

Module: Introduction

Page: Introduction

0.1 Introduction

Please give a general description and introduction to your organization

Darden Restaurants, Inc, the world's largest full-service restaurant company owns and operates more than 1,900 restaurants that generate more than \$7.5 billion in annual sales. We are headquartered in Orlando, Florida, and employ approximately 180,000 people, Darden is recognized for a culture that rewards caring for and responding to people. Our restaurant brands - Red Lobster, Olive Garden, Long Horn Steakhouse, The Capital Grille, Bahama Breeze, Seasons 52, and Eddie V's – reflect the rich diversity of those who dine with us. Our brands are built on deep insights into what our guests want.

0.2 Reporting Year

Please state the start and end date of the year for which you are reporting data.
The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first. We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.
Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Tue 01 Jun 2010 - Tue 31 May 2011

0.3 Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country

United States of America

Canada

0.4 Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

0.5 Please select if you wish to complete a shorter information request

0.6 Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.
If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be

marked as default options to your information request. If you want to query your classification, please email respond@cdproject.net. If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

Module: Management [Investor]

Page: 1. Governance

1.1

Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a

Please identify the position of the individual or name of the committee with this responsibility

Given the role of sustainability in our business, matters previously handled by the Public Responsibility Committee (sustainability strategy and performance, government relations and philanthropy and community affairs) are now handled at the full Board level. Darden has amended the Board's Corporate Governance Guidelines and governance section of our website to reflect this change. Sustainability-related issues are brought to the Board of Directors' attention by the Chairman and CEO

Our Director of Sustainability and the Senior VP of Government and Community Affairs are responsible for the coordination and management of sustainability issues including climate change and report directly to the full Board of Directors. The Director of Sustainability provides regular updates and receives input from senior management, generally on a quarterly basis. The reporting forums include the Sustainability Leadership Council (officer level leadership) and the Board of Directors.

We see energy, climate change and water resources as interlinked issues and the responsibility for these issues is woven throughout the expanse of our company and organizational layers. Governance for our sustainability strategy and commitments resides at three levels: Board of Directors, Executive Leadership and Senior Management. The Sustainability Leadership Council (SLC) consists of the senior executives from most brands and many business units, including operations, supply chain, government affairs, human resources and business development. The SLC meets three times a year, advising on sustainability strategy, championing implementation in their divisions or brands and providing accountability for performance toward meeting sustainability goals and objectives. This group regularly identifies opportunities, lays out strategies and develops budgets to address these opportunities. The budgets and strategies are cascaded to senior management in the operating companies for implementation. Implementation is primarily handled through facilities or operations groups supported by directors of operations in the field and supported by Green Teams in the individual restaurants.

Energy, climate change and water are also important issues to our 180,000-plus employees, whose commitment and passion is the basis for our relationship with our guests, and ultimately our success. Our employees want to know that Darden cares and that we are taking meaningful action on environmental challenges. We've tapped this enthusiasm by forming Green Teams at all our restaurants, through which over 10,000 employees are helping us cut energy and water use.

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Facility managers	Monetary reward	Energy, water, and waste reduction tied to performance reviews. Their performance is critical to Darden corporate goal fulfillment for energy and water objectives.

Environment/sustainability managers	Monetary reward	Energy, water, and waste reduction tied to performance reviews. Their performance is critical to Darden corporate goal fulfillment for energy and water objectives.
Process operation managers	Monetary reward	Energy, water, and waste reduction tied to performance reviews. Their performance is critical to Darden corporate goal fulfillment for energy and water objectives.
Chief Executive Officer (CEO)	Monetary reward	Energy, water, and waste reduction tied to performance reviews. They perform key roles for assessing goal targets and dedicating resources and investments.
All employees	Recognition (non-monetary)	Proposing new ideas related to sustainability; communicating and implementing sustainability processes. As many energy saving opportunities are behavioral in our restaurant operations, engaging employees has resulted in new ideas for efficient operations, helping Darden towards its water and energy reduction goals.

Page: 2. Strategy

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details (see guidance)

i. Each year management conducts the Enterprise Risk Assessment (ERA) facilitated by Internal Audit and reviewed with the Audit Committee and full Board. Our threshold for evaluating materiality and the related criteria are considered a business confidential process at Darden. If a material risk is identified, however, it is reported to executive leadership and the Board of Directors, on an as needed basis just as any other potential corporate risk would be reported. In our latest 10K filed for FY2011, Darden identified several issues regarding climate change and/or environmental issues. We noted, for example, that we had we have seen an increasing focus by U.S. and overseas governmental authorities on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption (Page 15). Such legislative or regulatory initiatives could result in future increases in the cost of our raw materials, taxes and utilities. We also noted that the price and availability of key food products could be impacted by interruptions to the availability of gas, electric, water or other utilities. Some climatologists predict that the long-term effects of climate change may result in more severe, volatile weather (Page 19). We also not that unfavorable publicity, or failure to respond effectively to adverse publicity, could harm our reputation and adversely impact our guest counts and sales. Such negative publicity could results, among other things, from health concerns including food safety and environmental disasters (Page 14). ii. & iii. Darden's risk and opportunity evaluation as it relates to climate change and more broadly sustainability matters includes brand reputation, weather related risks, supply chain impacts, and potential consumer preference shifts. The Director of Sustainability works through the cross functional teams which include legal, government affairs, supply chain, operations, design, facilities, and tax to identify potential risks at a corporate and an asset level. iv. Annually Darden conducts an Enterprise Risk Assessment (ERA). v. The Sustainability Leadership Council reviews risks and opportunities each year to determine the most material and assigns resources accordingly. Our threshold for evaluating materiality and the related criteria are considered a business confidential process at Darden. However, from a general perspective the company reviews the significance of each risk based on its potential impact, likelihood, and time frame. vi. If a material risk is identified, however, it is reported to executive leadership and the Board of Directors, on an as needed basis just as any other potential corporate risk would be reported. Additionally, Darden already publicly releases related risk information. For example, certain environmental risks are included in the company 10-K filing.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes (see guidance)

i. Our business strategy for incorporating climate change is similar to other issues that have potential to impact multiple aspects of Darden's business operations. Specifically for climate change, the strategy is influenced by cross functional teams soliciting inputs from the various sources that those teams interact with (e.g., facilities department interacting with individual facility managers and the design team working within the green building council guidelines outlined by the USGBC). We leverage these internal functions in a multi-faceted approach to perform outreach with external sources in order to solicit best practices, gain insight on implementation and specific strategies and learn about emerging issues and opportunities. ii. We have considered the

following aspects and influences of climate change with regards to our corporate strategy: regulatory and cost implications related to regulatory change, reputational impacts, and with a longer term view in mind, the physical and economic impacts on our supply chain. iii. Specific to the short term strategy, Darden is focused on the cost implications associated with regulatory change. For example, reducing energy usage allows Darden the opportunity to be insulated from price increases. In the absence of federal legislation (e.g., cap and trade, carbon tax) there still are important regulatory dynamics such as states with renewable energy portfolio standards which can materially change the electricity costs within those states. Therefore, Darden has established a target to reduce its carbon emissions by 15% by 2015 to ensure aggressive and holistic protection against cost fluctuations. Additionally, Darden sees a reputational opportunity associated with its proactive approach to energy management and other sustainability initiatives. Therefore, Darden has an employee engagement program and a comprehensive, publicly-available, corporate sustainability report to share the company's progress and solicit ideas for enhancements. iv. Over the long-term, climate change has the potential of creating more variability in operating costs and sourcing. Through price, availability, and potential shifts in demand for certain food products, significant dynamics may occur due to on-going regulatory as well as potential physical changes associated with climate change. v. While the specific risk and opportunity are not precisely known, Darden is analyzing supply chain and operations to understand the magnitude of risk and opportunity. We feel that incorporating these aspects of climate change into our business strategy leads to us operating more efficiently and therefore garners us strategic advantage through facilitation of margin expansion and protecting our license to operate in communities which is part of our growth strategy. Put simply, the business decisions that are influenced by climate change result in driving efficiency in our operations and sourcing. To that end, our sustainability goals have been set to address these influences: we have set goals to reduce our per-restaurant energy and water use by 15 percent by 2015 and have established a long term goal to send no waste to landfills. Against a 2008 baseline, Darden has already reduced energy use by 7.8% per restaurant and fulfilled its water goal, by reducing withdrawals 17% per restaurant since 2008. vi. During the past year, Darden has made significant investments related to climate change. One example is a substantial investment in restaurant lighting by updating locations to LEDs. This capital decision had energy use and carbon emissions reductions as part of the evaluation process. A second major investment was the solar PV array, located on top of Darden's headquarters office parking structure. Similar to the LED decision, Darden considered energy management benefits and carbon reduction impacts as part of the evaluation process.

2.3

Do you engage with policy makers to encourage further action on mitigation and/or adaptation?

Yes

2.3a

Please explain (i) the engagement process and (ii) actions you are advocating

i. As part of our overall outreach and relationship building we regularly contact and meet with members of Congress and USEPA to address sustainability and related issues. Additionally, we respond to requests for input from the policy makers and government agencies (USEPA, NOAA). We have engaged lawmakers to support efficient and renewable energy sources that can provide sustainable, long-term solutions. We have urged policy makers to evaluate food to fuel mandates in order to fully assess their overall impacts and to partner with government in an effort to collaborate on the development of sustainable energy solutions. Additionally, during deliberations in the recent economic stimulus package, we discussed the inclusion of energy efficiency tax credits. Darden is a founding member of the Sustainability Consortium, currently serving as a member of the Steering Committee and Retail Sector Lead. The Sustainability Consortium is a multi-stakeholder collaboration bringing together companies, academics, NGOs and government agencies, whose vision is "to advance science to drive a new generation of innovative products and supply networks that address environmental, social, and economic imperatives." The goal is to better understand the energy, carbon and water footprint of the foods we buy and develop a uniform life cycle analysis and approach to address potential hot spots. ii. Darden has used these engagements to advocate actions. Engaging lawmakers on energy efficiency and renewable energy intends to create a secure, cost-effective, and reliable power supply. We have also used our own performance in these discussions, citing our energy efficiency and solar power achievements. Furthermore, with our engagement with the Sustainability Consortium, we are helping to build processes and potentially policies to work with our supply chain partners to improve the environmental, social and economic impacts of our food supply.

Page: 3. Targets and Initiatives

3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Intensity target

3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment
1	Scope 1+2	96%	15%	Other: kWh per restaurant	2008	1024407	2015	Darden set an energy based target because our footprint is ~95% comprised of facility energy emissions and because of the direct relationship of reporting kWh metrics in our performance reviews. This target is only against the scope 1 & 2 emissions attributed to restaurants.

3.1c
Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comments
1	Increase	8			Based on a rough projection of restaurant count in 2015, assuming a 15% decrease from 2008 in MWh intensity at all restaurants. Percent change in absolute Scope 1 & 2 for restaurants only (assumed that other Scope 1 & 2 will remain fairly constant).

3.1d
Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
1	50	52	% Complete (emissions) is calculated by taking the percent change in MWh/restaurant intensity between FY2011 and FY2008. This percent change over 15% (goal) represents our progress in terms of % complete towards goal

3.2
Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

No

3.3
Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

3.3a
Please identify the total number of projects at each stage of development, and for those in the implementation stages, estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings (only for rows marked *)
Under investigation		
To be implemented*	8	

Implementation commenced*		
Implemented*	3	12000
Not to be implemented		

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Energy efficiency: building fabric	We have committed to build 13 LEED certified restaurants and have completed design prototypes for our 4 largest brands based on USGBC's LEED standards. We are not able to indicate the financial implications as we consider this information business confidential.				
Energy efficiency: building services	We have switched our back of the house to CFLs and we implemented an alternative to dipper well usage at 100s of restaurants.	1000	50000		
Energy efficiency: building services	Converted from of house bulbs to LED at 25% of restaurants	1100	1900000		
Behavioral change	We've implemented power up standards in our kitchen to reduce usage time and have trained staff to follow occupied and non occupied thermostat settings				
Low carbon energy installation	We have installed a solar array at our HQ which consists of over 4,000 panels and is capable of producing 1.9 million kWh per year.	1056	500000	5600000	>3 years

3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	The energy, water and waste team explores potential areas for investment of these funds and evaluates the projects based on confidential investment criteria.
Employee engagement	Reduction activities are supported through our Green Teams
Internal incentives/recognition programs	Certain employees that are part of the energy, water and waste team, including some executive officers, have energy reduction targets as part of their performance review plan.
Lower return on investment (ROI) specification	Made choice to install 4,404 solar panels at a cost of \$5.6 million and a payback of over 10 years.

Page: 4. Communication

4.1

Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section Reference	Identify the attachment
In voluntary communications (complete)	Energy Efficiency section – to be issued in June 2012, including FY09-FY11 emissions data	Sustainability at Darden (complete GRI content) (May 2010)

In voluntary communications (complete)	"Promoting Sustainability"	Darden Government Relations Fact Sheet
In annual reports (complete)	Pgs. 19, 20, 28, 11	2012 Analyst Meeting
In annual reports (complete)		10-K

Attachments

[https://www.cdproject.net/Sites/2012/22/4322/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/DR1_Anyalysts_2012.pdf](https://www.cdproject.net/Sites/2012/22/4322/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/DR1_Anyalysts_2012.pdf)
[https://www.cdproject.net/Sites/2012/22/4322/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/10-K-FIL.PDF](https://www.cdproject.net/Sites/2012/22/4322/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/10-K-FIL.PDF)
[https://www.cdproject.net/Sites/2012/22/4322/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/2012 Darden Sustainability Report.pdf](https://www.cdproject.net/Sites/2012/22/4322/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/2012_Darden_Sustainability_Report.pdf)
[https://www.cdproject.net/Sites/2012/22/4322/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/Master 2010 Sustainability Report_GRI.pdf](https://www.cdproject.net/Sites/2012/22/4322/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/Master_2010_Sustainability_Report_GRI.pdf)
[https://www.cdproject.net/Sites/2012/22/4322/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/PAC-FACT.PDF](https://www.cdproject.net/Sites/2012/22/4322/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/PAC-FACT.PDF)

Module: Risks and Opportunities [Investor]

Page: 2012-Investor-Risks&Opps-ClimateChangeRisks

5.1

Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
1	International agreements	International agreements that limit carbon emissions have the potential to increase costs. Much like fuel and energy taxes and regulations, carbon emissions agreements can potentially increase costs of energy and other inputs that are "carbon-intensive". The ability of countries to efficiently reduce carbon emisisions throught the lowest marginal cost options will dictuate the impact of operating costs for Darden suppliers.	Increased operational cost	6-10 years	Indirect (Supply chain)	About as likely as not	Low-medium
2	Fuel/energy taxes and regulations	- To date, energy taxes and regulations have increased opporating costs for Darden suppliers. One example is the increase in food prices because of competing interests for crops formerly dedicated for food production to be used in the production of ethanol. - In the future, taxes and regulations that increase the price of energy has the	Increased operational cost	6-10 years	Indirect (Supply chain)	About as likely as not	Low-medium

		potential to add operating costs if efficiencies in usage do not offset increased costs.					
3	General environmental regulations, including planning	- Stormwater management and control - Land use requirements - Right to operate or development criteria	Increased capital cost	1-5 years	Direct	About as likely as not	Medium
4	General environmental regulations, including planning	- Stormwater management and control - Land use requirements - Right to operate or development criteria	Inability to do business	1-5 years	Direct	About as likely as not	Medium

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

International agreements: (i) Darden's \$3 billion supply chain sources over 2,000 products from 1,500 suppliers in 35 countries. Any climate change agreements could adversely affect pricing on food products. (ii) Darden has begun to assess the supply chain to assess where supply chain risk is greatest. (iii) These considerations are combined with several sustainability initiatives including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, additional investments will be considered. Fuel/energy taxes and regulations: (i) Darden's \$3 billion supply chain sources over 2,000 products from 1,500 suppliers in 35 countries. Taxes and regulations on fuel and energy could adversely affect pricing on food products. (ii) Darden has begun to assess the supply chain to assess where supply chain risk is greatest, (iii) These considerations are combined with several sustainability initiatives including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, additional investments will be considered. General environmental regulations, including planning: (i) In some circumstances where locations are potentially constrained by energy or water availability, State and local governments are requiring higher performance standards of businesses to conserve energy and water, and in some cases produce renewable and/or on-site power. (ii) Darden has designed four of its seven restaurant prototypes to LEED standards to conserve energy and water, and is piloting advanced energy management systems in Ohio and Florida. (iii) These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, Darden will consider additional investments.

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
1	Induced changes in natural resources	Climate change poses physical risks to Darden's supply chain through weather events that can result in induced changes to natural resources. For example the increased frequency and severity of droughts around the world is one physical aspect of climate change that will have significant impacts on the agriculture and food supply chains Darden depends upon. Additionally, losses of crops or livestock from extreme weather phenomena, such as storms or droughts, represent a business continuity risk for Darden's supply chain. In fact, historically, drought has been one of the	Reduction/disruption in production capacity	>10 years	Indirect (Supply chain)	About as likely as not	Unknown

		largest contributing factors for food cost increases. Each of these physical risks validates Darden's strategy of reducing its own carbon footprint to mitigate human impacts on climate change.					
2	Change in precipitation extremes and droughts	Darden, through its investment analyst conference calls, has already reported protein prices such as beef have to be correlated to drought conditions in key production locations. To the extent, any increased frequency of drought phenomenon occurs, there will be an enhanced risk of cost increases.	Increased operational cost	>10 years	Indirect (Supply chain)	About as likely as not	Medium

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

1. Induced changes in natural resources i. Food inputs are a significant portion of our annual purchases (\$3B annual spend, ~1500 suppliers, 35 countries, 3300 SKUs), therefore small changes to the costs of these goods could have significant impact to our business. However we are unable to precisely predict the financial implications of these future changes and are continually monitoring the potential implications. The financial and business continuity risks of future climate impacts on fisheries and oceans are also not known with precision; however, research is currently being conducted by industry and academic scientists. ii. To promote more scientific understanding of this topic, Darden is funding key research initiatives on climate change and its impact on marine ecosystems. iii. These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, Darden will consider additional investments. 2. Change in precipitation extremes and droughts i. Industry analyst reviews of input costs have already cited 13% beef cost increases, partly due to drought conditions in key production areas. Wheat prices, which are a key component of pasta menu items, have also been correlated to precipitation conditions. ii. Darden has begun to assess the supply chain to assess where supply chain risk is greatest. iii. These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. ;As the risks become more specific and well defined, Darden will consider additional investments.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
1	Reputation	One of the stakeholder groups most eager to see corporate sustainability performance are the employees themselves. We have strategically addressed the risk of losing good employees and not being able to recruit exceptional talent based on our understanding of the importance of climate change issues throughout our company. Darden has also recognized the public relations and "license to operate" risk for a company that does not have a comprehensive corporate sustainability and carbon management program.	Increased operational cost	1-5 years	Indirect (Supply chain)	More likely than not	Medium
	Changing	Over time, climate change could	Reduced			About as	

2	consumer behaviour	change the cost basis for land based proteins, potentially driving consumer behavior.	demand for goods/services	>10 years	Direct	likely as not	Low-medium
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5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

1. Reputation i. The financial implication of not being able to recruit and retain quality staff results in increased expenses associated with the training of new employees to replace those lost and additional inefficiencies from not employing top-notch recruits. Losing market share, decreased stock price, and loss of brand equity are all part of the financial implications of the reputational risk for Darden Restaurants. ii. The rollout of sustainability initiatives as well as directly engaging employees for ideas and feedback has created a real benefit that directly mitigates this risk. In fact, when Darden conducted a sustainability survey for its employees, nearly 12,000 responded to the survey, demonstrating the importance of sustainability issues to our employees. The message that we can share with our customers about the environmental benefits of our program addresses this risk and directly impacts the value of the dining experience. Improved environmental and energy performance means Darden can pass along savings to our customers at a time when value matters most. Darden has disclosed our sustainability platform through multiple venues, including sustainability presentations for campus recruiting, investor relations sustainability summaries, and becoming the first restaurant company to be part of The Sustainability Consortium which meets regularly and discloses actions and strategies via press releases and websites. iii. There was a membership fee paid to join The Sustainability Consortium. Additionally, From a cost perspective, we have integrated campus presentations and investor summaries into our ongoing operations., All of these actions require inputs of time from our staff, creating some cost as well. 2. Changing consumer behavior i. Potential financial risk is difficult to estimate with current information. However, extreme weather phenomenon have resulted in >10% changes in cost. Similar or more significant cost increases have the potential to dissuade consumers. ii. Darden has begun to assess the supply chain to assess where supply chain risk is greatest, iii. These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, Darden will consider additional investments.

Page: 2012-Investor-Risks&Opps-ClimateChangeOpp

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation

Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
1	International agreements	Because international agreements that limit carbon emissions have the potential to increase costs. Much like fuel and energy taxes and regulations, carbon emissions agreements can potentially increase costs of energy and other inputs that are "carbon-intensive". However, Darden's ability to reduce the carbon-intensity of its supply chain as well as operations can create a cost advantage relative to impacts on competitors.	Other: cost competitive advantage	6-10 years	Indirect (Supply chain)	About as likely as not	Low-medium
		To date, energy taxes and regulations have increased operating costs for Darden					

2	Fuel/energy taxes and regulations	suppliers. One example is the increase in food prices because of competing interests for crops formerly dedicated for food production to be used in the production of ethanol. In the future, Darden's ability to reduce the carbon-intensity of its supply chain as well as operations can create a cost advantage relative to impacts on competitors.	Other: cost competitive advantage	6-10 years	Indirect (Supply chain)	About as likely as not	Low-medium
3	General environmental regulations, including planning	- Stormwater management and control - Land use requirements - Right to operate or development criteria	Other: Increased capital cost	1-5 years	Direct	About as likely as not	Medium

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

1 International agreements: (i) Darden's \$3 billion supply chain sources over 2,000 products from 1,500 suppliers in 35 countries. Creating initiatives to make Darden's supply chain and operations less carbon-intensive can limit potential cost increases, given Darden a cost advantage on a large portion of its spending relative to competitors. (ii) Darden has begun to assess the supply chain to assess where supply chain risk is greatest. (iii) These considerations are combined with several sustainability initiatives including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the opportunities become more specific and well defined, additional investments will be considered. 2 Fuel/energy taxes and regulations: (i) Darden's \$3 billion supply chain sources over 2,000 products from 1,500 suppliers in 35 countries. Taxes and regulations on fuel and energy could adversely affect pricing on food products. Creating initiatives to make Darden's supply chain and operations less carbon-intensive can limit potential cost increases, given Darden a cost advantage on a large portion of its spending relative to competitors. (ii) Darden has begun to assess the supply chain to assess where supply chain risk is greatest. (iii) These considerations are combined with several sustainability initiatives including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the opportunities become more specific and well defined, additional investments will be considered. 3 General environmental regulations, including planning: (i) In some circumstances where locations are potentially constrained by energy or water availability, State and local governments are requiring higher performance standards of businesses to conserve energy and water, and in some cases produce renewable and/or on-site power. To the extent Darden can design and operate restaurants more efficiently than other brands, the company may have more success with locating restaurants and expediting the approval processes. (ii) Darden has designed four of its seven restaurant prototypes to LEED standards to conserve energy and water, and is piloting energy management systems in Ohio and Florida. (iii) These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the opportunities become more specific and well defined, additional investments will be considered.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		Reputational opportunities and the related increased ability to attract and retain talent is a tangible benefit. One of the stakeholder groups most eager to see corporate sustainability performance are the employees themselves. The rollout of sustainability initiatives as well as directly engaging employees for ideas and feedback has already created real benefits that are likely					

1	Reputation	to continue to yield employee pride that enhances performance and better guest experience. Moreover, Darden expects both employee recruitment and retention benefits from its climate change and sustainability initiatives. Darden has also recognized the public relations and "license to operate" benefits of a comprehensive corporate sustainability with a carbon management program. Darden can share with its customers not only the environmental benefits of our program, but also the impact it has on the value of the dining experience. Improved environmental and energy performance means Darden can pass along savings to our customers at a time when cost savings matters most.	Reduced operational costs	1-5 years	Direct	More likely than not	Medium
2	Changing consumer behaviour	While significant guest consumptions have shifted to some degree due to economic factors, the industry is yet to see major consumption patterns change attributable to climate change awareness or other sustainability matter. However, some most actively growing Darden concepts include those that are sustainability-themed in their menus (e.g., Seasons 52). This is an example of how Darden is addressing the potential shift of preference for healthy, environmentally-friendly menus. Some of the menu concepts include elements such as organic food sourcing, local sourcing, fresh ingredients, and smaller portion sizes.	Increased demand for existing products/services	1-5 years	Direct	About as likely as not	Low-medium

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

1 Reputation i. Clearly, there are significant financial benefits from the opportunities associated with Darden's carbon management and broader sustainability initiatives. Through Darden's energy management and other sustainability initiatives, the company will save operational costs through energy, water and waste. \$18 Million in cost savings have already been recognized with another \$10-\$12Million by FY2015 anticipated for planned energy and water initiatives. ii. Early analysis of the operational initiatives have revealed a preliminary impact on energy, water, and waste costs that indicates the program is having a quick impact and future savings are likely to be considerably larger. Darden's sustainability and carbon management programs also impact the company's ability to attract and retain talented employees. Like any company, the value of the company is as good as the employees that represent it. Increasingly, recruiting top employees has required addressing sustainability performance in open and transparent ways. Because of our growing sustainability program, Darden stands to benefit from improved recruiting and retention of top employees. Through its broadening sustainability and carbon management initiatives, Darden is beginning to evaluate and engage its supply chain from a sustainability perspective. To the extent supply chain engagement, can yield

efficiency findings, much like Darden's own energy management program, there could be cost implications that are potentially an order of magnitude more impactful on costs than even Darden's efficiency gains for its own operational improvements. To take advantage of other opportunities associated with carbon management and sustainable performance, Darden has already taken actions and plans to take additional actions to exploit opportunities. Increased efficiency of goods and services Darden has created an energy, water and waste teams to coordinate sustainability initiatives and objectives within Darden's operations. They are a cross-functional team that has designed strategy, communicate objectives and results, identify project budgets, and implement operational enhancements. Darden already has significant initiatives underway to reduce energy and water use in our restaurants and support operations. For example, we've upgraded to energy-efficient lighting in all our kitchens, there are reinforced thermostat settings, new restaurant remodeling and refreshment, as well as other energy and water management initiatives. As the climate change and sustainability issues continue to receive more attention, our company is well-positioned to illustrate successes and comprehensive plans for continued improvements. For both carbon and energy management, the work Darden has completed to date, and the projects in the pipeline for the coming years present distinct advantages to our business in differentiating our products, our business, and our restaurant concepts from others in the marketplace. Already, customer-facing organizations such as Climate Counts (www.climatecounts.org) have recognized Darden's progress, ranking Darden near the top of all food services companies it evaluates. Taking a multi-stakeholder approach by engaging with partners to complete these projects has had a positive impact on our reputation and we intend to harness the power of our brands and our partnerships to fully leverage this distinction in the marketplace. Our communities also benefit from our success. Each year, we contribute millions of dollars to charitable organizations that help individuals in need; we also fund projects that seek to improve the sustainability of global resources. As part of Darden's on-campus recruiting, the company now includes highlights of its commitment to sustainability and progress made to date. In 2010, Darden released its first sustainability report and website dedicated to communicating the company's sustainability performance. The updated report was launched in June 2012. As a result, the company is able to more effectively distribute key corporate sustainability efforts to a broad array of stakeholder groups including, guests, employees, suppliers, government, and investors. As part of its growing sustainability and carbon management program. Darden employees have formed numerous "Green Teams". Greenteams are location-specific teams of Darden employees that find opportunities to reinforce corporate sustainability initiatives, and help communicate sustainability objectives to guests. Darden has already begun to analyze its supply chain from a carbon perspective and is looking at options for both efficiencies and environmental improvements. Additionally, Darden now has a Supply Chain Sustainability Council, consisting of senior leadership of buyers for all key supply chain categories, providing additional leadership and focus on sustainability opportunities within the supply chain. iii. These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, additional investments will be considered. 2 Changing consumer behavior i. Shifts in consumer behavior can have significant impacts on revenues for any company. Darden has identified some consumer behavior shifts associated with economic conditions and reports these patterns in its investor analyst conference calls. To date, no significant change has been attributable to consumer perspectives on climate change or sustainability matters. ii. Darden is in an advantageous position of having a diverse range of restaurant concepts. These concepts allow Darden immediate feedback on customer behavior for a variety of demographics. Multiple concepts offer menu options that are "sustainably themed". Gauging customer demand for these offerings can allow Darden quick feedback on where the company may leverage successes to other concepts. Darden also reviews opportunities for shifts in customer behavior and preferences by working with leading NGOs and universities on sustainability issues impacting agriculture and food. By working with these groups, Darden is on the forward edge of new research and information on these matters, allowing the company to understand opportunities and risks for certain food supplies as well as benefits associated with alternative production methods. Understanding these opportunities early in the research development cycle maximizes Darden's ability to offer menu options to guests that match their interests. iii. These considerations are combined with several sustainability investments including carbon, energy, water, and other environmental concerns that are part of a larger investment strategy. As the risks become more specific and well defined, additional investments will

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

Looking at the next 10 years, with over 1,900 locations in both the US and Canada, our broad operations footprint provides us with a potential advantage over other food service from potential physical risks attributable to climate change, concluding that the advantage is a "significant" does not seem appropriate. In any competitive industry, there are winners and losers. However, we believe our ability to "win" is directly connected to meeting quality expectation of our guests and providing the best value. Costs related to physical changes to the environment will likely have a similar impact across the industry and may occur gradually enough to allow for the marketplace to react. In spite of Darden's deeming that physical impacts associated with climate change are not "significant" advantages, the company can utilize existing business continuity functions and recent analyses to enhance our preparedness. For example, Darden already has hurricane teams track storms and prepare operations for potentially damaging impacts from these storms to minimize damage and downtime. Additionally, as part of Darden's new corporate headquarters building in Orlando, Fla., the corporate data center is designed to withstand even the most severe hurricanes and is

able to generate its own power, should grid electricity not be available following a severe storm. To study supply chain impacts, Darden has begun to study the environmental impacts of its supply chain and evaluate the supply chain from a climate change perspective. To summarize, there is very little rationale or accurate calculations available for a food company to claim an opportunity associated with significant physical impacts from climate change. All companies in our business will have their operations, supply chains, and customers impacted. Clearly, avoided climate change is a strong business preference to adapting to it. While we believe our scale and geographic distribution is a potential unique advantage for physical changes, we do not believe it is appropriate to signal an advantage associated with physical changes from climate shifts.

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]

Page: 7. Emissions Methodology

7.1
Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Fri 01 Jun 2007 - Sat 31 May 2008	341700	718913

7.2
Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

7.2a
If you have selected "Other", please provide details below

7.3
Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)
Other: B-CO2	IPCC Second Assessment Report (SAR - 100 year)
Other: HFC-125	IPCC Second Assessment Report (SAR - 100 year)
Other: HFC-134a	IPCC Second Assessment Report (SAR - 100 year)
Other: HFC-143a	IPCC Second Assessment Report (SAR - 100 year)

7.4
Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Liquefied petroleum gas (LPG)	13.48	lb CO2e per gallon	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009.
Natural gas	117	lb CO2e per million BTU	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009.
		lb	

Jet kerosene	21.71	CO2e per gallon	CO2 - WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009;CH4/N20 - U.S. EPA Climate Leaders (2008); GHG Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources.
Diesel/Gas oil	22.54	lb CO2e per gallon	CO2 - WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009;CH4/N20 - U.S. EPA Climate Leaders (2008); GHG Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources.
Motor gasoline	19.43	lb CO2e per gallon	CO2 - WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009;CH4/N20 - U.S. EPA Climate Leaders (2008); GHG Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources.
Biogasoline	3.58	lb CO2e per gallon	CO2 - WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009;CH4/N20 - U.S. EPA Climate Leaders (2008); GHG Inventory Protocol Core Module Guidance - Direct Emissions from Mobile Combustion Sources.

Page: 8. Emissions Data - (1 Jun 2010 - 31 May 2011)

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2a

Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

346342

8.3a

Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

747633

8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

No

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
					Of Scope 2 emissions, only 1% were estimated. This electricity data was estimated

<p>More than 2% but less than or equal to 5%</p>	<p>Extrapolation Metering/ Measurement Constraints</p>	<p>Of Scope 1 emissions, 5.9% were estimated. The following describes the specific breakdown of the estimations along with the portion of Scope 1 emissions for each source. 31% of LPG usage data was estimated based on cost, but this represented less than 1% of Scope 1 emissions. Natural gas represented the majority - over 90% - of Scope 1 emissions but less than 1% of Natural gas data was estimated based on cost or usage at the same location or similar locations. 100% of refrigerant data were estimated but the refrigerant emissions account for only 5% of Scope 1 emissions. The resulting uncertainty from these parameter uncertainties was found by attributing a margin of error to each estimation type, multiplying the margin of error by the percentage of emissions estimated, and aggregating the uncertainties based on their weighted influence over the scope emissions. Margin of error was either determined from GHG estimating guidance documents or based on professional judgment. We have not included uncertainty associated with publically available emissions factors as we believe that this uncertainty is inherent in many corporate GHG inventories and is not specific to our corporate GHG inventory initiative nor does it differentiate our resulting emissions.</p>	<p>Less than or equal to 2%</p>	<p>Assumptions Extrapolation Metering/ Measurement Constraints</p>	<p>based on cost data, on provided data from the same location to fill a gap in usage data, or from similar locations normalized on square footage of the location. The resulting uncertainty from these parameter uncertainties was found by attributing a margin of error to each estimation type, multiplying the margin of error by the percentage of emissions estimated, and aggregating the uncertainties based on their weighted influence over the scope emissions. Margin of error was either determined from GHG estimating guidance documents or based on professional judgment. We have not included uncertainty</p>
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Canada	6950
United States of America	339391

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By business division

By GHG type

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
Corporate/Operations	8116
LongHorn	38390
Olive Garden	172654
Red Lobster	111607
SRG	15575

9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
CO2	326949
CH4	135
N2O	230
HFCs	19026

Page: 10. Scope 2 Emissions Breakdown - (1 Jun 2010 - 31 May 2011)

10.1

Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

10.1a

Please complete the table below

Country	Scope 2 metric tonnes CO2e
Canada	8068
United States of America	739565

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By business division

10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 metric tonnes CO2e
Corporate/Operations	9662
LongHorn	100826
Olive Garden	330738
Red Lobster	271666
SRG	34741

Page: 11. Emissions Scope 2 Contractual**11.1**

Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?

Yes

11.2

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

Page: 12. Energy**12.1**

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

12.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

Energy type	MWh
Fuel	1795380
Electricity	1270646
Heat	0
Steam	3139
Cooling	1435

12.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Biogasoline	28
Jet kerosene	12879
Liquefied petroleum gas (LPG)	9409
Diesel/Gas oil	7
Motor gasoline	18612
Natural gas	1754447

Page: 13. Emissions Performance**13.1**

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

No change

13.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions			Energy efficiency activities have resulted in less energy use per restaurant and

reduction activities	1	Decrease	subsequently a lower emissions increase than would have been expected with Darden's overall growth.
Other: Expanded Operations	3	Increase	Absolute emissions increased because of increased growth

13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
146	metric tonnes CO2e	unit total revenue	3	Decrease	This change was due to revenue decreasing by approximately 1.4% and emissions also decreasing because of emission reduction activities.

13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
	metric tonnes CO2e	FTE Employee			

13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
569	metric tonnes CO2e	Other: restaurant	1.5	Decrease	This is ratio of the restaurant-only emissions divided by the number of restaurants in operation for the fiscal year. Our total number of stores have increased since last year but our total emissions have remained largely the same. We believe this decrease is due to an increased efficiency of our operations.

Page: 14. Emissions Trading

14.1

Do you participate in any emission trading schemes?

No, and we do not currently anticipate doing so in the next two years

14.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

No

Page: 2012-Investor-Scope 3 Emissions

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Business travel	6752	The calculation of Darden's business air travel emissions was made using EPA passenger mile emissions factors and flight data from Darden's corporate travel management system. Each flight leg was assigned the appropriate emission factor based on the distance of the flight. The flight distance was multiplied by the following provided emission factors to arrive at the Scope 3 business air travel emissions. Short-Haul (<300 miles)- 0.28 kg CO2e/ passenger-mile Medium-Haul (>=300 miles and <700 miles)- 0.232 kg CO2e/ passenger-mile Long-Haul (>700 miles)- 0.188 kg CO2e/ passenger-mile From EPA Climate Leaders Optional Emissions from Employee Commuting, Business Travel and Product Transport (June 2008).	

15.2**Please indicate the verification/assurance status that applies to your Scope 3 emissions**

Not verified or assured

15.3**Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?**

Yes

15.3a**Please complete the table**

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Business travel	Unidentified	15	Increase	

Module: Sign Off**Page: Sign Off****Please enter the name of the individual that has signed off (approved) the response and their job title**

Brandon Tidwell
 Manager of Sustainability

Carbon Disclosure Project