



Press Release – Balclutha, New Zealand, 25 November 2022

Danone New Zealand completes switch to biomass boiler to power South Island spray drying plant with renewable energy

- **New Zealand's first dairy spray drying plant powered exclusively by biomass fuel¹**
- **Fueled by locally sourced sustainable forestry waste, the now fully commissioned biomass boiler will reduce CO2 emissions by 20,000 tonnes per year²**

Danone today announced the commissioning of its biomass boiler at the company's spray drying plant located at Balclutha, in the Otago region of New Zealand's South Island. Combined with the use of 100% renewable electricity at the plant, CO2 emissions will be reduced by 95%, helping to underpin Danone's global ambition to be a net-zero carbon company by 2050.³

Danone's Balclutha spray drying plant processes fresh milk sourced from twenty local farms into powder that is used as the base for production of leading baby formula brands including *Aptamil* and *Karicare*.

Boilers play a central role in spray drying – the process of converting milk into a dry powder through the application of heat – with around 85% of the entire plant's energy consumption coming from steam production. Unlike gas or the more common coal-powered fossil fuel boilers in New Zealand, Danone's biomass boiler is powered by locally-sourced wood residues from sustainably-managed forests, supplying the plant with indigenous, renewable energy. The biomass project forms part of Danone's landmark global Re-Fuel energy excellence program, with an ambition to transition to competitive, resilient, and renewable sources of energy.

"This is a significant investment for Danone and one that underscores our belief that in order to produce healthy food, we must have a healthy planet," said Danone's New Zealand Operations Director, Steve Donnelly. *"This has not been a simple project for us, especially with the impact of COVID, however it is symbolic of the action required for business to contribute in an impactful way in order to realise a low-emissions, climate resilient future for New Zealand."*

Sustainable impact from farm to families, home and abroad

Danone's commitment to sustainability spans every aspect of the production cycle, from material sourcing to manufacturing, distribution and end-of-life of its products. In addition to reducing operational CO2 emissions in New Zealand, more than 90% of

product packaging materials used locally are fully recyclable, with an ambition to achieve 100% by 2025. Danone is also investing in regenerative agriculture research in New Zealand with partners AgResearch and Synlait. The five-year study commenced in 2021 and will compare soil health on farms deploying a range of regenerative agriculture practices with farms using conventional practices.

“Danone’s sustainability approach includes consideration for not only our carbon footprint, but also water conservation, packaging circularity and regenerative agriculture,” added Donnelly. *“Improving the sustainability credentials of our products also underscores a key attribute of New Zealand’s 100% Pure brand that enhances our competitiveness here at home, but also in important export markets.”*

Pathway to net-zero carbon

As part of its ambition to achieve net zero emissions across its value chain by 2050, Danone has been working to dramatically reduce emissions. Since 2015, operational emissions have been reduced by 48.3% and the total emission intensity of Danone products have reduced by 27.1%. Danone is one of few companies worldwide to be awarded a AAA score (past three years) by CDP for its leadership in the fight against climate change, deforestation and water resource preservation⁴.

Danone production facilities in New Zealand

Danone acquired the Balclutha spray drying plant and its Airport Oaks (Auckland) blending, packing and canning facilities in 2014. Since then, the company has increased production capacity of finished infant formula products in New Zealand and transform its facilities in the country, enabling manufacture to Danone's exacting global food safety and quality standards with a continued focus on sustainability.

References:

1. Existing LPG boiler will be retained for redundancy during biomass maintenance periods
2. Equivalent emissions to removing 10,000 petrol or diesel-powered cars from New Zealand's roads
3. Danone: Towards carbon neutrality - <https://www.danone.com/impact/planet/towards-carbon-neutrality.html>
4. CDP Scores: <https://www.cdp.net/en/scores>

About Danone

Danone is a leading global food and beverage company operating in three health-focused, fast-growing and on-trend categories, particularly through dairy and plant-based products. With a long-standing mission of bringing health through food to as many people as possible, Danone aims to inspire healthier and more sustainable eating and drinking practices while committing to achieve measurable nutritional, social, societal and environment impact. Danone has defined its Renew strategy to restore growth, competitiveness, and value creation for the long-term. With 100,000 employees, and products sold in over 120 markets, Danone generated €24.2 billion in sales in 2021. Danone's portfolio includes local and international brands such as Actimel, Danone, Activia, Alpro and Danette. Listed on Euronext Paris and present on the OTCQX market via an ADR (American Depositary Receipt) program, Danone is a component stock of leading sustainability indexes including the ones managed by Vigeo Eiris and Sustainalytics, as well as the Ethibel Sustainability Index, the MSCI ESG Indexes, the FTSE4Good Index Series, Bloomberg Gender Equality Index, and the Access to Nutrition Index. By 2025, Danone aims to become one of the first multinational companies to obtain global B Corp™ certification.