



Paris, February 17, 2017

Compensation of Danone's corporate officers in 2017

At its February 14, 2017 meeting, Danone's Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, determined the various compensation components for the Danone's corporate officers in 2017 and, after assessing the fulfillment of the economic, social and societal and managerial criteria, determined the Chief Executive Officer's variable compensation.

1. Compensation payable in 2017

- Fixed compensation in 2017

The Board reminds that the €2,000,000 in fixed compensation granted to the Chairman was decided in September 2014, when the functions of Chairman and Chief Executive Officer were separated, and that this amount has not changed. This compensation was granted in consideration of the expanded role of chairmanship that Franck Riboud has assumed during this period. As planned, this transitional period will end in 2017 and Franck Riboud will continue his term of office with the standard duties of a chairman of the board. At this time the Board will adjust the Chairman's fixed compensation accordingly.

Emmanuel Faber's fixed compensation has been €1,000,000 since his appointment as Chief Executive Officer.

- Annual variable compensation earned in 2016 and payable in 2017

Emmanuel Faber's annual variable compensation target for 2016 was €1,000,000, which is 100% of his annual fixed compensation.

This annual variable compensation was capped at a maximum of 200% of the annual fixed compensation, with no guaranteed cap or minimum.

For 2016, this annual variable compensation was calculated on the basis of the predetermined performance criteria shown in the table below:

	Performance indicators	Portion of the target amount	Potential variation of this portion	Potential variation after weighting
Economic Quantitative portion, measured against Danone's guidance targets communicated to the market:	Organic sales growth	25%	0% to 200%	0% to 50%
	Organic operating margin growth	25%	0% to 200%	0% to 50%
	Free cash-flow generation	10%	0% to 200%	0% to 20%
	Total	60%	0% to 200%	0% to 120%
Social and societal Based on Danone's targets (the development of human resources and organizations and for its social and environmental initiatives).	The sharing of corporate support services throughout all subsidiaries in the same geographic region, as part of the One Danone Project	10%	0% to 200%	0% to 20%
	The promotion of Danone's image through social and societal initiatives, particularly in the area of sustainable agriculture	10%	0% to 200%	0% to 20%
	Total	20%	0% to 200%	0% to 40%
	Managerial Based on the execution of Danone's strategy (product innovation, market share, expand into new geographic markets and implementation of strategic priorities).	Danone's strategic development marked by the announcement of the acquisition of WhiteWave and the agreement on a funding plan	10%	0% to 200%
The progressive actions and development of management teams and the management of operational activities		10%	0% to 200%	0% to 20%
Total		20%	0% to 200%	0% to 40%
Total			100%	0% to 200%

At its meeting on February 14, 2017, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, determined the overall fulfillment amount of Emmanuel Faber's annual variable compensation criteria as shown in the table below:

Indicator	Weight	Fulfillment percentage	Percentage after weighting	Fulfillment amount
Economic	60%	108%	65%	650,000€
Social and societal	20%	125%	25%	250,000€
Managerial	20%	150%	30%	300,000€
Total 2016 variable compensation	100%	-	120%	1,200,000€

The fulfillment percentages of the economic component are broken down below:

Indicators	Weight	Fulfillment percentage	Percentage after weighting
Net sales	25%	0%	0%
Margin	25%	200%	50%
Free cash-flow	10%	150%	15%
Total	60%	108%	65%

After the Audit Committee's validation of financial accounts, the Board of Directors determined the following fulfillment levels relative to the Group's guidance targets for each of the performance indicators compared to those communicated to the market of the quantitative economic component shown above:

- the net sales growth criterion was not achieved as the 2.9% growth was less than the guidance target provided in February 2016;
- since the margin rose by 70 basis points on a like-for-like basis, the guidance target provided in February 2016 was exceeded to the maximum extent; and
- the free cash flow of €1,786 million, excluding exceptional items, exceeded the target.

During this meeting, the Board estimated that a fulfillment percentage of 125% of the target had been achieved for the social and societal component. This is mainly in consideration of the successful implementation of pooled support services in each geographic region in less than one year and of the significant improvement to Danone's image as a socially responsible group chiefly as a result of its concrete commitments to sustainable agriculture and in particular to the commitments in connection with the GMO in the USA.

Regarding the managerial component of variable compensation, the Board of Directors estimated that it had been fulfilled to 150%, mostly in consideration of the announcement of the strategic acquisition of WhiteWave (authorization granted by WhiteWave's shareholders at the General Meeting on October 2016, the agreement of a funding plan under very attractive terms, active preparation of its integration) and the management of Danone's operational activities, and the progressive actions of management teams and their development.

- Multiannual compensation and long-term compensation payable in 2017

Multiannual compensation provided in Group Performance Units (GPU)

GPU are paid out on the basis of performance criteria that extend over three years. The Nomination and Compensation Committee created GPU in 2005 to ensure that the compensation of corporate officers would be more closely linked with Danone's overall operating and economic performance over the medium term.

GPU are granted each year, pursuant to the Board of Directors' decision, to the Chief Executive Officer and to approximately 1,500 Danone managers.

The GPU granted in 2014 — which are subject to performance criteria based on the guidance targets communicated to the market for 2014, 2015 and 2016 — will result in the pay-

ment of 26 euros. This reflects the fact that the targets for the 2014 GPU were fully achieved in 2016 and only partially in 2014 and 2015.

Long-term compensation in the form of Group Performance Shares (GPS)

GPS are Danone shares that are subject to long-term performance requirements that are based on internal performance criteria measured against the Group's guidance targets and on external performance criteria related to a comparison of the Group's performance with that of its historical peers. Since 2013, the granting of GPS must be approved by an annual resolution.

GPS granted in 2013 are subject to two conditions. The first involves an operating margin objective and applies to one third of the GPS, while the second involves the fulfillment of the sales growth target and applies to the remaining two thirds.

The February 19, 2014 Board of Directors meeting noted the failure to achieve the operating margin target for 2013 and 2014, while that of April 28, 2016 noted that the revenue growth requirement had been met. Accordingly, two thirds of the GPS granted in 2013 will be issued in 2017.

Summary of compensation payable in 2017

	Franck Riboud	Emmanuel Faber
Fixed compensation	€2,000,000	€1,000,000
Annual variable compensation	N/A	€1,200,000
Multiannual compensation (GPU granted in 2014)	€650,000*	€468,000
Long-term compensation (GPS 2013)	36,333 GPS	27,500 GPS

* As a reminder, since October 2014 Franck Riboud has received a fixed compensation only since 2014. The amount shown above is the amount of the last GPU plan to which he is entitled.

2. Annual variable compensation for 2016, payable in 2017

No change has been made to the target amount of the Chief Executive Officer's annual variable compensation for 2017, to its components or to the maximum compensation percentage. As in 2016, it will consist of three components: an economic component based on Danone's guidance targets, a social and societal component, and a managerial component, with no change to weightings.

In accordance with the French financial markets authority's recommendation No. 2012-02 of February 9, 2012, the Board of Directors has specified the expected fulfillment level for each of these criteria, on the recommendation of the Nomination and Compensation Committee. However, this information cannot be disclosed publicly for reasons of confidentiality.

In accordance with the recommendations of the AFEP-MEDEF Code, the payment of this performance-based variable compensation will be specifically disclosed upon completion of the 2017 financial year. It will also be presented in the 2017 Registration Document.

3. Multiannual compensation and long-term compensation that may be granted in 2017

- Multiannual compensation in the form of Group Performance Units (GPU)

In order to simplify the Chief Executive Officer's compensation structure and increase its share-based component (i.e. the value of the grant), it is planned that no GPU be granted to the Chief Executive Officer in 2017.

- Long-term compensation in the form of Group Performance Shares (GPS)

The granting of GPS in 2017 will be determined by the Board of Directors in July, subject to the approval of the annual shareholders' meeting to be held on April 27, 2017, and will be specifically disclosed after the Board's meeting. GPS are granted to the Chief Executive Officer and to approximately 1,500 Danone managers. It should be noted that Franck Riboud will receive no GPS.

At its February 14, 2017 meeting, the Board of Directors determined the following performance criteria for GPS:

- The granting of 50% of the GPS will depend on Danone's sales growth relative to that of a panel of its peers over a period of three years, and which may be variably achieved in proportion to the performance between the median (90%) and above the median (110%); and
- The granting of the remaining 50% of the GPS will be based on an internal performance condition related to the amount of the three-year free cash flow and which may be variably achieved in proportion of the free cash flow level between €6 billion (0%) and €6.5 billion (100%).