



2016 grants to Danone's corporate officers

At its meeting of July 27, 2016, 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 2016 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 officers worldwide.

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

1.1 – Fixed and annual 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
- An annual 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 is also 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 with no guaranteed minimum or floor; 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 officers 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 2016 GPU objective determined by the Board of Directors last February 22, upon recommendation of the Nomination and Compensation Committee, is as follows:

- Improvement of the trading operating margin

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 2016 granted as a result of the partial achievement of the objective will be taken into account to calculate the value of the GPU 2014, 2015 and 2016, 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.

2016 GPS conditions are:

- for 50% of the allocation: average sales growth of the Group, on a like-for-like basis, for 2016, 2017, and 2018, exceeding or equivalent to the median average sales growth of a panel of the Group's historical peers comprising eight leading international groups in the food and beverage sector (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); and
- for 50% of the allocation: positive evolution, on a like-for-like basis, of the Group's trading operating margin over a three-year period (2016, 2017 and 2018) of at least +35 basis points.

2. The grant of GPS and GPU decided on July 27, 2016 for the Chief Executive Officer is as follows:

	Number of GPS granted in 2016	Number of GPU granted in 2016
Emmanuel FABER	34,200	20,000

This grant of GPS is consistent with the one year authorization granted by the Shareholder's Meeting on April 28, 2016. 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 28, 2020, 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.

For all practical purposes, it is reminded that, since 2013, GPS are submitted to a four-year vesting period; consequently no GPS will be delivered.

For further information on the remuneration of Danone's corporate officers, please refer to the 2015 Registration Document filed with the AMF and available on the website www.danone.com.