



Paris, February 28, 2020

2020 compensation for the Chairman and Chief Executive Officer

At its February 25, 2020, meeting, the Danone Board of Directors, acting on the recommendation of the Governance Committee, determined the annual variable compensation payable to Danone's Chairman and Chief Executive Officer for 2019 as well as all the compensation components for 2020.

1. Compensation payable in 2020

1.1. 2020 fixed compensation

Emmanuel Faber's total fixed compensation amounts to €1,000,000. This amount was determined in September 2014 and has not changed since then.

1.2. Annual variable compensation for 2019 payable in 2020

In accordance with Article L. 225-100 III of the French commercial code, this compensation will only be paid after it has been approved by the Shareholders' Meeting of April 28, 2020.

Emmanuel Faber's annual variable compensation target for 2019 fiscal year was €1,000,000, *i.e.* 100% of his annual fixed compensation.

This annual variable compensation was capped at 200% of annual fixed compensation, with no guaranteed minimum or floor.

This annual variable compensation was calculated using predetermined performance conditions based on the criteria in the following table:

	Performance indicators	Portion of target amount	Possible variation based on the weighting
Economic Quantifiable portion, calculated on the basis of Danone's economic targets	Like-for-like sales growth	25%	0% to 50%
	Recurring operating margin growth	25%	0% to 50%
	Free cash flow generation	10%	0% to 20%
	Total	60%	0% to 120%
Social, societal and environmental Reference to Danone's social, societal and environmental targets	Employees sustainable engagement	10%	0% to 20%
	Fulfillment of climate ambitions	10%	0% to 20%
	Total	20%	0% to 40%
Managerial Reference to specific annual targets	Organizational leadership	20%	0% to 40%
	Total	20%	0% to 40%
Total		100%	0% to 200%

At its February 25, 2020, meeting, upon recommendation of the Governance Committee, the Board of Directors determined the compensation of Emmanuel Faber as follows:

Indicators	Weighting	Percentages fulfillment	Percentage after weighting	Fulfillment amount (in euros)
Economic	60%	91.7%	55%	€550,000
Social, societal and environmental	20%	112.5%	22.5%	€225,000
Managerial	20%	125%	25%	€250,000
Total	100%	-	102.5%	€1,025,000

The specific fulfillment percentages for the economic portion are presented below:

Indicators	Weighting	Percentages fulfillment	Weighted result
Growth	25%	0%	0%
Recurring operating margin	25%	140%	35%
Free cash flow	10%	200%	20%
Total	60%	-	55%

Regarding the quantifiable economic component, following the review of financial information by the Audit Committee and Board of Directors, the Board determined the fulfillment level for each of the targets, namely:

- Growth: non fulfillment of the target due to a growth of 2.6 %;
- Recurring operating margin: exceed the target due to a level of achievement greater than 15%;
- Free cash flow: Exceed the target due to the free cash flow generation greater than 2.5 billion euros.

Regarding the social, societal and environmental portion, detail of percentages is presented below:

Indicators	Weighting	Percentages fulfillment	Weighted result
Employees sustainable engagement	10%	125%	12.5%
Fulfillment of climate ambitions	10%	100%	10%
Total	20%	-	22.5%

For the social, societal and environmental component, following discussion, the Board recommends a performance level of 112.5% of the target in light of the following:

- With regard to employee commitment levels, this was measured using the Danone People Survey bi-annual survey, combined this year with the “One Voice” consultation done under the “One Person, One Share, One Voice” program. With a 90% participation rate and over 175,000 verbatim reports, the “long-term commitment” rate hit an all-time high with a sharp increase in employee belief that the “One Planet. One Health” vision will be the making of Danone. Employee commitment levels are 7 percentage points higher than seen in the retail sector, with over 41,000 volunteers coming forward to contribute to the analysis and action plans surrounding Danone’s 2030 goals;
- With respect to climate change, the fulfillment level takes into account Danone’s climate commitments, which were particularly strengthened in 2019 with the signing of the “1.5 degree” public commitment on the back of a call by the Secretary General of the United Nations. Moreover, Danone reaffirmed its A score from CDP, putting it in the top 2% of best performing companies in terms of climate and transparency. Furthermore, to address the major risk of biodiversity loss, Danone helped establish the “One Planet Business for Biodiversity” (OP2B) coalition, which brings together some 20 leading businesses to take action in this area and which was welcomed at the General Assembly of the United Nations in New York.

The specific fulfillment percentages for the managerial portion are presented below:

Indicators	Weighting	Percentages fulfillment	Weighted result
Organizational leadership	20%	125%	25%
Total	20%	-	25%

For the managerial component, following discussion the Board of Directors recommends a fulfillment level of 125% of the target in light of the integration of the two “Early Life Nutrition” and “Medical Nutrition” divisions into a single “Specialized Nutrition” division and the rolling out of a uniform regional structure for all Danone activities. The “Specialized Nutrition” integration project began in early 2019 with the establishment of the new management team. The synergies plan then gave rise to a wide-ranging employee consultation, making possible the combination of activities in the various countries in question. The integration has been a great success, this new configuration having allowed the teams to deliver a very strong economic and social performance in 2019. Moreover, all Danone activities worldwide were reviewed with a view to being combined into a unified regional structure. The implementation was effective in July and the structures are operational.

1.3. Long-term compensation payable in 2020

GPS are Company shares subject to long-term performance conditions based on internal performance criteria linked to Danone’s own targets as well as comparisons of Danone’s performance relative to a panel of historical peers. GPS grants are subject to an annual resolution submitted to shareholders for approval.

GPS granted in 2016 were subject to two performance conditions. The first one, up to 50%, focused on a growth of the recurring operating margin in a like for like basis over 3 years. The second one, up to 50%, focused on sales growth over the same period. The Board of Directors recognized that both conditions had been fulfilled.

The delivery of 2016 GPS will be carried out in July 2020.

Summary of compensation payable and deliverable in 2020

Fixed compensation	€1,000,000
Annual variable compensation * (for 2019)	€1,025,000
Long-term compensation (delivery of 2016 GPS)	34,200 GPS

*In accordance with Article L. 225-100 III of the French Commercial Code, this compensation will only be paid out following its approval by the Shareholders’ Meeting of April 28, 2020.

2. Compensation for the fiscal year 2020

- **Fixed compensation unchanged at €1,000,000.**
- **Annual variable compensation, unchanged for the 2020 fiscal year, payable in 2021:**

The target amount of 2020 annual variable compensation for the Chairman and Chief Executive Officer, the components and the maximum percentage of this compensation were renewed with no changes. As in 2019, it will be based on three components: a quantifiable economic component, established in accordance with Danone's objectives; a social, societal and environmental component; and a managerial component, weighted as the previous year.

In accordance with the French Financial Markets Authority (AMF) recommendation n° 2012-02 of February 9, 2012, the scale of fulfillment for each of these components was established with precision by the Board of Directors, acting on the recommendation of the Governance Committee, but which is not disclosed publicly for confidentiality reasons.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant of this variable compensation subject to performance conditions will be covered in a separate disclosure following the end of 2020. It will also be specified in the 2020 Universal Registration Document.

- **Long-term compensation:**

- Long-term cash compensation in the form of Group Performance Units (GPU)

As was the case in 2019, it is not considered to grant to Emmanuel Faber any GPU in 2020, reflecting the simplification of his compensation structure.

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

Any grant of GPS in 2020 will be decided by the Board of Directors in July, subject to the prior authorization by the Shareholders' Meeting to be held on April 28, 2020 and will be disclosed in a special release following the Board's meeting. GPS are granted to the Chairman and Chief Executive Officer and to around 1,600 Danone managers. Any GPS granted at such time would represent approximately 50% of the Chairman and Chief Executive Officer's overall nominal compensation but would not exceed 60%.

Furthermore, the performance conditions attached to these GPS were already determined by the Board of Directors at its February 25, 2020, meeting and are as follows:

- for 50% an external performance condition relating to the average growth of Danone's consolidated sales on a like-for-like basis over a three-year period (2020, 2021 and 2022) with respect to the median on the average growth in sales of a panel of Danone's historical peers consisting of eight international groups in the food and beverage industry. As in 2019, this performance has been reinforced compared to 2019.
 - No allocation of the performance if Danone is below the median of the panel;
 - Achievement of 75% of the shares subject to the performance condition if Danone's performance is equal to the median of the panel; and
 - Beyond, a variable achievement up to 110% if Danone's outperformance reaches 120% above the panel's median.

- for 30% an internal performance relating to the achievement of a free cash flow cumulative amount of over three years, *i.e.* 2020, 2021 and 2022, leading to a variable delivery depending on the amount of free cash flow between €6.2 billion (0%) and €6.7 billion (100%);

it being specified that this performance condition takes into account the investment plan of around €2 bn to accelerate climate action of Danone's brands and strengthen our growth model as announced on February 26, 2020;

- for 20% an external environmental condition based on the rankings assigned to Danone by CDP for "Climate Change" program, over three years based on the following scale:
 - 3 years ranked at the Leadership level and assignment every year of A score → delivery of 100% of the shares subject to this performance condition;
 - 3 years ranked at the Leadership level, including at least 2 years where the A score has been assigned → delivery of 50% of the shares subject to this performance condition;
 - In all other cases → no delivery of the shares subject to this performance condition.