

# Carbon Reduction Plan

Supplier name: Danone, Specialised Nutrition Division, UK (Nutricia)

Publication date: April 2023

## Overview

The Specialised Nutrition Division of Danone UK includes the brands Nutricia, Aptamil and Cow & Gate.

## Commitment to achieving Net Zero

Nutricia UK as part of the global Danone company is committed to achieving Net Zero emissions by 2050

## Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

**Baseline Year:** 2020

### Additional Details relating to the Baseline Emissions calculations.

#### Boundaries of baseline emissions calculations

*Activities and upstream emissions of all Specialised Nutrition products (Nutricia, Aptamil, Cow & Gate brands) imported from other Danone supply points in other countries and sold into the local market.*

#### Danone company calculation methodology (from published Universal Registration Document)

To the exclusion of offices and R&D centers, Scopes 1 and 2 emissions were calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard (January 2015 revised edition). In January 2015, the GHG Protocol published a guidance document on the method used to account for Scope 2 greenhouse gas emissions, which introduces dual reporting:

- Location-based reporting, which reflects emissions due to electricity consumption from a conventional power grid. It therefore uses primarily an average emissions factor of the country's energy mix.
- Market-based reporting, which reflects emissions from energy consumption considering the specific features of the energy contracts chosen and also considers the impact of the use of energy from renewable sources.

Danone has set its reduction targets according to the market-based method.

Emissions (scopes 1 and 2) are calculated by applying global warming potentials and emissions factors to the activity data:

- The global warming potentials used for methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) as well as the impact of fugitive emissions of refrigerants correspond to data in the IPCC Fifth Assessment Report (AR5), Climate Change 2013. The IPCC (Intergovernmental Panel on Climate Change) is a group of inter-governmental experts specialized in climate change
- The emissions factors used to calculate emissions related to energy combustion correspond to data in the 2006 IPCC Guidelines (2006 IPCC Guidelines for National Greenhouse Gas Inventories)
- Electricity emissions factors follow the hierarchy defined in the new Scope 2 guidance document of the GHG Protocol for market-based reporting. Suppliers' specific factors must be certified by instruments that

prove the origin of electricity (guarantee of origin certificates). If some of the electricity used is not of certified origin, the emissions factors used are the national residual mixes published by official bodies such as the Association of Issuing Bodies (AIB) in Europe and Green-e in North America. For countries that do not have green-electricity attribute instruments, the emissions factors used are those used for location-based reporting provided by the International Energy Agency (2019 publication of energy mixes in 2017 for year 2020)

- The factors used for heating and steam are from the UK Department for Environment Food & Rural Affairs' (DEFRA) 2018 publication and the factors used for cooling are from the carbon database of the French Agency for the Environment and Energy Management (ADEME, 2017)
- The emissions factors used to characterize the impact of fugitive refrigerant emissions are based on the IPCC Fifth Assessment Report (AR5), "Climate Change 2013: The Physical Science Basis" published in 2013.

Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These emissions are calculated by applying to each reporting entity's activity data the emissions factors from life-cycle analysis databases (Ecoinvent), professional federations (Plastics Europe, FEFCO, FEVE), the Food and Agriculture Organization of the United Nations (FAO), suppliers that have measured their products, and measures recorded as part of the deployment of the Cool Farm tool.

To calculate emissions for dairy ingredients, the Company has used specific emissions factors that are calculated by its suppliers and consider emissions related to the milk in dairy ingredients and emissions related to processing techniques, which factor in the energy intensity of production for each ingredient, as well as transportation between the farms and Danone's suppliers. By default, the FAO's 2019 emissions factors are used for suppliers for which these emissions factors are not available.

The updated methodology and rules for calculating scope 3 emissions were documented. An independent third party has confirmed that these carbon accounting guidelines comply with the GHG Protocol.

The following categories are reported as Scope 3 emissions:

#### Upstream:

- Category 1. Purchased goods and services
- Category 3. Fuel and energy related activities (not included in Scope 1 and 2)
- Category 4. Upstream transportation and distribution
- Category 5. Waste generated in operations
- Category 6. Business travel
- Category 7. Employee commuting

#### Downstream:

- Category 9. Downstream transportation and distribution
- Category 11. Use of sold products
- Category 12. End of life treatment of sold products

#### Excluded Scope 3 categories:

- Category 2. Capital goods<sup>1</sup>
- Category 8. Upstream leased assets<sup>2</sup>
- Category 10. Processing of sold products<sup>3</sup>
- Category 13. Downstream leased assets<sup>4</sup>
- Category 14. Franchises<sup>5</sup>

<sup>1</sup> In 2021, Danone performed an estimation of the emissions related to its annual spend of any investments in capital goods, e.g buildings and equipment's (as production lines, vehicles etc...). A financial approach with emission factors from the database Exiobase and with spent by categories defined base on their business objectives, e.g innovation, increase in margin of operations has been performed. It provided an estimation of emissions of 729 ktons CO2 equivalent, that represents 2,9% of total scope 3 emissions in 2020. The breakdown of capital goods spend by nature and with physical indicators was not available. Thus, due to the high level of uncertainty of this estimation Danone decided not to include this category of emissions in its inventory in 2021.

<sup>2</sup> This category is not relevant to Danone's business model and therefore has been excluded.

<sup>3</sup> Evaluated, not material. This category is not relevant to Danone's business model and therefore has been excluded.

<sup>4</sup> Emissions from downstream warehouses which are not owned or under operational control of Danone are reported in the category downstream transportation and distribution.

<sup>5</sup> Not relevant, Danone does not grant any license to other entities to sell or distribute its goods or services in return for payments, such as royalties for the use or trademarks and other services.

- Category 15. Investments<sup>6</sup>

**Scope 1 and 2 consumption and CO<sub>2</sub>e emission data** has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting year 01/01/2021 – 31/12/2021: Database 2021, Version 1.0. Estimations undertaken to cover missing billing periods for properties directly invoiced to Danone Holdings (UK) were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 1% of reported consumption.

**Baseline year emissions: 2020**

EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	979
Scope 2	0 (100% REGO certified renewable electricity)
Scope 3 (Included Sources)	234,603
<b>Total Emissions</b>	<b>235,582</b>

### Current Emissions Reporting

Reporting Year: 2021	
EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	691
Scope 2	0 (100% REGO certified renewable electricity)
Scope 3 (Included Sources)	248,901
<b>Total Emissions</b>	<b>249,592</b>

<sup>6</sup> Evaluated, not material. In 2021, Danone performed an estimation on the basis of the sales where it has an ownership interest. The sales have been multiplied by a proxy determined on the basis of Danone's direct emissions. Danone concluded that this category of emissions would represent 0,1% of total scope3 emissions and thus it excluded it from its inventory.

## Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

Danone company submitted in October 2022 to the Science Based Target initiative company-wide near term 1.5°C GHG emission reduction targets, that were approved on December 8<sup>th</sup>, 2022.

The overall carbon reduction target is 35% by 2030, on the 2020 baseline, this is split;

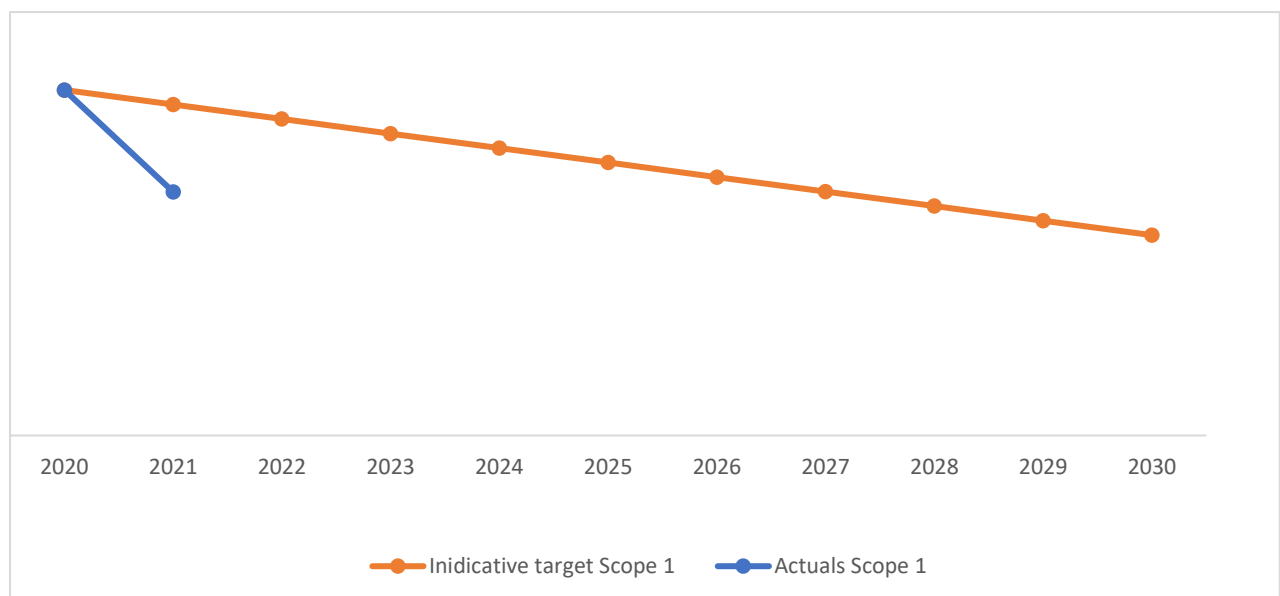
- Energy and Industrial:
  - Danone commits to reduce absolute scope 1 and 2 GHG emissions 47.2% by FY2030 from a FY2020 base year (the target boundary includes land-related emissions and removals from bioenergy feedstocks)
  - Danone also commits to reduce absolute scope 3 GHG emissions from purchased 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% within the same timeframe.
- FLAG (Forest, Land and Agriculture):
  - Danone further commits to reduce absolute scope 1 and 3 FLAG GHG emissions 30.3% by FY2030 from a FY2020 base year (target includes FLAG emissions and removals)
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**In December 2022, Danone was with Remy Cointreau the first company with approved FLAG (Forest, Land and Agriculture) 1,5°C Science Based Targets.**

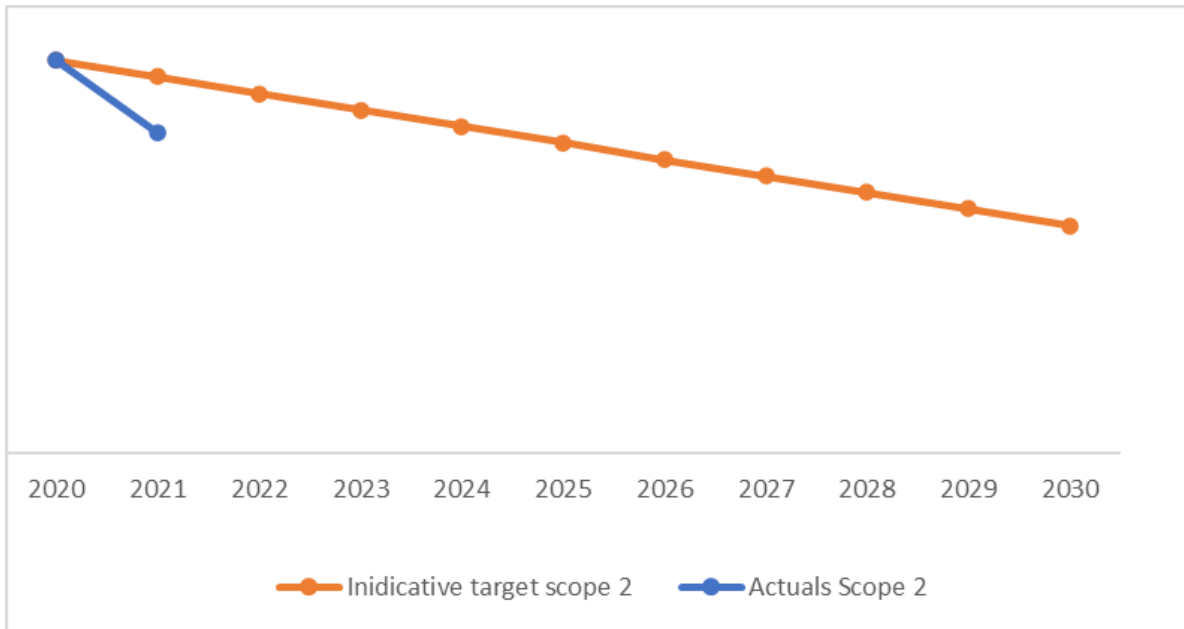
**Progress against these targets can be seen in the graph below:**

*Indicative UKIRL trajectory to 1.5 SBTI FLAG near term target*

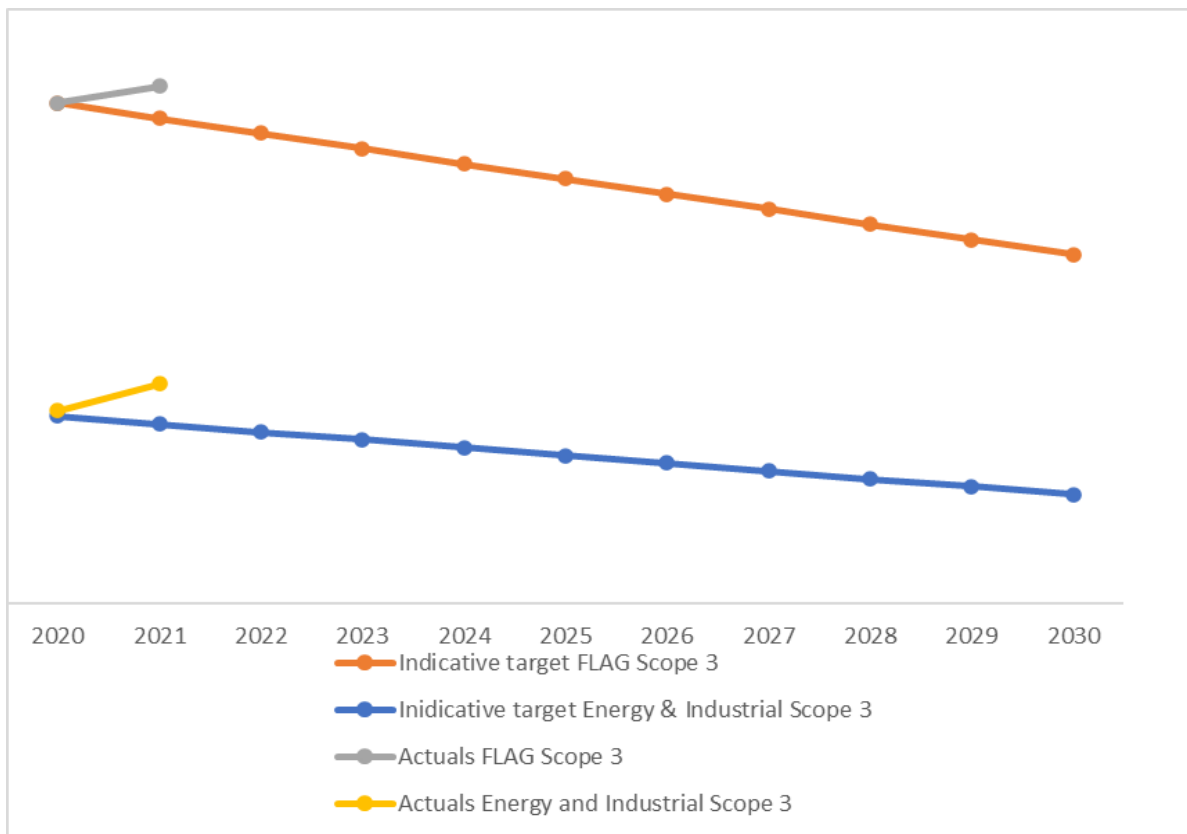
### SCOPE 1



## SCOPE 2



## SCOPE 3



2021 actuals for scope 3 see an increase year on year 2021 versus 2020 this is due to portfolio mix and challenges in reporting limitations. These are being reviewed to ensure adherence to target trajectory.

# Carbon Reduction Projects

## Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2020 baseline:

- The launch of our Nutricia Homeward App which reduces road miles for our nurses by connecting virtually with patients
- Offering reusable Flocare containers to reduce waste of single use containers
- Removal of unnecessary packaging from the Nutricia Homeward warehouse operation has resulted in a 93% reduction of paper and plastic.

In the future we plan to implement further measures such as:

- Ensure 100% renewable electricity in our global supply points
- Unlock renewable heat sources in manufacturing such as biomethane and biofuel
- Undertake the Energy Savings Opportunity Scheme (ESOS) phase III energy efficiency review in our office spaces
- Engage dairy ingredient suppliers via the Sustainable Dairy Partnership to reduce agricultural related emissions
- Greater uptake of reusable packaging formats
- Optimised Nutricia Homeward deliveries transport routes and truck fill (*already carbon neutral*)

For more information see Chapter 5, page 147 of our 2021 Universal Registration Document: <https://www.danone.com/content/dam/danone-corp/danone-com/investors/en-all-publications/2021/registrationdocuments/URD2021accessibleeng.pdf>

2021 Exhaustive extra-financial data: <https://www.danone.com/content/dam/danone-corp/danone-com/investors/en-sustainability/reports-and-data/planet/danone2021environmentaldata2.pdf>

## Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>7</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>8</sup>.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard<sup>9</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

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<sup>7</sup> <https://ghgprotocol.org/corporate-standard>

<sup>8</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>9</sup> <https://ghgprotocol.org/standards/scope-3-standard>

**Signed on behalf of the Supplier:**

A handwritten signature in black ink, appearing to read 'RH', is positioned above a horizontal dotted line.

Richard Hall, VP, General Secretary  
Date: 31.03.23