

## Danone S.A. (BN:FP) – Climate Transition Analysis

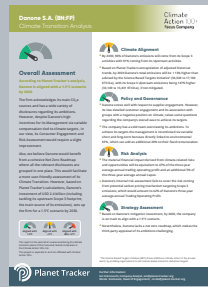
Questions for investors and lenders to ask management of companies concerning their 2030 scenario

Recommended Questions	
<b>Q.1</b>	<p><b>Following the publication of its SBTs, is Danone planning on publishing a Net Zero Roadmap?</b></p> <p><b>Background:</b> By not having a cohesive Net Zero Roadmap and updated SBTs, the company is lagging behind its peers (see p.19 of Planet Tracker's <a href="#">report</a>).</p>
<b>Q.2</b>	<p><b>Why does Danone consider the financial risk coming from its Scope 3 emissions only indirectly?</b></p> <p><b>Background:</b> By not including the potential risk coming from Carbon Pricing Mechanisms linked to its Scope 3 emission – which would amount to 42% of Danone's average annual Trading Operating Profit (2019–2021) – the company could be significantly underestimating the risk derived from Climate Transition policies (<a href="#">p.16</a>).</p>
<b>Q.3</b>	<p><b>Why is Danone a member of organisations with a negative position on climate policy?</b></p> <p><b>Background:</b> Danone retains its membership to The French Business Federation (Medef) and the European Dairy Association (EDA) which are actively engaged in limiting climate policy, both in France and at the EU level. (<a href="#">p.10</a>).</p>
<b>Q.4</b>	<p><b>What are the main challenges the company faces when sourcing its soy responsibly?</b></p> <p><b>Background:</b> Danone has pledged to contribute to the development of a responsible soy supply chain used in its plant-based products and animal feeds. Yet, in the last five years, Danone has failed to meet this target. In fact, its performance has marginally deteriorated, going from 82% in 2018 to 80% in 2021 responsibly sourced soy (<a href="#">p.8</a>).</p>

### Report's Key Takeaways

- Greenhouse gas emissions (GhG) from upstream Scope 3 activities would represent 91% of company's total emissions by 2030. If not mitigated, these would be almost 2.5 times higher than the Science Based Targets Initiative's recommended level.
- Danone fails to disclose the potential risk coming from its Scope 3 emissions. We forecast it will be 42% of its three-year average annual operating profit, by the end of the decade. The company would be severely underestimating the financial impact of these emissions.
- Based on Danone's mitigation investment, by 2030, the company is on track to align with a 1.5°C scenario. However, it lacks a Net Zero roadmap, which makes the third-party appraisal of its aim challenging.

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