



Paris, February 22, 2019

2019 compensation for the Chairman and Chief Executive Officer

At its February 18, 2019, meeting, the Danone Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, determined the annual variable compensation payable to Danone's Chairman and Chief Executive Officer for 2018 as well as all the compensation components for 2019.

1. Compensation payable in 2019

1.1. 2019 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 2018 payable in 2019

In accordance with Article L. 225-37-2 of the French commercial code, this compensation will only be paid after it has been approved by the Shareholders' Meeting of April 25, 2019.

Emmanuel Faber's annual variable compensation target for 2018 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	Potential variation of this portion	Possible variation based on the weighting
Economic	Like-for-like sales growth	25%	0% to 200%	0% to 50%
Quantifiable portion, calculated on the basis of Danone's economic targets	Recurring operating margin growth on a like-for-like basis	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	One Person One Voice One Share	10%	0% to 200%	0% to 20%
Reference to Danone's social, societal and environmental targets	2018 environmental targets	10%	0% to 200%	0% to 20%
	Total	20%	0% to 200%	0% to 40%
Managerial	2030 goals & B Corp™	10%	0% to 200%	0% to 20%
Reference to the implementation of Danone's strategy	Products innovation	10%	0% to 200%	0% to 20%
	Total	20%	0% to 200%	0% to 40%
Total		100%	0% to 200%	0% to 200%

At its February 18, 2019, meeting, upon recommendation of the Nomination and Compensation Committee, the Board of Directors determined the annual variable compensation of Emmanuel Faber as follows:

Indicators	Weighting	Percentage fulfillment	Percentage after weighting	Fulfillment amount (in euros)
Economic	60%	100%	60%	€600 000
Social and societal	20%	125%	25%	€250 000
Managerial	20%	100%	20%	€200 000
Total 2018 annual variable compensation	100%	-	105%	€1,050,000

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

Indicators	Weighting	Percentages fulfillment	Weighted result
Organic growth	25%	90%	22.5%
Margin	25%	100%	25%
Free cash flow	10%	125%	12.5%
Total	60%	-	60%

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:

- partial fulfillment of the criterion related to like-for-like sales growth, in light of 2.9% growth;

- fulfillment of the target related to the recurring operating margin thanks to a 51 basis point increase on a like-for-like basis; and
- exceed the free cash flow generation target given the roughly €2.2 billion in free cash flow generated.

The specific fulfillment percentages for the social and societal portion are presented below:

Indicators	Weighting	Percentages fulfillment	Weighted result
"One Person. One Voice. One Share." program	10%	130%	13%
Climat commitments	10%	120%	12%
Total	20%	-	25%

The Board of Directors determined that the social and societal component was fulfilled at 125% of the target level, especially in light of the "One Person. One Voice. One Share" program, which made it possible to receive input from more than 75% of Danone employees with respect to the overall roadmap toward Danone's 2030 goals, thanks to the launch of an inclusive dialogue using a digital platform for a worldwide employee consultation. For the societal aspect, the Board of Directors also took into consideration, the progress made by Danone on its commitments in the area of climate change, and notably the upgrade of its ranking by the CDP Climate from A- to A, and the announcement of new commitments and actions aimed at accelerating Danone's transition toward a circular economy for packaging, which includes initiatives to ensure a second life for its packaging, investments to develop collection and recycling networks, actions to develop the use of recycled and/or reusable materials.

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

Indicators	Weighting	Percentages fulfillment	Weighted result
2030 objectives	10%	100%	10%
Brand model transformation	10%	100%	10%
Total	20%	-	20%

Furthermore, the Board of Directors considered that the managerial fulfillment rate was set at 100% of the target level, notably in consideration of the launch of Danone's new 2030 goals, and the accelerated progress with respect to the company's B Corp™ plan, with the certification of Danone entities covering more than 30% of its revenue (notably, certification of Danone North America, the largest B Corp™ certified entity in the world) ; and the continued transformation of Danone's brand model toward the development of committed brands which has helped the "Manifesto" brands to reach a weighting representing 20% of Danone's sales.

1.3. Multi-year compensation and long-term compensation payable in 2019

a) Multi-year compensation in the form of Group Performance Units (GPU)

GPU are granted subject to multi-year performance conditions over three years. GPU were established by the Nomination and Compensation Committee in 2005 in order to align the compensation of corporate officers and managers more closely with Danone's overall medium-term operating and economic performance.

Following a decision by the Board of Directors, GPU can be granted every year to approximately 1,800 Danone managers.

The GPU granted in 2016 (subject to performance conditions for the years 2016, 2017 and 2018) will give rise, in 2019, to a payment of €30 per unit based on the fulfillment of various benchmark criteria for the 2016 GPU.

Since 2017, Emmanuel Faber no longer receives GPU grants following measures taken to reflect the simplification of his compensation structure.

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

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 2015 were subject to two performance conditions. The first one, up to one-third, focused on a growth of the operating margin. The second one, up to two-thirds, focused on sales growth. The Board of Directors recognized that both conditions had been fulfilled.

The delivery of 2015 GPS will be carried out in July 2019.

Summary of compensation payable and deliverable in 2019

Fixed compensation	€1,000,000
Annual variable compensation * (for 2018)	€1,050,000
Multi-year compensation (GPU granted in 2016)	€600,000
Long-term compensation (delivery of 2015 GPS)	36,000 GPS

*In accordance with Article L. 225-37-2, this compensation will only be paid out following its approval by the Shareholders' Meeting of April 25, 2019.

2. Compensation for the fiscal year 2019

- **Fixed compensation unchanged at €1,000,000.**
- **Annual variable compensation, unchanged for the 2019 fiscal year, payable in 2020:**

The target amount of 2019 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 2018, it will be based on three components: a quantifiable economic component, established in accordance with Danone's objectives; a social and societal 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 Nomination and Compensation 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 2019. It will also be specified in the 2019 Registration Document.

- **Multi-year compensation and long-term compensation:**
 - Multi-year compensation in the form of Group Performance Units (GPU)

As was the case in 2018, Emmanuel Faber will not be granted any GPU in 2019, reflecting the simplification of his compensation structure.

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

Any grant of GPS in 2019 will be decided by the Board of Directors in July, subject to the prior authorization by the Shareholders' Meeting to be held on April 25, 2019, 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 1,800 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 18, 2019, meeting and are as follows:

- 50% of the GPS would be subject to an external performance condition based on the like-for-like growth of Danone's consolidated sales compared to the median of a panel of peers over three years, i.e. 2019, 2020 and 2021, and the fulfillment percentage may vary depending on Danone's performance:
 - below median: no delivery;
 - median: delivery at 75% of the shares subject to this performance condition; and
 - between the median and up to 120% above the median progressive delivery up to 110%.

- 30% of the GPS would be subject to an internal performance condition involving the cumulative amount of free cash flow over three years, i.e. 2019, 2020 and 2021, that could result in variable delivery depending on the amount of free cash flow between €6.2 billion (0%) and €6.7 billion (100%);
- 20% of the GPS would be subject to an external environmental condition based on the rank assigned to Danone by CDP for “Climate Change” program, over three years, as follows:
 - 3 years ranked at the Leadership level, including at least 2 years on the A list → 20% of GPS delivered;
 - 3 years ranked at the Leadership level, including at least 1 year on the A list → 10% of GPS delivered;
 - 3 years ranked at the Leadership level without any year on the A list or any other lower ranking → 0% of GPS delivered.