



## **2015 grants to Danone's corporate officers**

At its meeting of July 23, 2015, the Board of Directors of Danone decided, upon proposal of the Nomination and Compensation Committee, to grant "GPS" (*Group Performance Shares*) and "GPU" (*Group Performance Units*) to Emmanuel FABER, Chief Executive Officer.

As a reminder, Franck RIBOUD, as Chairman of the Board, receives only a fixed annual remuneration for the 2015 fiscal year and therefore does not benefit from GPS or GPU attributions.

### **1. Reminder of the remuneration principles applicable:**

The principles of remuneration applicable to Danone's Chief Executive Officer are the same as those applied to Executive Committee members and to approximately 1,300 Danone managers worldwide.

The remuneration for these managers is split into two separate elements:

#### **1.1 – Fixed and short-term variable remuneration**

- A fixed remuneration, reviewed every few years, in accordance with the AFEP-MEDEF Code, and which takes into account the beneficiary's experience and level of responsibility; and
- A short-term variable remuneration granted subject to performance conditions, based on economic, social and managerial objectives which are detailed with their respective weights in the Registration Document, and which is calculated with reference to quantified objective quantitative and qualitative criteria. The method of allocation of each criteria category used for the economic part will, from now on, be published in the Registration Document.

With respect with the Chief Executive Officer, the amount of his variable annual remuneration will continue to be limited to 200% of his fixed remuneration; this ceiling will apply to the qualitative and quantitative parts.

## 1.2 – Mid-term and long-term variable remuneration

### A mid-term variable remuneration in the form of GPU

The GPU were instituted in 2005 by the Board of Directors, upon proposal of the Nomination and Compensation Committee, with the objective of more closely aligning the remuneration of managers with Danone's overall mid-term economic performance.

This three-year variable remuneration program is based on Danone's objectives disclosed to the market.

The 2015 GPU objective determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee, is as follows:

- Net sales growth between +4% and +4.5%

leading to a remuneration based on a progressive scale from zero to ten euros.

In the event that this objective is partially reached, the value of the GPU 2015 granted as a result of the partial achievement of the objective will be taken into account to calculate the value of the GPU 2013, 2014 and 2015, only if the objective(s) is (are) achieved in full for at least one of the two other years of the valuation period.

### Long-term variable remuneration in the form of GPS

GPS were instituted in 2010 to replace the stock-option program.

GPS are Danone shares entirely subject to pluri-annual performance conditions.

2015 GPS conditions are:

- for two-thirds of the allocation: average sales growth for Danone on a like-for-like basis, for 2015, 2016, and 2017, greater than or equal to the median average sales growth of a reference panel of eight benchmark groups in the food and beverage sector (Unilever N.V., Nestlé S.A., PepsiCo Inc., The Coca-Cola Company, The Kraft Heinz Company, Mondelēz International Inc., General Mills Inc. and Kellogg Company); and
- for one-third of the allocation: improvement of the change, on a like-for-like basis, in the trading operating margin over a period of three years, i.e. the years 2015, 2016 and 2017.

2. The grant of GPS and GPU decided on July 23, 2015 for the Chief Executive Officer is as follows:

	Number of GPS granted in 2015	Number of GPU granted in 2015
<b>Emmanuel FABER</b>	<b>36 000</b>	<b>20 000</b>

This grant of GPS is consistent with the one year authorization granted by the Shareholder's Meeting on April 29, 2015. This authorization is limited to a number of shares equal to 0.2% of the Company's share capital, this ceiling being combined with a sub-ceiling of 0.03% of the Company's share capital for the grants of GPS reserved for the executive corporate officers. The current grant is consistent with this sub-ceiling.

At the end of the vesting period, on July 24, 2019, the Chief Executive Officer may freely dispose of his shares, subject to compliance with the commitment to hold a number of Danone shares corresponding to 35% of the capital gain, net of taxes and social security charges, which would be realized if all shares resulting from GPS plans were sold.

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

3. Acknowledgement of the achievement of the performance conditions for the GPS granted in 2012 to Franck RIBOUD and Emmanuel FABER

On July 26, 2012, Franck RIBOUD as Chairman and Chief Executive Officer and Emmanuel FABER as Deputy Chief Executive Officer, received 54 500 and 41 250 GPS, respectively.

The performance conditions of these GPS were:

- organic sales growth of Danone superior or equal to the median sales of the groups included in the reference panel (mentioned above) for the 2012, 2013, and 2014 fiscal years; and
- achievement of an average consolidated free cash-flow level of at least 2 billion euros per year for the 2012 and 2013 fiscal years;

each accounting for 50%.

Upon the Nomination and Compensation Committee's recommendation and based on a financial expert's report, the Board of Directors acknowledged the achievement of the first performance condition and the non-achievement of the second one.

Therefore, half of these GPS will be delivered on July 27, 2015, to Franck RIBOUD and Emmanuel FABER, i.e. 27 250 and 20 625 shares respectively, these shares being subject to a retention obligation of two years.

For further information on the remuneration of Danone's corporate officers, please refer to the 2014 Registration Document filed with the AMF and available on the website [www.danone.com](http://www.danone.com)