

DANONE TAKES SCIENCE-BASED CARBON TARGETS FURTHER

WITH REGENERATIVE AGRICULTURE



Quantis



“Quantis’ left-brain, right-brain approach to sustainability couples robustness and integrity together with creativity and innovation.”

QUANTIS

DRIVING SUSTAINABILITY WITH SCIENCE

Science is one of the most important tools for driving real, long-term sustainable change. It is science that helps us paint a complete picture of what’s happening in terms of impacts inside and outside of our organizations. Simply, science-based metrics show us where we are, how far we’ve come, and where we need to go next.

And science is what fuels Quantis’ unique metrics-based approach to sustainability — from goals and strategy, to roadmaps and measurement, and engagement and communication.

As a leading environmental sustainability group, our mission is to take the latest in the science of sustainability and make it actionable for businesses.

At Quantis, we like to share what we know and for over a decade, we’ve worked with forward-thinking organizations around the world to define, shape and implement

intelligent sustainability strategies and actions. We do this by delivering robust metrics, useful tools and credible communications.

And this is the journey that we’ve taken with Danone, a valued and longstanding partner committed to driving change throughout its business to lead the Food Revolution.

Danone understands that sustainability targets are meaningless if they aren’t set in the right place. With Quantis as a compass, the global food company is aligning its course with a 2°C global warming limit using science-based carbon targets to put its business and brands on the right path to mitigating climate change.

This business case walks you through the journey of how we worked together to commit, set and deploy actions for Science-Based Targets.

What are Science-Based Targets?

Science-Based Targets (SBTs) align a business’ strategy with the level of decarbonization required to keep global warming below 2°C. The Science-Based Targets initiative (SBTi) was created to increase corporate ambition on climate action and promotes best practice in target setting and independently assesses and approves companies’ targets.

Why are companies shifting to setting these goals?

Scientists have sounded the alarm on the urgency of climate change and are calling for bold action. As a result, business leaders are shifting focus from what is achievable to *what needs to be done* to change course. SBTs provide companies with a roadmap for resilience by specifying how much and how quickly they need to reduce GHG emissions to align with a 2°C future.

DANONE: SERIOUS ABOUT THE SCIENCE BEHIND SUSTAINABILITY

Danone is leveraging science to embed sustainability into the heart of its business strategy, paving the way for other complex, multi-national organizations to set and reach science-driven goals.

In November 2015, the France-based global food company launched its **Climate Policy**, announcing ambitions to achieve carbon neutrality by 2050 across its full value chain. At COP21 Danone CEO Emmanuel Faber reaffirmed this intention, sharing Danone's ambition to build a thriving, sustainable business model.

Danone believes in **the robustness of metrics to drive its efforts to decarbonize its business** and to help the company make effective and meaningful decisions about where the most impactful reductions can be levied.

What is regenerative agriculture?

Regenerative agriculture encompasses food production techniques that improve the overall health of local ecosystems, by supporting the development of healthy soils, with increased carbon sequestration, water retention and biodiversity.

What is Danone's approach?

Danone sees regenerative agriculture as resting on three pillars: protecting soil, empowering a new generation of farmers, and promoting animal welfare.

Danone was among the first 15 food and beverage companies to set SBTs. Its targets were validated in 2017, making Danone one of the first 100 companies worldwide to align its carbon reduction strategy with the Paris Agreement. To achieve its SBT commitments, Danone is working to decarbonize its supply chain by developing and promoting regenerative agriculture practices with its farmers.

Quantis has partnered with Danone for the past 10 years to provide the metrics and insights for its climate roadmap and worked alongside Ecofys to help them commit to and set Science-Based Targets.

In this business case, Quantis and Danone share the journey to **set bold GHG reduction targets in line with the 2°C global warming limit**.

Why is Danone focusing on regenerative agriculture?

Danone is sharpening its focus on regenerative agriculture as a way to broadly reduce carbon emissions in the future and respond to consumer demand for transparency and natural products.



“As a food company, we at Danone consider the transition of our agriculture model to regenerative agriculture as instrumental for reconnecting consumers with what they eat and building trust for our brands. We are convinced that with regenerative practices, agriculture can be part of the solution to climate change. This transformation is what we aspire to.”

— ERIC SOUBEIRAN
VP, NATURE & WATER CYCLE
CEO, DANONE ECOSYSTEM FUND

DANONE



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

DANONE'S SCIENCE-BASED TARGETS: FROM METRICS TO ACTION >

Fueled by a ten-year collaboration anchored in robust, science-driven metrics, Danone worked together with Quantis to solidify its corporate footprint, setting it up for this journey to define, commit to and validate its Science-Based Targets.

1 COMMITMENTS

In 2015, in response to a Call to Action from the We Mean Business Coalition, Danone's CEO made bold commitments to **eliminate deforestation in its supply chain, tackle water scarcity and define science-based targets**. In November that year, Danone signed the SBTi Commitment Letter and began efforts to verify that its climate policy, including Scope 3 emissions, were aligned with the 2°C global warming trajectory.



Verified Climate Policy was aligned with a 2°C trajectory to build a carbon neutral value chain by 2050



Focused on its complex agricultural supply chain to make bold commitments to tackle Scope 3 emissions



Ensured global targets were translated into business unit and local targets across Danone's activities worldwide

2 CARBON FOOTPRINT

Danone used a **robust, metrics-based approach** with a high level of granularity that takes into account the full value chain **to measure its carbon footprint**. This footprint was then used as a baseline for Danone's science-based goals.

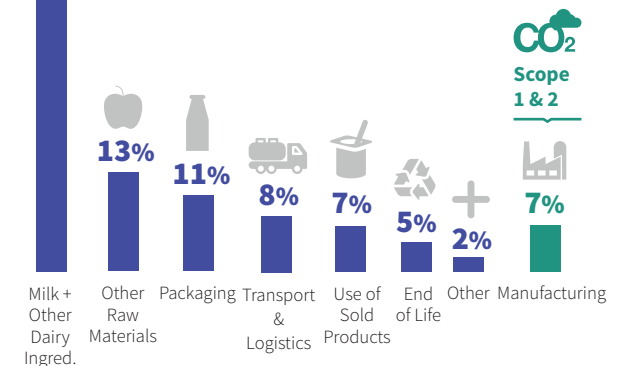


Scope 3

Co-building solutions with farmers and suppliers



47%



Source: 2017 Danone Document de Référence Rapport Financier Annuel

Science-Based Targets allow businesses to get smarter about goal setting, shifting the focus from what can be done to what needs to be done.

SCIENCE-BASED TARGETS

3 TARGETS

With a bold commitment by Danone to define absolute reductions on Scope 1 and 2, as well as ambitious Scope 3 targets, the next step was to take a **deeper dive into the metrics to calculate the 2°C aligned goals**.



Chose methods to validate that targets are science-based by using Ecofys' Sectorial Decarbonization Approach for Scope 1, 2 and 3 categories and "GHG emissions targets for agriculture and forestry" methodology for key commodities, such as dairy ingredients.



Collected and analyzed input data needed to have targets that are granular enough (by mapping its extensive farming partners).

4 VALIDATION

Danone joined the over 160 and counting companies that went from making SBTi commitments to having their goals validated, meaning that their **goals are aligned with their contribution to keep global warming below 2°C**.



Submission and approval of Danone's SBT goals in 2017: Reducing Scope 1 and 2 GHG emissions 30% by 2030 from, a 2015 base year, and reducing Scope 1, 2 and 3 emissions per ton of sold product 50% by 2030, from a 2015 base year.



Announced at COP23 that its Science-Based Targets had been validated by the Science-Based Targets initiative

5 ACTIONS

With its targets now verified by SBTi, Danone is working to **put its commitments into action across the value chain** by developing projects, initiatives and tools in partnership with internal and external stakeholders as well as joining coalitions designed to accelerate progress.



Create organization-wide engagement to achieve targets, including joining the RE100 initiative and committing to transition to 100% renewable electricity



Deploy "Reporting – Animation – Simulation" approach to measure, manage and monitor its diverse pipeline of projects initiated to achieve its carbon reduction goals

OVERCOMING CHALLENGES

Given the diversity of its product portfolio, the carbon profiles of Danone's products vary considerably and, as a result, so do their levers for change. Dealing with this high level of variability required Danone to take a category-specific approach to target setting for each of its four business units: waters, dairy, early life nutrition and medical nutrition.

DATA COLLECTION



To apply the Sectorial Decarbonization Approach (see page 5), Danone allocated activity and emissions data at the relevant levels. Collecting data with the right level of granularity proved to be a challenge as data is typically collected at the corporate level. For some categories, such as dairy, where impacts of production can vary significantly by region, the level of detail required to ensure accurate modeling was even greater than at Business Unit level.

OPERATIONALIZING TARGETS



While defining goals at the corporate level was key for communicating on its sustainability efforts and commitments, Danone needed a way to operationalize its targets and ensure they accurately represented its activities. It therefore set targets at the Business Unit level, each with the relevant level of granularity, broken down by steps along the value chain, such as raw materials, packaging and logistics. Taking this approach would enable Danone to efficiently implement and track progress on each target.

REACHING TARGETS

With clear targets in place, Danone defined focused action plans to address key impacts across the value chain, which are linked to the raw materials it purchases, particularly in the case of dairy, and packaging, as demonstrated by its corporate footprint.

REGENERATIVE AGRICULTURE + SOIL HEALTH



Soil health is the cornerstone of regenerative agriculture, providing a solid foundation on which thriving ecosystems, economies and societies are built. It is essential not only for reducing carbon emissions and protecting biodiversity, but also maintaining productivity and guaranteeing the long-term health of the food system. As part of its sustainable sourcing strategy, CEO Emmanuel Faber announced at COP23 that Danone would work with farmers in the supply chain to promote regenerative agriculture practices that foster healthier soils, sequester carbon and produce positive outcomes for farmers. The Danone Ecosystem Fund is one element of this work, driving the transformation of agricultural practices in the supply chain through 35 projects in countries around the world, from Mexico to France to Romania.

MILK + PLASTICS CYCLES



Two years ago, Danone embedded a circular approach for three key materials by creating Milk, Plastic and Water Cycles. The cycles teams work together with different actors along the supply chain to co-build solutions that aim to eliminate waste and regenerate natural systems. One example of the Milk Cycle's work is the decision to join the Cool Farm Alliance to guide and support the company's farms in reducing their carbon footprint. An important action taken by the Plastic Cycle has been committing to make all packaging — from bottle caps to yogurt cups — reusable, recyclable or compostable by 2025.

Carbon monitoring isn't the last frontier. Bold ambition paired with science is opening doors for broader, more effective solutions for natural resource protection and renewal, from regenerative agriculture to circular packaging.



To learn more about setting Science-Based Targets or Danone's journey, please contact:



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