the future WhiteWave acquisition. On behalf of my whole executive team, I would like to share my pride for all Danone teams, working hard every day to provide great and wholesome products: better for our health, better for our planet.”

Emmanuel FABER, Danone Chief Executive Officer

**+2.9%**

2016  
like-for-like  
Sales growth

**+70 bps**

2016  
like-for-like  
Recurring operating  
margin growth

**+9.3%**

2016  
like-for-like  
Recurring EPS  
growth

**+6.3%**

2016  
Dividend growth  
in € per share

- 99,187 employees
- Reduction of carbon intensity <sup>(a)</sup> of 50.1% <sup>(b)</sup> from 2008 to 2016
- Reduction of water intensity of 1.3% in 2016 <sup>(c)</sup>
- Ranked in leading social responsibility indexes:  
Dow Jones Sustainability Index, Ethibel Sustainability Index, MSCI and Vigeo

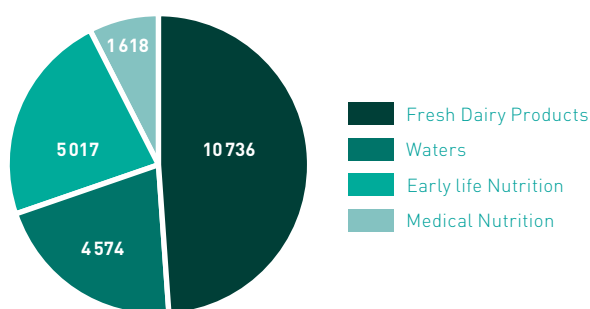
(a) Grams of CO<sub>2</sub> equivalent per kilo of product sold.

(b) Based on constant scope of consolidation, constant methodology and on emissions under the direct responsibility of Danone (packaging, industrial activities, logistics and end-of-life).

(c) Related to industrial process, based on comparable scope and constant methodology.

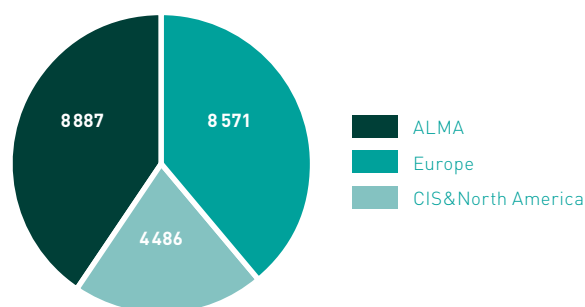
### Consolidated sales by Division

(in € millions)



### Consolidated sales by geographical area

(in € millions)



### Key financial figures

	2014	2015	2016
<b>Sales <sup>(a)</sup></b>	<b>21,144</b>	<b>22,412</b>	<b>21,944</b>
Like-for-like growth <sup>(b)</sup>	+4.7%	+4.4%	+2.9%
<b>Recurring operating income <sup>(a)(b)</sup></b>	<b>2,662</b>	<b>2,892</b>	<b>3,022</b>
<b>Recurring operating margin <sup>(b)</sup></b>	<b>12.59%</b>	<b>12.91%</b>	<b>13.77%</b>
Like-for-like growth <sup>(b)</sup>	-12 pbs	+17 pbs	+70 pbs
<b>Net income <sup>(a)</sup></b>	<b>1,253</b>	<b>1,398</b>	<b>1,827</b>
<b>Recurring EPS <sup>(b)(c)</sup></b>	<b>2.62</b>	<b>2.93</b>	<b>3.10</b>
<b>EPS <sup>(c)</sup></b>	<b>1.88</b>	<b>2.10</b>	<b>2.79</b>
<b>Free cash-flow excluding exceptional items <sup>(a)(b)</sup></b>	<b>1,401</b>	<b>1,529</b>	<b>1,786</b>

(a) In € millions.

(b) Financial indicator not defined by IFRS, see definition in section 3.6 *Financial indicators not defined by IFRS*.

(c) In € per share.

# SUMMARY ON THE COMPANY'S SITUATION DURING THE LAST FISCAL YEAR

## GROUP'S KEY FIGURES

Year ended December 31

<i>(in € millions unless otherwise indicated)</i>	2015	2016	Change as reported	Change Like-for-like
Sales	22,412	21,944	(2.1)%	2.9%
Recurring operating income <sup>(a)</sup>	2,892	3,022	4.5%	8.4%
Recurring operating margin <sup>(a)</sup>	12.91%	13.77%	+87 bps	+70 bps
Recurring net income – Group share <sup>(a)</sup>	1,791	1,911	6.7%	10.4%
Net income – Group share	1,282	1,720	34.1%	35.1%
Recurring EPS (in €) <sup>(a)</sup>	2.93	3.10	5.6%	9.3%
EPS (in €)	2.10	2.79	32.7%	
Free cash flow excluding exceptional items <sup>(a)</sup>	1,529	1,786	16.8%	

<sup>(a)</sup> See definition section 3.6 *Financial indicators not defined by IFRS* of the 2016 Registration Document.

## GROUP SALES

### Consolidated net sales

Consolidated sales stood at €21,944 million in 2016, down -2.1% from the figures reported in 2015. Excluding the impact of changes in the basis for comparison (i.e. exchange rates and scope of consolidation) sales were up +2.9%. This organic growth reflects a +3.1% rise in value and a -0.2% decline in volume.

The -5.5% exchange-rate effect reflects negative trends in currencies including the Argentine peso, the Mexican peso, and the Russian ruble.

The +0.6% impact of the change in scope of consolidation results primarily from full consolidation of Fan Milk group companies since December 2015.

### Sales by Division

- The Fresh Dairy Products Division recorded sales of €10,736 million in 2016, up +2.0% on a like-for-like basis. This growth resulted from the combined impacts of a -2.6% decline in volume and a +4.6% increase in value. This performance illustrates a global improvement despite variations from one market to another.
- The Waters Division recorded a solid performance in 2016, with sales up +2.9% on a like-for-like basis to €4,574 million. This growth reflected the combined impact of a +2.9% increase in volume and a stable price mix effect. Excluding China, the Division's overall performance was at mid to high single digit, supported by strong category dynamics related to consumers' switch to healthier hydration options and a constant focus on brand innovation and activation.
- The Early Life Nutrition Division recorded sales of €5,017 million in 2016, up +3.5% on a like-for-like basis. This increase resulted from 0.6% growth in volume and a +2.9% value increase. This performance includes a decline in 'indirect' sales to China. Excluding these, Division growth remained strong at mid-single digit growth.
- The Medical Nutrition Division recorded an excellent performance in 2016, with sales rising by +7.4% on a like-for-like basis to €1,618 million. This growth consisted of a +4.8% increase in volume and a price mix effect of +2.6%.



## Sales by geographic area

### Europe

Europe recorded sales of €8,571 million in 2016, down -1.4% on a like-for-like basis.

This performance reflects a sequential improvement of trends in the Fresh Dairy Products Division and a decline in "indirect" sales exported to China in Early Life Nutrition linked to the fast-changing China regulation.

### CIS & North America

The CIS & North America zone recorded sales of €4,486 million in 2016, up +4.6% on a like-for-like basis with two different market dynamics.

In the United States, Fresh Dairy Products generated solid growth throughout the year despite the competitive environment. Successful brand innovation and activation contributed to reinforcing Danone's leadership.

In the CIS, Fresh Dairy Products also generated a solid performance despite a difficult economic environment. The enhancement of its brand portfolio's value through mix management and the strength of its brands offset lower volumes and generated solid sales growth.

### ALMA

The ALMA region generated sales of €8,887 million in 2016, up +6.7% on a like-for-like basis. This robust growth relied on different pillars of growth that has allowed absorbing the effect of Danone's transitioning of the *Mizone* brand in China.

## OTHER COMPONENTS OF THE GROUP'S INCOME STATEMENT

### Consolidated recurring operating income and recurring operating margin

Recurring operating income totaled €3,022 million in 2016, compared with €2,892 million in 2015.

Danone's recurring operating margin stood at 13.77%, up +87 bps as reported, reflecting:

- a +70 bps rise like-for-like;
- a +10 bps rise due to changes in the scope of consolidation that mainly reflected deconsolidation of Dumex activity in China and full consolidation of Fan Milk group companies;
- a +6 bps rise due to trends in exchange rates (favorable geographical mix).

As part of its 2020 transformation plan, Danone continued to focus in 2016 on building a more resilient and balanced model through disciplined resource allocation, efficiency gains and cost optimization.

Throughout the year, with trends in raw material costs still favorable, Danone pursued structural efforts to enhance the value of its brand portfolio through mix management, to optimize its cost basis and to capture further sources of efficiency from its model.

In parallel, in an even more volatile and complex environment where dynamics in some key emerging markets are changing rapidly, Danone decided last June to prioritize margin improvement and consequently adjust the pace of topline refueling, funding short-, mid- and long-term initiatives appropriately. The company thus remained focused on strategic growth initiatives that create long-term value rather than purely tactical initiatives for the short term.

Lastly, this very strong performance also includes the positive impact of a favorable basis of comparison in Early Life Nutrition. The first half of 2015 was hit by the costs associated with Dumex's

adaptation plan and costs linked to a fire in Cuijk production plant in the Netherlands.

As a result, the company's margin rose by a very strong +70 bps like-for-like, well above the initial guidance, with a positive contribution from all Divisions.

Cost of goods sold totaled €10,744 million in 2016 (€11,212 million in 2015), or 49.0% of consolidated sales (50.0% in 2015). This favorable evolution reflects the deflationary trend of milk and milk ingredients based prices as well as cost optimization of raw materials.

As per 2016 roadmap, Danone has stepped up its amounts spent on marketing and sales compared with 2015, especially in the Fresh Dairy Products Division and the Early Life Nutrition Division.

Selling expense was €5,562 million in 2016 (€5,677 million in 2015), or 25.3% of consolidated sales (25.3% in 2015).

General and administrative expense was €2,004 million in 2016 (€1,944 million in 2015), or 9.1% of consolidated sales (8.7% in 2015).

Research and Development costs totaled €333 million in 2016 (€307 million in 2015), or 1.5% of consolidated sales (1.4% in 2015) (see section 3.1 *Business highlights in 2016*).

Other operating income and expenses stood at €(99) million, including in particular €(51) million of expenses related to Danone's 2020 transformation plan (notably One Danone) as well as €(57) million of expenses related to the future acquisition of WhiteWave.

The net income amounted to €1,827 million in 2016 (€1,398 million in 2015). The net income – Group share amounted to €1,720 million in 2016 (€1,282 million in 2015).

## FREE CASH-FLOW AND GROUP'S NET DEBT

### Free cash-flow

Free cash flow stood at €1,760 million in 2016, including €26 million (net of tax) in outlays related to the Company's cost-reduction and adaptation plan in Europe. These costs had been incurred or provisioned in 2015 and were paid in 2016.

Free cash flow excluding exceptional items thus came to €1,786

million (8.1% of sales), up +16.8% from 2015, buoyed by the rise in sales and in recurring operating margin, and by favorable exchange-rate effects. This will fund Danone's roadmap for growth.

Capital expenditure for 2016 came to €925 million, or 4.2% of sales.

### Net debt

Danone's net debt decreased by €327 million from December 31, 2015 and stood at €7,472 million on December 31, 2016. This includes

€699 million in put options granted to minority shareholders, down €163 million from December 31, 2015.

### Dividend

At the Annual General Meeting on April 27, 2017, Danone's Board of Directors will ask shareholders to approve the distribution of a €1.70 dividend per share in respect of the 2016 fiscal year, up +6.3% from 2015. This dividend reflects the confidence of both the Board and management in the Company's agenda towards strong profitable and sustainable growth.

Shareholders will be asked to opt for full payment of their dividend in either cash or in Danone shares. New shares would be issued at a price set at 90% of the average opening Danone share price on Euronext over the twenty trading days prior to the General Meeting on April 27, 2017 less the amount of the dividend.

Assuming this proposal is approved, the ex-dividend date will be May 5, 2017. The period during which shareholders may opt to receive dividends in cash or in shares will begin on May 5 and run through May 19. Dividends will be payable in cash or in shares on June 1, 2017.

*For more information on the Group's situation during the previous fiscal year, section 3 of Danone's Business Highlights in 2016 and Outlook for 2017 of the 2016 Registration Document (which was filed with the French Financial Markets Authority on March 17, 2017 under number D.17-0183 and which is available on Danone's website at the following address: [www.danone.com](http://www.danone.com) [section "Investors/Regulated Information/Annual Financial Reports"]).*



# MAIN FINANCIAL DATA OF THE GROUP FOR THE 2015 AND 2016 FISCAL YEARS

The financial information presented in the tables hereafter is taken from the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards (which are presented in section 4.1 Consolidated financial statements and notes to the consolidated financial statements of the 2016 Registration Document).

## Consolidated income statement and earnings per share

	Year ended December 31	
(in € millions, except earnings per share in €)	2015	2016
<b>Net sales</b>	<b>22,412</b>	<b>21,944</b>
Cost of goods sold	(11,212)	(10,744)
Selling expense	(5,677)	(5,562)
General and administrative expense	(1,944)	(2,004)
Research and Development expense	(307)	(333)
Other income (expense)	(380)	(278)
<b>Trading operating income</b>	<b>2,892</b>	<b>3,022</b>
Other operating income (expense)	(682)	(99)
<b>Operating income</b>	<b>2,210</b>	<b>2,923</b>
Interest income on cash equivalents and short-term investments	122	130
Interest expense	(274)	(276)
Cost of net debt	(152)	(146)
Other financial income	1	67
Other financial expense	(134)	(214)
<b>Income before tax</b>	<b>1,925</b>	<b>2,630</b>
Income tax expense	(626)	(804)
<b>Net income from fully consolidated companies</b>	<b>1,299</b>	<b>1,826</b>
Share of profit of associates	99	1
<b>Net income</b>	<b>1,398</b>	<b>1,827</b>
<b>Net income – Group share</b>	<b>1,282</b>	<b>1,720</b>
Net income – Non-controlling interests	115	107
<b>Net income – Group share, per share</b>	<b>2.10</b>	<b>2.79</b>
<b>Net income – Group share, per share after dilution</b>	<b>2.10</b>	<b>2.79</b>

## Consolidated balance sheet

As of December 31

<i>(in € millions)</i>	<b>2015</b>	<b>2016</b>
<b>Assets</b>		
Goodwill	11,653	11,620
Brands	3,833	3,879
Other intangible assets	292	304
Intangible assets	15,779	15,803
Property, plant and equipment	4,752	5,036
Investments in associates	2,882	2,730
Investments in other non-consolidated companies	70	81
Long-term loans and long-term financial assets	204	208
Other financial assets	274	288
Derivatives – assets <sup>(a)</sup>	125	148
Deferred taxes	902	831
<b>Non-current assets</b>	<b>24,715</b>	<b>24,836</b>
Inventories	1,374	1,380
Trade receivables <sup>(b)</sup>	2,466	2,524
Other current assets <sup>(b)</sup>	793	1,061
Short-term loans	40	18
Derivatives – assets <sup>(c)</sup>	120	419
Short-term investments	2,514	13,063
Cash and cash equivalents	519	557
Assets held for sale	171	92
<b>Current assets</b>	<b>7,998</b>	<b>19,113</b>
<b>Total assets</b>	<b>32,712</b>	<b>43,949</b>

(a) Derivatives used to manage net debt.

(b) Regarding the balance as of December 31, 2015, €237 million were reclassified from Other current assets to Trade receivables.

(c) Derivatives used to manage net debt. As of December 31, 2016, also includes instruments used to hedge the acquisition price of WhiteWave, whose fair value was €377 million.

<i>(in € millions)</i>	<b>2015</b>	<b>2016</b>
<b>Equity and liabilities</b>		
Share capital	164	164
Additional paid-in capital	4,132	4,178
Retained earnings	11,454	12,035
Cumulative translation adjustments	(1,177)	(1,460)
Accumulated other comprehensive income	(260)	(126)
Treasury shares and DANONE call options <sup>(a)</sup>	(1,707)	(1,682)
<b>Equity – Group share</b>	<b>12,606</b>	<b>13,109</b>
Non-controlling interests	63	85
<b>Consolidated equity</b>	<b>12,669</b>	<b>13,194</b>
Financing	7,835	18,438
Derivatives – liabilities <sup>(b)</sup>	4	19
Liabilities related to put options granted to non-controlling interests	248	315
Non-current financial debt	8,087	18,771
Provisions for retirement obligations and other long-term benefits	793	959
Deferred taxes	1,126	1,090
Other non-current provisions and liabilities	834	885
<b>Non-current liabilities</b>	<b>10,841</b>	<b>21,705</b>
Financing	2,374	2,119
Derivatives – liabilities <sup>(b)</sup>	3	8
Liabilities related to put options granted to non-controlling interests	614	384
Current financial debt	2,991	2,510
Trade payables <sup>(c)</sup>	3,624	3,772
Other current liabilities <sup>(c)</sup>	2,570	2,741
Liabilities directly associated with assets held for sale	18	26
<b>Current liabilities</b>	<b>9,202</b>	<b>9,050</b>
<b>Total equity and liabilities</b>	<b>32,712</b>	<b>43,949</b>

(a) DANONE call options acquired by the Company.

(b) Derivative instruments used to manage net debt.

(c) Regarding the balance as of December 31, 2015, €289 million were reclassified from Other current liabilities to Trade payables.

# Consolidated statement of cash flows

Year ended December 31

<i>(in € millions)</i>	<b>2015</b>	<b>2016</b>
<b>Net income</b>	<b>1,398</b>	<b>1,827</b>
Share of profit of associates net of dividends received	(58)	52
Depreciation, amortization and impairment of tangible and intangible assets	1,217	786
Increases in (reversals of) provisions	148	51
Change in deferred taxes	(179)	(65)
(Gains) losses on disposal of property, plant and equipment and financial investments	29	(74)
Expense related to stock-options and Group performance shares	27	24
Cost of net financial debt	152	149
Net interest paid	(182)	(148)
Net change in interest income (expense)	(30)	–
Other components with no cash impact	1	13
Other net cash outflows	–	–
<b>Cash flows provided by operating activities, before changes in net working capital</b>	<b>2,552</b>	<b>2,615</b>
(Increase) decrease in inventories	(66)	(24)
(Increase) decrease in trade receivables	(418)	(110)
Increase (decrease) in trade payables	174	298
Change in other receivables and payables	128	(127)
Change in working capital requirements	(182)	37
<b>Cash flows provided by (used in) operating activities</b>	<b>2,369</b>	<b>2,652</b>
Capital expenditure <sup>(a)</sup>	(937)	(925)
Proceeds from the disposal of property, plant and equipment <sup>(a)</sup>	31	27
Net cash outflows on purchases of subsidiaries and financial investments <sup>(b)</sup>	(596)	(66)
Net cash inflows on disposal of subsidiaries and financial investments <sup>(b)</sup>	2	110
(Increase) decrease in long-term loans and other long-term financial assets	(19)	6
<b>Cash flows provided by (used in) investment activities</b>	<b>(1,519)</b>	<b>(848)</b>
Increase in share capital and additional paid-in capital	39	46
Purchase of treasury shares (net of disposals) and DANONE call options <sup>(c)</sup>	198	32
Dividends paid to Danone shareholders	(314)	(985)
Buyout of non-controlling interests	(1,929)	(295)
Dividends paid	(97)	(94)
Contribution from non-controlling interests to capital increases	(3)	6
Transactions with non-controlling interests	(2,029)	(383)
Net cash flows on hedging derivatives <sup>(d)</sup>	22	50
Bonds issued during the period	2,049	11,237
Bonds repaid during the period	(603)	(638)
Net cash flows from other current and non-current financial debt	(101)	(442)
Net cash flows from short-term investments	(242)	(10,531)
<b>Cash flows provided by (used in) financing activities</b>	<b>(982)</b>	<b>(1,616)</b>
Effect of exchange rate and other changes <sup>(e)</sup>	(228)	(151)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(361)</b>	<b>38</b>
<b>Cash and cash equivalents as of January 1</b>	<b>880</b>	<b>519</b>
<b>Cash and cash equivalents as of December 31</b>	<b>519</b>	<b>557</b>
<b>Supplementary disclosures</b>		
Income tax payments during the year	(804)	(891)

(a) This expenditure relates to property, plant and equipment and intangible assets used in operating activities.

(b) Acquisition/disposal of companies' shares. In the case of fully consolidated companies, this comprises cash and cash equivalents as of the acquisition/disposal date.

(c) DANONE call options acquired by the Company.

(d) Derivative instruments used to manage net debt. As of December 31, 2016, also includes and consists almost entirely of cash flows related to the hedging of the WhiteWave acquisition price that expired in 2016.

(e) Effect of reclassification with no impact on net debt.

# FINANCIAL RESULTS OF THE COMPANY DURING THE LAST FIVE FISCAL YEARS AND OTHER SIGNIFICANT FINANCIAL INFORMATION

The information presented in the table below is taken from the financial statements of the parent company Danone (which are presented in section 4.2 Financial statements of Danone SA, parent company of the Danone group of the 2016 Registration Document, available on Danone's website at the following address: [www.danone.com](http://www.danone.com) (section "Investors/Regulated Information/Annual Financial Reports"))

	2012	2013	2014	2015	2016
<b>Capital at year-end</b>					
Share capital (in €)	160,790,500	157,757,000	160,948,000	163,737,800	163,973,000
Number of shares issued	643,162,000	631,028,000	643,792,000	654,951,200	655,892,000
<b>Operations and results for the year (in € millions)</b>					
Net sales	478	520	474	492	648
Net income before tax, depreciation, amortization and provisions	395	686	482	2,070	1,318
Income tax <sup>(a)</sup>	112	77	76	111	59
Income after tax, depreciation, amortization and provisions	442	762	541	2,217	1,347
Dividends paid <sup>(b)</sup>	857	860	915	995	1,115
<b>Earnings per share (in € per share)</b>					
Income after tax but before depreciation, amortization and provisions	0.79	1.19	0.85	3.33	2.10
Net income after tax, depreciation, amortization and provisions	0.69	1.16	0.84	3.38	2.05
Dividend per share	1.45	1.45	1.50	1.60	1.70
<b>Personnel</b>					
Average number of employees for the year	746	740	725	798	844
Payroll expense (in € millions)	170	149	159	180	160
Amounts paid in respect of employee benefits <sup>(c)</sup> (social security, social benefit schemes, etc.) (in € millions)	71	66	71	77	90

(a) Income (expense).

(b) Amount relative to the 2016 fiscal year estimated as of December 31, 2016 based on the number of treasury shares held on that date by the Company. The 2015 dividend corresponds to the amount actually paid out during the 2016 fiscal year.

(c) Includes personnel expense excluding social charges as well as provisions related to stock-options and Group performance shares.

# AGENDA OF THE SHAREHOLDERS' MEETING

## Agenda within the authority of the Ordinary Shareholders' Meeting:

1. Approval of the statutory financial statements for the fiscal year ended December 31, 2016;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2016;
3. Allocation of earnings for the fiscal year ended December 31, 2016 and setting of the dividend at €1.70 per share;
4. Option for the payment of the dividend in shares;
5. Renewal of the term of office of Mrs. Gaëlle OLIVIER as Director;
6. Renewal of the term of office of Mrs. Isabelle SEILLIER as Director;
7. Renewal of the term of office of Mr. Jean-Michel SEVERINO as Director;
8. Renewal of the term of office of Mr. Lionel ZINSOU-DERLIN as Director;
9. Appointment of Mr. Gregg L. ENGLES as Director;
10. Approval of agreements referred to in Articles L. 225-38 et seq. of the French commercial code entered into by the Company with J.P. Morgan group;
11. Opinion on the components of compensation due or awarded to Mr. Franck RIBOUD, Chairman of the Board of Directors, for the year ended December 31, 2016;
12. Opinion on the components of compensation due or awarded to Mr. Emmanuel FABER, Chief Executive Officer, for the year ended December 31, 2016;
13. Approval of the compensation policy for the Chairman of the Board of Directors;
14. Approval of the compensation policy for the executive corporate officers of the Company;
15. Authorization granted to the Board of Directors to purchase, retain or transfer the Company's shares.

## Agenda within the authority of the Extraordinary Shareholders' Meeting:

16. Delegation of authority to the Board of Directors to issue ordinary shares and securities, with preferential subscription right of the shareholders;
17. Delegation of authority to the Board of Directors to issue ordinary shares and securities, without preferential subscription right of the shareholders, but with the obligation to grant a priority right;
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;
19. Delegation of authority to the Board of Directors to issue ordinary shares and, without preferential subscription right of the shareholders, in the event of a public exchange offer initiated by the Company;
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;
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;
22. Delegation of authority to the Board of Directors to issue ordinary shares and securities 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;
23. Authorization granted to the Board of Directors to allocate existing or newly issued shares of the Company, without preferential subscription right of the shareholders;
24. Authorization granted to the Board of Directors to reduce the share capital by canceling shares;
25. Powers to carry out formalities.



# HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING?

*The Shareholders' Meeting includes all shareholders. Thus, all shareholders, regardless the number of shares they hold, are entitled to participate in the Shareholders' Meeting. Shareholders may choose between one of the three following options of participation:*

- *attend the Meeting in person;*
- *grant powers (proxy appointment) to the Chairman of the Shareholders' Meeting or to any individual or legal entity of their choice; or*
- *vote by correspondence.*

*In accordance with the provisions of article R. 225-85 III of the French commercial code, when a shareholder has already voted by postal ballot, sent a proxy, or requested an admission card or participation certificate to attend the Annual General Meeting, he or she may no longer choose to participate in a different manner.*

## I. PRELIMINARY FORMALITIES TO PARTICIPATE IN THE SHAREHOLDERS' MEETING

In accordance with Article R. 225-85 of the French commercial code, only shareholders who provide evidence of their status by registering their securities, in their name or in the name of their authorized intermediary acting on their behalf (pursuant to the seventh paragraph of Article L. 228-1 of the French commercial code), on the second business day preceding the Meeting, *i.e.* on Tuesday April 25, 2017 at 00:00 (Paris time), either in the Company's registry of registered shares or in the registry of bearer securities

maintained by the authorized intermediaries, may participate in the Shareholders' Meeting.

The registration of securities in the registry of bearer securities maintained by the authorized intermediaries shall be established by a certificate of participation issued by the intermediaries and attached to the correspondence or proxy voting form or the request for an admission card, completed in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary.

## II. METHODS OF PARTICIPATING IN THE SHAREHOLDERS' MEETING

### 1. Attendance at the Shareholders' Meeting in person

Shareholders wishing to attend the Shareholders' Meeting in person may request an admission card as follows:

#### 1.1 Request for an admission card by postal means

- **For shareholders with registered shares (pure or administered):** they shall send, at the latest on Monday, April 24, 2017, their request for an admission card, using the form attached to the notice of meeting, to BNP Paribas Securities Services, Services Assemblées Générales – CTS Assemblées Générales, Les Grands Moulins de Pantin, 9, rue du Débarcadère – 93761 Pantin Cedex or, on the Meeting day, apply to the relevant reception desk with an identification document.
- **For shareholders with bearer shares:** they shall request their authorized intermediaries managing their securities account to deliver them an admission card. The shareholders wishing to physically attend the Meeting but having not received their admission cards on the second business day preceding the Meeting, *i.e.* on Tuesday, April 25, 2017, may attend by carrying a certificate of participation delivered by their authorized intermediaries.

#### 1.2 Request for an admission card by electronic means

Shareholders wishing to attend the Shareholders' Meeting in person may also request an admission card by electronic means under the following procedure:

- **For shareholders with registered shares (pure or administered):** the request shall be made online on the VOTACCESS website via the Planetshares website at the following address: <https://planetshares.bnpparibas.com>.

Holders of pure registered shares shall log on to the Planetshares website with their usual login ID.

Holders of administered registered shares will receive a notice of meeting which will notably include their login ID, enabling them to access the Planetshares website. Shareholders having forgotten or lost their usual login ID and/or password may contact the dedicated hotline at: 0 800 320 323 (toll-free number from

a fixed-line and national operators in France) or + 33 (0) 1 58 16 71 75 (from other countries).

After registration, the shareholders shall follow the on-screen instructions to access to the VOTACCESS website and request an admission card.

- **For shareholders with bearer shares:** they shall consult their account-holding institution in order to know whether the latter is connected to the VOTACCESS website and, in such case, whether this access is subject to specific terms of use. Only those bearer shareholders whose account-holding institution adhered to the VOTACCESS website may request an admission card online.

If the account-holding institution is connected to the VOTACCESS website, shareholders shall log on to the account-holding institution's website with their usual login ID. Then, they shall click on

the icon which is displayed on the line corresponding to DANONE shares and follow the on-screen instructions to access to the VOTACCESS website and request an admission card.

The VOTACCESS website will be open as from Monday, April 3, 2017. In all cases, in order to be taken into account, the requests for an admission card by electronic means must be made at the latest the day before the Shareholders' Meeting, *i.e.* on Wednesday, April 26, 2017 at 3:00 p.m. (Paris time).

## 2. Vote by correspondence or by proxy form

It is first reminded that for any proxy form without any indication of a proxy, the Chairman of the Meeting will vote for the adoption

of the resolutions proposed or approved by the Board of Directors, and against the adoption of any other resolution.

### 2.1. Vote by correspondence or by proxy form by postal means

Shareholders who do not attend the Meeting in person but wish to vote by mail or be represented by granting a power to the Chairman of the Meeting or to any proxy may:

- **For shareholders with registered shares (pure or administered):** send back the correspondence/proxy voting form, which will be sent with the notice of meeting, to the following address: BNP Paribas Securities Services, Services Assemblées Générales – CTS Assemblées Générales, Les Grands Moulins de Pantin, 9, rue du Débarcadère – 93761 Pantin Cedex, using the prepaid envelope attached to the notice of meeting.
- **For shareholders with bearer shares:** request the correspondence/proxy voting form to the intermediary managing their securities account. Shareholders shall send back this voting form duly completed to their account-holding institution. Their

account-holding institution will then send this voting form, together with a certificate of participation, to BNP Paribas Securities Services, Services Assemblées Générales – CTS Assemblées Générales, Les Grands Moulins de Pantin, 9, rue du Débarcadère – 93761 Pantin Cedex.

In order to be taken into account, the correspondence voting forms must be received, in all cases, by the Company or BNP Paribas Securities Services, Services Assemblées Générales, three calendar days before the date of the Meeting, *i.e.* on Monday, April 24, 2017 at the latest.

Proxy appointments or revocations sent by postal means must be received at least three calendar days before the date of the Meeting, *i.e.* on Monday, April 24, 2017 at the latest.

### 2.2. Vote by correspondence or by proxy form by electronic means

Shareholders may also, before the Shareholders' Meeting, communicate their voting instructions, and appoint or revoke a proxy on the Internet on the VOTACCESS website, under the conditions set out hereafter:

- **For shareholders with registered shares (pure or administered):** holders of pure or administered registered shares wishing to vote online will access the VOTACCESS website via the Planetshares website at the following address: <https://planetshares.bnpparibas.com>.

Holders of pure registered shares shall log on to the Planetshares website with their usual login ID.

Holders of administered registered shares will receive a notice of meeting which will notably include their login ID, enabling them to access the Planetshares website. Shareholders having forgotten or lost their usual login ID and/or password may contact the dedicated hotline at: 0 800 320 323 (toll-free number from a fixed-line and national operators in France) or + 33 (0) 1 58 16 71 75 (from other countries).

After being logged on, the shareholders with registered shares shall follow the on-screen instructions to access to the VOTACCESS website and vote or appoint or revoke a proxy.

- **For shareholders with bearer shares:** they shall consult their account-holding institution in order to know whether their institution is connected or not to the VOTACCESS website and, in such case, whether this access is subject to specific terms of use. Only those bearer shareholders whose account-holding institution adhered to the VOTACCESS website may vote, appoint or revoke a proxy online.

If the account-holding institution is connected to the VOTACCESS website, shareholders shall log on to the account-holding institution's website with their usual login ID. Then, they shall click on the icon which is displayed on the line corresponding to DANONE shares and follow the on-screen instructions to access to the VOTACCESS website and vote, appoint or revoke a proxy online.

If the account-holding institution is not connected to the VOTACCESS website, the notification of appointment or revocation of a proxy may also be made by electronic means, in accordance with Article R. 225-79 of the French commercial code as follows:

- shareholders shall send an e-mail to the following address: [paris.bp2s.france.cts.mandats@bnpparibas.com](mailto:paris.bp2s.france.cts.mandats@bnpparibas.com). This e-mail must include the following information: name of the relevant company (Danone), date of the Meeting (April 27, 2017), last name, first name, address and bank references of the shareholder as well as the first name, last name and, where possible, address of the proxy; and
- shareholders must necessarily request the financial intermediary managing their securities account to send a written confirmation to BNP Paribas Securities Services, Services Assemblées Générales – CTS Assemblées Générales – Les Grands Moulins de Pantin, 9, rue du Débarcadère – 93761 Pantin Cedex;

The above-mentioned e-mail address shall be used only for the notification of appointment or revocation of a proxy. No other request or notification will be taken into account and/or processed.

In order for online proxy appointments or revocations to be taken into account, the confirmations must be received the day before the Meeting, *i.e.* on Wednesday, April 26, 2017 at 3:00 p.m. (Paris time) at the latest.

The VOTACCESS website will be open as from Monday April 3, 2017.

The opportunity to vote online before the Shareholders' Meeting will expire the day before the Meeting, *i.e.* on Wednesday, April 26, 2017 at 3:00 p.m. (Paris time).

### III. IF YOU WOULD LIKE TO TRANSFER YOUR SHARES (I) AFTER HAVING VOTED ELECTRONICALLY, SENT A PROXY OR REQUESTED AN ADMISSION CARD OR A CERTIFICATE OF PARTICIPATION AND (II) BEFORE THE SHAREHOLDERS' MEETING

Pursuant to Article R. 225-85 of the French commercial code, all shareholders may transfer all or part of their shares:

- **if you transfer all or part of your shares before the second business day preceding the Meeting date**, *i.e.* Tuesday April 25, 2017 at 00:00 (Paris time), the Company will invalidate or modify accordingly the electronic vote, the proxy, the admission card or the certificate of participation. The authorized intermediary managing your securities account will notify the Company or BNP Paribas Securities Services, Service Assemblées Générales, of the transfer and transmit the necessary information to them;

- **if you transfer all or part of your shares after the second business day preceding the Meeting date**, *i.e.* Tuesday April 25, 2017 at 00:00 (Paris time), the authorized intermediary managing your securities account and the Company do not need to be notified of this transfer, and you may therefore participate in the Meeting in the manner you choose.

### IV. WRITTEN QUESTIONS TO THE BOARD OF DIRECTORS

Each shareholder may, as from the date of the convening of the Meeting, send any written questions he/she/it wishes to the Board of Directors.

The Board of Directors will answer during the Meeting or, pursuant to Article L.225-108 of the French commercial code, the answer will be deemed to have been given when it appears on the questions and answers page of the Company's website at the following address: [www.danone.com](http://www.danone.com) (Section "Investors/Shareholder center/Shareholders' Meetings/2017").

Written questions must be sent to the Chairman of the Board of Directors, by registered letter with acknowledgement of receipt, to the following address: Danone – Direction Juridique Corporate, 15, rue du Helder, 75439 Paris Cedex 09, at the latest by the fourth business day preceding the date of the Meeting, *i.e.* on Friday, April 21, 2017.

In accordance with Article R.225-84 of the French commercial code, to be taken into account, the written questions must be accompanied by a certificate confirming registration of shares, either in the Company's registry of registered shares or in the registry of bearer securities maintained by an intermediary as stipulated in Article L.211-3 of the French monetary and financial code.

### V. PROVISIONS APPLICABLE TO THE LENDING OF SECURITIES

Pursuant to Article L.225-126-I of the French commercial code, any person holding, alone or in concert, a number of shares that represents more than 0.5% of the voting rights following one or several reverse transactions on the Company's shares, or any transaction entailing a right or obligation to resell or return these shares to the transferor, must inform the Company and the French Financial Markets Authority thereof no later than two business days preceding the Meeting, *i.e.* on Tuesday, April 25, 2017, at 00:00 (Paris time), and, when the agreement that organized this transaction remains effective on that date, must specify the total number of shares temporarily held.

This notification shall, in addition to the number of shares acquired following one of the transactions mentioned above, include the identity of the transferor, the date of execution and maturity date of the agreement relating to the transaction, and if applicable, the voting agreement. The Company publishes this information, in accordance with the provisions of the general regulations of the French Financial Markets Authority.

In case of a failure to inform the Company and the French Financial Markets Authority in the above terms, the shares acquired following one of these transactions are, in accordance with Article L.225-126 II of the French commercial code, deprived from their voting rights for the relevant Meeting and for any further Meeting that would be held until said shares are resold or returned.

### VI. COMMUNICATION RIGHT OF SHAREHOLDERS

The documents that shall be made available to shareholders for this Shareholders' Meeting will be available at the Company's registered office, 17, boulevard Haussmann, 75009 Paris, in the conditions set forth by applicable laws and regulations.

Within the applicable legal time periods, shareholders may obtain the documents referred to in Articles R. 225-81 and R. 225-83 of the French commercial code by requesting them from BNP Paribas Securities Services, Services Assemblées Générales – CTS Shareholders' Meetings – Les Grands Moulins de Pantin, 9, rue du Débarcadère – 93761 Pantin Cedex.

Documents and information detailed in Article R.225-73-1 of the French commercial code may be consulted on the Company's website at: [www.danone.com](http://www.danone.com) (Section "Investors/Shareholders center/Shareholders' Meetings/2017"), no later than from the twenty-first day preceding the Shareholders' Meeting.

# HOW TO COMPLETE YOUR FORM

## DEADLINES TO REMEMBER IN ORDER TO PARTICIPATE IN THE SHAREHOLDERS' MEETING OF THURSDAY, APRIL 27, 2017:

- Tuesday, April 25, 2017 at 00:00 (Paris time)
- Only shareholders holding shares in bearer or registered form at this date may cast a vote in the Shareholders' Meeting

### 1 YOU WOULD LIKE TO REQUEST AN ADMISSION CARD OR TO ATTEND THE MEETING IN PERSON

Check box A

### 2 YOU CANNOT ATTEND THE MEETING

and you would like to vote by correspondence or by proxy

Check box B

Choose one of the three options 2.1, 2.2, 2.3 (only one option is possible).

You would like to vote by correspondence

Check box 2.1

Each numbered box corresponds to the draft resolutions presented or approved by the Board of Directors and appearing in the notice of meeting.

- To vote YES on the resolutions, DO NOT BLACKEN the corresponding boxes
- To vote NO or to abstain (which is equivalent to a "no" vote) on certain proposed resolutions, blacken the corresponding boxes individually.

This box shall be completed

only in the event that amendments or new resolutions are presented during the Meeting.

Blacken the box corresponding to your choice.

**IMPORTANT : Avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso - Important : Before exercising your choice, please read the instructions on the reverse side.**  
Quelle que soit l'option choisie, noircir comme ceci ■ la ou les cases correspondantes, dater et signer au bas du formulaire / Whatever option is chosen, blacken as shown ■ the corresponding box(es), date and sign at the bottom of the form

- A** ☐ Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / I wish to attend this meeting and request an admission card: date and sign at the bottom of the form
- B** ☐ J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I use the voting by correspondence or proxy form below, according to one of the 3 possibilities offered



DANONE

Société anonyme au capital de 163 973 000 Euros  
Siège social : 17, Boulevard Haussmann  
75009 PARIS  
RCS PARIS 552 032 534

### ASSEMBLÉE GÉNÉRALE MIXTE

Convoquée pour le jeudi 27 avril 2017, à 14h30  
à la Maison de la Mutualité, 24, rue Saint-Victor -

### COMBINED GENERAL MEETING

to be held on, thursday 27th April, 2017 at 2:30 p.m.  
at la Maison de la Mutualité, 24, rue Saint-Victor -

FORMULAIRE DÉDIÉ AUX SOCIÉTÉS FRANÇAISES / FORM RELATED TO FRENCH COMPANIES

### ☐ JE VOTE PAR CORRESPONDANCE // I VOTE BY POST

Cf. au verso (2) - See reverse (2)

**2.1** Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ■ la case correspondante et pour lesquels je vote NON ou je m'abstiens.

I vote YES all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■, for which I vote NO or I abstain.

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noircissant comme ceci ■ la case correspondant à mon choix.

On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ■

									Oui / Yes	Non/No Abst/Abs										Oui / Yes	Non/No Abst/Abs
1	2	3	4	5	6	7	8	9	<input type="checkbox"/>	<input type="checkbox"/>	A	<input type="checkbox"/>	<input type="checkbox"/>	F	<input type="checkbox"/>	<input type="checkbox"/>					
10	11	12	13	14	15	16	17	18	<input type="checkbox"/>	<input type="checkbox"/>	B	<input type="checkbox"/>	<input type="checkbox"/>	G	<input type="checkbox"/>	<input type="checkbox"/>					
19	20	21	22	23	24	25			<input type="checkbox"/>	<input type="checkbox"/>	C	<input type="checkbox"/>	<input type="checkbox"/>	H	<input type="checkbox"/>	<input type="checkbox"/>					
									<input type="checkbox"/>	<input type="checkbox"/>	D	<input type="checkbox"/>	<input type="checkbox"/>	J	<input type="checkbox"/>	<input type="checkbox"/>					
									<input type="checkbox"/>	<input type="checkbox"/>	E	<input type="checkbox"/>	<input type="checkbox"/>	K	<input type="checkbox"/>	<input type="checkbox"/>					

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting

- Je donne pouvoir au Président de l'assemblée générale de voter en mon nom. / I appoint the Chairman of the general meeting to vote on my behalf .....

- Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (is equivalent to vote NO) .....

- Je donne procuration (cf. au verso renvoi (4)) à M., Mme ou Mlle, Raison Sociale pour voter en mon nom / I appoint (see reverse (4)) Mr, Mrs or Miss, Corporate Name to vote on my behalf .....

Pour être prise en considération, toute formule doit parvenir au plus tard :  
In order to be considered, this completed form must be returned at the latest

sur 1<sup>re</sup> convocation / on 1st notification  
24 avril 2017 / April 24, 2017

sur 2<sup>ème</sup> convocation / on 2nd notification

à / to BNP PARIBAS SECURITIES SERVICES, CTS Assemblées, Grands Moulins de Pantin - 93761 PANTIN Cedex



**DEADLINE FOR RECEIPT OF YOUR FORM:**

April 24, 2017

This box shall only be used to vote

on resolutions presented by shareholders that are not approved by the Board of Directors.

To vote, blacken the box corresponding to your choice.

ATTENTION :

CAUTION : if

Nom, p

Surna

Date & Signature

# OUR VOTING FORM?

## VOTE BY POST

Monday, April 24, 2017 (included)


Company deadline for receiving documents

## VOTE BY INTERNET

Wednesday, April 26, 2017 at 3:00 p.m.

Deadline for voting on the website VOTACCESS

*If you decide to vote by Internet, you must not return your paper voting form, and vice versa.*

**Important :** Before selecting please refer to instructions on reverse side  
Formulaire - Whichever option is used, shade box(es) like this , date and sign at the bottom of the form  
Attend the shareholders' meeting and request an admission card : date and sign at the bottom of the form.  
Prefer to use the postal voting form or the proxy form as specified below.

### CADRE RÉSERVÉ À LA SOCIÉTÉ - FOR COMPANY'S USE ONLY

Identifiant - Account

Nombre d'actions  
Number of shares

Nominatif  
Registered

Vote simple  
Single vote

Vote double  
Double vote

Porteur  
Bearer

Nombre de voix - Number of voting rights

### JE DONNE MON POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE

2.2  
I GIVE MY PROXY TO THE  
CHAIRMAN OF THE GENERAL MEETING

### JE DONNE MON POUVOIR A : Cf. au verso (4)

2.3  
I HEREBY APPOINT : See reverse (4)

M., Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name

Adresse / Address

Si il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.  
If it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.

Prénom, adresse de l'actionnaire (les modifications de ces informations doivent être adressées à l'établissement concerné et ne peuvent être effectuées à l'aide de ce formulaire). Cf au verso (1)  
First name, address of the shareholder (Change regarding this information have to be notified to relevant institution, no change can be made using this proxy form). See reverse (1)

### WRITE HERE YOUR LAST NAME, FIRST NAME AND ADDRESS

If this information is already provided,  
please check its accuracy and correct  
it if necessary.

If the signatory is not the shareholder, he/  
she must enter his/her last name, first  
name and in which capacity he/she is  
signing (legal administrator, guardian).

REGARDLESS OF YOUR CHOICE

Sign and date here



### WHERE TO FIND ALL THE DOCUMENTS RELEVANT FOR THE SHAREHOLDERS' MEETING?

All the documents available for shareholders may be viewed and downloaded from  
Danone's website at the following address: [www.danone.com](http://www.danone.com)  
[section "Investors/Shareholder center/Shareholders' Meeting/2017"]

You have decided to grant a proxy to the  
Chairman of the Shareholders' Meeting

Check box 2.2

You have decided to appoint a designated  
person as your proxy

(your spouse or another person – whether  
individual or legal entity – who will attend  
the Meeting)

Check box 2.3


Indicate in that box the identity of the person  
– whether individual or legal entity – who will  
represent you (last name, first name  
and address)..


### Getting to the Shareholders' Meeting



### MAISON DE LA MUTUALITÉ

24, rue Saint-Victor – 75005 Paris – France

 Line 7: Get off at "Jussieu" – Line 10: Get off at  
"Maubert-Mutualité" or "Cardinal Lemoine"

 BUS Lines 24, 47, 63, 86, 87, 89: Get off at  
"Monge Mutualité" or "Maubert-Mutualité"  
or "Cardinal Lemoine-Monge"

 GPS coordinates:  
Latitude: 48.8486110 – Longitude: 2.3504103

# DRAFT RESOLUTIONS PRESENTED AT THE SHAREHOLDERS' MEETING

*The preliminary notice for this Shareholders' Meeting, provided for in Article R. 225-73 of the French commercial code, was published in the Bulletin des Annonces Légales Obligatoires of February 27, 2017, number 25, notice 1700367.*

## Resolutions within the authority of the Ordinary Shareholders' Meeting

### First resolution

#### **[Approval of the statutory financial statements for the fiscal year ended December 31, 2016]**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the reports of the Board of Directors and of the Statutory

Auditors, approves the statutory financial statements of the Company for the fiscal year ended December 31, 2016, which include the balance sheet, the income statement and the notes, as presented, and which show earnings amounting to €1,347,496,944, as well as the transactions reflected therein and summarized in these reports.

### Second resolution

#### **[Approval of the consolidated financial statements for the fiscal year ended December 31, 2016]**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the reports of the Board of Directors and of the Statutory

Auditors, approves the consolidated financial statements of the Company for the fiscal year ended December 31, 2016, which include the balance sheet, the income statement and the notes, as presented, as well as the transactions reflected therein and summarized in these reports.

### Third resolution

#### **[Allocation of earnings for the fiscal year ended December 31, 2016 and setting of the dividend at €1.70 per share]**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the reports of the Board of Directors and of the Statutory Auditors:

- acknowledges that the earnings for fiscal year 2016 amount to €1,347,496,944;
- acknowledges that retained earnings amount to €3,974,479,253;

totaling earnings available for allocation of profits of €5,321,976,197;

- decides to allocate the total earnings as follows:
  - to legal reserve in the amount of €199,254,

- to dividends in the amount of €1,115,016,400,
- to retained earnings in the amount of €4,206,760,543.

The Shareholders' Meeting therefore decides the payment of a dividend of €1.70 per share.

When paid to individuals domiciled in France for tax purposes, the dividend is fully eligible for the 40% deduction provided for in Article 158-3.2° of the French tax code.

The ex-dividend date is May 5, 2017 and the dividend will be payable on June 1, 2017.

In accordance with the provisions of Article L. 225-210 of the French commercial code, the Shareholders' Meeting decides that the amount of the dividend corresponding to the shares held by the Company on the payment date will be allocated to the "retained earnings" account.

As a reminder, the dividends distributed for the three previous fiscal years were as follows:

Fiscal year	Number of shares	Dividend distributed per share <sup>(a)</sup>
		(in €)
2013	631,028,000	1.45 <sup>(b)</sup>
2014	643,792,000	1.50 <sup>(b)</sup>
2015	654,951,200	1.60

(a) Dividend fully eligible for the 40% deduction provided for in Article 158-3.2° of the French tax code. No other income as described by Article 243 bis of the French tax code has been distributed.

(b) The Shareholders' Meeting has offered each shareholder the option for the payment of the dividend either in cash or in shares.



## Fourth resolution

### **(Option for the payment of the dividend in shares)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report and noted that the Company's share capital has been fully paid up, decides, in accordance with the provisions of Articles L. 232-18 et seq. of the French commercial code and Articles 27.I and 34.I of the Company's by-laws, to offer each shareholder the possibility to opt for the payment in new shares of the Company of the full dividend to which the shares owned give an entitlement.

The new shares will bear rights as from January 1, 2017 and will be entirely fungible with the Company's other shares.

The issuance price of these new shares is set at 90% of the average of the opening Company share prices on Euronext over the twenty trading days preceding the date of this Shareholders' Meeting less the net amount of the dividend. This issuance price will be rounded up to the next euro cent.

If the amount of the dividends to which the shareholder is entitled does not correspond to a whole number of shares, the shareholder will obtain the number of shares immediately below, and a balancing payment in cash.

The option for the payment of the dividend in shares can be exercised between May 5, 2017 and May 19, 2017 by a request to the authorized financial intermediaries or, for shareholders registered in registered share accounts of the Company, to its agent (BNP Paribas Securities Services, Service Opérations sur Titres – Les Grands Moulins de Pantin, 9, rue du Débarcadère – 93761 Pantin Cedex). Failure to exercise this option within this period will result in the full amount of the dividend owed to the shareholder being paid in cash on the payment date of the dividend, i.e. on June 1, 2017.

The Shareholders' Meeting grants full powers to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, to implement this resolution, within the conditions set forth above and within the limits authorized by applicable laws, and regulations and in particular to carry out all transactions related or consecutive to the exercise of the option, acknowledge the resulting share capital increase, amend the Company's by-laws accordingly, and more generally, complete all formalities useful for the issuance, listing and financial servicing of securities issued as a result of this resolution and take all useful or necessary steps in accordance with applicable laws and regulations.

## Fifth resolution

### **(Renewal of the term of office of Mrs. Gaëlle OLIVIER as Director)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, renews the term of office

of Mrs. Gaëlle OLIVIER as Director for the three-year period set forth in the by-laws.

Mrs. Gaëlle OLIVIER's term of office will expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2019.

## Sixth resolution

### **(Renewal of the term of office of Mrs. Isabelle SEILLIER as Director)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, renews the term of office

of Mrs. Isabelle SEILLIER as Director for the three-year period set forth in the by-laws.

Mrs. Isabelle SEILLIER's term of office will expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2019.

## Seventh resolution

### **(Renewal of the term of office of Mr. Jean-Michel SEVERINO as Director)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, renews the term of office

of Mr. Jean-Michel SEVERINO as Director for the three-year period set forth in the by-laws.

Mr. Jean-Michel SEVERINO's term of office will expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2019.

## Eighth resolution

### **(Renewal of the term of office of Mr. Lionel ZINSOU-DERLIN as Director)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, renews the term of office

of Mr. Lionel ZINSOU-DERLIN as Director for the three-year period set forth in the by-laws.

Mr. Lionel ZINSOU-DERLIN's term of office will expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2019.

## Ninth resolution

### **(Appointment of Mr. Gregg L. ENGLES as Director)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, appoints, subject to and with effect on the closing of the acquisition by the Danone group of The WhiteWave Foods Company, Mr. Gregg L. ENGLES as Director for the three-year period set forth in the by-laws.

Mr. Gregg L. ENGLES's term of office will expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2019.

## Tenth resolution

### **(Approval of agreements referred to in Articles L. 225-38 et seq. of the French commercial code entered into by the Company with J.P. Morgan group)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having

reviewed the Board of Directors' report and the special report of the Statutory Auditors concerning the related-party transactions, approves the new agreements authorized by the Board of Directors and entered into with the group J.P. Morgan during the fiscal year ended on December 31, 2016, as described in such reports.

## Eleventh resolution

### **(Opinion on the components of compensation due or awarded for the fiscal year ended December 31, 2016 to Mr. Franck RIBOUD, Chairman of the Board of Directors)**

The Shareholders' Meeting, consulted pursuant to the AFEP-MEDEF corporate governance code for listed companies, acting under the

conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, issues a favorable opinion on the components of compensation due or awarded for the fiscal year ended December 31, 2016 to Mr. Franck RIBOUD, Chairman of the Board of Directors, as presented in such report.

## Twelfth resolution

### **(Opinion on the components of compensation due or awarded for the fiscal year ended December 31, 2016 to Mr. Emmanuel FABER, Chief Executive Officer)**

The Shareholders' Meeting, consulted pursuant to the AFEP-MEDEF corporate governance code for listed companies, acting under the

conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, issues a favorable opinion on the components of compensation due or awarded for the fiscal year ended December 31, 2016 to Mr. Emmanuel FABER, Chief Executive Officer, as presented in such report.

## Thirteenth resolution

### **(Approval of the compensation policy for the Chairman of the Board of Directors)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report concerning the compensation policy of the corporate officers prepared in accordance with

Article L. 225-37-2 of the French commercial code, approves the principles and criteria of determination, allocation and granting of fixed, variable and exceptional components of the total compensation and benefits in kind, applicable to the Chairman of the Board of Directors in respect of his mandate, as presented in such report.

## Fourteenth resolution

### **(Approval of the compensation policy for the executive corporate officers of the Company)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report concerning the compensation policy of the corporate officers prepared in accordance with

Article L. 225-37-2 of the French commercial code, approves the principles and criteria of determination, allocation and granting of fixed, variable and exceptional components of the total compensation and benefits in kind, applicable to the executive corporate officers in respect of their mandates, as presented in such report.

## Fifteenth resolution

### **(Authorization granted to the Board of Directors to purchase, retain or transfer Company' shares)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report and the description of the program established in accordance with Articles 241-1 et seq. of the general regulations of the French Financial Markets Authority:

1. Authorizes the Board of Directors to purchase, retain or transfer the Company's shares, on one or more occasions, within the context of a share repurchase program, pursuant to the provisions of Articles L. 225-209 et seq. of the French commercial code and European Regulation 596/2014 the European Parliament and of the Council of 16 April 2014.

The Company may repurchase its own shares for any of the following purposes:

- the allocation of shares with respect to the exercise of stock purchase options by employees and/or corporate officers of the Company and of companies or economic interest groups related to it pursuant to applicable legal and regulatory provisions;
- the implementation of any plan for the allocation of shares subject to performance conditions to employees and/or corporate officers of the Company and of companies or economic interest

groups related to it pursuant to applicable legal and regulatory provisions;

- the sale of shares to employees (either directly or through employee savings mutual funds) within the context of employee shareholding plans or company savings plans;
- the delivery of shares upon the exercise of rights attached to securities giving access to the Company's share capital;
- the later delivery of shares as payment or for exchange in the context of external growth transactions;
- the cancelation of shares within the maximum legal limit; and/or
- supporting the market for the shares pursuant to a liquidity contract concluded with an investment service provider in accordance with the Ethical Charter recognized by the French Financial Markets Authority.

Within the limits permitted by applicable regulations, the shares may be acquired, sold, exchanged or transferred, in whole or in part as the case may be, on one or more occasions, by any means on any markets, including multilateral trading facilities (MTF) or via a systematic internalizer or over the counter, including by acquisition or disposal of blocks of shares (without limiting the portion of the share repurchase program that may be completed this way). These

means include the use of any financial contract or instrument (including in particular any future or any option) except the sale of put options, in accordance with applicable regulations.

2. Decides that these transactions may be completed at any time, except during the period of a public tender offer on the Company's shares, and within the limits allowed by applicable regulations.

3. Decides that the maximum purchase price may not exceed €75 per share (excluding acquisition costs).

In the event of a capital increase by incorporation of premiums, reserves or earnings through free allocations of shares or in the event of a stock split or a reverse stock split or any other transaction relating to the share capital, the price indicated above will be adjusted by a multiplying factor equal to the ratio between the number of shares comprising the share capital before the transaction and the number of shares comprising the share capital after the transaction.

4. Acknowledges that the maximum number of shares that may be purchased under this authorization may not, at any time, exceed 10% of the total number of shares comprising the share capital (i.e., on an indicative basis, 65,589,200 shares as of December 31, 2016, without taking into account the shares already held by the Company, representing a maximum theoretical purchase amount (excluding acquisition costs) of €4,919,190,000), it being specified that (i) this limit applies to an amount of the Company's capital that will be, if necessary, adjusted to take into account the transactions affecting the share capital following this Shareholders' Meeting and (ii) in accordance with Article L. 225-209 of the French commercial code, when shares are repurchased to enhance liquidity under the conditions set out in the general regulations of the French Financial Markets Authority, the number of shares taken into account for the calculation of the above-mentioned 10% limit corresponds to the number of shares purchased, minus the number of shares resold over the duration of the authorization. The acquisitions made by the Company may not under any circumstances result in the Company

holding more than 10% of its share capital, either directly or indirectly through subsidiaries.

Furthermore, the number of shares acquired by the Company to be retained and later delivered for payment or exchange in the context of external growth transactions may not exceed 5% of its share capital.

5. Delegates full powers to the Board of Directors with the ability to sub-delegate in accordance with the conditions set out by law, to:

- place all orders on any market or carry out any transaction over the counter;
- enter into and terminate any agreements in order to repurchase or sell the Company's shares;
- allocate or re-allocate the shares acquired to the various objectives under the applicable legal and regulatory conditions;
- prepare all documents, file all declarations, issue all statements and carry out all formalities with the French Financial Markets Authority or any other authority regarding the transactions carried out pursuant to this resolution;
- define the terms and conditions under which, where applicable, the rights of holders of securities giving access to the Company's share capital will be preserved in accordance with regulatory provisions; and
- carry out all other formalities and, generally, take any necessary measures.

The Board of Directors will inform the Shareholders' Meeting of the transactions carried out pursuant to this resolution.

This authorization is granted for an 18-month period as from the date of this Meeting and supersedes with effect from this day the authorization granted by the Shareholders' Meeting of April 28, 2016 in its 16<sup>th</sup> resolution.

## Resolutions within the authority of the Extraordinary Shareholders' Meeting

### Sixteenth resolution

#### **(Delegation of authority to the Board of Directors to issue ordinary shares and securities, with preferential subscription right of the shareholders)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and acknowledged that the share capital is fully paid up, and acting in accordance with Articles L. 225-129 to L. 225-129-6 and L. 228-91 et seq. of the French commercial code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide on the issuance of, on one or more occasions, in the proportions and periods that it deems appropriate, except during the period of a public tender offer on the Company's shares, in France and abroad, either in euros or any foreign currency, and with preferential subscription right of the shareholders, (i) ordinary shares of the Company and/or (ii) securities which are equity securities of the Company giving access by any means, immediately and/or in the future, to other equity securities of the Company and/or to an allotment of debt securities, and/or (iii) debt securities giving or entitling access by any means, immediately and/or in the future, to equity securities of the Company already existing or to be issued, (iv) securities which are equity securities of the Company giving access by any means, immediately and/or in the future, to equity securities already existing or to be issued by, or debt securities of, companies in which the Company will hold, directly or indirectly, at the time of the issuance, more than 50% of the share capital and/or (v) securities which are debt securities of the Company giving access by any means, immediately and/or in the future, to equity securities already existing or to be issued by companies in which the

Company will hold, directly or indirectly, at the time of the issuance, more than 50% of the share capital.

The Shareholders' Meeting decides that any issuance of preferred shares and securities giving a right to preferred shares is expressly excluded.

a) The maximum nominal amount of the increase in the Company's share capital resulting from all issuances realized either immediately and/or in the future pursuant to this delegation is equal to €57 million, it being specified that the nominal amount of ordinary shares issued under the 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> resolutions of this Meeting will be applied to this maximum amount.

It is noted that the limit indicated in paragraph (a) above is determined without taking into account the nominal value of the ordinary shares of the Company to be issued, if applicable, pursuant to the adjustments made in order to protect the interests of the holders of rights attached to securities giving access to the Company's share capital, in accordance with applicable legal and regulatory requirements and contractual provisions. To this end, the Shareholders' Meeting authorizes the Board of Directors, when necessary, to increase the share capital proportionately.

b) All issuances of debt securities carried out pursuant to this delegation shall not exceed a maximum principal amount of €2 billion (or the corresponding value of this amount for an issuance in a foreign currency or monetary unit determined by reference to several currencies). This limit is a common limit applicable to all of the issuances of debt securities which may be carried out pursuant to the delegations granted in the 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions submitted to this Meeting.

In calculating the limit set forth in paragraph (b) above, the corresponding value in euros of the principal amount of debt securities issued in foreign currencies shall be determined on the issue date.

Shareholders may exercise, in accordance with the provisions provided for by law, their preferential subscription right by irrevocable entitlement (*à titre irréductible*). The Board of Directors may furthermore grant to shareholders a preferential subscription right subject to pro rata reduction (*à titre réductible*), in proportion to their subscription rights and, in any case, limited to the number of securities requested.

According to Article L. 225-134 of the French commercial code, if the amount of subscriptions exercised by irrevocable entitlement and, if applicable, subject to pro rata reduction, does not reach the total amount of the issuance, the Board of Directors may use, at its option and in the order it finds most appropriate, one or more of the following options:

- limit the issuance to the amount of subscriptions received, provided that this amount is at least equal to three quarters of the approved issuance;
- allocate at its discretion all or part of the unsubscribed securities; and
- offer to the public, on the French or international market, all or part of the unsubscribed securities.

The Shareholders' Meeting acknowledges that this delegation entails ipso jure the waiver by the shareholders of their preferential subscription right to the Company's ordinary shares, to which the securities that would be issued on the basis of this delegation would give right, for the benefit of the holders of securities giving access to the Company's share capital and issued pursuant to this delegation.

The Board of Directors will have the necessary powers, with the ability to sub-delegate in accordance with the conditions set out by law, to carry out this resolution, determine the conditions and modalities of the issuance, and in particular, the form and characteristics of the securities to be created, to set the date, even retroactive, as from which the new ordinary shares will bear dividend rights, to

acknowledge the resulting share capital increases, and to proceed with, as necessary, any adjustments to take into account the impact of the transaction on the Company's share capital and to determine the terms and conditions according to which the preservation of the rights of the holders of securities giving access to the Company's share capital shall be ensured, in accordance with applicable legal, regulatory and contractual provisions, amend the by-laws of the Company accordingly, authorize the fees and expenses to be charged to the issue premium and take generally all necessary or useful measures for the completion of the issuances.

In the event of an issuance of debt securities, the Board of Directors will have all powers, with the ability to sub-delegate in accordance with the conditions set out by law, to decide whether or not they are subordinated, to set their interest rate, their duration (which may be with or without a fixed-term), the fixed or variable redemption price with or without a premium, the terms and conditions for their redemption in accordance with market conditions, the conditions according to which these securities shall give access to the Company's share capital and their other terms and conditions.

The Shareholders' Meeting decides that, in the case of an issuance of ordinary Company warrants (*bons de souscription d'actions*), included in the maximum limit mentioned in paragraph (a) above, the issuance may take place either by cash subscription according to the conditions provided for hereafter, or by a free allocation of these warrants to the holders of existing shares.

The Board of Directors will set, with the ability to sub-delegate in accordance with the conditions set out by law, the issuance price of the ordinary shares or securities giving access to the Company's share capital. The sum received immediately by the Company, increased, if applicable, by the sum that may be received at a later date by the Company, shall be at least equal to the nominal value for each ordinary share issued as of the issue date of said securities.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 20<sup>th</sup> resolution.

## Seventeenth resolution

### **(Delegation of authority to the Board of Directors to issue ordinary shares and securities, without preferential subscription right of the shareholders, but with the obligation to grant a priority right)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and acknowledged that the share capital is fully paid up, and acting in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 et seq. of the French commercial code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide to issue, on one or more occasions, in the proportions and periods that it deems appropriate, except during the period of a public tender offer on the Company's shares, in France and abroad, either in euros or any foreign currency, through a public offering, (i) ordinary shares of the Company and/or (ii) securities which are equity securities of the Company giving access by any means, immediately and/or in the future, to other equity securities of the Company and/or to an allotment of debt securities, and/or (iii) securities which are debt securities giving or entitling access by any means, immediately and/or in the future, to equity securities of the Company already existing or to be issued, (iv) securities which are equity securities of the Company giving access by any means, immediately and/or in the future, to equity securities already existing or to be issued by companies in which the Company will hold, directly or indirectly, at the time of the issuance, more than 50% of the share capital and/or (v) securities which are debt securities of the Company giving access by any means, immediately and/or in the future, to equity securities already existing or to be issued by

companies in which the Company will hold, directly or indirectly, at the time of the issuance, more than 50% of the share capital.

The Shareholders' Meeting also delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide to issue ordinary shares or securities mentioned in (ii) and (iii) above, following the issuance, by companies in which the Company will hold, directly or indirectly, more than 50% of the share capital, at the time of the issuance, of securities giving access to ordinary shares already existing or to be issued by the Company or to securities mentioned in (ii) and (iii) above. The issuance by these companies of the securities abovementioned entails ipso jure the waiver, for the benefit of the holders of such securities, by the shareholders of their preferential subscription right to the Company's ordinary shares or securities mentioned in (ii) and (iii) above, to which the securities that would be issued on the basis of this delegation would give right, and to the ordinary shares of the Company to be issued to which the securities mentioned at point (ii) and (iii) above give right.

The Shareholders' Meeting decides to waive the preferential subscription right of the shareholders to these ordinary shares and securities giving access to the Company's equity securities to be issued, with the understanding that the Board of Directors will be required to grant shareholders a right of priority to the totality of the issuance, for a minimum period of five trading days and under the conditions it will set in accordance with applicable legal and regulatory provisions. This subscription priority will not give rise to the creation of negotiable rights but may be exercised, if deemed appropriate by the Board of Directors, by irrevocable entitlement (*à titre irréductible*) or subject to pro rata reduction (*à titre réductible*).

a) The maximum nominal amount of the increase in the Company's share capital resulting from all issuances carried out either immediately and/or in the future pursuant to this delegation is equal to €16 million, which is a common limit applicable to the capital increases made pursuant to the delegations granted in the 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> resolutions submitted to this Meeting. The capital increases carried out pursuant to this delegation shall be charged to the global maximum amount mentioned in paragraph (a) of the 16<sup>th</sup> resolution of this Meeting.

It is noted that the limit indicated in paragraph (a) above is determined without taking into account the nominal value of the ordinary shares of the Company to be issued, if applicable, pursuant to the adjustments made in order to preserve the interests of the holders of rights attached to securities giving access to the Company's share capital, in accordance with applicable legal and regulatory requirements and contractual provisions. To this end, the Shareholders' Meeting authorizes the Board of Directors, when necessary, to increase the share capital proportionately.

b) All issuances of debt securities carried out pursuant to this delegation shall not exceed a maximum principal amount of €2 billion (or the corresponding value of this amount for an issuance in a foreign currency or monetary unit determined by a reference of several currencies); this limit is a common limit applicable to all issuances of debt securities which may be carried out pursuant to the delegations granted in the 16<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions submitted to this Meeting.

In calculating the limit set forth in paragraph (b) above, the corresponding value in euros of the principal amount of the debt securities issued in foreign currencies shall be determined on the issue date.

The Shareholders' Meeting acknowledges that this delegation entails, ipso jure, the waiver by the shareholders of their preferential subscription right to the Company's ordinary shares and equity securities to which the securities that would be issued on the basis of this delegation would give right, immediately or in the future, for the benefit of the holders of securities giving access to the Company's equity securities, and issued pursuant to this delegation.

The Board of Directors will have the necessary powers, with the ability to sub-delegate in accordance with the conditions set out by law, to implement this resolution, determine the conditions and modalities of issuances, and in particular, the form and characteristics

of the equity securities to be created, the date, even retroactive, as from which the new shares will bear dividend right, acknowledge the resulting increases in share capital, amend the by-laws of the Company accordingly, provide for the suspension, as the case may be, of the exercise of the rights attached to the securities issued or to be issued in accordance with applicable legal, regulatory and contractual provisions, amend the by-laws of the Company accordingly, allow the fees and expenses to be charged to the issue premium and take generally all necessary or useful measures of the completion of the issuances. It is specified that:

- the issuance price of the ordinary shares shall be at least equal to the minimum value provided for by the legal and regulatory provisions applicable when this delegation is implemented, after adjustment of this amount, if necessary, to take into account the difference in the dividend entitlement date of the shares. On the date of this Meeting, the minimum price corresponds to the weighted average price of the last three trading sessions on Euronext preceding the fixing of the subscription price and possibly subject to a maximum of 5% discount;
- the issuance price of the securities giving access to the Company's share capital shall be such that the sum received immediately by the Company increased, if applicable, by the sum that may be received at a later date by the Company for each ordinary share issued as a result of the issuance of securities, shall be at least equal to the amount set forth in the preceding paragraph after adjustment, if necessary, of this amount to take into account the difference in the dividend entitlement date of the shares.

In the event of an issuance of debt securities, the Board of Directors will have all powers, with the ability to sub-delegate in accordance with the conditions set out by law, to decide whether or not they are subordinated (and the case being their subordination rank), to set their interest rate, their duration (which may be with or without a fixed-term), the fixed or variable redemption price with or without a premium, the terms and conditions for their redemption in accordance with market conditions, the conditions according to which these securities shall give access to the Company's share capital and their other terms and conditions.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 21<sup>st</sup> resolution.

## Eighteenth resolution

### **(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)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, and acting in accordance with Article L. 225-135-1 of the French commercial code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide to increase, except during the period of a public tender offer on the Company's shares, the number of securities to be issued, for any issuance

decided pursuant to the 17<sup>th</sup> resolution above, in accordance with the conditions of the abovementioned Article L. 225-135-1, up to a maximum of 15% of the initial issue and at the same price as the price of the initial issue.

The Shareholders' Meeting decides that the amount of the capital increases that may be carried out pursuant to this delegation will be charged to the capital increase limit stipulated in the 17<sup>th</sup> resolution of this Meeting.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 22<sup>nd</sup> resolution.



## Nineteenth resolution

### **(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)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, and acting in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-148, L. 228-91 et seq. of the French commercial code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide, except during the period of a public tender offer on the Company's shares, to issue (i) ordinary shares of the Company, and/or (ii) securities which are equity securities of the Company giving access, by any means, immediately and/or in the future, to other equity securities of the Company and/or to the allocation of debt securities and/or (iii) securities which are debt securities giving access by any means, immediately and/or in the future, to Company's equity securities already existing or to be issued, in consideration for securities tendered in a public exchange offer initiated by the Company, and decides, to the extent necessary, to waive the shareholders' preferential subscription right to the ordinary shares and securities to be issued for the benefit of the holders of these securities.

This delegation could be used in the event of any public exchange offer initiated by the Company in France or abroad, according to local regulations, on securities fulfilling conditions set forth in Article L. 225-148 of the French commercial code, or of any other form of public offer in accordance with applicable laws and regulations, including (but not limited to) any exchange offer, any alternative tender or exchange offer, any a single tender or exchange offer for securities in exchange for securities and cash, any principal public tender offer or exchange offer, together with a subsidiary exchange offer or tender offer, or a reverse merger in the United States.

The Shareholders' Meeting acknowledges that this delegation entails, ipso jure, the waiver by the shareholders of their preferential subscription rights to the Company's ordinary shares and equity securities to which the securities that will be issued pursuant to this delegation may give right immediately and/or in the future, for the benefit of the holders of securities giving access to the Company's share capital issued pursuant to this delegation.

a) The maximum nominal amount of the increase in the Company's share capital resulting from all issuances carried out either immediately and/or in the future pursuant to this delegation is equal to €16 million, it being specified that the issuances that may be carried out as a result of this delegation shall be charged to the limits provided for in paragraphs (a) of the 16<sup>th</sup> and 17<sup>th</sup> resolutions submitted to this Meeting.

b) All issuances of debt securities carried out pursuant to this delegation shall not exceed a maximum principal amount of €2 billion

(or the corresponding value of this amount for an issuance in a foreign currency or monetary unit determined by reference to several currencies); this limit is a common limit applicable to all issuances of debt securities which may be carried out pursuant to the delegations granted in the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> and 20<sup>th</sup> resolutions submitted to this Meeting.

In calculating the limit set forth in paragraph (b) above, the corresponding value in euros of the principal amount of the debt securities issued in foreign currencies shall be determined on the issue date.

The Shareholders' Meeting grants to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, all necessary powers to carry out the issuances of ordinary shares and/or securities in consideration for the tendered shares pursuant to the abovementioned public exchange offers, in particular for:

- determine the list of securities to be exchanged, determine the conditions of the issuance, the exchange parity as well as, if applicable, the amount of cash to be paid and determine the terms of the issuance;
- determine the dates, conditions of issuance, notably the price and dividend entitlement date of new ordinary shares or, if need be, of securities, set the date, even retroactive, as from which the new shares will bear dividend rights;
- suspend, as the case may be, the exercise of rights attached to the securities issued or to be issued in accordance with applicable legal and regulatory provisions, proceed with, as necessary, any adjustments to take into account the impact of the transaction on the Company's share capital and determine the terms and conditions according to which the preservation of the rights of the holders of securities giving access to the Company's share capital shall be ensured, in accordance with applicable legal, regulatory and contractual provisions;
- record as liabilities in the balance sheet in an "additional paid-in capital" account, to which all shareholders have rights, the difference between the issue price of new ordinary shares and their nominal value;
- charge, if the need arises, all expenses and amounts incurred in connection with such transaction to the "additional paid-in capital" account; and
- acknowledge the completion of the capital increases carried out pursuant to this delegation, amend the by-laws of the Company accordingly, carry out all necessary formalities and request all authorizations for the completion of these contributions, and to take generally all necessary or useful measures for the completion of the issuances.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 23<sup>rd</sup> resolution.

## Twentieth resolution

### **(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)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, and acting in accordance with Articles L. 225-129 et seq., L. 225-147 and L. 228-91 et seq. of the French

commercial code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the powers necessary to decide, within the limit of 10% of the Company's share capital, on the date of the Board's decision and except during the period of a public tender offer on the Company's shares, upon the report of the contribution auditor(s) mentioned in the first and second paragraphs of the above-mentioned Article L. 225-147, to issue (i) ordinary shares of the Company and/or (ii) securities which are equity securities of the Company giving access, by any means, immediately and/or in the future, to other equity securities of the Company and/or to debt securities, and/or (iii) securities which are debt securities giving access to other equity securities of the



Company already existing or to be issued, in consideration for the contributions-in-kind granted to the Company and comprised of equity securities or securities giving access to share capital, when the provisions of Article L. 225-148 of the French commercial code are not applicable, and decides, to the extent necessary, to waive, for the benefit of the holders of these securities, which are the object of these contributions-in-kind, the shareholders' preferential subscription right to the securities issued pursuant to this delegation.

The Shareholders' Meeting acknowledges that this delegation entails, ipso jure, the waiver by the shareholders of their preferential subscription right to the Company's ordinary shares to which the securities, that would be issued on the basis of this delegation, would give right, for the benefit of holders of securities giving access to the Company's share capital issued pursuant to this delegation.

In addition to the legal limit of 10% of the Company's share capital provided in Article L. 225-147 of the French commercial code, the issuances carried out pursuant to this delegation shall be charged to the limits provided for in paragraphs (a) of the 16<sup>th</sup> and 17<sup>th</sup> resolutions submitted for approval to this Meeting.

All issuances of debt securities carried out pursuant to this delegation shall not exceed a maximum principal amount of €2 billion (or the corresponding value of this amount for an issuance in a foreign currency or monetary unit determined by reference to several currencies). This limit is a common limit applicable to all of the issuances of debt securities which may be carried out pursuant to the delegations granted in the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> resolutions submitted to this Meeting.

In calculating the limit set forth in paragraph (b) above, the corresponding value in euros of the nominal value of debt securities issued in foreign currencies shall be determined on the issue date.

## Twenty-first resolution

### **(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)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, and acting in accordance with Articles L. 225-129 to L. 225-129-6 and L. 225-130 of the French commercial code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide to increase the share capital, on one or more occasions, at the times and under the conditions that it deems appropriate, except during the period of a public tender offer on the Company's shares, through the incorporation of reserves, profits, premiums or any other amounts that may be capitalized, followed by the issuance and the free allocation of shares or the increase of the nominal value of the existing ordinary shares, or any combination of these two methods.

The Shareholders' Meeting decides that rights corresponding to fractional shares may neither be negotiable nor transferable and that the corresponding shares will be sold; the amounts obtained from the sale shall be distributed to the holders of the rights within the applicable legal time period.

The maximum nominal amount of the share capital increase that may be achieved, immediately or in the future, pursuant to this resolution is equal to €41 million. This limit is set (i) without taking into account the nominal amount of the Company's ordinary shares to be issued, if applicable, pursuant to the adjustments carried out in order to protect the interests of holders of rights attached to the securities that shall be issued on the basis of this delegation, in accordance with legal and regulatory requirements as well as applicable contractual provisions, and (ii) independently from the limits on the share capital increases resulting from the issuances of the ordinary shares or securities giving access to the Company's share capital as authorized in the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> resolutions submitted to this Meeting.

The Board of Directors will have full powers, with the ability to sub-delegate in accordance with the conditions set out by law, to implement this resolution, in particular:

- to determine the form and characteristics of the securities to be created, fix the term and conditions of the securities' issuance in consideration for contributions-in-kind;
- to decide, on the basis of the report of the contribution auditor(s) mentioned in the first and second paragraphs of the above-mentioned Article L. 225-147, on the valuation of the contributions and the granting of certain advantages and their values;
- to proceed, the case being, to any adjustments to take into account the impact of the transaction on the Company's share capital, determine the terms and conditions according to which the preservation of the rights of the holders of securities giving access to the Company's share capital shall be ensured, in accordance with applicable legal, regulatory and contractual provisions;
- to acknowledge the completion of the capital increases carried out pursuant to this delegation, amend the by-laws of the Company accordingly, charge the fees and expenses to the issue premium, carry out all necessary formalities and request all authorizations for the completion of these contributions, and generally to take generally all necessary or useful measures for the completion of the issuances.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 24<sup>th</sup> resolution.

The Shareholders' Meeting grants full powers to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, to implement this resolution, particularly in order to:

- determine the terms and conditions of the authorized transactions and in particular decide on the amount and the nature of the reserves and premiums to incorporate into the share capital, determining the number of new shares to issue or the amount to which the nominal value of the existing shares comprising the share capital will be increased, decide on the date as from the shares will bear dividend rights (even retroactive) of the new shares or the date on which the increase in their nominal value will take effect, charge fees of the capital increases on the corresponding premium amount;
- proceed with, as necessary, any adjustments to take into account the impact of the transaction on the Company's share capital and determine the terms and conditions according to which the preservation of the rights of the holders of securities giving access to the Company's share capital shall be ensured, in accordance with applicable legal, regulatory and contractual provisions;
- acknowledge the capital increase resulting from the issuance of shares, amend the by-laws of the Company accordingly and carry out all necessary publicity formalities;
- and generally take all measures and complete all useful or necessary formalities required to ensure the completion of capital increases.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 25<sup>th</sup> resolution.

## Twenty-second resolution

### **(Delegation of authority to the Board of Directors to issue ordinary shares and securities in favor of employees who are members of a company savings plan and/or to carry out reserved sales of securities, without preferential subscription right of the shareholders)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, and acting in accordance with Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French commercial code and Articles L.3332-1 et seq. of the French labor code, delegates to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, the authority to decide to increase the Company's share capital, on one or more occasions, at the times and under the conditions that it deems appropriate, through the issuance of ordinary shares or securities giving access to capital, reserved for the members subscribing to a company savings plan of the Company or of French or foreign companies related to the Company according to Articles L. 225-180 of the French commercial code and L. 3344-1 of the French labor code.

The maximum nominal amount of the increase of the Company's share capital that may be completed pursuant to this resolution may not exceed €3.2 million, it being specified that the issues carried out pursuant to this delegation shall be charged to the limits provided for in paragraph (a) of the 16<sup>th</sup> and 17<sup>th</sup> resolutions submitted to this Meeting.

It is noted that the above limit is determined without taking into account the nominal amount of the ordinary shares of the Company to be issued, if applicable, pursuant to the adjustments made in order to preserve the interests of the holders of rights attached to securities giving access to the Company's share capital, in accordance with applicable legal and regulatory requirements and contractual provisions. To this end, the Shareholders' Meeting authorizes the Board of Directors, when necessary, to increase the share capital proportionately.

The Shareholders' Meeting decides to waive in favor of the beneficiaries, as defined above, the shareholders' preferential subscription right to the ordinary shares or securities giving access to capital to be issued according to this resolution and to waive any right to the shares or other securities allocated free of charge on the basis of this delegation.

The Shareholders' Meeting decides to set the discount offered under the company savings plan at 20% of the average of the Company's opening share prices listed on Euronext during the 20 trading sessions preceding the date of the decision setting the opening

date for subscription. When this delegation will be implemented, the Board of Directors may decrease or remove the amount of the discount on a case-by-case basis only for reasons of legal, tax or social constraints that may be applicable outside of France, in any of the countries in which the Danone group's entities employing the employees participating in the share capital increases are located. The Board of Directors may also decide, pursuant to the provisions of Article L. 3332-21 of the French labor code, to substitute the discount with a grant of free shares for subscribers of new shares.

The Shareholders' Meeting decides that the Board of Directors may also grant to the aforementioned beneficiaries free shares or other securities giving access to the Company's share capital to be issued or already issued, by way of company contribution (*abondement*), within the limits set forth by Article L. 3332-21 of the French labor code.

The Shareholders' Meeting grants the Board of Directors full powers, with the ability to sub-delegate in accordance with the conditions set out by law, to implement this resolution, particularly in order to:

- set the subscription price, the amount, the dividend entitlement date of the shares (even retroactively) and the terms of each issuance of shares or securities giving access to capital;
- determine if the subscriptions may be made directly by the beneficiaries or through a collective investment undertaking, and in particular through a company investment fund;
- set the opening and closing dates of the subscriptions, and more generally decide on all other conditions of each issuance;
- at its sole discretion and if it deems it appropriate, charge the expenses of capital increases to the amount of the premiums associated to these increases, and deduct from this amount the sums needed to bring the legal reserve to one-tenth of the new capital after each share capital increase;
- acknowledge completion of share capital increases, enter into all agreements, take all measures necessary to carry out such increases, complete the subsequent formalities, in particular those related to the listing of the securities created, amend the by-laws of the Company accordingly, and generally take all useful or necessary measures to the completion of the issuances.

Pursuant to applicable legal provisions, the transactions carried out pursuant to this resolution may also take the form of the sale of shares to members of a company savings plan.

This delegation is granted for a 26-month period as from the date of this Meeting and supersedes with effect from this day the delegation granted by the Shareholders' Meeting of April 29, 2015 in its 26<sup>th</sup> resolution.

## Twenty-third resolution

### **(Authorization granted to the Board of Directors to allocate existing or newly issued shares of the Company, without preferential subscription right of the shareholders)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, in accordance with Articles L. 225-197-1 et seq. of the French commercial code:

1. Authorizes the Board of Directors to freely allocate, on one or more occasions, shares of the Company, existing or to be issued, to members of personnel or to certain categories thereof that it shall select among eligible employees and corporate officers of the Company and of affiliates of the Company within the meaning of Article L. 225-197-2 of the French commercial code. If the shares allocated are to be issued, this authorization will result, after the expiration of the vesting period(s), in a capital increase through the

incorporation of reserves, earnings or premiums in favor of the beneficiaries of said shares.

2. Decides that the Board of Directors will proceed with the allocations and will determine the identity of the beneficiaries of said allocations.

3. Decides that the allocation of shares in accordance with this authorization may not represent a number of existing or newly issued shares exceeding 0.2% of the Company's share capital at the end of this Meeting; this percentage shall be calculated without taking into account the adjustments that may be made in accordance with any applicable legal and regulatory requirements or any contractual provisions providing for any other adjustments, to protect the rights of the holders of securities or other rights giving access to the share capital. It is noted that the nominal amount of the existing or newly issued shares allocated pursuant to this authorization shall be charged to the limits provided for in paragraph (a) of the 16<sup>th</sup> and 17<sup>th</sup> resolutions submitted to this Shareholders' Meeting.

4. Decides that the existing or newly issued shares allocated pursuant to this authorization may be allocated, in accordance with legal requirements, to corporate officers of the Company, provided that the total thereof does not represent more than 0.03% of the Company's share capital at the end of this Meeting (subject to any adjustment mentioned in the preceding paragraph).

5. Decides that the allocation of shares to their beneficiaries will become final after a vesting period, the duration of which will be set by the Board of Directors and shall not be less than three years. The beneficiaries must hold said shares for the duration set by the Board of Directors and the holding period may not be less than two years after the final allocation of such shares. However, if the vesting period for all or a part of one or more allocations is a minimum of four years, the Shareholders' Meeting authorizes the Board of Directors not to impose any holding period for the shares in question. It is reminded that the Board of Directors may provide for longer vesting and holding periods than the aforementioned minimum durations.

6. Expressly subjects the final allocation of all existing or newly issued shares under this resolution to the achievement of the performance conditions determined by the Board of Directors and presented in the Board of Directors' report.

7. Decides, moreover, that, in the event that the disability of the beneficiary corresponds to a classification in the second or third of the categories provided in Article L. 341-4 of the French social

security code, the shares will be definitively allocated to the beneficiary before the end of the remaining vesting period. Said shares will be freely transferable from delivery.

8. Acknowledges that this authorization entails ipso jure the waiver by the shareholders of their preferential subscription right to the shares that would be issued as a result of this resolution, to the benefit of the beneficiaries.

9. Grants full powers to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, to implement this resolution, within the conditions set forth above and within the limits authorized by applicable laws and regulations, and in particular to determine the terms and conditions of the issuances that will be completed as a result of this authorization, as well as the dividend entitlement dates of the newly issued shares, to provide for the possibility to temporarily suspend the allocation rights in the conditions set forth by applicable laws and regulations, in the case of issuance of new shares to charge, as the case may be, to the reserves, profits or premium accounts of its choice the amounts necessary to the payment of such shares, to acknowledge the share capital increases, to amend the Company's by-laws accordingly, and more generally to complete all formalities useful for the issuance, listing and financial servicing of securities issued as a result of this resolution and to take all useful and necessary steps for the completion of the issuances.

This authorization is granted until December 31, 2017.

## Twenty-fourth resolution

### **(Authorization granted to the Board of Directors to reduce the share capital by canceling shares)**

The Shareholders' Meeting, acting under the conditions of quorum and majority required for extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, and acting in accordance with Articles L. 225-209 et seq. of the French commercial code:

1. Authorizes the Board of Directors to reduce the Company's share capital by canceling, on one or more occasions, within the limit of 10% of the Company's share capital on the date of this Meeting and by 24-month periods, all or part of the Company's shares that the Company holds or may acquire within the framework of share repurchase programs authorized by the Shareholders' Meeting;

2. Decides that the excess of the repurchase price of the canceled

shares over their par value shall be charged to the "additional paid-in capital" account or to any other available reserve account, including the legal reserve, within the limit of 10% of the reduction of share capital completed;

3. Delegates full powers to the Board of Directors, with the ability to sub-delegate in accordance with the conditions set out by law, to carry out, on its sole decision, the cancellation of shares thus acquired, to proceed with the resulting reduction of share capital, and the aforementioned deduction, as well as to amend the by-laws of the Company accordingly, and generally to take all useful or necessary measures for the implementation of this resolution.

This authorization is granted for a 24-month period as from the date of this Meeting and replaces the authorization granted by the Shareholders' Meeting of April 29, 2015 in its 28<sup>th</sup> resolution.

## Twenty-fifth resolution

### **(Powers to carry out formalities)**

The Shareholders' Meeting gives full powers to any bearer of an original, a copy or an excerpt of these minutes to make all legal and administrative formalities and carry out all filings and any publicity required by applicable laws and regulations.

# BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS

## Approval of the statutory and consolidated financial statements for the fiscal year 2016 (1<sup>st</sup> and 2<sup>nd</sup> resolutions)

We request that you approve the Company's statutory and consolidated financial statements for the fiscal year ended December 31, 2016.

In accordance with Article 223 quater of the French tax code, it is

stipulated that the total amount of expenses and charges referred to in paragraph 4 of Article 39 of the French tax code totaled €453,846 during the year under review, and that the tax borne as a result of these expenses and charges totaled €156,259.

## Allocation of earnings and dividend proposal (3<sup>rd</sup> resolution)

You are asked to:

- acknowledge that earnings for fiscal year 2016 totaled €1,347,496,944;
- acknowledge that retained earnings amount to €3,974,479,253; totaling earnings available for allocation of profits of €5,321,976,197;
- decide to allocate total earnings available for allocation as follows:
  - to the legal reserve in the amount of €199,254;
  - to dividends in the amount of €1,115,016,400; and
  - to retained earnings in the amount of €4,206,760,543.

The allocation to the legal reserve is required under Article L. 232-10 of the French commercial code, so that the amount of the legal reserve is equal to 10% of the Company's share capital.

The amount of €1,115,016,400 distributed to shareholders enables the payout of a dividend of €1.70 per share.

When paid to individuals domiciled in France for tax purposes, the dividend is fully eligible for the 40% tax allowance provided for in Article 158-3.2° of the French tax code.

The ex-dividend date is May 5, 2017 and the dividend will be paid out on June 1, 2017.

In accordance with Article L. 225-210 of the French commercial code, the amount of the dividend corresponding to the shares held by the Company on the payment date will be allocated to the "retained earnings" account.

### Dividends paid in respect of the last three fiscal years:

Fiscal year	Number of shares	Dividend distributed per share <sup>(a)</sup> (in €)
2013	631,028,000	1.45 <sup>(b)</sup>
2014	643,792,000	1.50 <sup>(b)</sup>
2015	654,951,200	1.60

(a) For individuals who are tax residents of France, the dividend was eligible for the full 40% deduction provided for in Article 158-3.2° of the French tax code.

(b) The Shareholders' Meeting has offered to each shareholder of the Company the option of receiving the dividend in cash or shares.

## Option for the payment of the dividend in shares (4<sup>th</sup> resolution)

We propose to offer each shareholder the possibility of receiving the full amount of the dividend payment in new shares.

This method, which was already used by the Company in 2014 and 2015, would enable shareholders who opt to receive the dividend payment in shares to reinvest the amount of their dividend immediately and receive new Danone shares.

The new shares would carry dividend rights as of January 1, 2017 and be identical to the other shares of the Company in all respects.

The issue price of these new shares would be set at 90% of the average opening listed share prices of the Company on Euronext during the 20 trading days prior to the date of the Shareholders' Meeting less the amount of the dividend. This issue price will be

rounded up to the next euro cent.

If the amount of the dividends to which the shareholder is entitled does not correspond to a whole number of shares, the shareholder will receive the next lowest whole number of shares and the remainder in cash.

The option to receive the dividend in shares would be open from May 5 to May 19, 2017.

If this option is not exercised within this time period, the shareholder will receive the full dividend payment due in cash.

The ex dividend date of the shares is May 5, 2017. The date of the payment in cash or delivery of shares is set for June 1, 2017.

## Composition of the Board of Directors (5<sup>th</sup> to 9<sup>th</sup> resolutions)

We request that you renew the terms of office of Mrs. Gaëlle OLIVIER, Mrs. Isabelle SEILLIER, Mr. Jean-Michel SEVERINO and Mr. Lionel ZINSOU-DERLIN for the three-year period set forth in the by-laws.

We also request that you appoint Mr. Gregg L. ENGLES as a Director for three years, subject to the completion by Danone group of the acquisition of The WhiteWave Foods Company ("**WhiteWave**").

The Board of Directors noted that if all its proposals are approved by the Shareholders' Meeting, the changes in the Board's composition will allow the Board to continue the ongoing improvement in the Company's governance. In particular, the appointment of Mr. Gregg L. ENGLES, a U.S. national who founded and managed WhiteWave, the global leader in organic food, plant-based milks and related products, strengthens the Board of Director's expertise and international diversification.

Accordingly, the Board's membership following the April 27, 2017 Shareholders' Meeting would have the following attributes:

- 71% independent Directors;
- 43% women Directors;
- average age of 57.4;
- average term of office of 7.2 years;
- 36% international Directors.

The Board notes that in recent years it has made a commitment to shareholders to pay close attention to its membership when proposing resolutions to the Shareholders' Meeting, notably with respect to its independence, the percentage of women Directors and the diversity of its expertise and its membership.

## Renewal of Directors' terms of office (5<sup>th</sup> to 8<sup>th</sup> resolutions)

### Regarding Mrs. Gaëlle OLIVIER (5<sup>th</sup> resolution)

We request that you renew the Director's term of office of Mrs. Gaëlle OLIVIER, who has a solid knowledge of Asia, recognized skills in the areas of finance, risks and internal audit and with a particular expertise in governance issues.

#### 1. Situation of Mrs. Gaëlle OLIVIER with respect to rules on multiple directorships

At its February 14, 2017 meeting, the Board of Directors, having received the opinion of the Nomination and Compensation Committee, reviewed the situation of Mrs. Gaëlle OLIVIER with respect to statutory provisions and the recommendations of the AFEP-MEDEF Code on multiple directorships. The Board was of the opinion, at that time, that she was in full compliance with these rules. Mrs. Gaëlle OLIVIER does not currently hold any directorships in another listed company.

Biographical information and a list of all responsibilities and positions held by Mrs. Gaëlle OLIVIER as of December 31, 2016 as well as during the past five years is found in section 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors* of the 2016 Registration Document.

#### 2. Attendance rate by Mrs. Gaëlle OLIVIER

During the past three years, Mrs. Gaëlle OLIVIER's attendance at Board of Directors and Audit Committee meetings averaged 96.3% and 80%, respectively.

#### 3. Situation of Mrs. Gaëlle OLIVIER with respect to independence rules

As part of its individual annual review of the independence of

Directors at its February 14, 2017 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, reviewed the situation of Mrs. Gaëlle OLIVIER with respect to the AFEP-MEDEF Code rules defining independence criteria for directors, and in particular, the relations between Danone and Axa Group, where Mrs. Gaëlle OLIVIER is an executive manager, and paid close attention to the existing financial flows between Danone and Axa Group.

The financial flows correspond essentially to Danone's payment of insurance premiums on insurance policies covering property, operating losses and civil liability as well as personal insurance policies. In any event, in 2016 the sums paid by Danone to Axa were significantly below 0.1% of sales generated by either Danone or Axa. Moreover, it is specified that Mrs. Gaëlle OLIVIER has no direct or indirect decision-making power regarding this business relationship, as it existed long before the appointment of Mrs. Gaëlle OLIVIER as a Director and is not "significant" for Axa Group.

As a result, the Board concluded that to the extent that these policies or agreements are entered into at arm's length in the normal course of Danone's business and do not represent significant amounts, none of these policies or agreements, taken separately or as a whole, are: (i) likely to give rise to a conflict of interests between, on the one hand, the obligations of Mrs. Gaëlle OLIVIER as a Director toward Danone or its shareholders and, on the other, her private interests and/or other obligations; and (ii) of a nature to undermine her independence as a Director of Danone.



## Regarding Mrs. Isabelle SEILLIER (6<sup>th</sup> resolution)

We request that you renew the Director's term of office of Mrs. Isabelle SEILLIER who has an expertise in financial matters and an excellent understanding of the consumer goods sector as a whole and of Danone in particular.

### **1. Situation of Mrs. Isabelle SEILLIER with respect to rules on multiple directorships**

At its February 14, 2017 meeting, the Board of Directors, having received the opinion of the Nomination and Compensation Committee, reviewed the situation of Mrs. Isabelle SEILLIER with respect to statutory provisions and the recommendations of the AFEP-MEDEF Code on multiple directorships. The Board was of the opinion, at that time, that she was in full compliance with these rules. Mrs. Isabelle SEILLIER does not currently hold any directorships in another listed company.

Biographical information and a list of all responsibilities and positions held by Mrs. Isabelle SEILLIER as of December 31, 2016 as well as during the past five years is found in section 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors* of the 2016 Registration Document.

### **2. Attendance rate by Mrs. Isabelle SEILLIER**

During the past three years, Mrs. Isabelle SEILLIER had a 100% attendance rate at Board of Directors and Strategy Committee meetings.

### **3. Situation of Mrs. Isabelle SEILLIER with respect to independence rules**

As part of its individual annual review of the independence of Directors at its February 14, 2017 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, reviewed the situation of Mrs. Isabelle SEILLIER with respect to the AFEP-MEDEF Code rules defining independence criteria for directors. In particular, the Board reviewed relations

between Danone and J.P. Morgan, one of the banks used by Danone on a recurring basis.

Although they do not appear as significant in terms of amounts for Danone and for J.P. Morgan for 2016, the Board deemed that these business relationships could potentially be significant and give rise to a conflict of interests situation, given: (i) the very nature of the business relationship, since J.P. Morgan is a bank used by Danone on a recurring basis, notably for financing transactions; and (ii) Mrs. Isabelle SEILLIER's managing director functions at J.P. Morgan for the Europe, Middle East and Africa zone. The Board therefore decided to consider Mrs. Isabelle SEILLIER a non-independent Director (see section 6.1 *Governance bodies, Review of the independence of Directors* of the 2016 Registration Document).

In that regard, it is noted that the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, established various measures to ensure that potential conflicts of interests related to the functions of Mrs. Isabelle SEILLIER are controlled by Danone, namely: (i) systematic abstention by Mrs. Isabelle SEILLIER from participating in discussions or voting on any matter that could put her in a conflict of interests situation; (ii) the explicit reference in the Board of Directors' Report to the Shareholders' Meeting of her status as a non-independent Director and the existence of potential conflicts of interests affecting her; (iii) full transparency on terms of compensation for J.P. Morgan by Danone through agreements submitted to shareholders for approval; (iv) where applicable, the vote of a resolution involving all new related party agreements entered into with J.P. Morgan, it being noted that this resolution would then be systematically submitted separately for a vote by shareholders at the next Shareholders' Meeting and (v) absence of Mrs. Isabelle SEILLIER's involvement in the negotiation and implementation of agreements entered into by Danone with the J.P. Morgan group.

## Regarding Mr. Jean-Michel SEVERINO (7<sup>th</sup> resolution)

We request that you renew the Director's term of office of Mr. Jean-Michel SEVERINO, a former senior French Treasury Officer (*inspecteur général des finances*), having a high expertise on accounting and financial matters as well as on internal control and risk management issues. Moreover, he has a strong knowledge of emerging countries, particularly in Africa, which constitutes a valuable skill for the work of the Board.

### **1. Situation of Mr. Jean-Michel SEVERINO with respect to rules on multiple directorships**

At its February 14, 2017 meeting, the Board of Directors, having received the opinion of the Nomination and Compensation Committee, reviewed the situation of Mr. Jean-Michel SEVERINO with respect to statutory provisions and the recommendations of the AFEP-MEDEF Code on multiple directorships. The Board was of the opinion, at that time, that he was in full compliance with these rules. In particular, Mr. Jean-Michel SEVERINO currently holds only one directorship in another listed company (Orange).

Biographical information and a list of all responsibilities and positions held by Mr. Jean-Michel SEVERINO as of December 31, 2016 as well as during the past five years is found in section 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors* of the 2016 Registration Document.

### **2. Attendance rate by Mr. Jean-Michel SEVERINO**

During the past three years, Mr. Jean-Michel SEVERINO had a 100% attendance rate at Board of Directors, Audit Committee and Strategy Committee meetings.

### **3. Situation of Mr. Jean-Michel SEVERINO with respect to independence rules**

As part of its individual annual review of the independence of Directors at its February 14, 2017 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, confirmed the status of Mr. Jean-Michel SEVERINO as an independent Director in accordance with the independence criteria of the AFEP-MEDEF Code (see section 6.1 *Governance bodies, Review of the independence of Directors* of the 2016 Registration Document).



## Regarding Mr. Lionel ZINSOU-DERLIN (8<sup>th</sup> resolution)

We request that you renew the Director's term of office of Mr. Lionel ZINSOU-DERLIN, whose extensive experience in financial matters, and mergers and acquisitions, as well as his excellent knowledge of African markets, constitute valuable skills for the work of the Board.

### 1. Situation of Mr. Lionel ZINSOU-DERLIN with respect to rules on multiple directorships

At its February 14, 2017 meeting, the Board of Directors, having received the opinion of the Nomination and Compensation Committee, reviewed the situation of Mr. Lionel ZINSOU-DERLIN with respect to statutory provisions and the recommendations of the AFEP-MEDEF Code on multiple directorships. The Board was of the opinion, at that time, that he was in full compliance with these rules. Mr. Lionel ZINSOU-DERLIN does not currently hold any directorships in another listed company.

Biographical information and a list of all responsibilities and positions held by Mr. Lionel ZINSOU-DERLIN as of December 31, 2016 as well as during the past five years is found in section 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors* of the 2016 Registration Document.

### 2. Attendance rate by Mr. Lionel ZINSOU-DERLIN

During the past three years, Mr. Lionel ZINSOU-DERLIN's attendance at Board of Directors and Nomination and Compensation Committee meetings averaged 75.6% and 91.5%, respectively.

Due to his participation in Benin's presidential elections in the first semester of 2016, the attendance of Mr. Lionel ZINSOU-DERLIN at Danone's meetings during this time period was lower than usual. Moreover, in 2016, due to the contemplated acquisition of WhiteWave, several meetings were convened upon very short notice. These factors were at the origin of a lower participation rate for certain Directors, including Mr. Lionel ZINSOU-DERLIN. Nevertheless, during the second semester of 2016, the attendance rate of Mr. Lionel ZINSOU-DERLIN at the Board and Nomination and Compensation Committee was 100%.

### 3. Situation of Mr. Lionel ZINSOU-DERLIN with respect to independence rules

As part of its individual annual review of the independence of Directors at its February 14, 2017 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, confirmed the status of Mr. Lionel ZINSOU-DERLIN as an independent Director in accordance with the independence criteria of the AFEP-MEDEF Code (see section 6.1 *Governance bodies, Review of the independence of Directors* of the 2016 Registration Document).

## Appointment of a new Director (9<sup>th</sup> resolution)

At its February 14, 2017 meeting, the Board of Directors, having received the opinion of the Nomination and Compensation Committee, reviewed the situation of Mr. Gregg L. ENGLES, whose appointment is proposed to you subject to the completion by Danone group of the acquisition of WhiteWave.

### 1. Skills and expertise of Mr. Gregg L. ENGLES

Mr. Gregg L. ENGLES is 59 years old and a U.S. national. He holds a juris doctorate degree in law from Yale University. He founded and directed several investment companies, and was the Chairman and Chief Executive of Dean Foods Company, one of the leading U.S. food and beverage industry companies, until WhiteWave was spun off from Dean Foods in 2012, at which time he became Chairman and Chief Executive Officer of WhiteWave. This U.S. company is the global leader in organic food, plant-based milks and related products.

His appointment reflects the cooperative nature of the acquisition of WhiteWave and will facilitate the development of a common strategic view. It is noted that the Board will benefit from Mr. ENGLES' entrepreneurial vision and deep understanding of markets and emerging consumer trends in the United States and around the world.

### 2. Situation of Mr. Gregg L. ENGLES with respect to multiple directorships

At its February 14, 2017 meeting, the Board of Directors, having received the opinion of the Nomination and Compensation Committee, reviewed the situation of Mr. Gregg L. ENGLES with respect to the statutory provisions and the recommendations of the AFEP-MEDEF Code on multiple directorships. The Board was of the opinion, at that time, that he was in full compliance with these rules. Notably, as of February 14, 2017, Mr. Gregg L. ENGLES holds only two directorships in other listed companies (Chairman of the Board of Directors and Chief Executive Officer of WhiteWave and member of the Board of

Directors of Liberta Expedia Holdings, Inc.). WhiteWave will be delisted after its acquisition; as a consequence, Mr. Gregg L. ENGLES will then hold only one other directorship in a listed company.

Biographical information and a list of all responsibilities and positions held by Mr. Gregg L. ENGLES as of December 31, 2016 as well as during the past five years is found in section 6.2 *Positions and responsibilities of the Directors and nominees to the Board of Directors* of the 2016 Registration Document.

### 3. Situation of Mr. Gregg L. ENGLES with respect to independence rules

As part of its individual annual review of the independence of Directors at its February 14, 2017 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, reviewed the situation of Mr. Gregg L. ENGLES with respect to the AFEP-MEDEF Code rules defining independence criteria for directors, notably in light of Danone's acquisition of WhiteWave (see section 6.1 *Governance bodies, Review of the independence of Directors* of the 2016 Registration Document).

Mr. Gregg L. ENGLES is the Chairman and Chief Executive Officer of WhiteWave, a company which Danone is in the process of acquiring as of February 14, 2017 and which will be consolidated after the closing. As a consequence, the Nomination and Compensation Committee recommended that the Board consider him as a non independent Director (see section 6.1 *Governance bodies, Review of the independence of Directors* of the 2016 Registration Document).

## Approval of agreements entered into with the J.P. Morgan group referred to in the Statutory auditors' special report (10<sup>th</sup> resolution)

We request that you approve the related party agreements referred to in Articles L. 225-38 *et seq.* of the French commercial code, which were authorized by the Board of Directors and entered into during the 2016 fiscal year.

The agreements authorized by the Board of Directors in 2016 and submitted to you for approval are those entered into by the Company with the J.P. Morgan group.

In 2016, the Board of Directors authorized Danone to enter into agreements with the J.P. Morgan group to finance the acquisition of WhiteWave for a total amount of approximately USD 13.1 billion.

These agreements constitute related party agreements, subject to the provisions of Articles L. 225-38 *et seq.* of the French commercial code, given the presence on the Board of Directors of Mrs. Isabelle SEILLIER, a managing director at the J.P. Morgan group. Mrs. Isabelle SEILLIER has been a Director of the Company since the April 28, 2011 Shareholders' Meeting. Given her functions at the J.P. Morgan group, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, considers her a non-independent Director.

The Board of Directors noted that various measures have been taken to ensure that potential conflicts of interests related to the functions of Mrs. Isabelle SEILLIER are controlled by Danone, namely:

- systematic abstention by Mrs. Isabelle SEILLIER from participating in discussions or voting on any matter that could put her in a conflict of interests situation (directly or indirectly) involving the J.P. Morgan group;
- explicit reference in the Board of Director's Report to the Shareholders' Meeting of her status as a non-independent Director and the existence of potential conflicts of interests affecting her;
- full transparency on the terms of compensation for J.P. Morgan by Danone, through agreements submitted to shareholders for approval;
- systematic resolutions involving all new related party agreements entered into with the J.P. Morgan group, it being noted that these resolutions would then be systematically submitted separately for a vote at the next Shareholders' Meeting; and
- absence of Mrs. Isabelle SEILLIER's involvement in the negotiation and implementation of agreements entered into by Danone with the J.P. Morgan group.

### 1. Benefit to the Company and shareholders of these agreements with J.P. Morgan

The Board of Directors believes that using J.P. Morgan for these transactions is strictly within the interests of the Company and its shareholders.

In particular, the Board of Directors emphasized that:

- it is essential that Danone be able to rely on first-tier international banking institutions;
- J.P. Morgan is a major international banking institution, whose expertise in strategic transactions is recognized in France and abroad (especially in the United States), notably transatlantic financing transactions of a size and complexity similar to those carried out by Danone in connection with its acquisition of WhiteWave;
- this institution has worked with Danone on similar strategic transactions in the past and therefore has a good understanding of Danone and its activities, complementing its expertise concerning various market participants in the global food and beverage industry, which enhances the relevance of its advice. For the acquisition of WhiteWave, it is in the Company's interest to use a U.S. bank such as J.P. Morgan, which offers the advantage of advising on the financing of Danone on a regular basis,

advising on the Company's bond offerings on a regular basis and being familiar with the Company's financing documentation used to negotiate the financing. Given the tight deadlines involved in the WhiteWave acquisition process and the goal of refinancing the loan as quickly as possible, depending on market conditions, given its limited term period and cost for Danone, the use of J.P. Morgan enabled the Company to negotiate the acquisition financing on the basis of existing financing documentation; and

- the terms of J.P. Morgan's participation (and in particular its compensation) are at arm's length, as reflected by the presence, in each of the respective agreements, of other banks benefiting from terms similar to those of J.P. Morgan.

Given these circumstances, we therefore request that you approve the four above-mentioned agreements entered into by the Company with the J.P. Morgan group, which were authorized by the Board of Directors during the fiscal year ended December 31, 2016.

### 2. Description of agreements entered into with J.P. Morgan in 2016

At its July 6, 2016 meeting, the Board of Directors held four separate deliberations and voted unanimously in each case (with Mrs. Isabelle SEILLIER abstaining each time) to authorize the Company to enter into the following agreements with the J.P. Morgan group, designed to finance the acquisition of WhiteWave (as well as refinancing part or all of WhiteWave's existing debt):

- a commitment letter to secure bank financing dedicated to the acquisition of WhiteWave for a maximum amount of USD 13.1 billion;
- a bridge loan agreement, with a maximum total amount of USD 13.1 billion, following up on the commitment letter;
- a purchase agreement as part of the bond offerings made by the Company through private placements with institutional investors, notably qualified investors in the United States; and
- a subscription agreement as part of the bond offerings made by the Company.

In accordance with these authorizations, the Company entered into the following agreements:

#### *Commitment letter dated July 6, 2016*

Under the terms of the commitment letter signed July 6, 2016, J.P. Morgan and another bank made a firm commitment to finance the amounts needed by Danone to acquire WhiteWave in a maximum total amount up to USD 13.1 billion, prior to the signature of a bridge loan agreement.

The terms and conditions, notably with respect to the scope of the assignments and compensation, applicable to the other bank entering into this commitment letter were similar to those concluded with the J.P. Morgan group.

Under the terms of this commitment letter and as consideration for this commitment, Danone must pay the two participating banks (including the J.P. Morgan group) commitment fees, the amounts of which vary depending on the duration and the amount of the banks' exposure. The fees owed by the Company to the J.P. Morgan group, determined on a strict pro-rated basis of its commitments under the commitment letter, are equal to the fees owed to the other bank that entered into this commitment letter. With respect to this commitment letter, Danone paid USD 8,187,500 to the J.P. Morgan group in 2016.

#### *Bridge loan agreement dated July 27, 2016*

Following the commitment letter, on July 27, 2016 the Company entered into a loan agreement, governed by French law, with the J.P. Morgan group and several other banking institutions. This agreement calls for the establishment of a bridge loan in two tranches, with a maximum overall principal amount of USD 13.1 billion. Tranche A is in the maximum amount of USD 11.1 billion, drawable in U.S. dollars or euros and repayable 12 months after the signature of the loan agreement (with two successive six-month extension periods). Tranche B is in the maximum amount of USD 2 billion in the form of a term loan available in U.S. dollars or euros and repayable three years following the signature of the loan agreement.

The loan agreement allows for early repayment at the discretion of the Company as well as cases of mandatory early repayments with the proceeds of bond offerings or WhiteWave asset sales or transfers following the completion of the acquisition.

The amounts due by Danone to the banking institutions under the loan agreement are: (a) the usual fees when the loan is established; (b) a non-utilization fee (equal to a percentage of the margin); (c) an additional fee in the event where the utilization period of facility A is extended; and (d) interest if the loan is drawn upon.

Following the completion of the bond issues mentioned below, in November 2016 the Company terminated the bridge loan early. As a result, no amount was drawn under the terms of this loan agreement.

J.P. Morgan's commitment as a lender under this loan equals USD 1.25 billion, i.e. 9.54% of the total principal amount of the loan.

Interest and fees owed by the Company to J.P. Morgan are determined on a strict pro-rated basis of the bank's commitments under the loan agreement and are equivalent to the interest and fees owed to other first-tier banking institutions participating in the loan with the same rank. In 2016, the Company paid J.P. Morgan a total amount of USD 1,174,417.96 in fees related to this loan agreement (fees related to the establishment of the loan and non-utilization fee).

#### *Purchase agreement as part of a bond offering in the U.S. market dated October 26, 2016*

In connection with a USD 5.5 billion bond offering in the U.S. market, on October 26, 2016 the Company entered into a purchase agreement with several banking institutions, including J.P. Morgan Securities LLC, whereby these banking institutions subscribed all of the bonds issued by the Company in order to subsequently place them with investors looking to participate in the offering.

The bond offering was launched on October 26, 2016, with settlement/delivery occurring on November 2, 2016. It is structured in four fixed-rate tranches of between 3 and 10 years. The amount of fees paid by the Company to the financial institutions participating in the bond offering (including J.P. Morgan) is strictly proportional to the corresponding bank's subscription commitment. In that respect, the Company paid J.P. Morgan Securities LLC a fee of USD 4.16 million.

#### *Subscription agreement as part of the bond offering under the EMTN program dated October 28, 2016*

As part of a €6.2 billion bond offering under the EMTN program, on October 28, 2016 the Company entered into a subscription agreement with the banks responsible for placing the bonds (including J.P. Morgan Securities PLC), with these banks subscribing all of the bonds issued by the Company in order to place them immediately thereafter with investors seeking to participate in the offering.

Together with the USD 5.5 billion bond offering (described above), this bond offering makes it possible for the Company to finance the entire WhiteWave acquisition and to terminate the bridge loan agreement early.

The bond offering was initiated on October 25, 2016, with settlement/delivery occurring on November 3, 2016. It is structured in five tranches: a two-year variable tranche and four fixed-rate tranches ranging from 4 to 12 years. The amount of fees paid by Danone to the financial institutions participating in the placement of the bonds (including J.P. Morgan) is strictly proportional to the corresponding bank's subscription commitment. In that regard, the Company paid J.P. Morgan Securities PLC a fee of €2.511 million.

For more information on each of these agreements, see chapter 6.7 *Statutory auditors' special report on related party agreements and commitments* of the 2016 Registration Document.

## Opinion on the components of compensation due or awarded to Mr. Franck RIBOUD, Chairman of the Board of Directors for the fiscal year ended December 31, 2016 (11<sup>th</sup> resolution)

The shareholders are asked to issue an opinion on the following components of compensation due or awarded to Mr. Franck RIBOUD, Chairman of the Board of Directors, for the 2016 fiscal year:

(in €)	Reported amount or value submitted to a vote at the 2017 Shareholders' Meeting	Presentation
<b>Components of compensation owed or granted to Mr. Franck RIBOUD, Chairman of the Board of Directors, for the fiscal year just ended</b>		
Fixed compensation	2,000,000	<p>The amount of his compensation was determined on the basis of the expanded scope of the Chairman's duties assumed by Mr. Franck RIBOUD. The pending transition phase is scheduled to end in the course of 2017, at which point Mr. Franck RIBOUD will then continue his functions by exercising the traditional role of a Chairman of the Board.</p> <p>With regard to the complementary tasks entrusted to Mr. Franck RIBOUD, he chairs and leads the Strategy Committee, ensures compliance with the values of Danone and its culture and may represent Danone in its high-level relations either on a national or international level (see section <i>Mr. Franck RIBOUD's compensation components for 2016</i> of the chapter 6.3 of the 2016 Registration Document ).</p>
Annual variable compensation	Not applicable	Mr. Franck RIBOUD does not receive any annual variable compensation.
Deferred variable compensation	Not applicable	Danone does not offer any deferred variable compensation to corporate officers.
Multi-annual compensation (i.e. Group performance units)	0	<p>Multi-annual compensation corresponds to Group performance units (GPU) paid subject to multi-annual performance conditions over three years.</p> <p>No GPUs were awarded to Mr. Franck RIBOUD.</p>
Extraordinary compensation	Not applicable	Danone has not introduced a system of extraordinary compensation for corporate officers.
Stock options, performance shares (i.e. Group performance shares) and other long-term compensation	Options = Not applicable	No awards.
	Group performance shares = 0	<p>The most recent grant of stock-options to corporate officers occurred in November 2009.</p> <p>Long-term variable compensation corresponds to Group performance shares (GPS). GPS are Company shares subject to performance conditions.</p> <p>No GPS were awarded to Mr. Franck RIBOUD.</p>
Directors' attendance fees	Not applicable	Directors who are also members of the Executive Committee and/or corporate officers having an employment contract with the Company do not receive attendance fees.
Value of benefits in-kind	4,620	Benefits in-kind correspond to the Company's pool of cars and drivers.
<b>Components of compensation due or awarded in respect of the fiscal year just ended and which are or were voted on by the Shareholders' Meeting under the procedure for related party agreements and commitments:</b>		
Severance pay	Not applicable	<p>As part of his new duties, Mr. Franck RIBOUD waived his severance pay benefit as a corporate officer.</p> <p>It should be noted that Mr. Franck RIBOUD also benefits from severance pay as part of his suspended employment contract (for more details, see section <i>Suspension of the employment contract</i> of the chapter 6.3 of the 2016 Registration Document).</p>
Non-compete indemnity	Not applicable	No non-compete clause applies to Mr. Franck RIBOUD.

<i>(in €)</i>	<b>Reported amount or value submitted to a vote at the 2017 Shareholders' Meeting</b>	<b>Presentation</b>
Supplementary retirement plan	No amount due for the fiscal year just ended	<p>Corporate officers are covered by the defined benefit retirement plan set up for certain key managers classified as "Group Directors" (119 persons still benefit from this plan). This retirement plan was closed to any new beneficiaries as of December 31, 2003.</p> <p>Since 2014, Mr. Franck RIBOUD's retirement benefits have been capped.</p> <p>Eligibility for this plan is subject to the conditions described in the section <i>Supplementary retirement plan for corporate officers</i> of the chapter 6.3 of the 2016 Registration Document.</p>

## Opinion on the components of compensation due or awarded to Mr. Emmanuel FABER, Chief Executive Officer for the fiscal year ended December 31, 2016 (12<sup>th</sup> resolution)

The shareholders are asked to issue an opinion on the following components of the compensation due or awarded to Mr. Emmanuel FABER, Chief Executive Officer for the 2016 fiscal year:

(in €)	Reported amount or valuation submitted to a vote at the 2017 Shareholders' Meeting	Presentation																				
Components of compensation due or awarded to Mr. Emmanuel FABER, Chief Executive Officer, for the fiscal year just ended																						
Fixed compensation	1,000,000	Mr. Emmanuel FABER's compensation was reviewed in its entirety when he assumed his new functions in 2014. It takes into account his experience and level of responsibility.																				
Annual variable compensation	1,200,000	<p>Annual variable compensation is granted subject to performance conditions, which are calculated on the basis of objective, specific quantitative and qualitative criteria and determined on the basis of economic, social and managerial objectives described in the section <i>Compensation for executive corporate officers – variable compensation</i> of the chapter 6.3 of the 2016 Registration Document.</p> <p>The annual variable compensation target for Mr. Emmanuel FABER for this period was €1,000,000.</p> <table><tr><th>Indicator</th><th>Percentage achieved (*)</th><th>Weighting</th><th>Fulfilled amount</th></tr><tr><td>Economic</td><td>108%</td><td>65%</td><td>650,000</td></tr><tr><td>Corporate social responsibility</td><td>125%</td><td>25%</td><td>250,000</td></tr><tr><td>Managerial</td><td>150%</td><td>30%</td><td>300,000</td></tr><tr><td><b>Total of the 2016 variable compensation</b></td><td><b>–</b></td><td><b>120%</b></td><td><b>1,200,000</b></td></tr></table> <p>(*) Maximum amount: 200%.</p> <p>With respect to the fulfillment of the various annual variable compensation criteria, see the section <i>Annual variable compensation for 2016</i> of the chapter 6.3 of the 2016 Registration Document.</p>	Indicator	Percentage achieved (*)	Weighting	Fulfilled amount	Economic	108%	65%	650,000	Corporate social responsibility	125%	25%	250,000	Managerial	150%	30%	300,000	<b>Total of the 2016 variable compensation</b>	<b>–</b>	<b>120%</b>	<b>1,200,000</b>
Indicator	Percentage achieved (*)	Weighting	Fulfilled amount																			
Economic	108%	65%	650,000																			
Corporate social responsibility	125%	25%	250,000																			
Managerial	150%	30%	300,000																			
<b>Total of the 2016 variable compensation</b>	<b>–</b>	<b>120%</b>	<b>1,200,000</b>																			
Deferred variable compensation	Not applicable	Danone does not offer any deferred variable compensation to its corporate officers.																				
Multi-annual variable compensation (i.e. Group performance units) <sup>[a]</sup>	600,000	<p>Multi-annual compensation corresponds to Group performance units (GPU) paid subject to multi-annual performance conditions over three years.</p> <p>20,000 2016 GPU were awarded to Mr. Emmanuel FABER on July 27, 2016.</p> <p>The general principles and annual targets for GPU granted in 2016 are described in section <i>Detailed information on long-term and multi-annual compensation plans – Group performance units</i> of the chapter 6.4 of the 2016 Registration Document.</p>																				
Extraordinary compensation	Not applicable	Danone has not introduced a system of extraordinary compensation for corporate officers.																				

<i>(in €)</i>	<b>Reported amount or valuation submitted to a vote at the 2017 Shareholders' Meeting</b>	<b>Presentation</b>
Stock-options, performance shares (i.e. Group performance shares) and other long-term benefits <sup>(b)</sup>	Options = Not applicable  Group performance shares = 2,012,670	The most recent grant of stock-options to corporate officers occurred in November 2009.  Long-term variable compensation corresponds to Group performance shares (GPS). GPS are Company shares subject to performance conditions.  34,200 GPS for 2016 were awarded to Mr. Emmanuel FABER on July 27, 2016.  The general principles and annual targets for GPS granted in 2016 are described in section <i>Detailed information on long-term and multi-annual compensation plans – Performance conditions for grants in 2016</i> of the chapter 6.4 of the 2016 Registration Document.
Directors' attendance fees	Not applicable	Directors who are also members of the Executive Committee and/or corporate officers having an employment contract with the Company do not receive attendance fees.
Value of benefits of any kind	4,620	Benefits in kind correspond to the Company's pool of cars and drivers.
<b>Components of compensation due or awarded in respect of the fiscal year just ended and which are or were voted on by the Shareholders' Meeting under the procedure for related party agreements and commitments:</b>		
Severance pay	No amount due for the fiscal year just ended	Severance pay for corporate officers is subject to performance conditions. In addition, the amount of this pay was capped and the circumstances under which it is paid out have been limited.  All information on Mr. Emmanuel FABER's severance pay is provided in chapter 6.7 <i>Statutory auditors' special report on related party agreements and commitments of the 2016</i> Registration Document.
Non-compete indemnity	No amount due for the fiscal year just ended	The non-compete clause currently applicable to Mr. Emmanuel FABER allows Danone, at its discretion, either to activate the clause for a period of 18 months, provided it pays out a gross monthly indemnity that corresponds to 50% of his average gross base salary and his target bonus paid out during the previous 12 months, or to release him from this commitment without any financial consideration.  To avoid a situation of multiple offices being held in a manner incompatible with AFEP-MEDEF Code recommendations, the Board of Directors' meeting of February 10, 2010, amended the suspended employment contract of Mr. Emmanuel FABER such that the non-compete clause may only be exercised by the Company in the case of his resignation, in which case no indemnity for the termination of the employment contract or any other indemnity due in certain cases of his ending his term of office would be paid.
Supplementary retirement plan	No amount due for the fiscal year just ended	Corporate officers are covered by the defined benefit retirement plan set up for certain key managers classified as "Group Directors" (119 persons still benefit from this plan). This retirement plan was closed to any new beneficiaries as of December 31, 2003.  Plan eligibility is subject to the conditions described in section <i>Supplementary retirement plan for managers</i> of the chapter 6.3 of the 2016 Registration Document.

(a) Maximum value of GPU awarded during the corresponding year given the complete fulfillment of the 2016 target i.e. €30 per GPU.

(b) Represents the estimated value of GPS as of the granting date in accordance with IFRS 2, share-based payment.



# Approval of the compensation policy for the corporate officers of the Company (13<sup>th</sup> and 14<sup>th</sup> resolutions)

Pursuant to Article L. 225-37-2 of the French commercial code, the Board of Directors submits to the approval of the Shareholders' Meeting's the principles and criterion of determination, allocation and granting of fixed, variable and exceptional components of the total compensation and benefits, applicable to the Chairman of

the Board (13<sup>th</sup> resolution) and to the executive corporate officers (14<sup>th</sup> resolution) in respect of their mandate for 2017 fiscal year and which constitute the compensation policy which applies to them.

We submit to your approval the principles and criterion as presented below.

## General principles

### Role of the Nomination and Compensation Committee

Danone's compensation policy is regularly reviewed by the Nomination and Compensation Committee. This Committee is composed entirely of independent Directors and is chaired by the Lead Independent Director. The Nomination and Compensation Committee reviews in particular Danone's compensation policy annually.

In making recommendations on the compensation of corporate officers and members of the Executive Committee, the Committee takes into account the balance between the various components of compensation and in particular the potential benefit of a supplementary retirement plan.

The Committee reviews the best market practices, based on (i) a benchmark prepared by a specialized and objective firm that consists of large international companies listed in France (CAC 40), and (ii) a peer group (or "panel") of leading global food and beverage groups. This panel is also used to determine the performance conditions for Group Performance Shares and the severance pay of corporate officers and currently includes Unilever N.V., Nestlé S.A., PepsiCo Inc., The Coca-Cola Company, General Mills Inc., Kellogg Company, The Kraft Heinz Company and Mondelez International Inc. Danone is seeking to position the compensation for these officers between the median compensation and the third quartile of the benchmark CAC 40 index companies. The Nomination and Compensation Committee takes particular care to ensure that:

- multi-annual performance-based compensation is sufficiently significant compared to annual compensation, to ensure that corporate officers are motivated to work with a long-term perspective;
- the performance criteria for compensation are demanding, complementary and stable, such that they measure sustained performance that ensures that the interests of shareholders and management are aligned and are consistent with the guidance that Danone provides to financial markets. In addition, these performance conditions reflect best compensation practices, such as "no payment below guidance" and "no payment below the median" for the external performance conditions.

### Basic principles for determining the compensation of corporate officers

The compensation paid to Danone's corporate officers:

- is performance-based;
- is balanced and takes stakeholder expectations into account;
- is demanding, aligned with shareholder interests and in line with best market practices;
- is consistent with the principles that Danone observes for its 1,500 key managers worldwide;
- is determined by the Board of Directors on the basis of the Nomination and Compensation Committee's recommendations, as explained above, and in compliance with the AFEP-MEDEF Code, to which Danone adheres;
- takes into account the manager's responsibilities and market practices;

- takes into account all components of compensation in order to establish a global view of the overall compensation of corporate officers, including the components approved by the Shareholders' Meetings pursuant to Article L. 225-42-1 of the French commercial code and those described in the Statutory auditors' special report on related party agreements.

The principles that underline Danone's compensation policy are simple, stable and transparent, for example:

- multi-annual compensation, in the form of Group Performance Units, and long-term compensation, in the form of Group Performance Shares, were set up in 2005 and 2010 respectively;
- the performance conditions for multi-annual and long-term compensation and the review of their achievement have been described in detail in Danone's Registration Document for several years.

### Components of the compensation of the Chairman (non-executive corporate officer)

#### Directors' fees

Pursuant to Danone's policy on the payment of directors' fees (see paragraph 6.3 *Compensation of the other Board members* of the 2016 Registration Document), the Chairman of the Board cannot receive directors' fees if he receives a fixed compensation. If this is not the case, directors' fees are allocated in accordance with the allocation rules decided by the Board of Directors.

#### Fixed compensation and benefits in kind

##### Fixed compensation

The Chairman's fixed compensation is determined by the Board of Directors, on the basis of the Nomination and Compensation Committee's opinion and in accordance with the principles presented above, and in particular is consistent with the Chairman's responsibilities and experience and with market practices. The Board has entrusted its current Chairman with enhanced duties including in particular, in addition to the standard duties of a Chairman of the Board, chairing and directing the Strategy Committee, monitoring the observance of Danone's values and culture, and representing Danone at the highest levels both nationally and internationally.

As an example, for the 2017 fiscal year, Mr. Franck RIBOUD's fixed compensation was set at €2 million within the framework of his enhanced duties.

The transition back to standard chairman duties is scheduled in the course of 2017; the Board of Directors will redefine the Chairman's fixed compensation amount in accordance with the responsibilities with which he will remain entrusted.

The Chairman's fixed compensation may be reviewed at relatively long intervals.

### Benefits in kind

The Chairman may be entitled to benefits in kind only if they comply with Danone policy (such as access to Company cars and drivers' pool)

### Variable compensation

In accordance with the AFEP-MEDEF Code recommendations, if the duties of the Chairman of the Board of Directors and of the Chief Executive Officer are separated, the Chairman shall not be entitled to variable compensation.

### Performance-based multi-annual compensation (GPU)

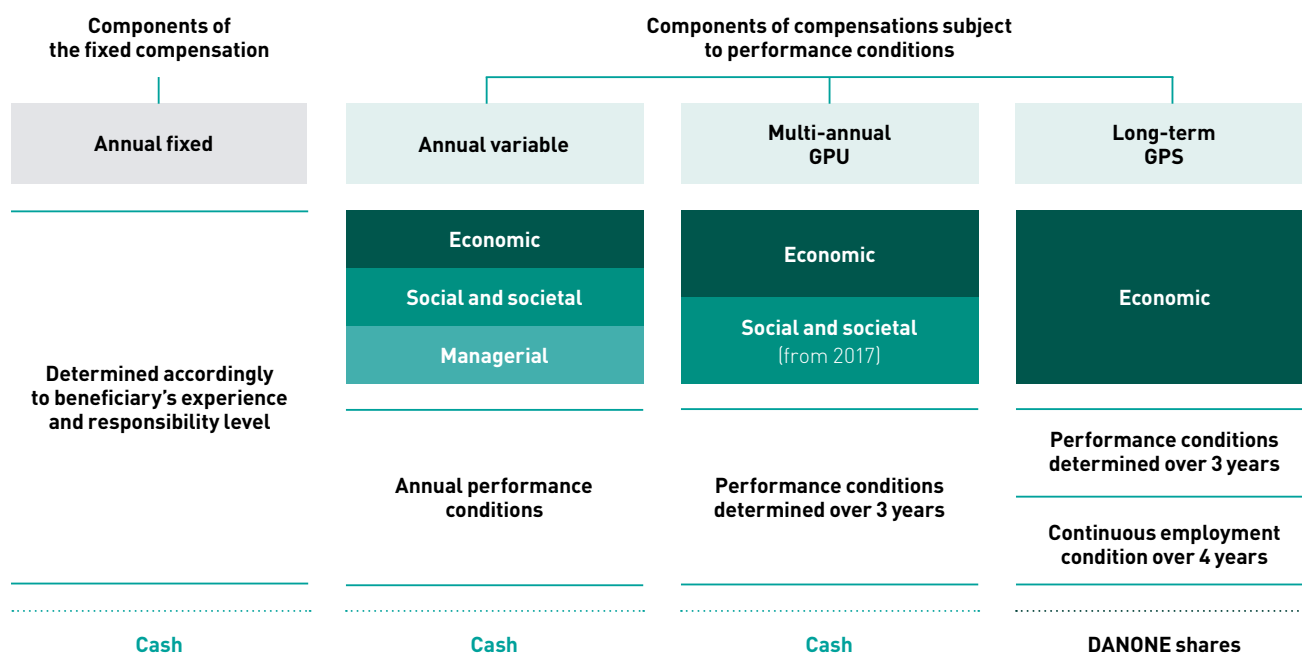
In accordance with the AFEP-MEDEF Code recommendations, if the duties of the Chairman of the Board of Directors and of the Chief Executive Officer are separated, the Chairman shall not be entitled to multi-annual compensation.

### Performance-based long-term compensation (GPS)

In accordance with the AFEP-MEDEF Code recommendations, if the duties of the Chairman of the Board of Directors and of the Chief Executive Officer are separated, the Chairman shall not be entitled to long-term compensation.

## Compensation of executive corporate officers

### Compensation structure



It should be noted that the payment in cash of variable or extraordinary compensation shall be, if applicable, motivated by the Board of Directors and subject to the Shareholders Meeting's approval on the components of the compensation of the executive corporate officers concerned, in accordance with the requirements provided by Article L. 225-37-2 of the French commercial code.

### Directors' fees

Pursuant to Danone's policy on directors' fees (see the section hereafter *Compensation of the other Board members*), executive corporate officers are not entitled to receive directors' fees.

### Extraordinary compensation

If the duties of the Chairman of the Board of Directors and of the Chief Executive Officer are separated, the Chairman shall not be entitled to extraordinary compensation.

### Other components of the Chairman's remuneration

The Chairman may be entitled to the commitments approved by the Shareholders' Meeting, as provided for in Article L. 225-42-1 of the French Commercial Code and described in the Statutory auditors' special report on related party agreements and commitments.

Concerning Mr. Franck RIBOUD, he may receive a departure indemnity under his suspended employment contract, and has the right to benefit from a defined benefit pension plan which was put into place for certain "Group directors"; this plan has been closed to new beneficiaries since December 31 2003. The details concerning these commitments can be found in section 6.7 *Statutory auditors' special report on related party agreements and commitments*.

### Fixed compensation and benefits in kind

#### Fixed compensation

The fixed compensation of executive corporate officers is:

- determined by the Board of Directors on the basis of the Nomination and Compensation Committee's opinion and in accordance with the principles presented above, and is consistent with their responsibilities and experience and with market practices; and
- reviewed after a relatively long period.

For example, the fixed compensation of Mr. Emmanuel FABER, Danone's Chief Executive Officer, was set at to €1 million in 2014 and has not changed. This represents about 25% of the total target compensation.



### *Benefits in kind*

Executive corporate officers may be entitled to benefits in kind only if they comply with Danone's policy (such as access to Company cars and drivers' pool).

### **Variable compensation**

#### *Annual variable compensation*

##### Principles

Annual variable compensation:

- is determined by the Board of Directors on the basis of the Nomination and Compensation Committee's opinion and in accordance with the principles presented above, and is consistent with the responsibilities and experience of the person concerned and with market practices;
- is subject to performance conditions based on objective quantitative economic criteria, social and managerial criteria determined in an objective and precise manner and specified hereinafter;
- has a target amount which may be up to 100% of the fixed compensation;
- is capped at 200%.

##### Structure

Annual variable compensation is based on performance conditions determined in advance, which take into account the following three components:

- a quantitative economic component that is based on Danone's main financial targets and in particular those used to provide guidance to investors, such as organic net sales growth, operating margin growth and free cash flow generation;
- a social and societal component, based on Danone's objectives;
- a managerial component, based on Danone's business development objectives.

The cap for each of these components equals twice the target, which means that the cap for short-term annual variable compensation for a given year is equal to 200% of the amount of fixed compensation, with no guaranteed minimum.

### **Multi-annual and long-term compensation**

The multi-annual compensation and long-term compensation represent, at the grant time, about 50% of the overall compensation in value of executive corporate officers and cannot exceed 60% of this total compensation.

#### *Multi-annual compensation (GPU)*

Multi-annual compensation:

- is granted by the Board of Directors upon the recommendation of the Nomination and Compensation Committee, in the form of Group Performance Units (GPU);
- was introduced in 2005 to more closely align the compensation of corporate officers, the Executive Committee members and the 1,500 key managers with Danone's overall medium-term operational and economic performance;
- is a performance-based cash compensation over a three-year period based on performance conditions depending on quantitative economic criteria including a key financial indicator and possibly societal indicators;
- is subject to performance conditions determined in advance by the Board of Directors, upon the recommendation of the Nomination and Compensation Committee, which each year also determines whether or not the previous year's target or targets were achieved for each GPU plan.

In order to simplify the Chief Executive Officer's compensation structure and increase its share-based component in value, it is planned that no GPU be granted to Mr. Emmanuel FABER in 2017.

More information on GPU plans is provided in section 6.4 *Detailed information on long-term and multi-annual compensation plans* of the 2016 Registration Document on, including: (i) general principles, (ii) performance targets, (iii) other applicable rules, (iv) details of GPU granted in 2016 and review of the potential achievement of performance conditions for 2016, and (v) detailed information on GPU plans in effect as of December 31, 2016.

#### *Performance-based long-term compensation (GPS)*

Long-term compensation:

- was established in 2010 to strengthen the commitment of beneficiaries (corporate officers, Executive Committee members and over 1,500 key managers) to support Danone's development and increase its share price over the long term;
- has been approved annually by the Shareholders' Meeting since 2013;
- is granted by the Board of Directors upon the recommendation of the Nomination and Compensation Committee, in the form of Group Performance Shares (GPS);
- is granted in the form of DANONE shares subject to performance conditions;



these performance conditions generally consist of two complementary criteria that are representative of Danone's performance, reflect the specific nature of its business, are assessed over a three-year period and are key indicators that are monitored by investors and financial analysts to measure the performance of companies in the food and beverage sector:

- an external performance criterion, based on Danone's organic sales growth compared to that of a group of Danone's historical peers, composed of leading international groups in the food and beverage sector; and
- an internal performance criterion, based on a key financial indicator, such as operating margin, free cash flow or other.



and are determined by the Board of Directors which also reviews their achievement after a prior review by the Nomination and Compensation Committee;

- the definitive granting of long-term compensation is also subject to a continuous employment condition that applies to all beneficiaries, with the exceptions specified in the plan rules (and in particular in the event of death or disability) or decided by the Board of Directors; however, in the case of executive corporate officers, the Board of Directors may decide to exempt the continuous employment condition only partially, on a pro rata basis;
- the DANONE shares thus granted, particularly to corporate officers and to Executive Committee members, are subject to a conservation period.

More information on GPS plans is provided in section 6.4 *Detailed information on long-term and multi-annual compensation plans* of the 2016 Registration Document in particular: (i) general principles, (ii) performance targets, (iii) other applicable rules, (iv) details of GPS granted in 2016 and review of the potential achievement of performance conditions for previous plans, and (v) detailed information on GPS plans in effect as of December 31, 2016.

### **Extraordinary compensation**

In the event of appointment of a new executive corporate officer, further to an external hiring, the Board of Directors may, subject to the requirements of the AFEP-MEDEF Code, and on the recommendation of the Nomination and Compensation Committee, decide to grant this person extraordinary compensation mainly in the form of multi-annual and long-term compensation subject to performance conditions, in order to offset, in whole or part, the potential loss of compensation resulting from the acceptance his/her new duties.

Mr. Emmanuel FABER has never received any extraordinary compensation.

### **Other components of executive corporate officers' remuneration**

The executive corporate officers may be entitled to the commitments approved by the Shareholders' Meeting, as provided for in Article L. 225-42-1 of the French Commercial Code and described in the Statutory auditors' special report on related party agreements and commitments.

Concerning Mr. Emmanuel Faber, he may receive a departure indemnity and a non-competition indemnity in case of resignation and has the right to benefit from a defined benefit pension plan which was put into place for certain "Group directors"; this plan has been closed to new beneficiaries since December 31 2003. The details concerning these commitments can be found in section 6.7 *Statutory auditors' special report on related party agreements and commitments*.

## **Share buyback (15<sup>th</sup> resolution)**

### **Description of the authorization**

We ask you to renew the authorization granted to your Board to purchase, hold or transfer Company shares within the scope of a buyback program coming under the provisions of Articles L. 225-209 et seq. of the French commercial code and European Regulation No. 596/2014 of April 16, 2014 related to market abuse.

A description of the share buyback program set up in accordance with Articles 241-1 et seq. of the general regulations of the French Financial Markets Authority is given in section 7.2 *Treasury shares and Danone call options held by the Company and its subsidiaries* of the 2016 Registration Document.

The buyback by Danone of its own shares may be implemented for any of the following purposes:

- the allocation of shares with respect to the exercise of stock purchase options by employees and/or corporate officers of the Company and of companies or economic interest groups related to it, pursuant to applicable statutory and regulatory provisions;
- the implementation of any plan for the allocation of Group performance shares to employees and/or corporate officers of the Company and of companies or economic interest groups related to it pursuant to applicable statutory and regulatory provisions;
- the sale of shares to employees (either directly or through an employee savings mutual fund) within the context of employee shareholding plans or company savings plans;
- the delivery of shares upon the exercise of rights attached to securities giving access to the Company's share capital;
- the later delivery of shares as payment or for exchange in the context of external growth transactions;
- the cancellation of shares within the maximum legal limit; and/or
- supporting the equity market for Danone shares pursuant to a liquidity contract entered into with an investment service provider in accordance with the Ethical Charter recognized by the French Financial Markets Authority.

These transactions may not be carried out during periods of public tender offers on the Company's shares.

Depending on the case, the shares may be acquired, sold, exchanged or transferred, in whole or in part, on one or more occasions, by any means or in any markets, including through multilateral trading systems or a systematic internalizer, or over the counter, including through purchases or sales of blocks of shares (without limiting the portion of the share buyback program that may be completed this way).

The maximum number of shares that may be purchased would represent 10% of the share capital, or 65,589,200 shares as of December 31, 2016, at a maximum purchase price of €75 (net of acquisition costs), resulting in a maximum theoretical total purchase amount of €4,919,190,000. The latter figure is for information purposes only, as it does not include shares already held by the Company.

This authorization would be given for an 18-month period and would supersede with effect from its adoption the 16<sup>th</sup> resolution approved by the 2016 Shareholders' Meeting.

### **Justification of the authorization request**

It is important for Danone and its shareholders that your Board continues to have the necessary powers to carry out transactions involving the Company's shares.

These transactions enable the Board to make payments in Company shares to Danone's employees and corporate officers, notably as part of allocations of shares subject to performance conditions, and to make payments in shares as part of acquisition transactions (it being noted that this authorization, while it no longer benefits from the simple presumption of a legitimate absence of market abuse under applicable regulations, may be used by the Board).

In 2016, therefore, the share buyback program implemented resulted in the acquisition of 1 million shares for the purpose of granting shares to Danone's corporate officers and eligible employees and in connection with a liquidity agreement.

It should be noted, insofar as it is necessary, that the Company purchased call options on DANONE shares in 2011 to cover a portion of the stock purchase option plans granted to certain employees and corporate officers. These calls, which represented a total of 0.01% of the Company's share capital as of December 31, 2016, may be exercised at any time to allow Danone to fulfill its obligations to deliver shares to these beneficiaries.

In accordance with the regulations of the French Financial Markets Authority, share buyback transactions are disclosed in detail each week on the Company's website.

## Financial authorizations (16<sup>th</sup> to 23<sup>rd</sup> resolutions)

### Proposed financial authorizations <sup>(a)</sup> – 26 months <sup>(b)</sup>

		Proposed financial resolutions		2024
Maximum amount applicable to all dilutive and non-dilutive issuances: 35% of share capital	Maximum amount applicable to non-dilutive issues: 35% of share capital	Capital increase with preferential subscription right for shareholders (16 <sup>th</sup> resolution)		
		Capital increase without preferential subscription right but with a priority right for shareholders (17 <sup>th</sup> resolution)	10%	
	Maximum amount applicable to dilutive issuances: 10% of share capital	Overallotment (as a % of initial issuance) <sup>(c)</sup> (18 <sup>th</sup> resolution)		15%
		Public exchange offer initiated by the Company (19 <sup>th</sup> resolution)		10%
		Contributions in kind (20 <sup>th</sup> resolution)		10%
		Capital increase reserved for employees (22 <sup>nd</sup> resolution)		2%
		Granting of Group performance shares (GPS) (23 <sup>rd</sup> resolution)		0,2%
		Incorporation of reserves, profits, premiums and any other amounts that may be capitalized (21 <sup>st</sup> resolution)		25%

(a) The percentages shown in the above table are rounded amounts for indicative purposes, since the authorized maximum amounts are determined in nominal terms and not as a percentage of share capital (the nominal amount of these maximum amounts is described below for each resolution).

(b) With the exception of the authorization to grant shares subject to performance conditions (23<sup>rd</sup> resolution), the term of which would be set as of December 31, 2017.

(c) The 15% maximum amount would be calculated relative to the amount of each issuance carried out in accordance with the resolution for a capital increase without preferential subscription right but with a priority right (17<sup>th</sup> resolution).

We propose that you renew the financial authorizations voted by the Shareholders' Meetings of April 29, 2015 and April 28, 2016, the purpose of which is presented in section 7.3 *Authorization to issue securities giving access to the share capital* of the 2016 Registration Document, under the terms and methods presented below.

For dilutive and non-dilutive issuances, these authorizations were extended to enable (i) the issuance of securities that give access to the share capital and (ii) the issuance of shares or debt securities of the Company following the issuance of securities by subsidiaries. In addition, we propose that you authorize the Company to issue debt securities that give access to existing share capital securities in order to retain the ability to issue bonds exchangeable into shares.

The proposed authorizations would empower the Board of Directors with regard to financial management by enabling it to increase the share capital using various means and to serve different purposes.

Each authorization corresponds to a specific objective. Like all major multinational companies, Danone needs to have the flexibility to respond rapidly to changes in market conditions and thereby be able to obtain financing under the best possible conditions.

Any use made of these authorizations will take into account the impact on existing shareholders. Moreover, such use will be subject to an offering memorandum (*note d'information*) approved by the French Financial Markets Authority on the reasons and conditions of the transaction in all cases required by applicable regulations.

We draw your attention to the fact that the approval of certain resolutions (16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, and 22<sup>nd</sup> resolutions) is intended to enable capital increases while waiving the preferential subscription right for shareholders.

In accordance with best market practices and shareholders' recommendations:

- waiving of preferential subscription right shall be accompanied, within the framework of the general authorization (17<sup>th</sup> resolution) with the obligation for the Board to grant a priority right to the shareholders, and the limit applicable to this resolution is set at 10% of share capital; this limit applies to all dilutive issuances;
- issuances with or without preferential subscription right, excluding transactions reserved for employees or corporate officers, may not be decided by the Board of Directors during periods of a public tender offer on the Company shares, in accordance with the recommendations of shareholders following the enactment of Law No. 2014-384 of March 29, 2014 aimed at recapturing the real economy (so-called "Florange law");

- the limitation on the application scope for the overallotment option (18<sup>th</sup> resolution) was maintained only for share capital increases without preferential subscription right, as was the case under the previous authorization; and

- the resolution allowing the allocation of shares subject to performance conditions (23<sup>rd</sup> resolution) enables to submit all shares that may be issued to performance conditions and is applicable for a one-year period.

The Board will also continue to use these authorizations strictly in accordance with Danone's strategic needs. It should be noted that the authorizations to be renewed have not been used, with the exception of the authorization for a capital increase reserved for employees (totaling approximately 0.14% of the share capital) and the one involving the grant of shares subject to performance conditions (totaling approximately 0.10% of the share capital).

The Board therefore recommends that you renew and authorize the following financial authorizations:

- 16<sup>th</sup> resolution: issuance of shares and securities, with preferential subscription right of the shareholders;
- 17<sup>th</sup> resolution: issuance of shares and securities, without preferential subscription right but with the obligation to grant a priority right;
- 18<sup>th</sup> resolution: increase in the number of securities to be issued in the event of an issuance of shares and securities without preferential subscription right of shareholders (overallotment option);
- 19<sup>th</sup> resolution: issuance of shares and securities in the event of a public exchange offer initiated by the Company;
- 20<sup>th</sup> resolution: issuance of shares and securities in consideration for contributions in kind;
- 21<sup>st</sup> resolution: capital increase through the incorporation of reserves, profits, premiums or any other amounts that may be capitalized;
- 22<sup>nd</sup> resolution: issuance of shares and securities reserved for employees participating in a company savings plan; and
- 23<sup>rd</sup> resolution: allocation of shares subject to performance conditions.

Following this general presentation of the resolutions, the conditions and objectives specific to each financial authorization subject to your vote are described below.

## Issuance of shares and securities, with preferential subscription right of the shareholders (16<sup>th</sup> resolution)

### Description of the authorization

We request that you renew, for a 26-month period, the delegation of authority granted to the Board of Directors to decide to issue, with preferential subscription right: (a) ordinary shares of the Company; and/or (b) securities which are equity securities of the Company giving access to other equity securities of the Company and/or the right to receive debt securities; and/or (c) securities which are debt securities giving access to equity securities of the Company already existing or to be issued; and/or (d) securities that are equity securities of the Company giving access to equity securities already existing or to be issued, and/or debt securities, by companies in which the Company owns, directly or indirectly, more than one-half of the share capital at the time of the issuance; and/or (e) securities which are debt securities of the Company giving access to equity securities already existing or to be issued by companies in which the Company owns more than one-half of the share capital, directly or indirectly, of the share capital at the time of issuance.

The maximum amounts of this new authorization would be similar to the amounts of the previous authorization granted by the 2015 Shareholders' Meeting and which is soon to expire, *i.e.*:

(i) for ordinary shares to be issued by the Company:

- a nominal amount of €57 million, representing, on an indicative basis, approximately 35% of the share capital as of December 31, 2016 ;
- the nominal amount of ordinary shares that would be potentially issued under the 17<sup>th</sup> resolution (dilutive issuance without preferential subscription right but with the obligation to grant a priority right); 18<sup>th</sup> resolution (authorization to increase the number of securities to be issued); 19<sup>th</sup> resolution (issuance of shares and securities in the event of a public exchange offer); 20<sup>th</sup> resolution (issuance of shares and securities as consideration

for contributions in kind); 22<sup>nd</sup> resolution (issuance of shares and securities reserved for employees); and 23<sup>rd</sup> resolution (allocation of Group performance shares), would be applied to this maximum amount; and

(ii) for issuances of debt securities issued pursuant to this authorization: a principal amount of €2 billion (common maximum amount with the 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions).

These issuances may not be decided by the Board of Directors during the period of a public tender offer on the Company's shares.

No amount was used pursuant to the previous authorization granted by your Shareholders' Meeting in 2015.

At the time of its adoption, this new authorization would supersede the 20<sup>th</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification for the authorization request

The renewal of this general authorization is intended to enable the Company to obtain financing at any time through the issuance of shares or securities giving access to the share capital or rights to debt securities, by calling on the Company's shareholders. They will be given, under the applicable statutory provisions and in proportion to their ownership interest in the Company's share capital, a preferential right to subscribe new shares or securities. This detachable and negotiable right will enable, if the holder does not wish to subscribe the capital increase, to financially offset the dilution resulting from non-subscription of the capital increase.

Moreover, as in 2015, this provision shall not be implemented during the period of a public tender offer on the Company's shares (and therefore without a new decision by the shareholders).

## Issuance of shares and securities, without preferential subscription right of the shareholders, but with the obligation to grant a priority right (17<sup>th</sup> resolution)

### Description of the authorization

We request that you renew the delegation of authority granted to the Board of Directors, for a 26-month period, in order to issue: (a) ordinary shares of the Company; and/or (b) securities which are equity securities of the Company giving access to other equity securities of the Company and/or to the allotment of debt securities; and/or (c) securities which are debt securities giving access to equity securities of the Company already existing or to be issued; and/or (d) securities which are equity securities of the Company giving access to equity securities existing or to be issued, and/or debt securities of companies in which the Company owns, directly or indirectly, more than one-half of the share capital at the time of the issuance; and/or (e) securities which are debt securities of the Company giving access to equity securities issued or to be issued by companies in which the Company owns, directly or indirectly, more than one-half of the share capital at the time of issuance, without preferential subscription right and by public offering, both in France and abroad. When using this authorization, a priority right must be granted to existing shareholders for the entire issuance. When renewing this authorization, the Company decided to maintain the minimum priority period set at five trading days within the framework of the previous authorization.

This delegation of authority would also enable the issuance of ordinary shares or securities referenced in (b) and (c) above to be issued following the issuance by companies in which the Company owns, directly or indirectly, more than one-half of the share capital at the time of issuance, of securities giving access to ordinary shares in

the Company issued or to be issued or to securities referenced in (b) and (c) above. For the benefit of the holders of these securities, the issuance by these companies of the aforementioned securities would legally result in the waiver by the Company's shareholders of their preferential subscription right for ordinary shares or securities referenced in (b) and (c) above, to which the securities issued by these companies will give rights, as well as to shares to be issued by the Company to which the securities referenced in (b) and (c) above would give rights.

The maximum amounts of this new authorization would be similar to the amounts of the previous authorization granted by the 2015 Shareholders' Meeting, and which is soon to expire, *i.e.*:

(i) for ordinary shares to be issued by the Company:

- a nominal amount of €16 million, which for indicative purposes represents approximately 10% of the share capital as of December 31, 2016;
- this maximum amount would apply to all dilutive issuances (capital increases carried out pursuant to the 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup>, 23<sup>rd</sup> and 24<sup>th</sup> resolutions);
- this common maximum amount would apply to the overall maximum amount of 35% of the share capital set forth in the 16<sup>th</sup> resolution (non-dilutive issuance with preferential subscription right); and;

(ii) for securities representing debt securities issued under this authorization: principal amount of €2 billion (common maximum amount for the 16<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions).

We inform you that pursuant to the applicable statutory and regulatory provisions, the issuance price of the ordinary shares and securities giving access to the Company's share capital shall be at least equal to the weighted average price of the Company's shares during the last three trading sessions prior to the fixing of the issuance price, possibly subject to a maximum 5% discount.

These issuances may not be decided by the Board during a period of public tender offer on the Company's shares.

No amount was used under the previous authorization granted by your Shareholders' Meeting in 2015.

At the time of its adoption, this new authorization would supersede the 21<sup>st</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification for the authorization request

The renewal of this general authorization is intended to enable the Company to obtain financing at any time through the issuance of shares or securities giving access to the share capital or rights to debt securities by calling on investors who are not yet shareholders

of the Company. The implementation of this authorization could therefore enable quick access to sources of financing that may be needed by the Company.

As consideration for the waiver of the preferential subscription right, the Board would be required to grant shareholders a priority right of at least five trading days, in accordance with best market practices and the recommendations of shareholders. This minimum period of the priority right, which is identical to the one previously set forth under the previous authorization approved by the Shareholders' Meeting of April 29, 2015, is longer than the statutory three trading day minimum period provided for in Article R. 225-131 of the French commercial code. The shareholders will therefore be able to subscribe the capital increase with priority over third parties and in proportion to their ownership interest in the share capital (it being noted that this priority right does not give rise to the creation of negotiable rights).

Moreover, in accordance with best market practices and the recommendations of shareholders, the Board of Directors decided to set the maximum amount applicable to this resolution and all dilutive transactions at 10% of the share capital.

In addition, as in 2015, this provision shall not be implemented during the period of a public tender offer on the Company's shares (and therefore without a new decision by the shareholders).

## Authorization to increase the number of securities to be issued as part of a capital increase without preferential subscription right of the shareholders (18<sup>th</sup> resolution)

### Description of the authorization

We request that you renew the authorization granted to the Board of Directors to increase the number of securities to be issued for a 26-month period, for each issuance that may be decided pursuant to the aforementioned 17<sup>th</sup> resolution (dilutive issuance without preferential subscription right but with a priority right), in accordance with the conditions set forth in Article L. 225-135-1 of the French commercial code, within a limit of 15% of the initial issuance and at the same price as the price of the initial issue (overallotment option). It should be noted that this authorization could not result in an increase in the limit of 10% of the share capital provided for in the aforementioned resolution.

These increases in the number of securities to be issued may not be decided by the Board of Directors during the period of a public tender offer on the Company's shares.

No amount was used pursuant to the preceding authorization granted by your Shareholders' Meeting in 2015.

This new authorization would supersede with effect from its adoption the 22<sup>nd</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification for the authorization request

Given in particular the volatility of current market conditions, the Board feels that it is necessary to renew this authorization, which enables the implementation of a customary mechanism that complies with financial market practices.

As was the case under the previous authorization granted by the 2015 Shareholders' Meeting, the application scope of this new authorization is limited to issuances of shares or securities without preferential subscription right but with a priority right (17<sup>th</sup> resolution). This limitation is consistent with financial market best practices.

Moreover, as in 2015, this resolution shall not be implemented during the period of a public tender offer on the Company's shares (and, therefore, without a new decision by the shareholders).

## Issuance of shares and securities, without preferential subscription right, in the event of a public exchange offer initiated by the Company (19<sup>th</sup> resolution)

### Description of the authorization

We request that you renew, for a 26-month period, the delegation of authority granted to your Board of Directors to issue: (a) ordinary shares of the Company; and/or (b) securities which are equity securities of the Company giving access to other equity securities of the Company and/or to an allotment of debt securities; and/or (c) securities which are debt securities giving access or potentially giving access by any means, immediately or in the future, to equity securities of the Company already issued or to be issued, as consideration for a public exchange offer initiated by the Company, in France or abroad, in accordance with local regulations, on securities of another Company whose shares have been admitted for trading on a regulated market.

The issuance of ordinary shares and/or securities would be carried out without preferential subscription right of shareholders.

This delegation of authority could be implemented in connection with any public exchange offer initiated by the Company in France or abroad, in accordance with local regulations, on securities covered by the terms of Article L. 225-148 of the French commercial code, or any other type of public offer in accordance with applicable laws and regulations, including in particular (but not limited to) any exchange offer, any alternative tender or exchange offer, any single tender or exchange offer for securities in exchange for securities and cash, any principal public tender offer or exchange offer, together with a subsidiary exchange offer or tender offer, or a reverse merger in the United States.



The maximum amounts of this new authorization would be identical to those of the previous authorization granted by the Shareholders' Meeting in 2015 that is soon to expire, *i.e.*:

(i) for ordinary shares to be issued by the Company:

- a nominal amount of €16 million, representing on an indicative basis approximately 10% of the share capital as of December 31, 2016;
- issuances carried out pursuant to this authorization would apply to the maximum amount of 35% of share capital set forth in the 16th resolution (non-dilutive issuances with preferential subscription right) and of 10% of share capital set forth in the 17th resolution (dilutive issuances without preferential subscription right, but with a priority right); and

(ii) for debt securities issued pursuant to this authorization: a principal amount of €2 billion (maximum amount common to the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> and 20<sup>th</sup> resolutions).

Your Board of Directors would have to determine, for each offering, the nature and characteristics of the securities to be issued, the amount of the capital increase depending on the results of the offering and on the number of target company securities presented for exchange, taking into consideration the parities and the shares or securities issued giving access to the share capital.

These issuances may not be decided by the Board of Directors during the period of a public tender offer on the Company's shares.

## Issuance of shares and securities, without preferential subscription right for shareholders, in consideration for contributions in kind granted to the Company (20<sup>th</sup> resolution)

### Description of the authorization

We request that you renew, for a 26-month period, the delegation of authority granted to the Board of Directors to decide to issue, within a limit of 10% of the Company's share capital at the date of the Board decision: (a) ordinary shares of the Company; and/or (b) securities which are equity securities of the Company giving access to other equity securities of the Company and/or giving the right to receive debt securities; and/or (c) securities which are debt securities giving access to equity securities of the Company already issued or to be issued, in consideration for contributions in-kind granted to the Company and consisting of equity securities or securities giving access to the share capital.

The issuance of ordinary shares or securities would be carried out without any preferential subscription right of shareholders to the securities issued pursuant to this delegation. Moreover, this delegation would automatically entail a waiver by the shareholders to their preferential subscription right to the Company's ordinary shares to which the securities may give rights, in favor of the holders of securities giving access to the Company's share capital issued pursuant to this delegation.

As was the case under the previous authorization, this authorization would have to respect the statutory limit of 10% of the share capital. Issuances carried out pursuant to this authorization would also be applicable to the limits of 35% of the share capital set forth in the 16th resolution (non-dilutive issuance with preferential subscription right) and 10% of the share capital set forth in the 17th resolution (dilutive issuance without preferential subscription right but with a

No amount was used pursuant to the preceding authorization granted by your Shareholders' Meeting in 2015.

With effect from its adoption, this new authorization would supersede the 23<sup>rd</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification for the authorization request

The Board felt it was necessary to renew this authorization in order to enable the Company to maintain its ability to acquire medium-sized stakes in companies whose shares are listed on a regulated market. These acquisitions could then be financed, in whole or in part, using shares instead of debt. The Board would therefore be able to respond quickly to market opportunities and have the option of issuing shares or securities to be used as consideration for the target company's shareholders, who accept the offer.

In addition, the renewal of this financial authorization appeared to be necessary in order to preserve the Company's competitiveness relative to some of its competitors, which have similar financial authorizations.

Finally, this provision shall not be implemented during the period of a public tender offer on the Company's shares (and therefore without a new decision by the shareholders).

priority right). In addition, the principal amount of any debt securities issued pursuant to this authorization will be applicable to the limit of €2 billion (limit common with the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> resolutions).

These issuances may not be decided by the Board of Directors during the period of a public tender offer on the Company's shares.

No amount was used pursuant to the preceding authorization granted by your Shareholders' Meeting in 2015.

This new authorization would supersede with effect from its adoption the 24<sup>th</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification for the authorization request

The renewal of this authorization appeared necessary to the Board to allow the Company to maintain its capacity to acquire stakes in unlisted medium-sized companies. These acquisitions could then be financed, in whole or in part, using shares or securities instead of debt. The Board may therefore decide to increase the share capital in consideration for the contribution of shares or securities to the Company.

In addition, the renewal of this financial authorization is also necessary in order to preserve the Company's competitiveness relative to some of its competitors, which have similar financial authorizations.

Finally, this provision shall not be implemented during the period of a public tender offer on the Company's shares (and therefore without a new decision by the shareholders).



## Capital increase through the incorporation of reserves, profits, premiums or any other amounts that may be capitalized (21<sup>st</sup> resolution)

### Description of the authorization

We request that you renew, for a 26-month period, the delegation of authority granted to the Board of Directors to decide to increase the share capital through the incorporation of reserves, earnings, premiums or any other amounts that may be capitalized, followed by the issuance and the free allocation of shares and/or the increase in the par value of the existing ordinary shares.

The maximum nominal amount of ordinary share issuances under this resolution would be similar to the amount of the previous authorization granted by the 2015 Shareholders' Meeting and which is soon to expire, i.e.:

- an amount set at €41 million, representing, on an indicative basis, approximately 25% of the share capital as of December 31, 2016; and
- this maximum amount would be independent of those of the other financial authorizations submitted to the Shareholders' approval (16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup>, and 23<sup>rd</sup> resolutions).

These issuances may not be decided by the Board of Directors during the period of a public tender offer on the Company's shares.

## Issuance of shares and securities reserved for employees who are members of a company's savings plan, without preferential subscription right of the shareholders (22<sup>nd</sup> resolution)

### Description of the authorization

We request that you renew, for a 26-month period, the delegation of authority granted to the Board of Directors to decide to increase the Company's share capital through the issuance of ordinary shares and/or securities giving access to ordinary shares of your Company and reserved for employees who are members of a company savings plan of the Company or related French or foreign companies according to Article L. 225-180 of the French commercial code and L. 3344-1 of the French labor code.

The maximum nominal amount of ordinary share issuances under this authorization would be similar to the amount of the previous authorization granted by the 2015 Shareholders' Meeting and which is soon to expire, i.e.:

- an amount set at €3.2 million representing, on an indicative basis, approximately 2% of the share capital as of December 31, 2016; and
- the issuances carried out pursuant to this authorization would apply to the maximum amounts of 35% of share capital set forth in the 16<sup>th</sup> resolution (non-dilutive issuance with preferential subscription right) and 10% of the share capital set forth in the 17<sup>th</sup> resolution (dilutive issuance without preferential subscription right but with a priority right).

The issuance of ordinary shares would be carried out without preferential subscription right of the shareholders.

The discount offered as part of the company savings plan or employee shareholding transactions would be set at 20%, which is the maximum allowed under French regulations. This discount would be calculated on the basis of the DANONE share's average opening list price on Euronext Paris during the 20 trading sessions preceding the date of the decision setting the opening date for subscription. It should be noted that during the implementation of this authorization, the Board of Directors may only reduce or eliminate the amount of the discount on a case-by-case basis for reasons of legal, tax or social constraints that may apply outside of France, in any countries

No amount was used pursuant to the preceding authorization granted by your Shareholders' Meeting in 2015.

With effect from its adoption, this new authorization would supersede the 25<sup>th</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification of the authorization request

The renewal of this authorization is designed to enable the Company to increase its share capital through a simple transfer of reserves, earnings or premiums or other amounts whose capitalization would be permitted in the "share capital" account. These transactions do not alter the Company's value nor do they affect the rights of shareholders and, in particular, can be used to bring the nominal value of the shares more in line with their market value.

Furthermore, this provision shall not be implemented during the period of a public tender offer on the Company's shares (and therefore without a new decision by the shareholders).

where Danone entities are located and where the employees are participating in the share capital increases. The Board of Directors may also decide, pursuant to Article L. 3332-21 of the French labor code, to freely allocate shares to subscribers of new shares instead of a discount, or in connection with a company contribution as part of the company savings plan.

In accordance with applicable legal provisions, the proposed transactions could also take the form of selling shares to employees participating in a company savings plan.

It should be noted that under the previous authorization granted by your 2015 Shareholders' Meeting, a capital increase with a nominal amount of €235,200 was carried out in June 2016 following a decision of the Board of Directors of February 22, 2016 (corresponding to around 0.14% of the share capital), leaving an available balance of €2,934,800 as of December 31, 2016, against which will be deducted another capital increase reserved for employees participating in a company savings plan approved by the Board of Directors of February 14, 2017 and scheduled to be completed in June 2017.

This new authorization would supersede with effect from its adoption the 26<sup>th</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### Justification of the authorization request

As of December 31, 2016, employees held approximately 1.3% of the share capital through the "Fonds Danone" company investment fund, which corresponds to shares subscribed as part of the annual capital increases reserved for employees.

Danone would like to continue to enable employees to participate in its development. The employee shareholder transactions covered by this resolution are designed to strengthen their motivation and commitment and to enhance their sense of belonging to the Company. The vote on this resolution would therefore enable your Board of Directors to continue to implement this policy of associating employees in the Danone's development.

## Allocations of Group performance shares (23<sup>rd</sup> resolution)

### Context of the authorization request

Your Board of Directors, upon recommendation of the Nomination and Compensation Committee asks you to renew the authorization granted to it at the 2016 Shareholders' Meeting for a one-year period, to allocate shares subject to performance conditions ("Group performance shares" or "GPS").

### Structure and principles

The main characteristics of this new resolution are as follows:

- authorization to allocate Group performance shares is again proposed for one year (until December 31, 2017): this vote enables shareholders to ensure as in 2016 that the requirement level of performance conditions would be sufficiently ambitious and motivating in line with the Danone's performance;
- group performance shares could only be allocated to employees and executive corporate officers, since the Chairman of the Board is not eligible;
- continuation of a single reference period of three years applicable to all performance conditions;
- demanding performance conditions adapted to Danone's current environment based on (i) an external performance criterion, the average growth of Danone's sales compared to that of a panel of benchmark multinational groups in the food and beverage sector, and (ii) an internal performance criterion, Danone's free cash flow level, excluding the impact of changes in consolidation scope and in exchange rates: the Board emphasizes that these two objectives are complementary in nature and reflect the key indicators monitored by investors and analysts to measure the performance of companies in the food and beverage sector;
- evolution of performance conditions: the Board considers this year that changing the nature of performance conditions is relevant in the context of the acquisition of WhiteWave, to include a free cash flow criterion in line with the targets of deleverage and the maintenance of Danone's financial rating;
- following discussions with shareholders, introduction of progressive scales for both performance conditions, from 90% to 110% for the sales criterion and from 0 % to 100 % for the free cash flow criterion. These progressive scales enable the avoidance of threshold effects, to increase the incentive to performance and to strengthen the demanding nature of the performance conditions (in particular, the sales criterion will be met at 90% in the case of achievement of the median, against 100% previously);
- 100% of the shares granted remain subject to performance conditions;
- the dilutive effect remains the same (0.2% of the share capital).

The Board of Directors emphasizes its desire for performance share grants to continue to adhere to governance principles and good practices, which include the following (in addition to the aforementioned items):

- involvement at every stage (allocation, review of fulfillment of performance conditions, etc.) by the Nomination and Compensation Committee, entirely composed of independent Directors;
- compliance with best market practices concerning ceilings, applicable to GPS allocations as percentages of the share capital, as well as sub-ceilings for allocations to executive officers;
- continuation by the Board of its policy for the allocation of "4+0" GPS, applied to all beneficiaries in order to increase the length of the vesting period, thus conforming to financial market best practices, notwithstanding shorter time periods authorized by law since law no. 2015-990 of August 6, 2015 (said "Macron law");
- stability of allocation periods, with the main allocation generally taking place yearly at the Board meeting convened to approve the interim financial statements, i.e. at the end of July;

- prohibition for beneficiaries who are members of the Executive Committee to use any hedging instrument in respect of GPS; and
- the obligation to hold a significant number of shares stemming from GPS allocations, until the termination of their duties within the Company (equivalent to 4 years of fixed compensation for corporate officers and to 2 years of fixed compensation for the other members of the Executive Committee).

### Description of the authorization

#### 1. Nature of the authorization

We request that you authorize the Board of Directors, until December 31, 2017, to freely allocate, subject to performance conditions, shares of the Company, existing or to be issued, to employees or to certain categories thereof that it shall select among eligible employees, and to corporate officers of the Company and of affiliates of the Company within the meaning of Article L. 225-197-2 of the French commercial code. It should be noted that approximately 1,500 people benefit from such share allocations each year.

#### 2. Maximum amount of the authorization

These allocations may not represent a number of existing or newly issued shares exceeding 0.2% of Danone's share capital, as determined at the end of the 2017 Shareholders' Meeting, which corresponds to the same amount as that approved by the 2016 Shareholders' Meeting.

The nominal amount of the existing or newly issued shares allocated under this authorization would apply to the limits of 35% of the share capital set forth in the 16th resolution (non-dilutive issuances with preferential subscription right) and of 10% of the share capital set forth in the 17th resolution (dilutive issuances without preferential subscription right, but with a priority right) of the Shareholders' Meeting.

This number of shares does not reflect potential adjustments that may be made in accordance with applicable legal and regulatory requirements and, where applicable, to contractual provisions calling for other adjustments in order to maintain the rights of holders of securities or other rights giving access to the share capital. Thus to the extent that share allocation plans include adjustment clauses to the number of shares granted in the event of transactions involving the share capital during the vesting period, the application of these adjustment clauses could result in the final number of allocated shares exceeding 0.2% of the share capital.

#### 3. Sub-ceiling for allocations to corporate officers

Shares allocated pursuant to this authorization may be allocated, subject to performance conditions, to executive corporate officers, but within the maximum limit of 0.03% of the Company's share capital at the end of the 2017 Shareholders' Meeting (subject to the same potential adjustments mentioned in point 2 above).

In 2016, a total of 34,200 GPS were allocated to Mr. Emmanuel FABER, Chief Executive Officer (the only corporate officer to benefit from an allocation of GPS), corresponding to 0.005% of Danone's share capital and 5.5% of all performance shares allocated by Danone in 2016.

#### 4. Vesting period

4.1 The allocation of shares to their beneficiaries will become final after a vesting period, the duration of which will be set by the Board of Directors and shall not be less than three years.

4.2 In principle, the beneficiaries must hold said shares for a duration of at least two years after the final allocation of such shares. However, if the vesting period for all or a part of one or more allocations is a minimum of four years, the Board of Directors may not impose any lock-up period for the shares in question.

4.3 Since July 2013, the Board of Directors decided to grant performance shares solely in the form of "4+0", corresponding to a vesting period of four years and no lock-up period. Notwithstanding the provisions of French law no. 2015-990 of August 6, 2015 (said "Macron law"), which reduced the vesting period's minimum length for shares subject to performance conditions, Danone decided to

maintain a four-year vesting period. Furthermore, the corporate officers and the members of the Executive Committee remain subject to the requirement that they hold a significant number of shares stemming from GPS allocations until the termination of their duties.

## 5. Conditionality of the definitive allocation of shares

The definitive allocation of shares either in existence or to be issued will necessarily be subject to (i) the achievement of the performance conditions to be determined by the Board of Directors in accordance with the terms described hereafter (the "Performance Conditions") and (ii) a condition of continued employment within Danone (see point 5.2 hereafter).

### 5.1 Performance conditions

The Performance Conditions applied by your Board consist of two complementary criteria, affecting for each 50% of the grant shares, indicative of Danone's performance and adapted to the specific nature of its business and to its current priorities, namely:

**(a)** Comparison of the arithmetic average consolidated net sales growth (the "CA") of Danone on a like-for-like basis with that of a reference panel for a period of three years, i.e. 2017, 2018 and 2019:

- if Danone's CA is lower than the Median CA of the Panel, the definitive allocation shall be 0%, in accordance with the "no pay below median" principle;
- if Danone's CA is equal to the Median CA of the Panel, the definitive allocation shall be
- 90% of the shares subject to the CA performance condition;
- if Danone's CA is between the Median CA of the Panel and 120% the Median CA of the Panel, the definitive allocation will be determined between 90 % and 110% of the shares subject to the CA performance condition and will vary in proportion to the linear progressive scale between 100 % and 120% of the Median CA of the Panel;
- if Danone's CA exceeds or is equal to 120% to the Median CA of the Panel, the definitive allocation shall be 110% of the shares subject to CA performance condition;

Where:

- Danone's CA refers to Danone's arithmetic average consolidated net sales growth during the fiscal years 2017, 2018 and 2019 (on a like-for-like basis);
- the CA of each Panel member refers to the arithmetic average net consolidated sales growth recorded by the said member of the Panel during the fiscal years 2017, 2018 and 2019 (on a like-for-like basis);
- the "net sales" and the variation on "like-for-like basis" are financial indicators used by Danone and not defined by the IFRS, whose the calculation is specified in the financial press releases issued by the Company (see also section 3.6 *Financial Indicators not defined by IFRS* of the 2016 Registration Document);
- the Panel CAs refers to the CAs of all members of the Panel;
- the Median CA of the Panel refers to the value of the CA of the Panel member that divides the Panel CAs into two equal parts (i.e. such that there are as many Panel members with a CA exceeding or equal to the Median as Panel members with a CA being less than or equal to the Median), it being specified that if the Panel members are an even number, the Median CA of the Panel will be equal to the arithmetic average of the two central values of the Panel CAs;
- the Panel refers to eight benchmark multinational groups in the food and beverage sector, namely: Unilever N.V., Nestlé S.A., PepsiCo Inc., The Coca-Cola Company, The Kraft Heinz Company, Mondelez International Inc., General Mills Inc. and Kellogg Company;
- restatements (mainly adjustments of scope and/or foreign exchange effects) will be made only to the extent strictly necessary in order to ensure the consistency of the calculation method for

the CAs of all Panel members and the CA of Danone over the entire period under review;

- in the event that the audited accounting or financial results of one of the Panel members are not published or are published late, the Board of Directors may, exceptionally, exclude this member of the Panel through a duly justified decision taken at a later date that is mentioned in the Report of the Board of Directors to the Shareholders' Meeting;
- in the event that the audited accounting or financial results of two or more members of the Panel are not published or published late, the Board of Directors will make a decision duly justified at a later date and described in the Report of the Board of Directors to the Shareholders' Meeting, on the basis of the most recent audited financial statements published by the members of the Panel and by the Company over the three latest completed fiscal years for which financial statements were published by all members of the Panel and by the Company;
- the Board of Directors may, through a duly justified decision taken at a later date and mentioned in the Report of the Board of Directors to the Shareholders' Meeting, exclude a member of the Panel in the event of an acquisition, absorption, dissolution, spin-off, merger or change of activity of this member of the Panel, provided that it maintains the overall consistency of the peer group;
- the Board of Directors must state the fulfillment level of this first performance condition, on the basis of a duly justified decision taken at a later date and mentioned in the Report of the Board of Directors to the Shareholders' Meeting, following a recommendation by the Nomination and Compensation Committee, and based on a report of a financial advisor;
- (b)** The achievement of a free cash flow level determined as described below ("FCF"), exceeding €6 billion over a period of three years, i.e. over fiscal years 2017, 2018 and 2019:
  - if the sum of FCF over the 2017, 2018 and 2019 fiscal years is lower or equal to €6 billion, the definitive allocation will be 0% of the shares subject to the FCF performance condition;
  - if the sum of FCF over the 2017, 2018 and 2019 fiscal years is between €6 and €6.5 billion, the definitive allocation will be determined between 0% and 100% of the shares subject to the FCF performance condition and will vary in proportion to a linear progressive scale between €6 and €6.5 billion; and
  - if the sum of FCF over the 2017, 2018 and 2019 fiscal years exceeds or is equal to €6.5 billion, the definitive allocation will be 100% of the shares subject to the FCF performance condition;

Where:

- the sum of the "FCF" refers to the sum of the "Free Cash Flow" for fiscal years 2017, 2018 and 2019 (the "Free Cash Flow" is a financial indicator not defined by IFRS and whose calculation is specified in the financial press releases issued by the Company (see also section 3.6 *Financial indicators not defined by IFRS* of the 2016 Registration Document), excluding the impact of changes in consolidation scope (but including WhiteWave entities for the entire fiscal year 2017) and changes in exchange rates;
- the Board of Directors will need to state the fulfillment level of this second performance condition through a duly informed decision made at a later date and mentioned in the Report of the Board of Directors to the Shareholders' Meeting, upon the recommendation of the Nomination and Compensation Committee; and
- for all beneficiaries, provided that the condition of continued employment at Danone is met (see point 5.2 below), between 45% and 55% of the shares will be definitively allocated subject to the fulfillment of the Performance Condition related to sales growth, and between 0% and 50% of the shares will be definitively allocated depending on the level of achievement of the Performance Condition related to FCF.

### **5.2 Condition of continued employment at Danone**

The definitive GPS allocation is subject to a continued employment condition applying to all beneficiaries. A beneficiary of a share allocation who leaves Danone before the end of the vesting period may not retain his or her shares, except in the case of legally mandated early departure (including death and disability) and in exceptional cases upon decision from the Board of Directors.

In the specific case where an employee retires at the legal age (or prior to this as allowed by law), the GPS granted in the previous 12 months before the retirement leaving date will be canceled (without any possible exemption by the Board).

Regarding executive corporate officers, the Board of Directors may decide an exemption to that condition, only partially on a prorata temporis basis.

Moreover, it should be noted that the GPS plans provide that all GPS beneficiaries are exempted from the conditions of continuous employment and performance in the event of the Company's change of control.

### **6. Impact in terms of dilution/ownership of the Company's share capital**

The Board wishes to point out that Danone's policy concerning authorizations to grant stock-options and performance shares has always had a limited impact in terms of the dilution/ownership of share capital.

Thus:

- the outstanding number of stock-options net yet exercised as of December 31, 2016 totaled 333,016 options, or 0.05% of the share capital;
- as of December 31, 2016, the outstanding number of performance shares granted but not yet definitively vested totaled 2,299,567 shares, or 0.35% of the share capital; and
- the number of shares that may be issued through allocations of performance shares under this resolution may not exceed 0.2% of the share capital;

which represents a total of around 0.6% of the share capital.

## **Authorization granted to the Board of Directors to reduce the share capital by canceling shares (24<sup>th</sup> resolution)**

The authorization granted to the Board of Directors in 2015 to cancel shares acquired by the Company pursuant to Article L. 225-209 of the French commercial code is soon to expire and you are asked to renew it.

### **Description of the authorization**

We therefore request that you renew the authorization, granted to your Board of Directors for a 24-month period, to reduce the share capital by cancelling, on one or more occasions, within the limit of 10% of the share capital (per 24-month period), part or all of the Company's shares that the Company holds or may acquire within the framework of share repurchase programs authorized by the Shareholders' Meeting.

The difference between the reported amount of the canceled shares and their par value will be applied to the "Additional paid-in capital" account or on any available reserve account, including the legal reserve, within the limit of 10% of the share capital reduction achieved.

This authorization was not used in 2015 and 2016.

This new authorization would replace the 28<sup>th</sup> resolution approved by the Shareholders' Meeting of April 29, 2015.

### **Justification for the authorization request**

This mechanism complements the implementation of a share buy-back program that would be authorized under the terms of the 15<sup>th</sup> resolution submitted to the Shareholders' Meeting.

# APPOINTMENT AND RENEWALS OF TERMS OF OFFICE PROPOSED TO THE SHAREHOLDERS' MEETING

## Appointment

- Gregg L. ENGLES

## Renewals of terms of office

- Gaëlle OLIVIER
- Isabelle SEILLIER
- Jean-Michel SEVERINO
- Lionel ZINSOU-DERLIN

## Appointment of Mr. Gregg L. ENGLES (9<sup>th</sup> resolution)



GREGG L. ENGLES

Nominee to the Board of Directors 

Born August 16, 1957, U.S. nationality

2016 BoD attendance rate: N/A

### Personal background – experience and expertise

Gregg L. ENGLES received a Bachelor's degree in economics at Dartmouth College and a juris doctorate degree in law at Yale University. After graduation, Gregg founded and was President of several investment firms: Kaminski Engles Capital Corporation in 1988, Engles Capital Corporation in 1989, and Engles Management Corporation in 1993. Gregg L. ENGLES founded Suiza Foods Corporation in 1993 and became Chairman of the Board and Chief Executive Officer in 1994. Suiza Foods, later called Dean Foods Company, was founded to consolidate the U.S. fluid milk industry. Gregg L. ENGLES served as Chairman of the Board of Directors and Chief Executive Officer of Dean Foods Company, which became one of the nation's leading food and beverage companies, from 1994 until 2012, and became a listed company in 1996. Gregg L. ENGLES conceived of the creation of a branded dairy alternative business within the Dean Foods portfolio and built The WhiteWave Foods Company through a series of successful acquisitions, including International Delight in 1997, Silk in 2002, Horizon Organic in 2004, and Alpro in 2009. Gregg L. ENGLES serves as Chairman and Chief Executive Officer of The WhiteWave Foods Company since 2012, when WhiteWave was spun-off from Dean Foods Company.

### Positions and responsibilities as of December 31, 2016

#### Listed companies

Chairman of the Board of Directors and Chief Executive Officer of *THE WHITEWAVE FOODS COMPANY* (United States)

Director, Audit Committee Chair, Member of the Compensation Committee, Member of the Nominating and Corporate Governance Committee, Member of the Common Stock Director Committee of *LIBERTY EXPEDIA HOLDINGS, INC* (United States)

#### Unlisted companies

None

#### Associations/Foundations/Other

Trustee of *DARTMOUTH COLLEGE*

Director and Member of the Executive Committee of *GROCERY MANUFACTURERS OF AMERICA*

### Positions and responsibilities during the past five years

None



## Renewal of Mrs. Gaëlle OLIVIER (5<sup>th</sup> resolution)



GAËLLE OLIVIER

Independent Director 

Born May 25, 1971, French nationality

2016 BoD attendance rate: 89%

### Personal background – experience and expertise

Graduate of the École Polytechnique, the ENSAE and the Institut des Actuaire. After starting her career at Crédit Lyonnais in the equity derivatives trading room, in 1998 Gaëlle OLIVIER joined the AXA Group where she held various positions in France and abroad in several of the group's business areas. After two years at AXA Investment Managers, she served for five years as Executive Assistant to AXA Group's Chairman and Chief Executive Officer Henri DE CASTRIES and Secretary of the Supervisory Board. In 2004, she joined AXA Life Japan as Head of Investment Operations and became a member of the Management Committee in charge of Strategy, Winterthur Japan Integration and Audit in 2006. In 2009, she became AXA group Head of Communications and Corporate Responsibility before being named Chief Executive Officer of the Property & Casualty Insurance business at AXA Asia in 2011. In January 2016, she became Chief Executive Officer of AXA Entreprises in France. In July 2016, she was appointed Chief Executive Officer of AXA Global P&C and joined the AXA Group's Management Committee.

### Positions and responsibilities as of December 31, 2016

#### Listed companies

Director and Member of the Audit Committee of DANONE SA  
Member of AXA's Management Committee

#### Unlisted companies

Chief Executive Officer of AXA Global P&C  
Chairman of the Board of Directors and of the Compensation Committee of AXA CORPORATE SOLUTIONS ASSURANCE  
Director of AXA UK and AXA ART

#### Associations/Foundations/Other

None

### Positions and responsibilities during the past five years

#### Unlisted companies

Chairwoman and Member of the Board of Directors of AXA THAILAND PUBLIC COMPANY LIMITED (Thailand)  
Chief Executive Officer of AXA ENTREPRISES  
Director of AXA GENERAL INSURANCE HONG KONG LIMITED (China), AXA GENERAL INSURANCE CHINA LIMITED (China), AXA INSURANCE SINGAPORE PTE LTD (Singapore), AXA AFFIN GENERAL INSURANCE BERHAD (Malaysia), BHARTI – AXA GENERAL INSURANCE COMPANY LIMITED (India), WIN PROPERTY (SHANGHAI LINKS) LIMITED (China), AXA TECHNOLOGY SERVICES SINGAPORE PTE LTD (Singapore), AXA ASIA REGIONAL CENTRE PTE LTD (Singapore), AXA TIAN PING PROPERTY & CASUALTY INSURANCE COMPANY LIMITED (China)

## Renewal of Mrs. Isabelle SEILLIER (6<sup>th</sup> resolution)



ISABELLE SEILLIER

Non-Independent Director 

Born January 4, 1960, French nationality

2016 BoD attendance rate: 100%

### Personal background – experience and expertise

Isabelle SEILLIER is a graduate of Sciences-Po Paris (Economics-Finance, 1985) and holds a Master's degree in business law. In 1987, she began her professional career in the options division of Société Générale in Paris, where she headed the Sales Department for options products in Europe until 1993. She joined J.P. Morgan in Paris in 1993 as head of the sales department for derivative products in France for industrial companies. In 1997, she became an investment banker at J.P. Morgan & Cie SA as a banking advisor providing coverage for large industrial clients. In March 2005, she was appointed joint head of investment banking before being named sole head of this activity in June 2006. From 2008, she was Chairman of J.P. Morgan for France while remaining in charge of investment banking for France and North Africa. Since January 2016, she has been Vice-Chairman of Investment Banking for J.P. Morgan for Europe, the Middle East and Africa. She is involved in philanthropic activities, in particular children's support associations. Under her direction, J.P. Morgan France developed a philanthropic program that helps these associations.

### Positions and responsibilities as of December 31, 2016

#### Listed companies

Director and Member of the Strategy Committee of DANONE SA

#### Unlisted companies

None

#### Associations/Foundations/Other

Member of the Board of Directors of PARIS EUROPLACE

### Positions and responsibilities during the past five years

#### Listed companies

Director and Member of the Strategy Committee of CLUB MÉDITERRANÉE

#### Unlisted companies

Chairman J.P. MORGAN CHASE BANK

## Renewal of Mr. Jean-Michel SEVERINO (7<sup>th</sup> resolution)



JEAN-MICHEL SEVERINO

Independent Director 

Born September 6, 1957, French nationality

2016 BoD attendance rate: 100%

### Personal background – experience and expertise

Jean-Michel SEVERINO is a graduate of the École Nationale d'Administration, ESCP, IEP Paris and holds a postgraduate degree (DEA) in economics and a degree in law. After four years working at the Inspection générale des finances (French General Inspection of Finance) (1984-1988), he was named technical advisor for economic and financial affairs at the French Ministry of Cooperation (1988-1989). He later became the head of that Ministry's Department of Economic and Financial Affairs and then its Development Director. In 1996, he was recruited by the World Bank as Director for Central Europe at a time when this region was marked by the end of the Balkans conflict and reconstruction. He became the World Bank's Vice-President in charge of East Asia from 1997 to 2001 and focused on the management of the major macroeconomic and financial crisis that shook these countries. Then, he was named Chief Executive Officer of the Agence Française de Développement (AFD), where from 2001 to 2010 he led the expansion efforts to cover the entire emerging and developing world. He expanded the development bank's activities significantly and extended its mandate to many new countries and to a full spectrum of contemporary global issues, including climate, biodiversity, poverty and growth. In 2010, at the end of his third term of office, he returned to the Inspection Générale des Finances, where he was responsible for the French Water Partnership. In May 2011, he left the civil service to head up I&P (Investisseurs et Partenaires), a fund management company specializing in financing African small and medium-sized businesses. In addition to his professional duties, he has significant experience in the educational and research areas, notably as an associate professor at CERDI (Centre d'Études et de Recherches sur le Développement International). He was elected as a member of the Académie des Technologies (2010) and is currently a senior fellow of the Fondation pour les Études et Recherches sur le Développement International (FERDI) and a Member of the Académie des Technologies. He published several articles and books, including "Idées reçues sur le développement" and "Le temps de l'Afrique" in 2010 and "Le grand basculement" in 2011.

### Positions and responsibilities as of December 31, 2016

#### Listed companies

Director, Chairman of the Audit Committee and Member of the Strategy Committee of DANONE SA  
Director and Member of the Audit Committee of ORANGE

#### Unlisted companies

Chairman of the Board of Directors of EBISA (ECOBANK INTERNATIONAL)  
Director of I&P GESTION (Mauritius), I&P DEVELOPPEMENT (Mauritius), PHITRUST IMPACT INVESTORS SA  
Chairman of the Board of Directors of I&P AFRIQUE ENTREPRENEURS (Mauritius)  
Director and Member of the Investment Committee of ADENIA PARTNERS  
Member of the Investment Committee of ENERGY ACCESS VENTURES  
Manager of EMERGENCE DEVELOPPEMENT (EURL) I&P SARL (INVESTISSEURS ET PARTENAIRES)

#### Associations/Foundations/Other

Director of CONVERGENCES, FONDATION AVRIL, FONDATION ALSTOM, FONDATION D'ENTREPRISE, CARREFOUR, FONDATION GRAMEEN CREDIT AGRICOLE (Luxembourg), FONDATION SANOFI ESPOIR

Research Director and Member of the Strategy Steering Committee of FONDATION POUR LES ÉTUDES ET RECHERCHES SUR LE DÉVELOPPEMENT INTERNATIONAL

Member of the Académie des Technologies (public-sector institution with administrative activities), INDEPENDENT ASSESSMENT COMMITTEE ON SUSTAINABLE DEVELOPMENT, VEOLIA ENVIRONNEMENT, CONSEIL D'ORIENTATION SCIENTIFIQUE DE LA FONDATION JEAN-JAURÈS

### Positions and responsibilities during the past five years

#### Listed companies

Member of the DANONE SA Board of Directors' Social Responsibility Committee

Member of the Governance and Corporate Social Responsibility Committee of ORANGE

## Renewal of Mr. Lionel ZINSOU-DERLIN (8<sup>th</sup> resolution)



### LIONEL ZINSOU-DERLIN

Independent Director 

Born October 23, 1954, French and Beninese nationalities

2016 BoD attendance rate: 67%

### Personal background – experience and expertise

Lionel ZINSOU-DERLIN is a graduate of the École Normale Supérieure (Ulm), the London School of Economics and the Institut d'Études Politiques of Paris. He holds a Master's degree in Economic History and is an Associate Professor of Economic and Social Sciences. He started his career as a Senior Lecturer and Professor of Economics at Université Paris XIII. Between 1984 and 1986, he was an Adviser to the Minister of Industry and the Prime minister of Benin. In 1986, he joined Danone where he held various positions, including Group Corporate Development Director and then Chief Executive Officer of HP Foods and Lea & Perrins. In 1997, he joined Rothschild & Cie bank as Managing Partner where he was Head of the Consumer Products Group, Head of Middle East and Africa region and a member of the Global Investment Bank Committee. In 2008, he joined PAI Partners SAS, where he served as Chairman between 2009 and 2015 and was Chairman of the Executive Committee between 2010 and 2015. He has been Vice-Chairman of the Supervisory Board of PAI Partners SAS since 2015. From June 2015 to April 2016, he was the Prime minister of Benin.

### Positions and responsibilities as of December 31, 2016

#### Listed companies

Director and Member of the Nomination and Compensation Committee of DANONE SA

#### Unlisted companies

Vice-Chairman of the Supervisory Board of *PAI Partners SAS*  
Director of *INVESTISSEURS & PARTENAIRES* (Mauritius), *I&PAFRIQUE ENTREPRENEURS* (Mauritius)  
Chairman and Member of the Supervisory Board of *LES DOMAINES BARONS DE ROTHSCHILD (LAFITE) SCA*  
Manager of *SOFIA - SOCIETE FINANCIERE AFRICAINE SARL*

#### Associations/Foundations/Other

Founder and Treasurer of *FONDATION ZINSOU* (Benin)  
Director of *CARE France*  
Member of the Strategy Steering Committee of *FONDATION POUR LES ÉTUDES EN RECHERCHES SUR LE DÉVELOPPEMENT INTERNATIONAL*

### Positions and responsibilities during the past five years

#### Listed companies

Director of KAUFMAN & BROAD SA

#### Unlisted companies

Chairman and Chairman of the Executive Committee of *PAI PARTNERS SAS*  
Director of *PAI SYNDICATION GENERAL PARTNER LIMITED* (Guernsey), *PAI EUROPE III GENERAL PARTNER LIMITED* (Guernsey), *PAI EUROPE IV GENERAL PARTNER LIMITED* (Guernsey), *PAI EUROPE V GENERAL PARTNER LIMITED* (Guernsey), *PAI EUROPE VI GENERAL PARTNER LIMITED* (Guernsey), *STRATEGIC INITIATIVES FRANCE SAS*  
Member of the Advisory Council of *MOËT HENNESSY*  
Member of the Supervisory Board of *CERBA EUROPEAN LAB SAS*  
Alternate Director of *UNITED BISCUITS TOPCO LTD* (Luxembourg)

# SPECIAL REPORTS OF THE STATUTORY AUDITORS

- Statutory auditors' special report on related party agreements and commitments
- Statutory auditors' report on the issuance of shares and various securities with or without preferential subscription right
- Statutory auditors' report on the capital increase reserved for members of a company savings plan (*plan d'épargne d'entreprise*)
- Statutory auditors' report on the authorization to freely allocate existing shares or shares to be issued
- Statutory auditors' report on the capital reduction

# STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of as well as of the reasons for those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are useful or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

## Agreements and commitments submitted for approval by the Shareholders' Meeting

In accordance with article L. 225-40 of the French Commercial Code, we have been advised of the agreements and commitments described below which were subject to prior authorization by your Board of Directors.

### With the J.P. Morgan group

#### *Person concerned*

Mrs. Isabelle Seillier, a director of the company and managing director at the J.P. Morgan Chase group.

#### **a) Commitment letter dated July 6, 2016**

##### *Nature, purpose and conditions*

With Mrs. Isabelle Seillier abstaining, the Board of Directors voted unanimously at its July 6, 2016 meeting to authorize the company to enter into a commitment letter with J.P. Morgan Limited and J.P. Morgan Securities PLC, in order to secure bank financing dedicated to the acquisition of The WhiteWave Foods Company ("WhiteWave") for a maximum amount of USD 13.1 billion.

Under the terms of the commitment letter signed July 6, 2016, J.P. Morgan and another bank made a firm commitment to finance your company's acquisition of WhiteWave for the aforementioned maximum amount prior to the signature of the bridge loan agreement.

The terms of involvement, notably with respect to the scope of the assignments and compensation, applicable to the other bank entering into this commitment letter are similar to those applicable to J.P. Morgan.

Under the terms of this commitment letter and as consideration for this commitment, your company must pay the two participating banks (including the J.P. Morgan group) underwriting fees whose amounts vary depending on the duration and amount of the banks' exposure. The fees owed to the J.P. Morgan group by the company, determined on a strict prorated basis of its commitments under the commitment letter, are equal to the fees owed to the other bank entering into this agreement.

In 2016, your company paid a total of USD 8,187,500 to the J.P. Morgan group in connection with this commitment letter.

#### *Reason explaining the interest of the agreement for the company*

Your Board explained the interest of the agreement as follows: given the specificities involved in acquiring a U.S. listed company, the company benefits from using a U.S. bank such as J.P. Morgan to finance a portion of the acquisition and act as underwriter. More generally, J.P. Morgan offers the advantage of having participated in transatlantic financing transactions of similar size and complexity. Lastly, J.P. Morgan participates regularly in the company's financing and is familiar with your company's financing documentation, which in light of the tight deadlines for the WhiteWave acquisition process, enables the company to negotiate the financing of the acquisition based on existing financing documentation.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments already approved by the shareholders' meeting.

We have performed the due diligence procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) for this type of assignment. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

#### **b) Bridge loan agreement of July 27, 2016**

##### *Nature, purpose and conditions*

With Mrs. Isabelle Seillier abstaining, the Board of Directors voted unanimously at its July 6, 2016 meeting to authorize the company to enter into a bridge loan agreement with J.P. Morgan Limited and J.P. Morgan Securities to finance the acquisition of WhiteWave (as well as to refinance part or all of WhiteWave's existing debt) with a maximum overall principal amount of USD 13.1 billion (or equivalent amount expressed in any other currency), which would follow the commitment letter entered into on July 6, 2013.

On July 27, 2016, the company therefore entered into a credit facility agreement, governed by French law, with the J.P. Morgan group and several other banking institutions, the terms of which involve a loan in two tranches with a total principal amount of USD 13.1 billion: tranche A with a total principal amount of USD 11.1 billion drawable in dollars or euros and repayable twelve months following the signature of the agreement (with two successive six-month extension options); tranche B with a total principal amount of USD 2 billion in the form of a term loan available in dollars or euros and repayable three years after the signature of the agreement.

The loan agreement allows for early repayments at the company's discretion as well as mandatory early repayments, thanks to the proceeds from bond offerings and WhiteWave asset disposals or transfers following completion of the acquisition.

The amounts owed to the banking institutions by your company under the loan agreement are as follows: (a) the usual fees at the time the credit line is opened; (b) a non-utilization fee (equal to a percentage of the margin); (c) a supplementary fee in the event that the utilization period of facility A is extended; and (d) interest in the event amounts are drawn on the facility.

Interest owed by your company is at market rates, plus a margin, as well as certain additional regulatory costs borne by the lending banks, where applicable. For facility A, the margin is fixed, with an increase every three months following a six-month period from the signature date of the loan agreement. For facility B, the margin depends on the rating of your company's uncollateralized long-term debt (rating grid) and is also increased on the basis of the portion of the loan drawn in dollars.

In November 2016, following the execution of bond offerings described below, the company terminated the bridge loan agreement early. Consequently, no amount was drawn under the terms of this agreement.

J.P. Morgan's commitment as a lender in connection with the loan is equivalent to USD 1.25 billion, or 9.54% of the loan principal.

Interest and fees owed J.P. Morgan by the company are determined on a strict pro-rated basis of its commitments under the loan and are therefore equivalent to interest and fees owed to other first-tier banking institutions of comparable quality participating in the loan.

In 2016, the company paid J.P. Morgan a total amount of USD 1,174,417.96 in fees related to this loan (fees related to the establishment of the loan plus non-utilization fees).

#### *Reason explaining the interest of the agreement for the company*

Your Board explained the interest of the agreement as follows: given the specificities involved in acquiring a U.S.-listed company, the company benefits from using a U.S. bank such as J.P. Morgan to finance a portion of the acquisition. More generally, J.P. Morgan offers the advantage of having participated in transatlantic financing transactions of similar size and complexity. Lastly, J.P. Morgan participates regularly in the company's financing and is familiar with your company's financial documentation, which in light of the tight deadlines for the WhiteWave acquisition process, enables the company to negotiate the financing of the acquisition based on existing financing documentation.

#### **c) Purchase agreement in connection with a bond offering in the U.S. market entered into on October 26, 2016**

##### *Nature, purpose and conditions*

With Mrs. Isabelle Seillier abstaining, the Board of Directors voted unanimously at its July 6, 2016 meeting to authorize the company to enter into a purchase agreement with the J.P. Morgan Group in connection with a bond offering executed by the company through a private placement to institutional investors, notably qualified investors in the United States.

In accordance with this authorization and in connection with a USD 5.5 billion bond offering in the U.S. market, on October 26, 2016 the company entered into a purchase agreement with the J.P. Morgan group and several other banking institutions, including J.P. Morgan Securities LLC, under whose terms these banking institutions subscribed all of the bonds issued by the company in order to place them subsequently with institutional investors seeking to participate in the offering.

Together with the €6.2 billion offering as part of the EMTN program (described below), this bond offering makes it possible to finance the entire WhiteWave acquisition.

The bond offering was launched on October 26, 2016, with settlement/delivery occurring on November 2, 2016. It is structured in four tranches:

- a USD 1.2 billion tranche over three years, with a coupon of 1.691%;
- a USD 800 million tranche over five years, with a coupon of 2.077%;
- a USD 1.5 billion tranche over seven years, with a coupon of 2.589%; and
- a USD 2 billion tranche over 10 years, with a coupon of 2.947%.

Fees owed by your company to the financial institutions participating in this bond offering (including J.P. Morgan) are strictly proportional to the underwriting commitment of the corresponding bank. In this regard, the company paid J.P. Morgan Securities LLC a fee of USD 4.16 million.

#### *Reason explaining the interest of the agreement for the company*

Your Board explained the interest of the agreement as follows: given the goal of refinancing the bridge loan as quickly as possible depending on market conditions and given this loan's limited duration and cost for your company, the J.P. Morgan group offers the advantages of (i) participating regularly in the company's bond offerings, as well as (ii) being familiar with both the U.S. and European markets and the company's financial documentation.

#### **d) Subscription agreement in connection with a bond offering under the EMTN program entered into on October 28, 2016**

##### *Nature, purpose and conditions*

With Mrs. Isabelle Seillier abstaining, the Board of Directors voted unanimously at its July 6, 2016 meeting to authorize the company to enter into a subscription agreement with the J.P. Morgan group in connection with a bond offering by the company.

Under this authorization and in connection with a €6.2 billion bond offering under the EMTN program, on October 28, 2016 the company entered into a subscription agreement with the banks responsible for placing the bonds (including J.P. Morgan Securities PLC), under whose terms these banks subscribed all of the bonds issued by the company in order to place them with investors seeking to participate in the offering.

Together with the above-mentioned USD 5.5 billion offering, this bond offering makes it possible to finance the entire WhiteWave acquisition.

The bond offering was launched on October 25, 2016, with settlement/delivery occurring on November 3, 2016. It was structured in five tranches:

- a €1.35 billion tranche over two years at a variable rate (Euribor 3 month +0.15% coupon);
- a €1 billion tranche over four years at a fixed rate equivalent to mid-swap +0.28% (0.167% coupon);
- a €1 billion tranche over six years at a fixed rate equivalent to mid-swap +0.40% (0.424% coupon);
- a €1.25 billion tranche over eight years at a fixed rate equivalent to mid-swap +0.50% (0.709% coupon); and
- a €1.6 billion tranche over twelve years at a fixed rate equivalent to mid-swap +0.65% (1.208% coupon).

Fees paid by your company to the financial institutions participating in the bond offering (including J.P. Morgan) are strictly proportional to the subscription commitment of the corresponding bank. In this regard, the company paid J.P. Morgan Securities PLC a fee of €2.511 million.

#### *Reason explaining the interest of the agreement for the company*

Your Board explained the interest of the agreement as follows: given the goal of refinancing the bridge loan as quickly as possible depending on market conditions and given this loan's limited duration and cost for your company, the J.P. Morgan group offers the advantages of (i) participating regularly in the company's bond offerings, as well as (ii) being familiar with both the U.S. and European markets and the company's financial documentation.



## Agreements and commitments already approved by the Shareholders' Meeting

### Agreements and commitments approved in prior fiscal years

#### a) whose implementation continued during the past fiscal year

In accordance with article L. 225-30 of the French Commercial Code, we have been informed that the execution of the agreements and commitments described below, already approved by the Shareholders' Meeting in prior fiscal years, continued during the past fiscal year.

##### 1. With the danone.communities mutual investment fund (SICAV)

###### *Persons concerned*

Mr. Franck Riboud, Chairman of the Board of Directors, and Mr. Emmanuel Faber, Chief Executive Officer, both directors of the danone.communities mutual investment fund (SICAV).

###### **Cooperation agreement within the framework of the danone.communities project.**

###### *Nature, purpose and conditions*

On April 26, 2007, within the framework of the danone.communities project, the company's Board of Directors unanimously authorized the signing of a cooperation agreement established between the company, the danone.communities mutual investment fund (Société d'Investissement à Capital Variable – SICAV), the danone.communities FCPR (venture capital fund, now FPS), and companies of the Crédit Agricole group, namely IDEAM (which was merged into Amundi in 2011) and Crédit Agricole Private Equity (now renamed Omnes Capital), respectively management companies for the SICAV and the FPS, it being specified that as of the date of this meeting, Mr. Jean Laurent, Director of the company, was also the Chairman of the Board of Directors of Calyon, a subsidiary of the Crédit Agricole group, and abstained from voting. This agreement governs the relations between the company and other entities that have taken part in the danone.communities project, and in particular provided for the initial subscription of shares of the danone.communities SICAV by the company for a maximum amount of €20 million, as well as the annual financial contribution by the company of a maximum amount of €1.5 million for the first fiscal year, it being specified that this amount must be revised annually by the company's Board of Directors.

On April 28, 2016, the Board of Directors voted unanimously (with Mr. Franck Riboud and Mr. Emmanuel Faber abstaining) to set the company's annual financial contribution for 2016 at a maximum of €3,894,000 (the total amount of financial contributions from the company to danone.communities for the 2016 fiscal year therefore totaled €3,794,882).

At its February 14, 2017 meeting, the Board of Directors voted unanimously (with Mr. Franck Riboud and Mr. Emmanuel Faber abstaining) to set the company's annual financial contribution for 2017 at a maximum of €3.95 million.

##### 2. With the J.P. Morgan group

###### *Person concerned*

Mrs. Isabelle Seillier, a director of the company and managing director at J.P. Morgan Chase group.

###### **Amendment to the December 18, 2014 syndicated facilities agreement with the J.P. Morgan group.**

###### *Nature, purpose and conditions*

On July 27, 2011, the Board of Directors voted unanimously (with Mrs. Isabelle Seillier abstaining) to authorize the company to enter into a syndicated facilities agreement and all related contractual documents with J.P. Morgan Europe Limited and J.P. Morgan Limited (hereinafter "J.P. Morgan").

On July 28, 2011, the company therefore entered into a syndicated facilities agreement with J.P. Morgan and several other banks. This agreement provides for the establishment of a €2 billion (multi-currency) revolving credit line, combined with a €300 million "swingline" facility, up to a maximum principal amount of €2 billion. The agreement's initial term was five years, with the possibility of renewal for up to two additional years subject to banks' approval. Interest due by the company on the amounts used with respect to this syndicated facilities agreement are calculated using market rates (EURIBOR, EONIA or equivalent foreign currency indices), plus a margin and potential mandatory costs under certain conditions. A utilization fee is added to the interest due based on the credit portion used and, if the facility is not drawn down, a non-utilization fee equivalent to a percentage of the margin is owed.

This syndicated facilities agreement was amended in 2012 and 2013 in order to extend its term by two additional years and add a credit utilization fee in certain cases and an additional margin for drawdowns in U.S. dollars, following authorizations from the Board of Directors (voting unanimously, with Mrs. Isabelle Seillier abstaining).

On December 11, 2014, the Board of Directors (with Mrs. Isabelle Seillier abstaining) voted unanimously to authorize the company to enter into a new amendment to the syndicated facilities agreement in order to: (i) reduce the applicable margin and the non-utilization fee; (ii) eliminate the additional margin for drawdowns in U.S. dollars; (iii) extend the term of the facility up to five years after the signature date of the amendment, with the option to extend it by two additional years, subject to the banks' agreement and under the same terms and conditions as the original syndicated facilities agreement; and (iv) make other changes of a technical or legal nature to reflect changes in current legislation and market practices.

On December 18, 2014, the company therefore amended the syndicated facilities agreement accordingly, with the approval of all the banks party to the syndicated facility (including J.P. Morgan).

J.P. Morgan's commitment in its capacity as lender on the syndicated facilities agreement continues to be €210 million, or 10.5% of the total, i.e. the same percentage as the other banks having the first rank in the syndicated facilities agreement. Fees and interest owed by the company to J.P. Morgan are determined on a strict pro-rated basis relative to its commitments under the syndicated facilities agreement and are therefore equivalent to fees and interest due to the other banks having a first rank in the facilities agreement.

This amendment to the syndicated facilities agreement was approved by the Shareholders' Meeting of April 29, 2015.

In accordance with the extension clause in the amendment to the syndicated facilities agreement, the agreement was extended for two additional years (until December 18, 2021) without any modification to the credit terms, following the agreement obtained from all banks party to the syndicated credit facilities agreement (including J.P. Morgan) in November 2015 and November 2016.

In 2016, no amount was drawn under this syndicated facilities agreement. The company paid J.P. Morgan a total of €191,814.58 in fees related to these credit facilities (non-utilization fees).

#### b) not implemented during the past fiscal year

In addition, we have been informed of the continuation of the agreements and commitments described below, already approved by the Shareholders' Meeting in prior fiscal years, which were not implemented during the past fiscal year.

## **1. With Mr. Franck Riboud's, Chairman of the Board of Directors**

### **a) Agreement related to the conditions under which Mr. Franck Riboud's employment contract would be resumed following the conclusion of his term as a corporate officer**

#### *Nature, purpose and conditions*

At its July 21, 2004 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, voted unanimously (with Mr. Franck Riboud abstaining) to update the conditions under which Mr. Franck Riboud's employment contract, which was suspended on August 26, 1994 when he was appointed a corporate officer of the company, would be resumed if his term of office ended, for whatever reason, and established that:

- the amount of time during which he exercised his duties as a corporate officer for the benefit of the company will be entirely taken into account with respect to seniority and his resulting rights within the framework of his employment contract;
- the company undertakes to offer him a position involving duties comparable to those currently exercised by the members of the company's Executive Committee;
- the annual compensation that will be paid out to him cannot be less than the total annual average compensation (gross base salary, benefits in kind, and bonus of any type) allocated to all members of the Executive Committee during the 12 months preceding the resumption of his employment contract; and
- he will benefit from the company's defined benefit pension plan based on his seniority as a corporate officer and his seniority under his employment contract.

### **b) Commitment concerning the defined benefit pension plan of Mr. Franck Riboud, Chairman of the Board of Directors**

#### *Nature, purpose and conditions*

On February 13, 2008, the Board of Directors unanimously confirmed (with Mr. Franck Riboud abstaining) the company's commitment on behalf of Mr. Franck Riboud, a corporate officer, relative to the payment of a defined-benefit pension in the form of an annuity (with a reversion option), calculated on the basis of the following elements:

- the basis of calculation for the retirement guarantee corresponds to the average of annual base salaries and bonuses for the last three entire years of activity within the group. The length of service taken into account would include the period corresponding to the term of office;
- in the event of retirement without satisfying the conditions necessary for obtaining the full rate with respect to the social security pension, a reduction of 1.25% per quarter between the age at which the person retired and the age at which he would have received his full rate social security pension will be applied to this annuity;
- the amount of the annuity that would be paid to Mr. Franck Riboud would correspond to 2% of this calculation basis per year of service (this amount will, however, be capped at 65% of the calculation basis), less the full amount of the pension rights vested by Mr. Franck Riboud during his professional life, including the supplementary pension plan fully funded by the company.

Mr. Franck Riboud is eligible to benefit from this pension plan only if he was performing his duties within the group at the time of retirement (it being specified that in the event he leaves the group before reaching the age of 55, all vested rights will be lost, and that in the event such officer is terminated after the age of 55, the benefit derived from this plan will be preserved, on condition that he does not take up a salaried position).

On February 22, 2016, upon renewing the term of office of Mr. Franck Riboud as Chairman, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, voted unanimously (with Mr. Franck Riboud abstaining) to:

- take due note of existing retirement commitments taken by the company on behalf of Mr. Franck Riboud, approved by the Shareholders' Meeting of April 29, 2008 and submitted to shareholders for an advisory opinion as part of the so-called "say on pay" resolutions approved by the Shareholders' Meetings of April 29, 2014 and April 29, 2015;
- observe that in light of his length of service at your company, Mr. Franck Riboud had in 2014 reached the ceiling on annuity payments that he was eligible to receive; and
- then note that given the absence of any annual increase in his conditional rights to a pension during his future term of office, there was no need to consider performance conditions or submit these conditional rights to the Shareholders' Meeting of April 28, 2016.

## **2. With Mr. Emmanuel Faber, Chief Executive Officer**

### **Agreement with respect to the conditions under which the employment contract of Mr. Emmanuel Faber, would be resumed at the conclusion of his term of office as a corporate officer**

#### *Nature, purpose and conditions*

On February 13, 2008, the Board of Directors voted unanimously (with Mr. Emmanuel Faber abstaining) to authorize an amendment to the company's employment contract with Mr. Emmanuel Faber, for the purpose of determining the conditions under which his employment contract would be resumed (it was suspended when he was appointed a corporate officer of the company), assuming that his term of office ends for whatever reason.

This amendment provides that:

- his entire length of service as a corporate officer on behalf of the company will be taken into account for the purpose of seniority and the resulting rights within the framework of his employment contract;
- the company undertakes to offer him a position involving duties comparable to those currently exercised by the members of the company's Executive Committee;
- the annual compensation that will be paid out to him cannot be less than the total annual average compensation (gross base salary, benefits in kind, and bonus of any type) allocated to all members of the Executive Committee during the 12 months preceding the resumption of his employment contract;
- he will benefit from the company's defined-benefit pension plan based on his seniority as a corporate officer and his seniority under the employment contract; and
- the contractual indemnity due in the event of the termination of his employment contract will be canceled.

### **3. With Mr. Franck Riboud, Chairman of the Board of Directors, and Mr. Emmanuel Faber, Chief Executive Officer**

#### ***Amendments to the suspended employment contracts of Mr. Franck Riboud, Chairman of the Board of Directors, and Mr. Emmanuel Faber, Chief Executive Officer.***

##### *Nature, purpose and conditions*

On February 10, 2010, the Board of Directors amended the suspended employment contracts of Mr. Franck Riboud and Mr. Emmanuel Faber (with both corporate officers abstaining from the vote) such that:

- the indemnity provided under the company's collective agreement applicable to all Company employees (the "Indemnity for Termination of the Employment Contract") is: (i) subject to a limit of two years' fixed and variable gross compensation; and (ii) in the event of the payment of both the Indemnity for Termination of the Employment Contract and the indemnity due in certain instances of the termination of the term of office of a corporate officer, included in an overall limit, also subject to a limit of two years' fixed and variable gross compensation, applicable to all termination indemnities paid in respect of a term of office or an employment contract;
- the portion of the Indemnity for Termination of the Employment Contract corresponding to the seniority acquired in respect of the term of office of the person concerned is subject to the same performance conditions as the indemnity due in certain instances of the termination of the term of office of the corporate officer;

- in the exclusive event that a change in control results in the forced termination of his term of office as a corporate officer, the person concerned may, provided he has not committed serious misconduct or gross negligence, request the termination of his employment contract in the form of termination within three months from the date of the termination of his term of office as a corporate officer (*i.e.* the date on which his employment contract is resumed).

In the event of the amendment of the performance conditions applicable to the indemnity due in certain instances of the termination of the term of office of a corporate officer, the performance conditions applicable to the portion of the Indemnity for Termination of the Employment Contract corresponding to the seniority acquired in respect of the term of office will be automatically amended.

The portion of the Indemnity for Termination of the Employment Contract which is subject to performance conditions and which corresponds to the seniority acquired in respect of the term of office will be subject to the agreement of the Board of Directors and the approval of the shareholders on each occasion the term of office is renewed.

In addition, the non-compete clause included in the suspended employment contract of Mr. Emmanuel Faber was amended such that it may not be implemented by the company and trigger the payment of consideration except in the case of a resignation. It should be noted that Mr. Franck Riboud is not subject to a non-compete clause.

## **Agreements and commitments approved during the past fiscal year**

In addition, we have been informed of the continuation of the agreements and commitments described below, already approved by the Shareholders' Meeting of April 28, 2016, upon the statutory auditors' special report of March 7, 2016, which were not implemented during the past fiscal year.

### **With M. Emmanuel Faber, Chief Executive Officer**

#### ***1) Renewal without changes of the commitment concerning the indemnification conditions applicable to Mr. Emmanuel Faber, in certain cases of termination of his term of office***

##### *Nature, purpose and conditions*

At the time of the appointment of Mr. Emmanuel Faber as Deputy General Manager, the Board of Directors meeting of February 13, 2008 approved in a unanimous vote, with Mr. Emmanuel Faber abstaining, the principle and conditions of the indemnification rights in certain cases of termination of his term of office.

On February 18, 2013, the Board of Directors (excluding Mr. Emmanuel Faber who abstained from voting) unanimously decided, at the time of renewal of Mr. Emmanuel Faber's term of office subject to approval by the Shareholders' Meeting of April 25, 2013, to renew his rights to indemnity in certain cases of termination of his duties.

These rights to indemnity had been renewed on the same basis as that set by the Board of Directors on February 10, 2010 and approved by the Shareholders' Meeting of April 22, 2010, subject to certain amendments made in order to ensure compliance with the provisions of the AFEF-MEDEF Code or to make the payment conditions more restrictive.

On September 2, 2014, in connection with the separation of the offices of Chairman of the Board of Directors and Chief Executive Officer and Mr. Emmanuel Faber's appointment as Chief Executive Officer, the Board of Directors (excluding Mr. Emmanuel Faber who abstained from voting) decided that his rights to indemnity should remain unchanged (as decided by the Board of Directors meeting on February 18, 2013 and approved by the company Shareholders' Meeting of April 25, 2013). These indemnification rights were approved by the Shareholders' Meeting of April 29, 2015.

In connection with the renewal of Mr. Emmanuel Faber's term of office as Chief Executive Officer, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee,

voted unanimously (with Mr. Emmanuel Faber abstaining) at its February 22, 2016 meeting to keep Mr. Faber's indemnification rights identical to those approved by the Shareholders' Meeting of April 29, 2015.

These indemnification rights were approved by the Shareholders' Meeting of April 28, 2016, following which Mr. Emmanuel Faber's term of office as Chief Executive Officer was renewed.

The indemnification rights maintained by the Board of Directors meeting of February 22, 2016 are described below.

##### *(i) Amount of the Indemnity*

Mr. Emmanuel Faber will receive, by way of indemnity (the "Indemnity") and subject to performance conditions, an amount equal to twice his gross annual compensation (including both fixed and variable compensation) received in respect of his term of office during the 12 months preceding the date of termination of said duties.

The sum of the amounts of: (i) the indemnity provided under the company's collective agreement applicable to all Company employees (the "Indemnity for Termination of the Employment Contract"), with the portion of this indemnity that corresponds to the length of service acquired for the term of office being subject to performance conditions; and (ii) the Indemnity must not exceed twice the gross annual compensation (including both fixed and variable compensation) received in respect of the term of office over the last 12 months.

In the event that the amount of the Indemnity and the amount of the Indemnity for Termination of the Employment Contract exceed this ceiling of twice the gross annual compensation, and to ensure strict compliance with this ceiling, the amount actually paid to Mr. Emmanuel Faber will first be charged to the Indemnity and then, where applicable, to the portion of the Indemnity for Termination of the Employment Contract subject to performance conditions and corresponding to the length of service acquired in respect of the term of office.

##### *(ii) Cases of payment of the Indemnity*

The Indemnity will be payable to Mr. Emmanuel Faber only in case of termination of his term of office as corporate officer related to a change in control or strategy, on the initiative of the Board of Directors, regardless of the form of such termination, in particular dismissal or non-renewal (except in case of serious misconduct, *i.e.* an extremely serious fault which precludes any continuation of

his term of office, or gross negligence, *i.e.* an extremely serious fault committed with the intention of harming the company), and subject to the performance conditions being met. It is specified that "change of control" means any change in the company's legal situation resulting, in particular, from a merger, restructuring, sale, takeover bid or exchange offer, following which a shareholder that is a legal entity or individual, acting either alone or in concert, comes to hold, directly or indirectly, more than 50% of the company's share capital or voting rights.

Moreover, in accordance with the recommendations of the AFEP-MEDEF Code, no payment of the Indemnity will be due if Mr. Emmanuel Faber is able to avail himself of his pension benefits within a short period of time under the terms and conditions defined by the pension plans.

Given the automatic resumption of Mr. Emmanuel Faber's employment contract in the event of the termination of his term as a corporate officer, the Indemnity will be due if Mr. Emmanuel Faber ceases to carry out his duties under said employment contract or resigns from his salaried position within the three months following the date on which his term as a corporate officer came to an end due to a change of control.

Where applicable, no Indemnity pursuant to the office will be due if Mr. Emmanuel Faber resumes a salaried position and does not request that such position be terminated within the aforementioned three-month period.

(iii) Performance conditions governing payment of the Indemnity

Payment of the Indemnity will be based on:

a) the arithmetic average internal ("organic") growth in the Danone Group's net sales (the "Group's CA") over the five completed fiscal years preceding the date of termination of the term of the corporate officer (the "Reference Period"); and

b) the arithmetic average internal ("organic") growth in net sales recorded by the Panel members ("CA of the Panel") over the Reference Period.

For the application of these conditions, it is noted that:

- the Group's CA refers to the arithmetic average internal ("organic") growth in Danone Group's net sales over the Reference Period (on a consolidated basis and on a like-for-like basis, *i.e.* excluding changes in consolidation scope and exchange rates);
- the CA of each Panel member refers to the arithmetic average internal ("organic") growth in net sales recorded by said Panel member over the Reference Period (on a consolidated basis and on a like-for-like basis, *i.e.* excluding changes in consolidation scope and exchange rates);
- the Panel CAs refer to the CAs of all members of the Panel;
- the Median CA of the Panel refers to the value of the CA of the Panel member that divides the Panel CAs into two equal parts (*i.e.* such that there are as many Panel members with a CA exceeding or equal to the Median as Panel members with a CA being less than or equal to the Median), it being specified that if the Panel members are an even number, the Median CA of the Panel will be equal to the arithmetic average of the two central values of the Panel CA;
- the Panel consists of eight benchmark international groups in the food and beverage sector, namely Kellogg Company, Unilever N.V., Nestlé S.A., Kraft Heinz Company (Kraft Foods Group Inc. until 2014), Mondelez International Inc., PepsiCo Inc., The Coca-Cola Company and General Mills Inc.

The Board of Directors must determine whether these performance conditions are met within three months of the date of termination of the term of office of the corporate officer. Its explicit decision must be duly justified and mentioned in the Board of Directors' report to the Shareholders' Meeting, following a recommendation by the Nomination and Compensation Committee, and based on a report of a financial advisor.

To ensure the comparability of the CAs used, it is specified that:

- restatements may be made (such as corrections related to changes in consolidation scope and exchange rates) to the strict extent necessary in order to ensure that the method of calculating the CAs of all Panel members and the Group's CA is consistent over the Reference Period;
- in the event that the audited accounting or financial results of one of the Panel members are not published or are published late, the Board of Directors may, exceptionally, exclude this member from the Panel through a duly justified decision;
- in the event that the audited accounting or financial results of two or more members of the Panel are not published or are published late, the Board of Directors will make a decision duly justified at a later date, on the basis of the most recent audited financial statements published by the members of the Panel and by the company over the last five fiscal years for which financial statements were published for all members of the Panel and for the company;
- the Board of Directors may, through a duly justified decision taken at a later date, change the Panel members in the event of an acquisition, absorption, dissolution, spin-off, merger or change of activity of one or more members of the Panel, provided that it maintains the overall consistency of the peer group.

During the Reference Period:

- if the Group's CA exceeds or is equal to the Median CA of the Panel, 100% of the Indemnity will be paid to Mr. Emmanuel Faber; and
- if the Group's CA is lower than the Median CA of the Panel, no Indemnity will be paid to Mr. Emmanuel Faber.

In accordance with the amendment to Mr. Emmanuel Faber's employment contract (authorized by the Board of Directors on February 10, 2010), it should be noted that the same performance conditions will apply to the portion of the Indemnity for Termination of the Employment Contract corresponding to the length of service acquired pursuant to the office and that the sum of the Indemnity pursuant to the office and of the Indemnity for Termination of the Employment Contract may not exceed twenty-four (24) months of gross fixed and variable compensation.

At the time of each renewal of Mr. Emmanuel Faber's term of office, these performance conditions and, where appropriate, the composition of the Panel will be reexamined by the Board of Directors and, where appropriate, modified to take into account changes affecting the company and its business sectors.

(iv) Payment of the Indemnity

The amount of the Indemnity determined according to the above rules will be paid within 30 days following the date of the Board of Directors' meeting which will decide whether the performance conditions governing payment of the Indemnity have been met.

Meanwhile, it is noted that in accordance with the employment contract of Mr. Emmanuel Faber, amended by the decision of the Board of Directors on February 10, 2010, the performance conditions applicable to the portion of the Indemnity for Termination of the Employment Contract corresponding to seniority acquired as part of his term of office will be adjusted automatically through the approval of this commitment.

## **2) Amendment to the commitment concerning the defined benefit pension plan of Mr. Emmanuel Faber, Chief Executive Officer**

### *Nature, purpose and conditions*

On February 13, 2008 and with Mr. Emmanuel Faber abstaining, the Board of Directors unanimously confirmed the company's commitment on behalf of Mr. Emmanuel Faber, corporate officer, relative to the payment of a defined-benefit pension in the form of an annuity (with a reversion option), calculated on the basis of the following elements:

- the basis of calculation for the annuity corresponds to the average of annual base compensation and bonuses for the three full years of activity at your company before retirement, with the length of service taken into account including the period corresponding to the term of office (the "Basis");
- in the event of a retirement that does not satisfy the conditions necessary for obtaining the full rate with respect to the social security pension, the annuity will be reduced by 1.25% per quarter between the age at which Mr. Emmanuel Faber retired and the age at which he would have received his full rate social security pension;
- the amount of the annuity to be attributed to Mr. Emmanuel Faber would correspond to: (i) 1.5% per year of seniority (including the period as a corporate officer) of the Basis, for the tranche of the Basis between three and eight French Social Security Ceiling levels; and (ii) 3% per year of seniority (including the period as a corporate officer) of the Basis, for the tranche that is higher than these eight Ceiling levels (this amount will nevertheless be capped on the basis of 20 years maximum seniority) less the full amount of pension rights vested by Mr. Emmanuel Faber through the implementation of the supplementary pension plan fully funded by the company.

Mr. Emmanuel Faber is eligible to benefit from this pension plan only if he was performing his duties within the group at the time of retirement (it being specified that in the event the person leaves the Group before reaching the age of 55, all vested rights will be lost, and that in the event such officer is terminated after the age of 55, the benefit derived from this plan will be preserved, on condition that the person does not take up a salaried position).

At its February 22, 2016 meeting and in connection with the renewal of Mr. Emmanuel Faber's term of office as Chief Executive Officer, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, voted unanimously (with Mr. Emmanuel Faber abstaining) to:

- recognize that Mr. Emmanuel Faber has amassed 18 years seniority at your company and take note of the company's existing pension obligations toward Mr. Emmanuel Faber and approved by the Shareholders Meeting of April 29, 2008;

- decide, in accordance with Articles L. 225-22-1 and L.225-42-1 of the French Commercial Code (as amended by law No. 2015-990 of August 6, 2015 known as the "Macron law"): (i) to subordinate the annual increase of his conditional rights that may be granted starting from the renewal of his term of office as Chief Executive Officer to the performance condition described below; and (ii) to make increases in these future conditional pension rights subject to the approval of the Shareholders' Meeting of April 28, 2016.

(i) Performance condition related to the increase in conditional pension rights

As of the Shareholders' Meeting of April 28, 2016, the increase in Mr. Emmanuel Faber's pension rights for each fiscal year will depend on:

a) the arithmetic average internal ("organic") growth in the Danone Group's net sales (the "Group's CA") during the fiscal year and five previous fiscal years (the "Reference Period"); and

b) the arithmetic average internal ("organic") growth in net sales by members of the Panel (the "CA of the Panel") during Reference Period;

it being noted that the terms "CA of the Group", "CA of each member of the Panel", "CA of the Panel", "Median CA of the Panel" and "Panel" are defined as indicated above in section 1.2.1. (iii) for the performance conditions of the indemnity for termination of Mr. Emmanuel Faber's term as a corporate officer, and that the Board of Directors may apply the principles described in that paragraph to ensure the comparability of sales (CA) used.

During the Reference Period (i.e. at the end of each fiscal year):

- if the Group's CA is equal to or greater than the Median CA of the Panel, the increase in Mr. Emmanuel Faber's future conditional pension rights for the fiscal year will vest (assuming the retirement plan's other performance conditions have been satisfied);
- if the Group's CA is less than the Median CA of the Panel, Mr. Emmanuel Faber will not qualify to receive an increase in future conditional pension rights for that fiscal year (expressed as a percentage of the calculation Basis);

it being noted that in all cases, the amount of the annuity that would be paid to Mr. Emmanuel Faber will remain capped on the basis of twelve years' maximum seniority, less the sum of pension benefits vested by Mr. Emmanuel Faber through the implementation of the supplementary pension plan fully funded by the company.

(ii) Determination as to whether the performance condition has been satisfied and whether to increase pension benefits

Each year, prior to the Shareholders' Meeting held to approve the previous fiscal year's financial statements, the Board of Directors will decide as to whether this performance condition has been satisfied, based on the report of a financial advisor, and will determine the increase in Mr. Emmanuel Faber's pension benefits for said fiscal year, through duly justified decisions taken after a recommendation from the Nomination and Compensation Committee.

Neuilly-sur-Seine and Paris La Défense, March 1, 2017

### **The Statutory auditors**

#### **PricewaterhouseCoopers Audit**

Anik CHAUMARTIN

François JAUMAIN

#### **Ernst & Young Audit**

Jeanne BOILLET

Pierre-Henri PAGNON



# STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF SHARES AND VARIOUS SECURITIES WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT

## Extraordinary Shareholders' Meeting of April 27, 2017 (16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions)

*This is a free translation into English of the Statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory auditors of your company and in execution of our assignment pursuant to Articles L. 228-92 and L. 225-135 *et seq.* of the French commercial code, we hereby present our report on the proposed authorizations to the Board of Directors for various issuances of shares and/or securities, submitted to you for approval.

Your Board of Directors requests, on the basis of its report:

- that it be delegated the authority, for a 26-month period, to decide on the following transactions and set the final terms and conditions of these issuances, and also proposes, if applicable, to cancel your preferential subscription right:
  - issuance, with preferential subscription right (16<sup>th</sup> resolution), of ordinary shares of the company and/or securities that are equity securities of the company giving access to other equity securities of the company and/or giving right to the allocation of debt securities and/or securities that are debt securities giving or entitling access to equity securities of the company to be issued or existing and, and/or securities that are equity securities of the company giving access to equity securities already existing or to be issued by, and/or to debt securities of companies in which the company will hold, directly or indirectly, at the time of the issuance, more than the half of the share capital and/or securities that are debt securities of the company giving access to equity securities already existing or to be issued by companies in which the company will hold, directly or indirectly, at the time of the issuance, more than the half of the share capital;
  - issuance, without of preferential subscription right but with the obligation to grant a priority right through a public offering (17<sup>th</sup> resolution) of ordinary shares of the company and/or securities that are equity securities of the company giving access to other equity securities of the company and/or giving the right to the allocation of debt securities, and/or securities that are debt securities giving or entitling access to equity securities of the company to be issued or existing and/or securities that are equity securities of the company giving access to equity securities existing or to be issued by, and/or debt securities of companies in which the company will hold directly or indirectly, at the time of the issuance, more than the half of the share capital and/or securities that are debt securities of the company giving access to equity securities existing or to be issued by companies in which the company will hold directly or indirectly, at the time of the issuance, more than the half of the share capital;
  - issuance, in the event of a public exchange offer initiated by your Company (19<sup>th</sup> resolution) of ordinary shares of the company and/or securities that are equity securities of the company giving access to other equity securities of the company and/or giving the right to the allocation of debt securities and/or securities that are debt securities giving or entitling access to equity securities of the company to be issued or existing;

- that it be delegated the necessary powers, for a 26-month period, to carry out an issuance of ordinary shares of the company and/or securities that are equity securities of the company giving access to other equity securities of the company and/or giving access to the allocation of debt securities and/or securities that are debt securities giving access to equity securities of the company to be issued or existing, in consideration for the contributions in kind granted to the Company and comprised of equity securities or debt securities giving access to the share capital (20<sup>th</sup> resolution), within the limit of 10% of the share capital.

The total nominal amount of capital increases that can be implemented immediately or at a later date may not exceed:

- €57 million pursuant to the 16<sup>th</sup> resolution, it being specified that the nominal amount of ordinary shares that would be issued under the 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> resolutions shall be applied to this maximum amount,
- €16 million pursuant to the 17<sup>th</sup> resolution, it being specified that this limit is shared with the 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> resolutions and that the capital increases carried out pursuant to this resolution shall be applied to the limit set by the 20<sup>th</sup> resolution,
- €16 million pursuant to the 19<sup>th</sup> resolution, it being specified that the issuances carried out pursuant to this resolution shall be applied to the limits set by the 16<sup>th</sup> and 17<sup>th</sup> resolutions.

The total nominal amount of debt securities that may be issued shall not exceed €2 billion for the 16<sup>th</sup>, 17<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions.

These maximum amounts take into account the additional number of securities to be created pursuant to the delegation of authority specified in the 17<sup>th</sup> resolution, in accordance with the provisions of Article L. 225-135-1 of the French commercial code, if you adopt the 18<sup>th</sup> resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French commercial code. Our role is to report on the fairness of the financial information taken from the financial statements on the proposed cancellation of preferential subscription right and on certain other information relating to the transactions provided in the report.

We have performed the due diligence procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory auditors (*Compagnie nationale des Commissaires aux comptes*) for this type of assignment. These procedures consist in verifying the information provided in the Board of Directors' report in respect of these transactions and the terms and conditions governing the determination of the issue price of securities to be issued.

Subject to a subsequent review of the terms and conditions for the issues that may be made, we have no observation to make on the terms and conditions governing the determination of the issue price of equity securities to be issued and that are provided in the Board of Directors' report pursuant to the 17<sup>th</sup> resolution.

Moreover, since this report did not specify the terms and conditions governing the determination of the issue price of equity securities to be issued pursuant to the 16<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> resolutions, we cannot express our opinion regarding the factors used to determine the issue price.

As the final terms and conditions under which the issues would be



carried out have not yet been set, we do not express an opinion on them nor, consequently, on the proposed cancellation of preferential subscription right which the Board of Directors has proposed in the 17<sup>th</sup> resolution.

In accordance with Article R. 225-116 of the French commercial code, we will issue an additional report, if applicable, when your

Board of Directors uses these delegations in respect of an issuance of securities that are equity securities giving access to other equity securities or giving access to the allocation of debt securities, in the event of an issuance of securities giving access to equity securities to be issued and in the event of a share issuance without preferential subscription right.

Neuilly-sur-Seine and Paris La Défense, March 1, 2017

#### The Statutory auditors

##### PricewaterhouseCoopers Audit

Anik CHAUMARTIN

François JAUMAIN

##### Ernst & Young Audit

Jeanne BOILLET

Pierre-Henri PAGNON

## STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE RESERVED FOR MEMBERS OF A COMPANY SAVINGS PLAN (PLAN D'ÉPARGNE D'ENTREPRISE)

### Extraordinary Shareholders' Meeting of April 27, 2017 (22<sup>nd</sup> resolution)

*This is a free translation into English of the Statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory auditors of your company and in execution of our assignment pursuant to Articles L. 225-135 *et seq.* of the French commercial code, we hereby present our report on the proposed authorization to the Board of Directors for capital increase by issuance of ordinary shares or securities giving access to the share capital, without preferential subscription right, reserved for members of a company savings plan of the company or of related French or foreign companies, as defined by articles L. 225-180 of the French commercial code and L. 3344-1 of the French labor code, for a maximum nominal amount of €3.2 million, a transaction submitted to you for approval.

This capital increase is submitted to your approval in accordance with Articles L. 225-129-6 of the French commercial code and L. 3332-18 *et seq.* of the French labor code.

Your Board of Directors proposes, on the basis of its report, that you authorize it, for a 26-month length, to increase the company's share capital on one or more occasions, and proposes that you waive your preferential subscription right to the ordinary shares and/or securities to be issued. In that case, the Board shall determine the final terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 and R. 225-114 of the French commercial code. Our role is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription right and on certain other information relating to the issuance provided in the report.

We have performed the due diligence procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) for this type of assignment. These procedures consist in verifying the information provided in the Board of Directors' report in respect of this transaction and the terms and conditions governing the determination of the issue price of securities to be issued.

Subject to a subsequent review of the terms and conditions of the capital increase(s) that may be made, we have no observation to make on the terms and conditions governing the determination of the issue price of ordinary shares and/or securities to be issued and that are provided in the Board of Directors' report.

As the final terms and conditions under which the capital increase(s) will be carried out have not yet been set, we do not express an opinion on them nor, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French commercial code, we will issue an additional report, as necessary, when your Board of Directors exercises this delegation.

Neuilly-sur-Seine and Paris-La Défense, March 8, 2017

#### The Statutory auditors

##### PricewaterhouseCoopers Audit

Anik CHAUMARTIN

François JAUMAIN

##### Ernst & Young Audit

Jeanne BOILLET

Pierre-Henri PAGNON

# STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO ALLOCATE FREE EXISTING SHARES OR SHARES TO BE ISSUED

## Extraordinary Shareholders' Meeting of April 27, 2017 (23<sup>rd</sup> resolution)

*This is a free translation into English of the Statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory auditors of your Company, and in execution of our assignment pursuant to Article L. 225-197-1 of the French commercial code, we hereby present our report on the proposed authorization to allocate free existing shares or shares to be issued, to employees or certain categories thereof and to corporate officers of your Company or related companies as defined by Articles L. 225-197-2 of the French commercial code, transaction submitted to you for approval. The total number of shares that may be allocated pursuant to this authorization cannot exceed more than 0.2% of the company's share capital.

Your Board of Directors proposes, on the basis of its report, that you

authorize it to allocate free existing shares or shares to be issued, until December 31, 2017.

It is the responsibility of the Board of Directors to prepare a report on this transaction, which it hopes to carry out. Our duty is to provide you, as necessary, our observations on the information provided to you on the proposed transaction.

We have performed the due diligence procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory auditors (*Compagnie nationale des Commissaires aux comptes*) for this type of assignment. These procedures consist in verifying that the terms and conditions proposed and provided in the Board of Directors' report comply with the provisions of French law.

We have no observation to make regarding the information provided in the Board of Directors' report on the proposed authorization to allocate free shares.

Neuilly-sur-Seine and Paris La Défense, March 1, 2017

### The statutory auditors

#### PricewaterhouseCoopers Audit

Anik CHAUMARTIN

François JAUMAIN

#### Ernst & Young Audit

Jeanne BOILLET

Pierre-Henri PAGNON

# STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

## Extraordinary Shareholders' Meeting of April 27, 2017 (24<sup>th</sup> resolution)

*This is a free translation into English of the Statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory auditors of your company and in execution of our assignment pursuant to Article L. 225-209 of the French commercial code in the event of a capital reduction by the cancellation of purchased shares, we hereby report on our assessment of the justifications of and the terms and conditions for, the proposed reduction in share capital.

Your Board of Directors proposes that you authorize it, for a 24-month

period starting from the date of this Shareholders' Meeting, all powers to cancel, up to 10% of its share capital per 24-month period, the shares purchased pursuant to the implementation of an authorization by your company to purchase its own shares in accordance with the provisions of the aforementioned article.

We have performed the due diligence procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory auditors (*Compagnie nationale des Commissaires aux comptes*) for this type of assignment. These procedures consist in assessing whether the justifications, terms and conditions for the proposed capital reduction, which is not likely to affect the equal treatment of shareholders, are legitimate.

We have no observation to make on the justifications of and the terms and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2017

### The statutory auditors

#### PricewaterhouseCoopers Audit

Anik CHAUMARTIN

François JAUMAIN

#### Ernst & Young Audit

Jeanne BOILLET

Pierre-Henri PAGNON

# REQUEST FOR ADDITIONAL INFORMATION

**FORM TO BE SENT TO:**

BNP Paribas Securities Services – Service Assemblées Générales  
CTS Assemblées Générales – Les Grands Moulins de Pantin  
9, rue du Débarcadère – 93761 Pantin Cedex – France

**DANONE**

Registered office:  
17, boulevard Haussmann,  
75009 Paris - France  
A French société anonyme  
with a share capital of  
€163,973,000  
552 032 534 RCS Paris

## COMBINED SHAREHOLDERS' MEETING OF APRIL 27, 2017

I undersigned ☐ Mr. ☐ Mrs. ☐ Company  
(Please write in capital letters)

Last name: .....

First name: .....

Full address: N° ..... Street .....

Postal code ..... City .....

Country .....

Holder of: .....registered shares

.....bearer shares hold in an account at the Bank .....

Request that the documents or information mentioned in Articles R. 225-81 and R. 225-83 of the French commercial code be sent to the above address.

Signed in ....., on .....2017

Signature

Pursuant to Article R. 225-88 of the French commercial code, any shareholder, beginning from the convening of the Meeting and until the fifth day preceding the Meeting, may request the Company to send the documents provided for in Articles R. 225-81 and R. 225-83 of the French commercial code.

If you would like to receive said documents, kindly return this form. We will send you said items (with the exception of those that were attached to the mail-in/proxy voting form).

We would also like to inform you that shareholders holding registered shares may, by a single request, obtain the above-mentioned documents, which will be prepared at each subsequent Shareholders' Meeting.

Any information concerning this Meeting may be requested from BNP Paribas Securities Services - Service Assemblées Générales – CTS Assemblées Générales – Les Grands Moulins de Pantin – 9, rue du Débarcadère, 93761 Pantin Cedex

Shareholders hotline: 0 800 320 323 (toll-free number from a fixed-line and national operators in France) / + 33 (0) 1 58 16 71 75 (from other countries)

HOLDERS OF REGISTERED SHARES

# OPT FOR ELECTRONIC CONVENING

For the 2018 Annual General meeting  
Support our sustainable development approach  
By choosing the electronic convening

**To choose the electronic convening,**  
log onto the site <https://planetshares.bnpparibas.com>  
menu "my personal information/my subscriptions"

- 
- If you hold registered shares: log on the Planetshares site in using your User ID and password.
  - If you hold administered registered shares: your ID is displayed on the top right of your voting form. If you do not have your password, log on the Planetshares site and click on "Forgotten or not received password" link.

#### **Any question?**

Send us an email at [relation.danone@bnpparibas.com](mailto:relation.danone@bnpparibas.com) or contact us on: 0 800 320 323.



**DANONE**

**Danone – 15, rue du Helder – 75439 Paris Cedex 09**

Visitors: 17, boulevard Haussmann – 75009 Paris – France

Shareholders' hotline: 0 800 320 323 (toll-free number from a fixed-line and national operators in France) / +33 (0) 1 58 16 71 75 (from other countries)

Financial information: [www.danone.com](http://www.danone.com), section "Investors".

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