



2017 grants to Danone's corporate officers

At its meeting of July 26, 2017, the Board of Directors of Danone decided, upon proposal of the Nomination and Compensation Committee, to grant "GPS" (Group Performance Shares) to Emmanuel FABER, Chief Executive Officer.

As a reminder, Franck RIBOUD, as Chairman of the Board, receives only a fixed annual remuneration for the 2017 fiscal year. Therefore, he didn't 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 consistent with those applied to Executive Committee members and to approximately 1,500 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 to 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

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

The 2017 GPU objective of the GPU 2015 and 2016, determined by the Board of Directors on February 14, 2017, upon recommendation of the Nomination and Compensation Committee, is EPS growth at constant exchange rate, at least +10%, this condition giving an valuation of €10 if this objective is met and €0 if it isn't.

As a reminder, this condition will apply to the 20,000 GPUs granted in 2015 and to the 20,000 GPUs granted in 2016 to the Chief Executive Officer.

It is also reminded that, in 2017, in line with the simplification of the Chief Executive Officer's compensation, he will not be granted any GPU.

Long-term variable remuneration in the form of GPS

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

2017 GPS conditions (detailed in the notice of April 27, 2017 shareholders' meeting, available on the website www.danone.com) are:

- 50% of the GPS allocation subject to a performance condition related to the average consolidated net sales growth of Danone on a "*like-for-like new Danone*" basis compared to a panel of peers for a period of three years and which may result to a different achievement depending on the performance between the median (90%) and above the median (110%) in proportion to a linear progressive scale; and
- 50% of the GPS allocation subject to an internal performance condition related to the cumulative sum of the Free Cash Flow over a period of three years and which may result to a variable achievement depending on the Free Cash Flow level between €6 (0%) and €6.5 billion (100%).

2. The grant of 35,021 GPS decided on July 26, 2017 for the Chief Executive Officer

This grant of GPS is consistent with the one year authorization granted by the Shareholder's Meeting on April 27, 2017. 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 0.02% of the company's share capital for the grants of GPS reserved for the executive corporate officers. The grant made on July 26, 2017 is consistent with this sub-ceiling. This grant may vary depending on the level of achievement of the conditions described hereabove.

At the end of the vesting period, on July 27, 2021, 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 further information on the remuneration of Danone's corporate officers, please refer to the 2016 Registration Document filed with the AMF and available on the website www.danone.com.