



# **DANONE POSITION ON CLIMATE ADVOCACY**

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Climate change is one of the biggest challenges we face as a society and as a business. Danone is committed to bold climate action, drastically reducing emissions across our full value chain in line with 1.5°C pathways. We are also working with others, through multi-stakeholder coalitions and platforms, to drive collective action and decarbonize our food systems. Recognizing the importance of robust climate policy, and the potential of partnerships to drive systemic change, we are committed to conducting all advocacy on climate in line with the 2015 Paris Agreement.

### Our climate commitments

In 2015, as part of our Climate Policy, we committed to achieving net zero emissions across our full value chain (scopes 1, 2 and 3) by 2050, from the farms where we source our ingredients to the end of life of our products.

In 2017, we set science-based targets aligned with 2°C pathways. In 2019, Danone pledged to set targets in line with what is needed to limit warming to 1.5°C.

We then worked closely with the Science Based Targets initiative (SBTi) on developing guidelines for companies in the forest land and agriculture sector, called the FLAG guidance. In 2022, we updated our reduction targets in line with 1.5°C pathways and became one of the first two companies in the world to set an SBTi-approved near-term 1.5°C FLAG target versus our 2020 baseline.

Our 2030 reduction targets are the following:

- reduce absolute scope 1 and 2 energy and industrial GHG emissions 47.2% by FY2030 from a FY2020 base year (the target boundary includes land-related emissions and removals from bioenergy feedstocks). They represented ~4% of our GHG emissions in 2022.
- reduce absolute scope 3 energy and industrial GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution and end of life treatment of sold products 42% by FY2030 from a FY2020 base year. They represented ~32% of our GHG emissions in 2022.
- reduce absolute scope 1 and 3 Forest Land and Agriculture (FLAG) GHG emissions 30.3% by FY2030 from a FY2020 base year (the target includes FLAG emissions and removals). They represented ~64% of our GHG emissions in 2022.
- no deforestation across our primary deforestation-linked commodities with a target date of FY2025.

**Our progress to date**

Between 2020 and 2022, on our Science-Based Target scope, we achieved:

- 18% reduction on scope 1&2 energy and industrial
- 8.3% reduction on scope 1&3 FLAG
- 0.7% increase on scope 3 energy and industrial

In addition, 70.5% of our electricity was renewably sourced in 2022.

*More information on the 2022 results, actions plans and methodologies can be find in chapter 5 (social, societal and environmental responsibility) of the 2022 Universal Registration Document of Danone available on [danoneurd2022eng.pdf](https://www.danone.com/~/media/2022/04/2022-URD-ENG.pdf)*

## Our key programs/levers

### *For Scopes 1&2*

- In 2022, Danone announced Re-Fuel Danone, a Global Energy Excellence Program to drive energy efficiency, resilience and our operations' decarbonization journey. It aims to improve energy efficiency by 30% by 2025 compared to a 2022 baseline; and reach 50% renewable energy in 2030 (in line with our existing RE100 pledge of 100% renewable electricity by 2030).

### *For Scope 3 emissions other than Forestry, Land and Agriculture (NON-FLAG)*

- Danone is accelerating its transition to circular packaging and lower carbon delivery models, including through the use of more recycled content and the reduction of virgin fossil-based packaging. We are also working to reduce emissions from logistics by optimizing routes and capacities, working with suppliers to switch to lower carbon transport modes (boat, train, electric vehicles) and new fuels (hydrogen, biofuels, etc.)

Danone has, for 4 consecutive years, attained an A in all three CDP questionnaires, Climate Change, Water Security and Forests, which places the company in the "A list", a position achieved by only 13 companies in 2022.

### *For Scope 3 FLAG:*

- We are activating three major levers in regenerative agriculture to meet our 1.5°C FLAG target: 1) reduction of GHG emissions including methane; 2) Zero deforestation and conversion from animal feed supply chains; and 3) Soil carbon sequestration.

## Supporting robust climate policy

While voluntary action from the private sector is paramount, we strongly believe in the need for robust public policy that can accelerate action and innovation, drive accountability and create a level playing field across all economic sectors.

At Danone, we support and are actively engaging government authorities around the following policy principles – in line with our climate ambitions and the Paris Agreement:

- Drive more transparency and accountability in the private sector by mandating climate-related disclosures (building on the Task Force on Climate-related Financial Disclosures guidelines)
- Invest in innovations and accelerate support for farmers to transition to regenerative farming practices that reduce GHG emissions – notably methane – and sequester more carbon while strengthening biodiversity, water protection, animal welfare and farmer resilience
- Invest in and promote new technologies and standards for energy, infrastructure and transportation
- Support a carbon pricing system that can create a level playing field and drive economy-wide GHG reduction
- Drive equity and a just transition across our societies
- Advance financing and reporting models

## **Our climate advocacy**

To realize our commitments, and to drive collective action required to address climate change, we engage in advocacy, either as a company or industry member. Our advocacy supports the objectives laid out in our sustainability strategy, the [Danone Impact Journey](#), as well as our commitments under our status as a “*Société à Mission*” and a growing B Corp.

When Danone engages in advocacy activities, we follow the principles set out in our Advocacy Policy and Integrity Policy<sup>1</sup>. We work with governments, regulators, scientific societies, trade associations, experts, consumers, NGOs and other businesses on the development of regulations, policies, procedures and related programs that balance continued innovation and development, improve outcomes for consumers and recognize the central role of governments in policymaking.

When it comes to climate advocacy, we are committed to conducting our advocacy in line with Paris Agreement and in line with our climate policy goals outlined above, notably to restrict global temperature rise to 1.5C. We will also work to ensure alignment between our position and those of the trade associations, coalitions and platforms we are a member of, at global, regional and local levels.

### **Advancing climate advocacy with partners**

We work on climate-related issues with a number of different partners – including trade associations – to have a greater impact through collective action. We recognize that such groups can be a strong catalyst for positive climate action, but also risk being a barrier to ambitious positions and commitments. As such, we are committed to encouraging trade associations, as well as their members, to take a more proactive stance to support the Paris Agreement and to limit warming to 1.5C.

We are currently putting in place a wider framework to ensure alignment between our position and those of trade associations and other business platforms we are a member of. This will cover internal guidance and training on the responsibility to ensure alignment and how to address misalignment if it does occur. As part of our annual disclosure to the CDP, we already evaluate alignment between the Paris Agreement, our own advocacy and the advocacy of the trade associations and coalitions with the greatest influence over climate policy. Our advocacy policy will be updated with details of these measures.

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<sup>1</sup> Policies available under ‘People’ on the [Commitments, Policies & Positions section of Danone’s website](#).

## Examples of our climate advocacy

### *Global*

- Danone participates in the annual United Nations Climate Change Conference. In 2022, we attended COP27 and, through the World Business Council for Sustainable Development (WBCSD), spearheaded a Business Call to Action, calling on companies in the food sector to adopt time-bound, science-based, targets towards net zero; calling on governments to develop and implement national food strategies and to integrate food into Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs); and calling on international organizations to develop clear strategies for food systems, including a 1.5°C roadmap for food.

### *Regional*

- In April 2023, Danone intervened at a European Parliament event on financing the transition for farmers to achieve carbon neutrality, presenting our commitments on regenerative agriculture and calling for additional and new financing mechanisms in the EU to ensure the scale-up of regenerative agriculture models.

### *National*

- In January 2022, Danone North America, with other fifteen leading companies, filed a legal brief in support of corporate and Environmental Protection Agency regulation to reduce greenhouse gas emissions at the rate necessary to avoid the worst impacts of climate change.
- In July 2022, Danone North America, along with other companies, called on the US Congress to pass a critical climate and clean energy package.
- In France, in 2022, Danone signed up to the Government's energy efficiency pledge, outlining its own engagements as well as its support for collective efforts towards greater energy efficiency and sustainability.
- Danone in Belgium advocated to create BACA, the Belgian Alliance for Climate Action. Since its launch in Q3 2020 by The Shift & WWF Belgium, the alliance and its 100+ member companies have advocated for more corporate actors to align their climate reduction targets in line with SBTi, encouraged them to accelerate action on climate change and advocated for authorities to adopt ambitious reduction targets.

## **Governance of climate advocacy and action**

The CEO and the Chief Sustainability and Strategic Business Development Officer sponsor the company's climate strategy. The review and implementation of the climate strategy are, as for the other sustainability topics, among the responsibilities of the governance bodies involved on all sustainability topics: Corporate Governance bodies (Board of Directors and CSR committee); Internal Governance bodies (Executive Committee, Global Engagement Committee, Risk Committee). [In particular, all of our policies on health, environment and social issues are presented at the CSR Committee, currently composed of four board members.] In 2022, Danone's climate action strategy was presented to the CSR Committee and the Board of Directors. An independent Mission Committee is also responsible for reviewing progress on health, social and environmental goals set out in the by-laws of the Company.

Danone's climate advocacy is developed in cooperation between the sustainability team (reporting to the Chief Sustainability and Strategic Business Development Officer) and the Public Affairs team (reporting to the General Secretary). Any new climate advocacy engagements or policies are reviewed and validated by the Global Engagement Committee, which brings together representatives of investor relations, sustainable finance, communications, public affairs, legal and sustainability on a bi-monthly basis.

Danone's Corporate Affairs and Compliance Departments are co-responsible for overseeing the worldwide implementation of our company's advocacy policies and priorities. Local Public Affairs managers are held accountable of their advocacy activities. Regular trainings are rolled-out by both the compliance and public affairs teams to ensure professionals are trained on the practice of advocacy, and that they understand our advocacy goals and positions on specific topics.