



DANONE
ONE PLANET. ONE HEALTH

Corporate Governance Overview



November, 2018



Today's attendees



Michel LANDEL
Lead Independent Director

Since
April 2018

Lead independent Director of Danone's board
Appointment at last shareholders' meeting (April 26, 2018)

2005
2018

CEO of Sodexo
Until January 23, 2018

2003
2005

Sodexo Group Deputy General Manager
In charge of North America, the United Kingdom, Ireland and Remote Sites

1984
2003

Senior positions in Sodexo
Africa and North America businesses



Laurent SACCHI
Secretary of
the Board



**Nadia
BEN SALEM-NICOLAS**
Head of Investor
Relations



**Alison
HUGHES**
General
Counsel,
Corporate
and M&A

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**Danone
at a glance**

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**Danone
governance**

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**Remuneration
practices**

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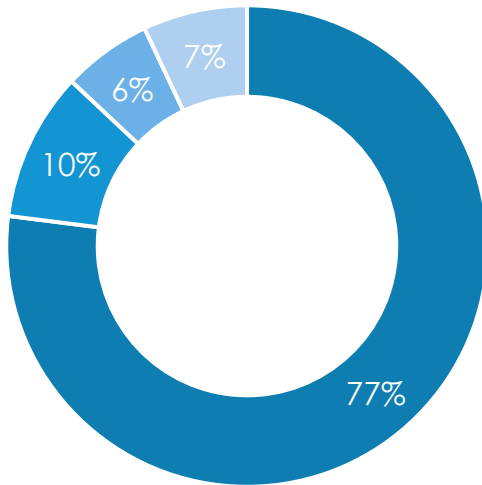


**Remuneration
practices**

Our shareholders

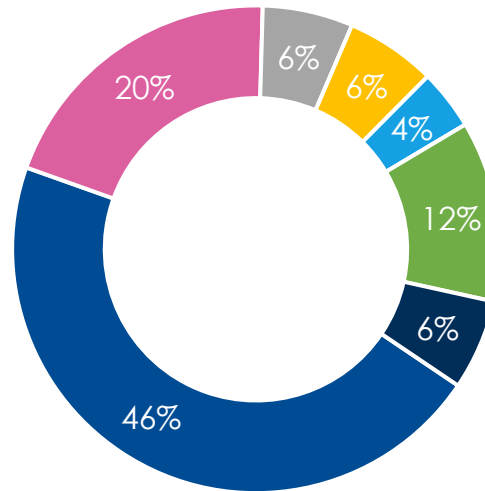
10th largest market capitalization in France

Total shareholder composition



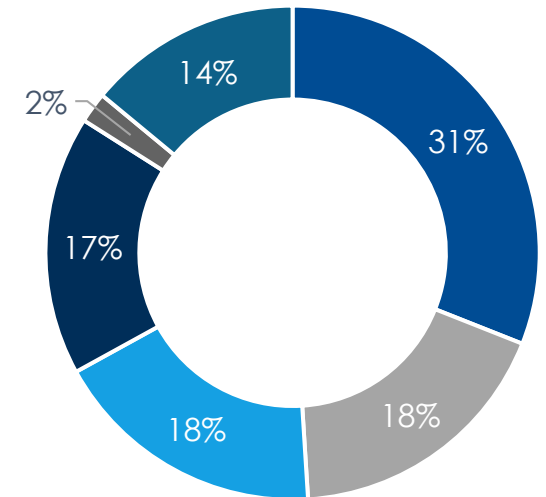
- Institutional investors
- Individual Shareholders and "Fonds Danone" FCPE
- Treasury Shares and Company related
- Trading and Miscellaneous

Institutional shareholders by geography



- United States
- France
- United Kingdom
- Switzerland
- Germany
- Rest of Europe
- Rest of World

Institutional shareholders by investment style



- Value
- GARP
- Index
- Growth
- Hedge Fund
- Other

Source: Nasdaq as of 31 December 2017

Our ambition
Lead the way to create and share sustainable value



ONE PLANET. ONE HEALTH

Healthier

eating and drinking



Responsible

business stewardship



Sustainable

value

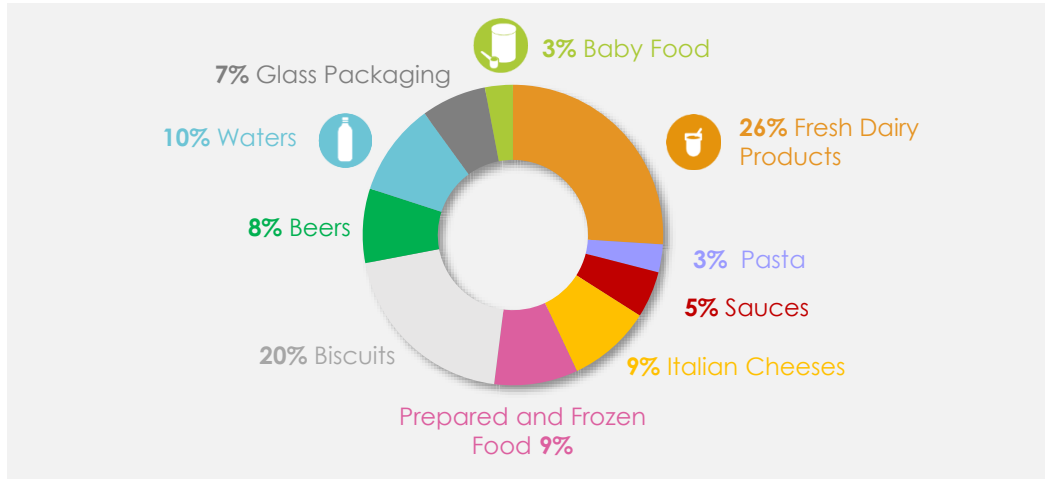


**SUPERIOR
SUSTAINABLE
PROFITABLE
GROWTH**

A €25bn sales, unique 100% health-focused on-trend portfolio > 88% of volumes sold recommended for daily consumption⁽¹⁾

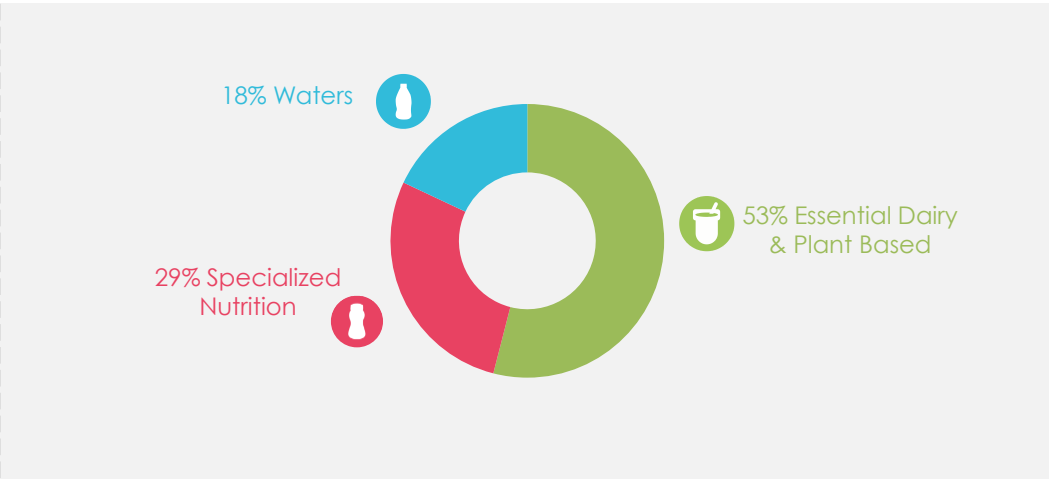
1996

European food conglomerate



H1 2018

Global health-focused portfolio



BSN: GLASS



1960's

FOOD



1980's

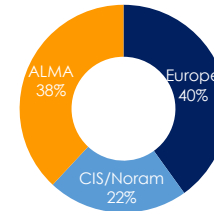
FOCUS & INTERNATIONALIZATION



NUMICO

1996-2007

ACCELERATED INTERNATIONALIZATION



2008-2014

WHITEWAVE ACQUISITION:
Global leader in organic
and plant-based

WhiteWave



2016



2018 sales breakdown based on H1 2018 sales figures

(1) Refers to water, yogurt and other daily dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar and medical nutrition. Based on official public health recommendation, these categories are generally suitable for daily consumption.

Our strategic roadmap

9 integrated goals for 2030, contributing to the United Nations SDGs

OUR BRAND MODEL

OUR
BUSINESS
MODEL



OUR
TRUST
MODEL



Our financial model

Delivery and transformation towards long-term sustainable value creation



⁽¹⁾ Excluding IAS 29 accounting treatment

Responsible business stewardship

Continuously improving first-tier ESG ranking



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Remuneration
practices

Our governance framework

Key corporate governance principles

- ✓ **Independent** oversight of management and corporate strategy
- ✓ **Effective** Board accountability
- ✓ **Balanced** distribution of powers
- ✓ **Diverse and experienced** Board leadership
- ✓ **Appropriate** Board refreshment

Board of Directors at a glance

2017 refreshment towards balance, efficiency, diversity and expertise

Changes voted at last AGM on April, 26th 2018



Emmanuel FABER
Chairman & CEO
Board leadership



Michel LANDEL
Lead independent director



Guido BARILLA



Frédéric BOUTEBA



Cécile CABANIS



Gregg L. ENGLS




Clara GAYMARD



Gaëlle OLIVIER



Benoît POTIER




Franck RIBOUD
Honorary Chairman




Isabelle SELLIER



Jean-Michel SEVERINO



Virginia A. STALLINGS



Bettina THEISSIG



Serpil TIMURAY



Lionel ZINSOU-DERLIN

16 members

57% independent⁽¹⁾

43% women

36% non-French

~6 years average length of the 16 terms

Increased focus on **Consumer** expertise

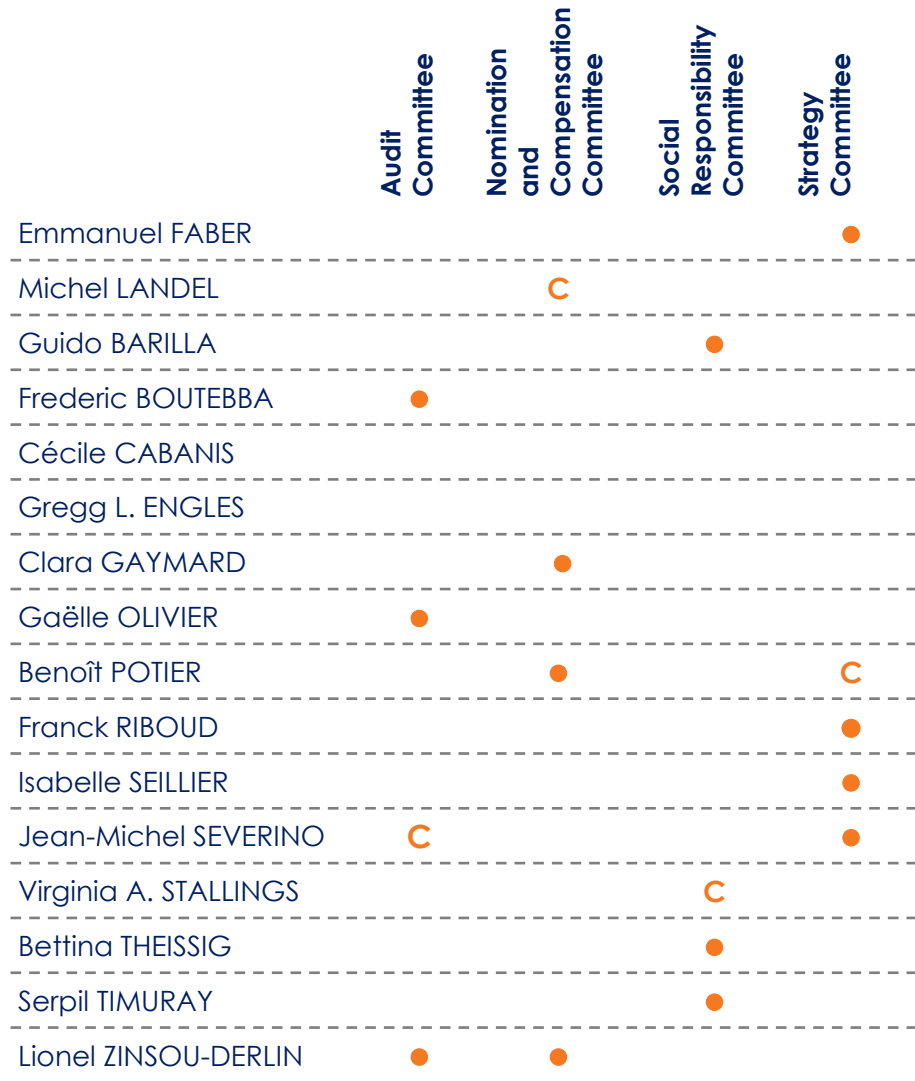
i Independent Director

● Mandates ending in 2019

(1) Directors representing employees are not taken into account in the determination of above percentages

Well-suited depth and breadth of Directors skills and qualifications

A more diversified Board, focused on Consumer expertise



Board expertise around

- Food and beverage industry
- Operational management of large companies
- Governance of listed companies
- Experience in emerging markets
- International experience
- Finance / Audit / M&A
- Social and environmental responsibility
- Nutrition / Health

Data post AGM 2018

Governance structure

A balanced distribution of powers

Chairman and CEO



Combined role

- Facilitated decision-making, more responsive governance
- In line with Danone's tradition and culture

Limits on powers for certain decisions to be authorized by the Board

Lead Independent Director



In existence since 2013; enhanced duties, resources and responsibilities since Dec. 2017⁽¹⁾

- Organization of the Board's work (notably setting meetings' agenda)
- Relations with Directors (notably during executive sessions)
- Involved in Board assessment process and annual performance assessment
- Facilitation of governance dialogue with shareholders
- Access to all documents and can request external studies

Board and Committees



4 committees: Audit, Strategy, Nomination and Compensation, Social Responsibility

- High proportion of independent Directors allowing to exercise full oversight
- Audit and Nomination and compensation committees: all independent Directors

(1) As defined in the provisions of the rules of procedure of the Board available on Danone's website www.danone.com

Lead Independent Director

Recruiting process



- 6-month process started in May 2017
- Led by Jean Laurent (LID and Chairman of the Nomination committee)
- Supported by Board secretary and external headhunter
- More than 50 profiles screened according to Board's key criteria
 - senior international business leader
 - able to dedicate time
 - under 67 years old to have the opportunity to be renewed at least once;
- 10 + leaders approached by the consultant, 4 interviewed (including by Chairman)

In-depth onboarding process



- One-to-one in depth meetings with 6 senior board members (including chairmen/women of committees)
- One-to-one 2 hours meetings with every Executive Committee Members
- Site visits (plants, R&D facilities, regional HQs)

First achievements since April 2018



- Regular meetings with Chairman and Executive Board members
- Participation to dialogue with Shareholders
- Participation to setting Board's agenda
- Executive sessions with external Board members
- Organization of Board Members' self-assessment through one-to-one in depth meetings with each Director
- Participation to key corporate events: annual general managers meeting (3 days), investor day in London, joint audit and strategy committee on company risk mapping

Key learnings from 2018 AGM

100% resolutions voted with full support of main Proxy Advisors

	Resolutions	Approved ?	Favorable votes
1	Approval of the statutory financial statements for the fiscal year ended December 31, 2017	✓	99.18%
2	Approval of the consolidated financial statements for the fiscal year ended December 31, 2017	✓	99.08%
3	Allocation of earnings for the fiscal year ended December 31, 2017 and setting of the dividend at €1.90 per share	✓	99.48%
4	Option for the payment of the dividend in shares	✓	99.13%
5	Renewal of the term of office of Mr. Benoît POTIER as Director	✓	91.59%
6	Renewal of the term of office of Mrs. Virginia STALLINGS as Director in accordance with Article 15-II of the Company's by-laws	✓	99.45%
7	Renewal of the term of office of Mrs. Serpil TIMURAY as Director	✓	99.46%
8	Appointment of Mr. Michel LANDEL as Director	✓	99.53%
9	Appointment of Mrs. Cécile CABANIS as Director	✓	91.95%
10	Appointment of Mr. Guido BARILLA as Director	✓	99.67%
11	Approval of the components of compensation paid or awarded for the fiscal year ended December 31, 2017 to Mr. Franck RIBOUD, Chairman of the Board of Directors until November 30, 2017	✓	91.73%
12	Approval of the components of compensation paid or awarded for the fiscal year ended December 31, 2017 to Mr. Emmanuel FABER, Chief Executive Officer until November 30, 2017, and Chairman and Chief Executive Officer from December 1, 2017	✓	96.75%
13	Approval of the compensation policy for the corporate officers	✓	91.33%
14	Authorization granted to the Board of Directors to purchase, retain or transfer Company's shares	✓	98.77%
15	Authorization granted to the Board of Directors to allocate existing or newly issued shares of the Company, without preferential subscription right of the shareholders	✓	95.54%
16	Powers to carry out the formalities	✓	99.79%

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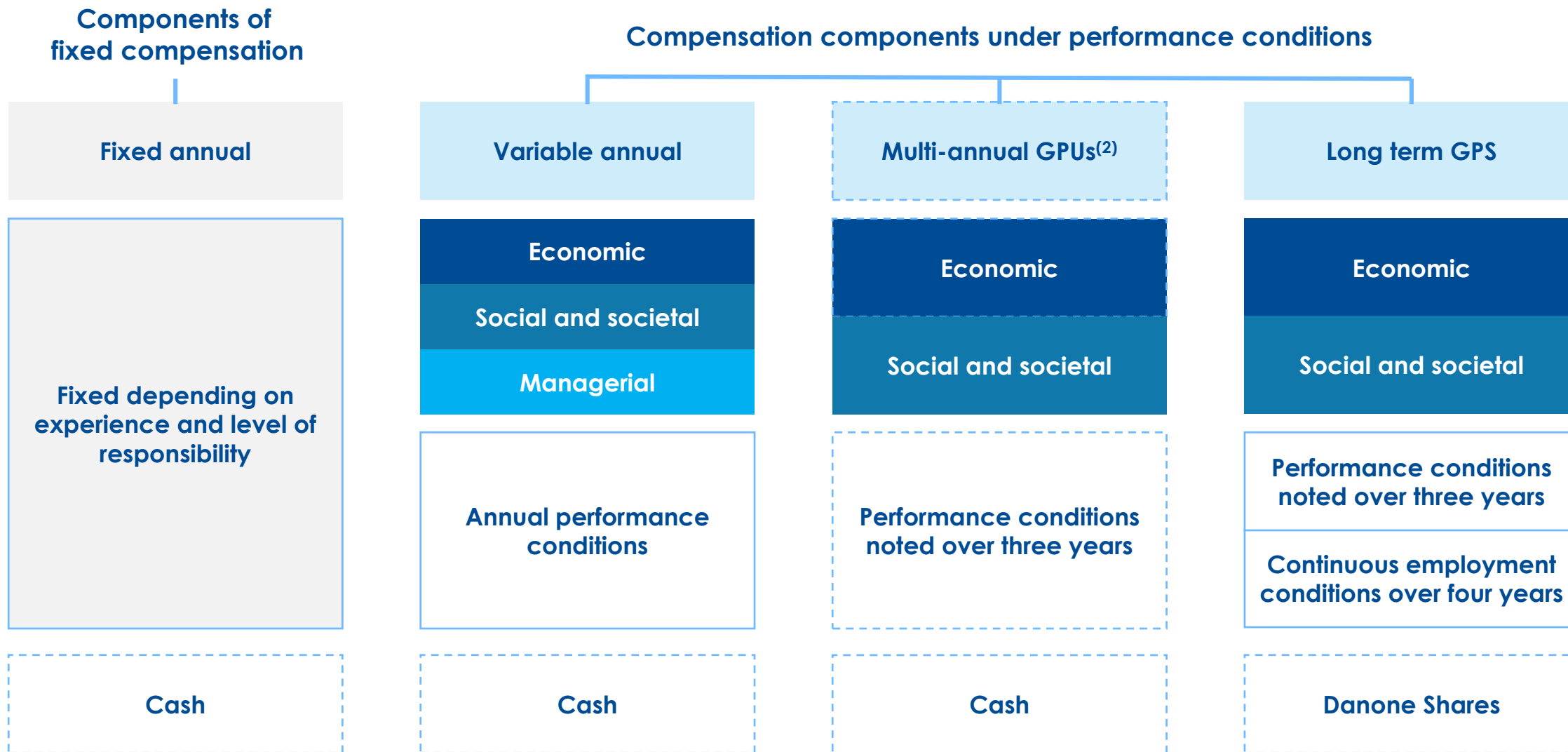
3



Remuneration
practices

Management compensation structure⁽¹⁾

Overview of short-term and long-term incentives



(1) Program applies to 1,500 general managers and senior executives worldwide and corporate officers

(2) In an effort to simplify his compensation, no GPUs have been granted to Mr. Emmanuel FABER since 2017

Overview of short-term and long-term incentives

Balancing economic, social and societal, and managerial criteria

Short-term incentives

- Mix of economic, social and managerial KPIs for annual variable cash compensation
 - **Economic (60%)** – based on sales, operating margin and free cash flow; measured against guidance targets communicated to market
 - **Social and societal (20%)** – based on Danone's targets (development of human resources and organizations, development of societal and environmental initiatives)
 - **Managerial (20%)** – based on execution of Danone's strategy (product innovation, market share, expanding into new geographic markets and implementation of strategic priorities)

Long-term incentives

GPU
Performance
based units

- Units paid subject to annually measured performance conditions over 3-year period
- Nomination and Compensation Committee determines the performance conditions for each upcoming year based on company's objectives

GPS
Performance
Based shares

- Performance shares with 4-year vesting period
- Program applies to 1,500 executives and directors
- Two financial criteria + **introduction of a new sustainability criteria starting from 2018**
 - 3-year net sales growth relative to peers **(50%)**
 - 3-year cumulated free cash flow generation (between €6bn and €6.5bn) **(30%)**
 - Achievement of 3-year ranking in Leadership List for Climate change by CDP **(20%)**

Changes to align long-term incentives with strategic objectives

Shifting from growth to margin and cash



(1) Target to get maximum value of GPU value



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Appendix



Board of Directors

EMMANUEL FABER (55)



- Tenure: 16 years
- **Chairman & CEO, Danone**
- Former CEO of Legris Industries
- Previously served as Danone's Deputy General Manager and Vice-Chairman of the Board of Directors
- **Committees:** Strategy, Executive

MICHEL LANDEL (67)



- Tenure: 0.5 year
- **Lead Independent Director**
- Former CEO, Sodexo
- **Committees:** Nomination and Compensation (Chairman)
- **Other Boards:** Louis Delhaize

GUIDO BARILLA (60)



- Tenure: 0.5 year
- **Chairman of Barilla**
- Chairman of the Advisory Board of the BCFN Foundation
- **Committees:** Social Responsibility

FRÉDÉRIC BOUTEBBA (51)



- Tenure: 2 years
- **Director representing employees**
- Joined Danone in 1992 in the Sales Department
- Recently, more involved in Employee Representative Bodies
- **Committees:** Audit

CECILE CABANIS (47)



- Tenure: 0.5 year
- **CFO, IS/IT, Cycles and Procurement, Danone**
- Former CFO of the Fresh Dairy Products division, Danone
- **Other Boards:** Schneider Electric, Mediawan, Livelihood Carbon Fund (Chairman)
- **Committees:** Executive

GREGG L. ENGLÉS (62)



- Tenure: 1 year
- **Founding partner and CEO of Capitol Peak Partners**
- Previously served as Former Chairman & CEO, WhiteWave Foods
- **Other Boards:** Liberty Expedia

CLARA GAYMARD (59)



- Tenure: 2 years
- **Founding partner of Raise and President of Women's Forum**
- Co-founder of Raise
- Former President of GE France
- **Committees:** Nomination and Compensation
- **Other Boards:** Veolia, LVMH, Bouygues

GAËLLE OLIVIER (47)



- Tenure: 4 years
- **CEO of Kyouko**
- Former CEO, AXA Global P&C
- Former CEO, AXA Asia General Insurance
- **Committees:** Audit

BENOÎT POTIER (61)



- Tenure: 15 years
- **Chairman & CEO, Air Liquide SA**
- Founder and Chairman of Foundation Air Liquide
- **Committees:** Nomination and Compensation, Strategy (Chairman)
- **Other Boards:** Air Liquide (Chairman), Siemens

FRANCK RIBOUD (63)



- Tenure: 26 years
- **Honorary Chairman, Danone**
- Former Chairman and CEO of Danone
- **Committees:** Strategy
- **Other Boards:** Rolex SA, Rolex Holding SA, Bagley Latinoamerica SA, Boardriders

ISABELLE SEILLIER (59)



- Tenure: 7 years
- **Vice Chairman of Investment Banking EMEA, J.P. Morgan**
- Held prior positions at Société Générale in Paris
- **Committees:** Strategy

JEAN-MICHEL SEVERINO (61)



- Tenure: 7 years
- **Head of Investisseurs et Partenaires Conseil**
- Former CEO of the Agence Française de Développement (AFD)
- **Committees:** Audit (Chairman), Strategy
- **Other Boards:** Orange SA

VIRGINIA A. STALLINGS (68)



- Tenure: 6 years
- **Professor of Pediatrics at UPenn School of Medicine**
- Director of Nutrition Center at Philadelphia Children's Hospital
- **Committees:** Social Responsibility (Chairman)

BETTINA THEISSIG (56)



- Tenure: 4 years
- **Director representing employees**
- Chairwoman of Milupa's Works Council and Central Works Council
- Member of Danone Group's European Works Council and its steering committee
- **Committees:** Social Responsibility

SERPIL TIMURAY (49)



- Tenure: 3 years
- **Chief Executive Officer Europe and member of the Executive Committee, Vodafone Group**
- Previously served as Group Chief Commercial Operations and Strategy Officer of Vodafone Group, GM of Danone Turkey, and on the Executive Committee of P&G Turkey
- **Committees:** Social Responsibility

LIONEL ZINSOU-DERLIN (64)



- Tenure: 4 years
- **Vice President of the Supervisory Board of PAI Partners SAS**
- Former Prime Minister of Benin
- Former Chairman of PAI Partners and Advisor to the French Ministry of Industry
- **Committees:** Nomination and Compensation, Audit

L = Lead Independent Director **I** = independent Director **E** = Director representing Danone's employees

Overview of French governance standard practices

Regulatory and standard practice framework for French companies

- The French Commercial Code sets out the main corporate governance rules
- The AFEP-MEDEF Code further outlines best practices in relation to matters of Board leadership and effectiveness, remuneration, accountability and relations with shareholders

French standard practices

- Directors should serve for multi-year terms
 - ✓ Danone Directors serve 3 years (lower than CAC average of 3 years and 7 months^(a))
Note: 6 Danone Directors were up for election at the Shareholder Meeting in April 2018 (3 new member^(b) / 3 renewals^(c))
- Simple majority voting standard for Director elections
- Large companies^(d) have at least 2 Directors elected by employees
- Boards must be composed of at least 40% of women
- On top of representing shareholders' interest, specific approach of Board members in France is to represent other stakeholders (employees, customers, etc.)
- Double voting rights for shareholders on the company's register for at least 2 years^(e) ("Florange" law)
- Companies allowed to place caps on the number of voting rights that can be voted at shareholders' meetings – protective measure for small minority shareholders, set to prevent creeping control (and which could become null in the context of a public offer for Danone^(f))
- Danone caps shareholder voting rights at 6% (and 12% in case of double voting rights)

a) Report on the AFEP/MEDEF Code published by the HCGE in October 2018.

b) Guido Barilla, Cécile Cabanis, Michel Landel.

c) Benoît Potier, Virginia Stallings, Serpil Timuray.

d) Companies which over two consecutive fiscal years employ at least 1000 employees in France or 5000 worldwide and have Boards composed of more than twelve board members.

e) Unless 2/3 of the shareholders vote to eliminate such right.

f) This cap does not apply if the shares present or represented at a shareholders' meeting reaches or exceeds 75% of the total number of shares carrying voting rights.

Our Nature commitments and achievements

Climate

Reduction in CO₂ footprint

Emission intensity (g/CO₂ equivalent/Kg product)

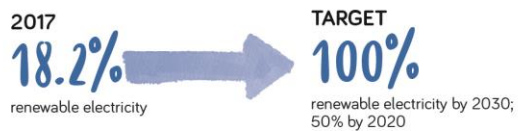


Reduction in CO₂ footprint

Absolute emissions



Renewable energy



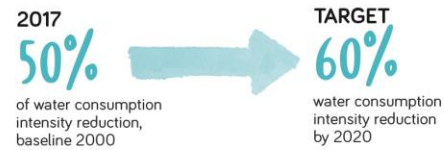
Water

Protect natural mineral water resources in our watersheds

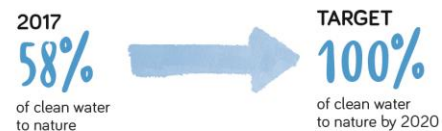


Reduce water consumption in factories

Process water intensity (m³/T product)

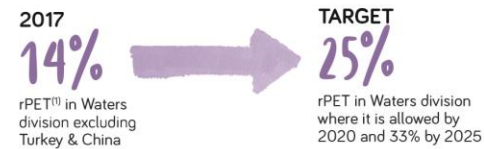


Return clean water to nature compliant with Danone "Clean Water Standards"⁽³⁾ for waste water



Circular Economy

Increase the use of sustainable resources



Zero plastic landfill for post-industrial packaging waste



Reduce by 50% non-recovered food waste

Baseline defined according to Food Loss and Waste (FLW) Protocol



Agriculture

Promote sustainable agriculture



Promote sustainable agriculture



The data provided on this page does not include WhiteWave entities and are based on constant scope of consolidation and constant methodology in comparison with 2016. (1) rPET : recycled PET.(2) Production Sites Environment Scope.(3) 96% of Danimals is Non-GMO project certified(4) 79% of Dannon volume is Non-GMO project certified(5) Oikos will start transitioning end 2018 as planned in Dannon U.S. Pledge

Accelerating the transition towards a circular economy of packaging

New commitments and actions around three pillars



1

PACKAGING DESIGNED FOR CIRCULARITY

All Danone's packaging will be 100% recyclable, reusable or compostable by 2025

2

REUSED, RECYCLED AND COMPOSTED IN PRACTICE

By 2025, Danone will have initiated or supported collection and recycling initiatives in every one of our top 20 markets

3

PRESERVATION OF NATURAL RESOURCES

By 2025, Danone will use 50% of recycled PET in Waters and other beverage bottles

Disclaimer

- *This presentation contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate,” “expect,” “anticipate,” “project,” “plan,” “intend,” “believe,” “forecast,” “foresee,” “likely,” “may,” “should,” “goal,” “target,” “might,” “will,” “could,” “predict,” “continue,” “convinced,” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, statements regarding Danone’s operation of its business, the expected benefits of the transaction, and the future operation, direction and success of Danone’s business.*
- *Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Registration Document (the current version of which is available on www.danone.com).*
- *Subject to regulatory requirements, Danone does not undertake to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy Danone securities.*
- *All references in this presentation to “Like-for-like (LFL) New Danone” changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, Recurring EPS, Yakult Transaction Impact, free cash flow and net financial debt correspond to financial indicators not defined in IFRS. Their definitions, their reconciliation with financial statements and IAS29 accounting treatment for Argentina are included in the Q3 sales press release issued on October 17th, 2018. Q1, Q2 and H1 2017 reported figures have been restated for IFRS 15. Indicators ROIC and Net Debt / EBITDA are defined on page 64 of Danone’s 2017 registration document*
- *Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.*