

# SCIENCE-BASED TARGETS INCREASE THE VALUE OF YOUR MILK

Jan Dalsgaard Johannesen  
Senior Sustainability Advisor  
[jdj@arlafoods.com](mailto:jdj@arlafoods.com) mobil: +45 8730 2830





# OUR MISSION



To secure the highest value for our farmers' milk  
while creating opportunities for their growth







*“Sustainability is a challenge we cannot ignore and is crucial to meet the markets needs. With the steps taken in Arla, we are turning a challenge into an opportunity”*

Source: Annual report 2023

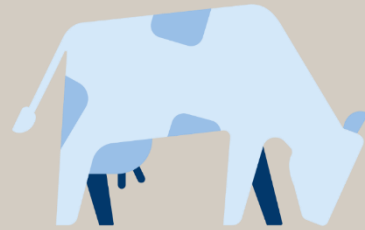
## **JAN TOFT NØRGAARD**

Farmer and Chair of the  
Board of Directors

# ARLA IN NUMBERS



~ 8.000 owners in 7 countries



~ 1.5 million cows



4th largest dairy producer  
in the world (based on milk intake)



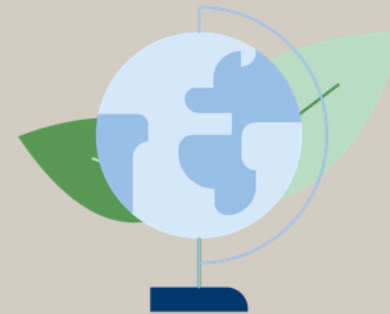
13.7 billion Euro revenue  
(in 2023)



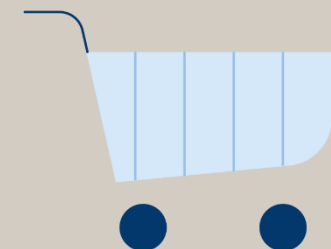
~ 21.000 colleagues



~ 13.9 billion kg  
milk intake



Largest organic dairy producer  
in the world (based on milk intake)



Products are distributed in  
146 countries

# ARLA'S CORPORATE STRATEGY PUTS SUSTAINABILITY AT THE FOREFRONT OF OUR AGENDA

FUTURE 26

**VISION:** Creating the future of dairy to bring health and inspiration to the world, naturally

**STRATEGY ASPIRATION:** A leader in value creation and sustainability

103-107 PEER GROUP INDEX

4% BRANDED GROWTH

SCOPE I+II -63% & SCOPE III -30%  
BY 2030 (1.5°C COMMITMENT)

## LEAD SUSTAINABLE DAIRY

Arla farmers leading the way

Create sustainable supply chain & circular packaging

Commercialize sustainability

Inspire for healthier & stronger lives

## SCALE TO GROW



## BUILD GROWTH PLATFORMS



## COLLABORATE FOR EFFICIENCIES



Digital & innovation as accelerators

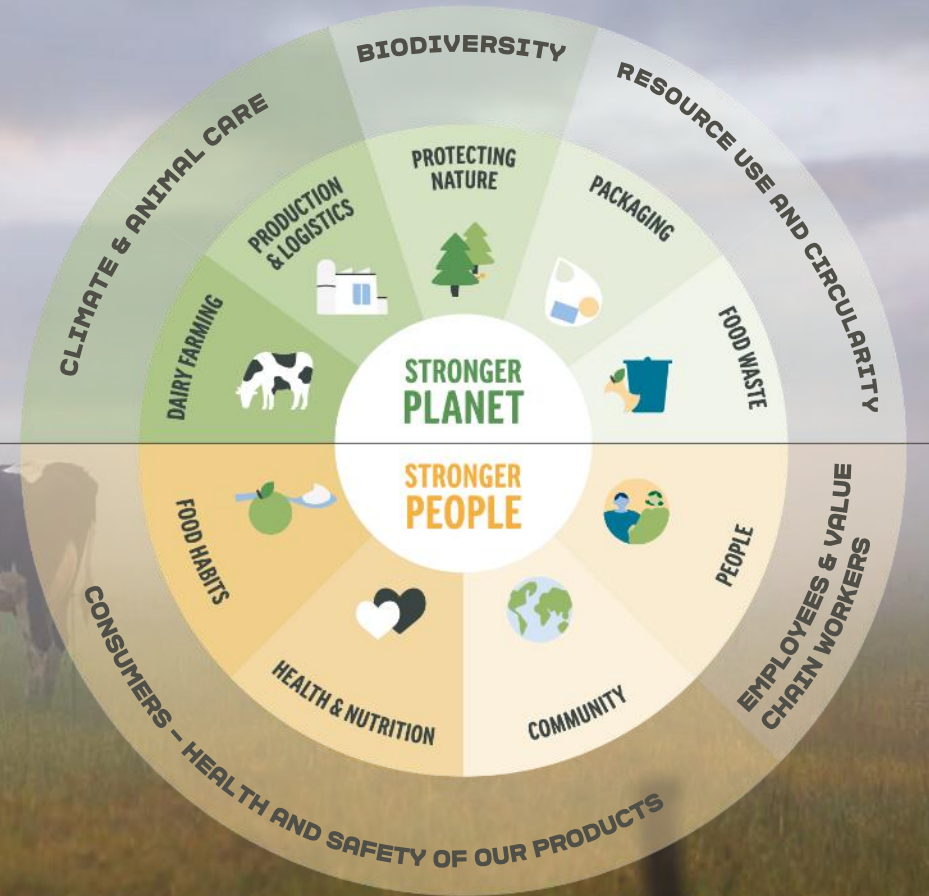
Win with our owners & people



**“We have earmarked up to 500 million EUR annually for sustainability activities to help fund and motivate actions required to hit the 2030 emission reduction target on farm”**

Peder Tuborgh, CEO of Arla

# SUSTAINABILITY IN ARLA

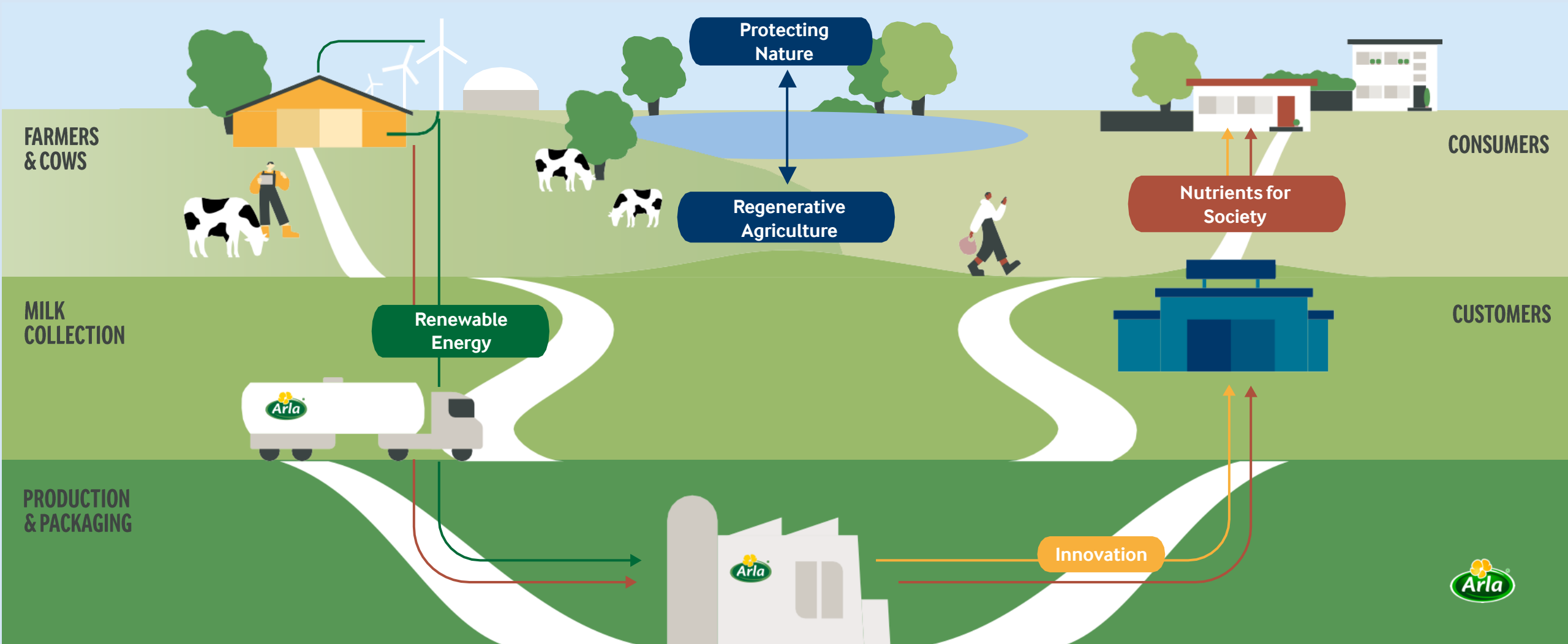


**We are committed to building a sustainable future**

Our sustainability strategy drives our actions towards stronger people and a stronger planet.

# HOW WE CREATE VALUE

Our business model





# AS THE VAST MAJORITY OUR EMISSIONS ARE ON FARM, WE NEED TO FOCUS MORE ON THIS

## WHERE DO OUR EMISSIONS COME FROM

**96%** CH<sub>4</sub> N<sub>2</sub>O CO<sub>2</sub>  
**SCOPE 3**

- Farm emissions (81%)
- Externally sourced whey (10%)
- Packaging (2%)
- Transport (service)
- Waste and other (3%)

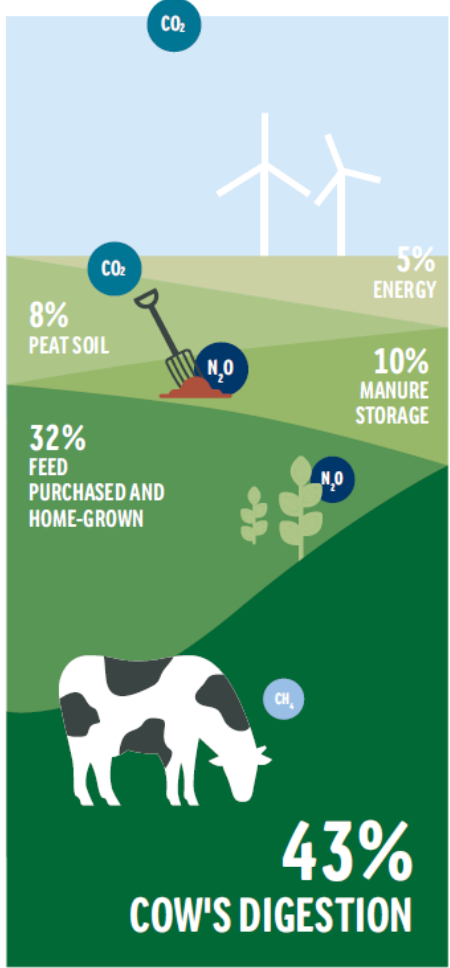


**1%** CO<sub>2</sub>  
**SCOPE 2**

Purchased energy

**3%** CO<sub>2</sub>  
**SCOPE 1**

- Transport (own fleet)
- Production



# WHAT ARE SCIENCE-BASED TARGETS?

Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals. More than 5,000 businesses around the world are already working with the Science Based Targets initiative (SBTi). Join them today.

## Partners

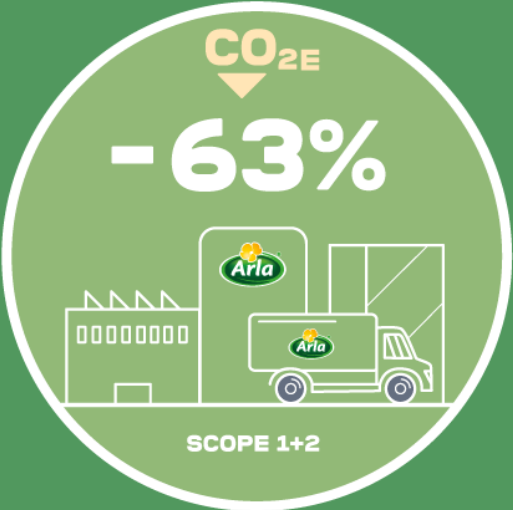




# ARLA'S CLIMATE AMBITION

2030

(FROM A 2015 BASELINE)



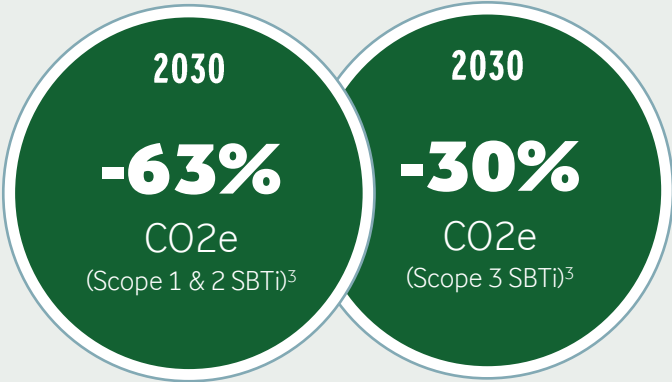
**PRODUCTION &  
OWNED LOGISTICS  
ENERGY USAGE\***





**FARMS, SOURCED WHEY,  
3RD-PARTY LOGISTICS  
& PACKAGING\*\***



# WE HAVE SET AMBITIOUS SCIENCE BASED CO2E TARGETS TOWARDS 2030 ON SCOPE 1, 2 & 3

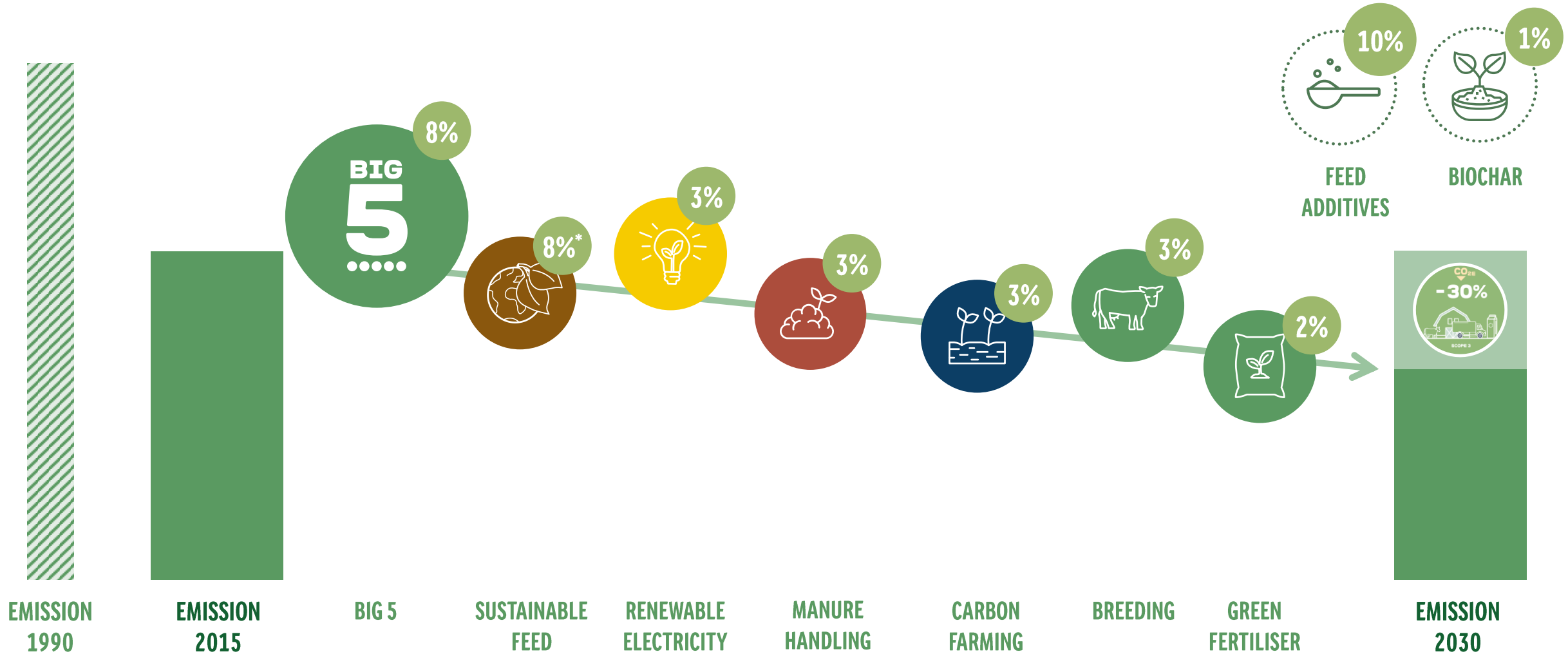


	2023	Progress towards target	Target
<b>SCOPE 1+2</b>	<b>4%P</b>	2015  2030	<b>63%</b>
<b>SCOPE 3</b> per kg of milk and whey	<b>3%P</b>	2015  2030	<b>30%</b>

12 \* Arla Foods have several other targets such as 100% renewable electricity in EU & UK by 2025, 0% virgin plastic by 2030 on Brands etc.



# THE MODEL IS BASED ON SCIENCE AND FOCUSES ON THE MAIN LEVERS WE HAVE IDENTIFIED TOWARDS 2030



\*Requires direct Land Use Change (DLUC) and carbon sequestration to be included in the Science Based Target and the 2015 baseline to be updated accordingly

# WE CAN TURN THIS INTO AN OPPORTUNITY FOR ARLA

## CONTINUE TO BUILD VALUE INTO THE MILK POOL



ARLAGÅRDEN



CLIMATE CHECK



SUSTAINABILITY INCENTIVE



## ARLA BRAND



1.5° C  
2030



BIG  
5  
.....

BIG5



RENEWABLE  
ELECTRICITY



POO POWER  
& BIOGAS

## SPECIAL MILK CONCEPTS



24  
TIMER FRA  
GÅRD TIL BUTIK



ARLA UK  
360



bio  
"BETTER BEAUGHT BETTER"



ÅNNU BÄTTRE  
DJURSORG



REGENERATIVE

## CUSTOMER PARTNERSHIPS

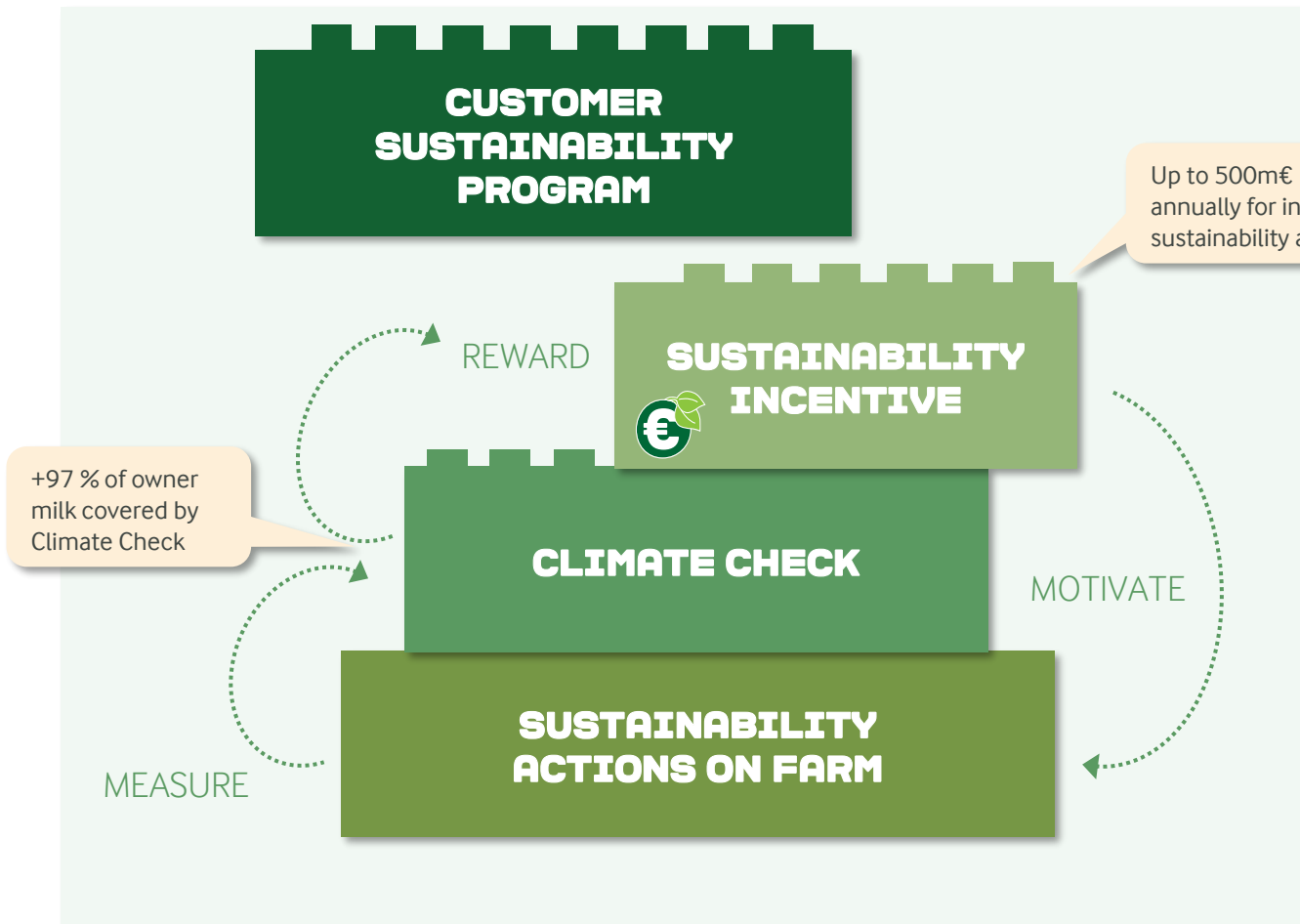
- ✓ Partnerships and value-added concepts for private label
- ✓ Ensure that costs on farm can be covered



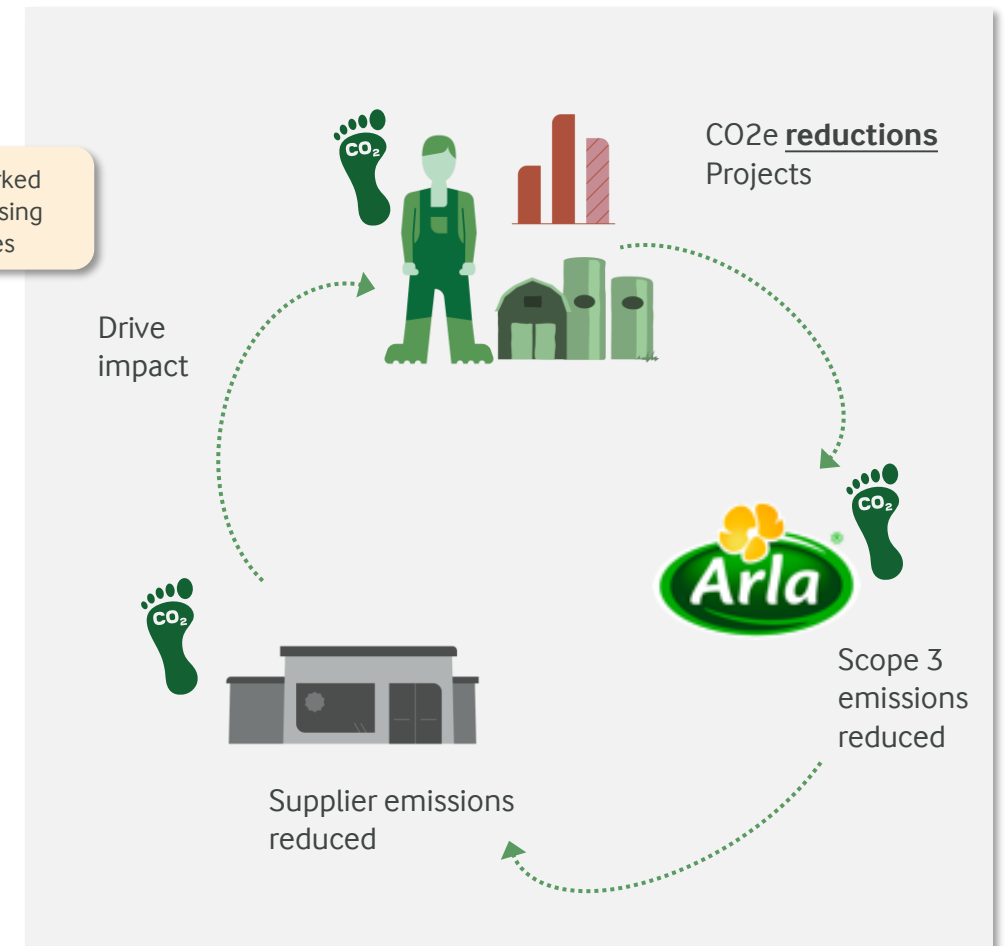


# OUR CUSTOMER SUSTAINABILITY PROGRAM IS BACKED BY OUR INCENTIVE MODEL & CLIMATE CHECK TOOL

Customer Sustainability Program is a “new” brick build on a strong foundation

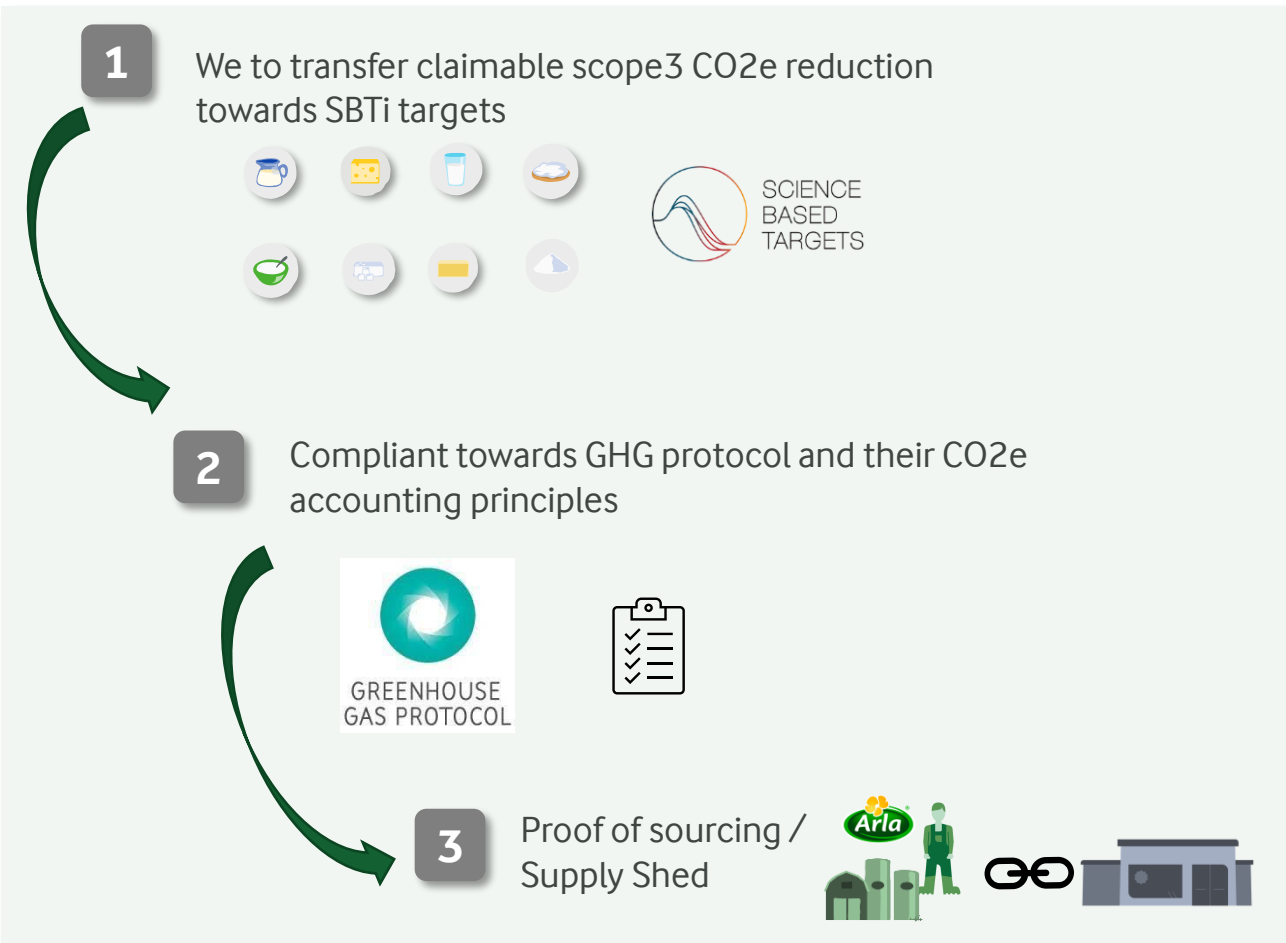


... and it is a way for us to transfer farmer benefits to customers



# WE WANT TO SECURE CLAIMABLE CO2 REDUCTIONS, BE GHGP COMPLIANT AND SECURE PROOF OF SOURCING

SBTi & GHGP are the foundation for our program...



and we are building a robust Proof of Sourcing for our customers

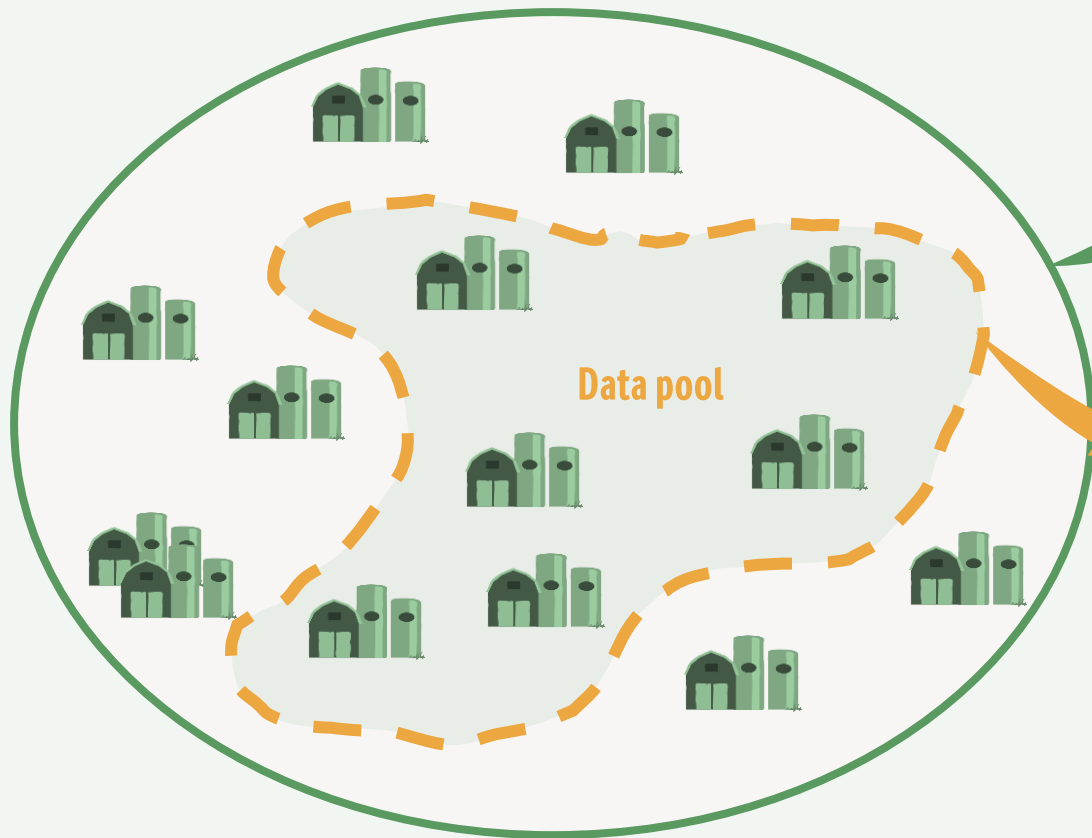
We are building a Mass Balance Chain of Custody with safe-guards in our value chain to create a robust proof sourcing for customers.

We are creating a link between the farmers generating CO2e reductions on farm and customer portfolio. The Proof of sourcing will rely on production and site monitoring.



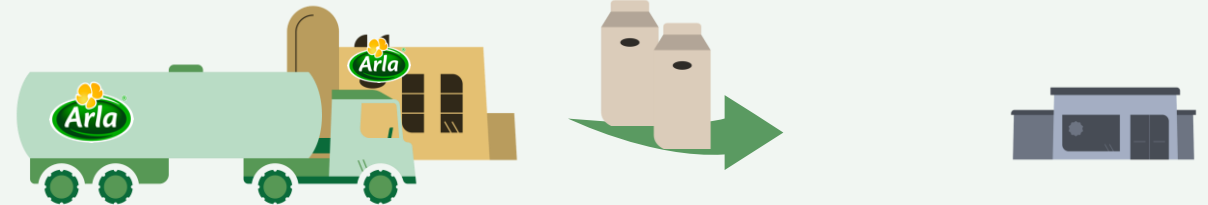
# CSP IS BUILT ON A MASS BALANCE CHAIN OF CUSTODY AND WILL NOT INTERFERE WITH PHYSICAL FLOW

## Illustration of the difference between milk and data flow



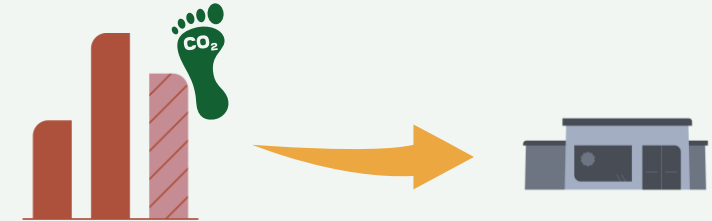
### MILK FLOW

Milk collected and processed as usual



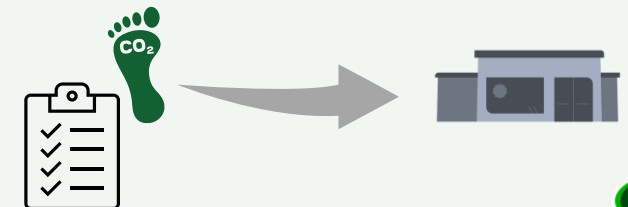
### DATA FLOW

Data from dedicated farmer pool linked to your products



### MASS BALANCE – CHAIN OF CUSTODY

We install several safeguards in our value chain to secure credibility and avoid non-acceptable double counting



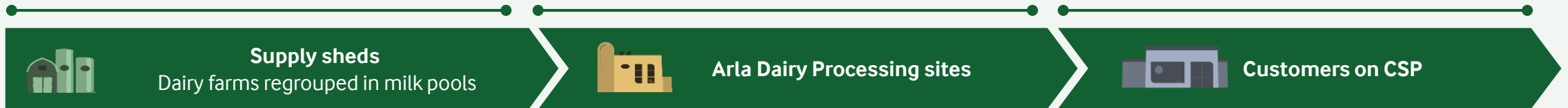


# WE TRACK & ATTRIBUTE REDUCED GHG EMISSIONS THROUGHOUT VALUE CHAIN CREATING CREDIBLE SCOPE 3 REPORTING FOR YOU

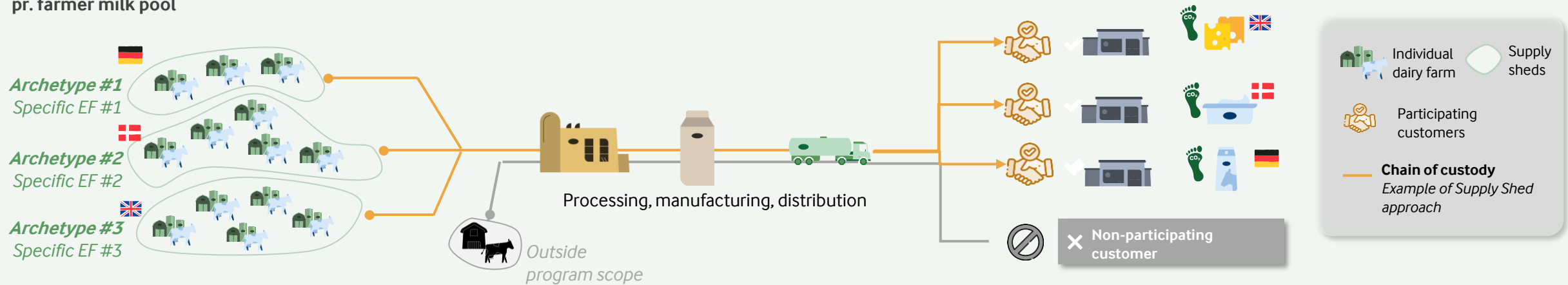
We have a farm level sustainability program

We track through our Supply Chain

We deliver solid CF data for ESG reporting



Different Emission Factor  
pr. farmer milk pool



Illustrative example

Introducing

# FarmAhead™



**FarmAhead™ Technology**

**FarmAhead™**  
TECHNOLOGY

**FarmAhead™ Customer Partnership**





**FarmAhead™**  
TECHNOLOGY

## **FarmAhead™ Check**

- former Climate Check

## **FarmAhead™ Incentive**

- former Sustainability Incentive Model

## **FarmAhead™ Innovation**

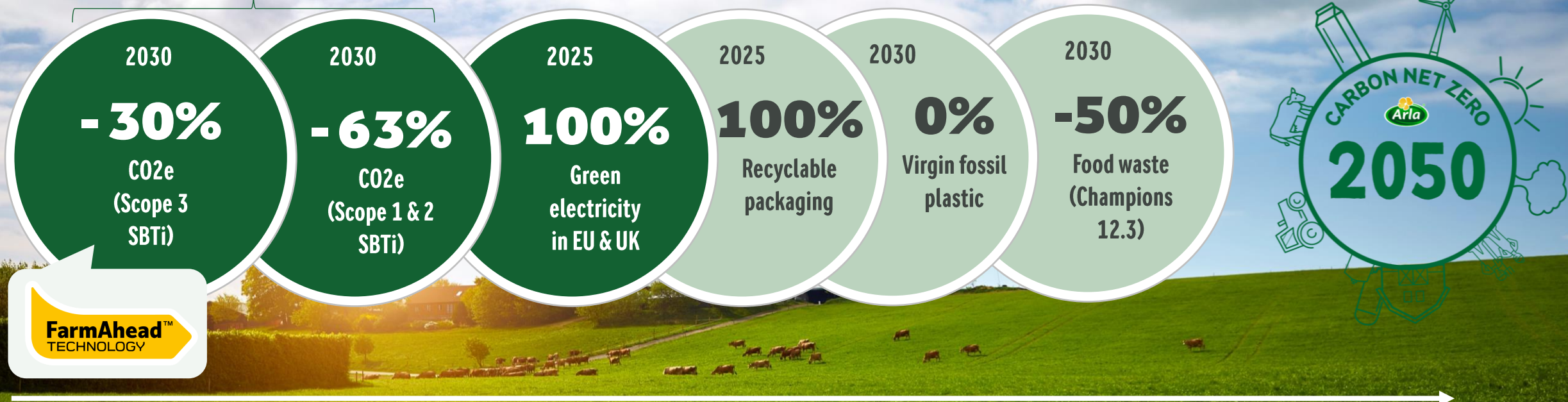
- R&D, pilots, regenerative farming

A toolbox of data-driven and science-based technologies to drive ahead our farmer owners' improvements towards more sustainable dairy farming





# FarmAhead™ helps deliver our ambitious targets towards more sustainable dairy



2025

2030

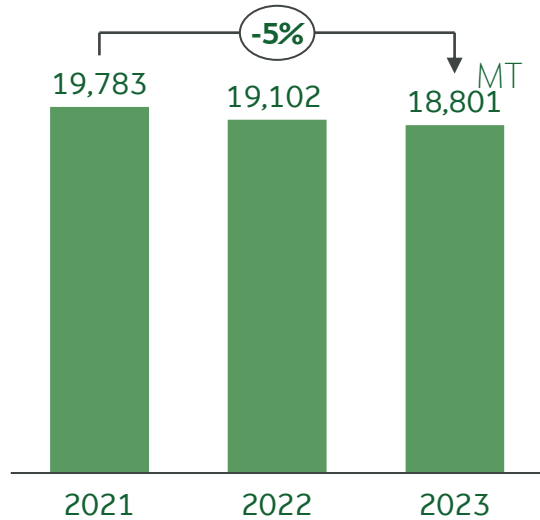
2050

- CO2e
- Other KPIs





# RESULTS SO FAR

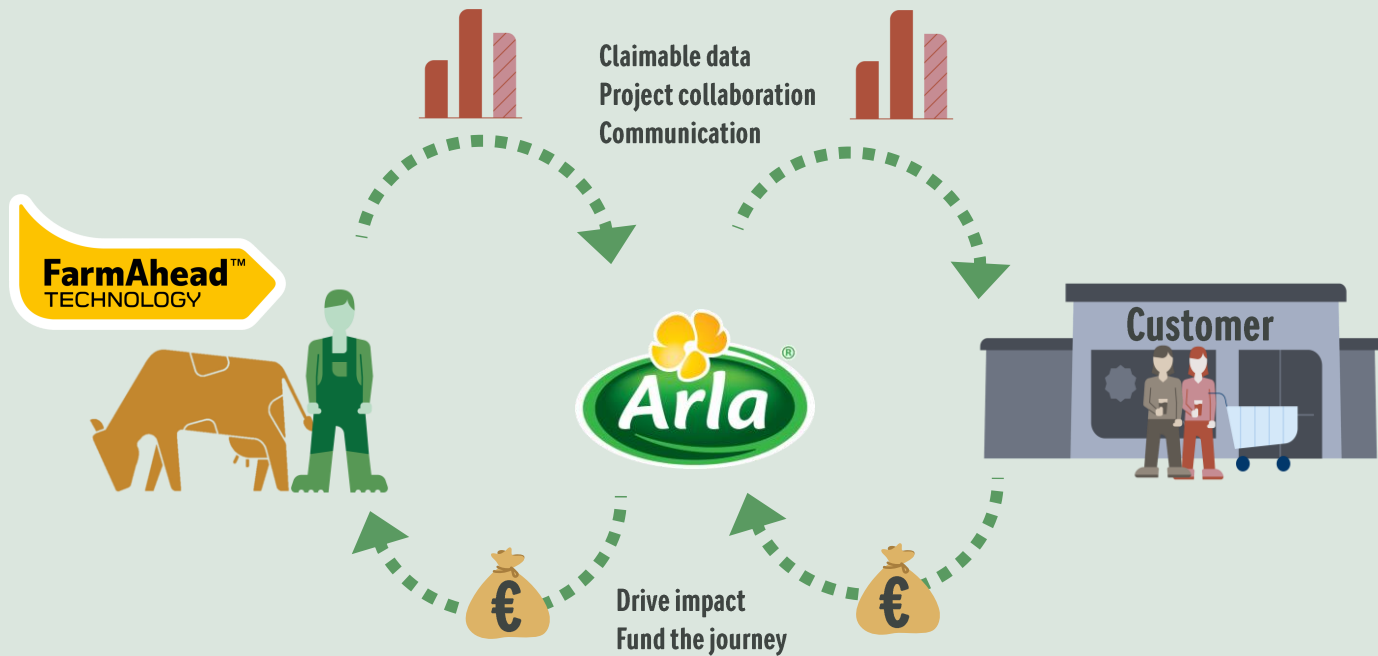


**~1 MILLION TON  
CO<sub>2</sub>E CUT 2021-2023**

**FarmAhead™**  
TECHNOLOGY



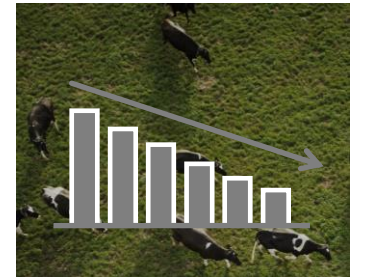
# Inviting our customers to join **FarmAhead™** **Customer Partnership**



On-farm project collaboration



Customer report with claimable scope 3 reductions for reporting



Primary carbon footprint data



Joint communication & stakeholder dialogue





# Our new Farmer Trust Mark talks about our actions



- **From Farmer Ownership to Farmer Action**
- **Transparent and consumer-centric content about how Arla and Arla Farmers deliver more sustainable dairy**





# Consumer-facing communication

**TAKING STEPS TODAY  
ARLA FARMERS  
DOING IT FOR TOMORROW**



**GET THE FULL STORY**



**FarmAhead™  
TECHNOLOGY**

**LET'S GET MILKYyyy**

At Arla, we believe in embracing a life full of possibilities. That's why, with Arla LactofREE, now you can say yes to a delightful cup of frothy coffee, a milky bowl of breakfast cereals or simply a good old glassful by itself. So don't sacrifice your favourite delicious foods! Just enjoy it all with Arla LactofREE.

**IT ALL STARTS WITH OUR FARMERS**

Behind every carton of Arla LactofREE you'll find Arla farmer owners who are committed to taking responsibility today for tomorrow. At our farms, for our cows and the land we depend on. So in addition to caring for our cows through ArlaAgriCare, our quality assurance programme, we also have a progressive reward system for the actions we take on climate, animal biodiversity. Curious to know more? Scan the QR code.




**IT ALL STARTS WITH OUR FARMERS**

**TAKING ACTION FOR A BETTER FUTURE**

**FARMER OWNED**

**MEASURING AND REDUCING FARM EMISSIONS**

**LEARN MORE ABOUT ARLA FARMERS**



**FarmAhead™ TECHNOLOGY**

**FarmAhead™ Technology**

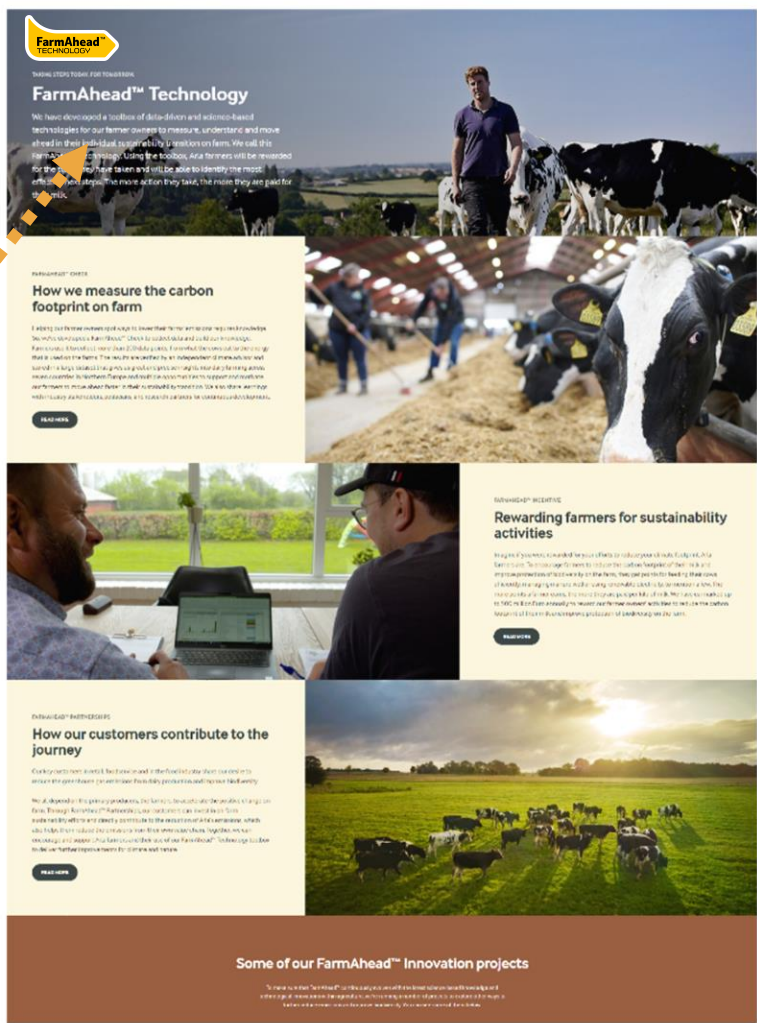
We have developed a toolbox of data-driven and science-based technologies for our farmer owners to measure, understand and move ahead in their individual, regional and UK milk cows on farms. We call this FarmAhead™ Technology. Using the toolbox, Arla farmers will be rewarded for the positive actions they will take to decrease the most significant climate change emissions. The more they see past for their farms, the more action they take, the more they are paid for their actions.

**How we measure the carbon footprint on farm**

**REWARDING FARMERS FOR SUSTAINABILITY ACTIVITIES**

**How our customers contribute to the journey**

**Some of our FarmAhead™ Innovation projects**



**TAKING STEPS TODAY  
ARLA FARMERS  
DOING IT FOR TOMORROW**

**IT ALL STARTS WITH OUR FARMERS**

**FarmAhead™ TECHNOLOGY**

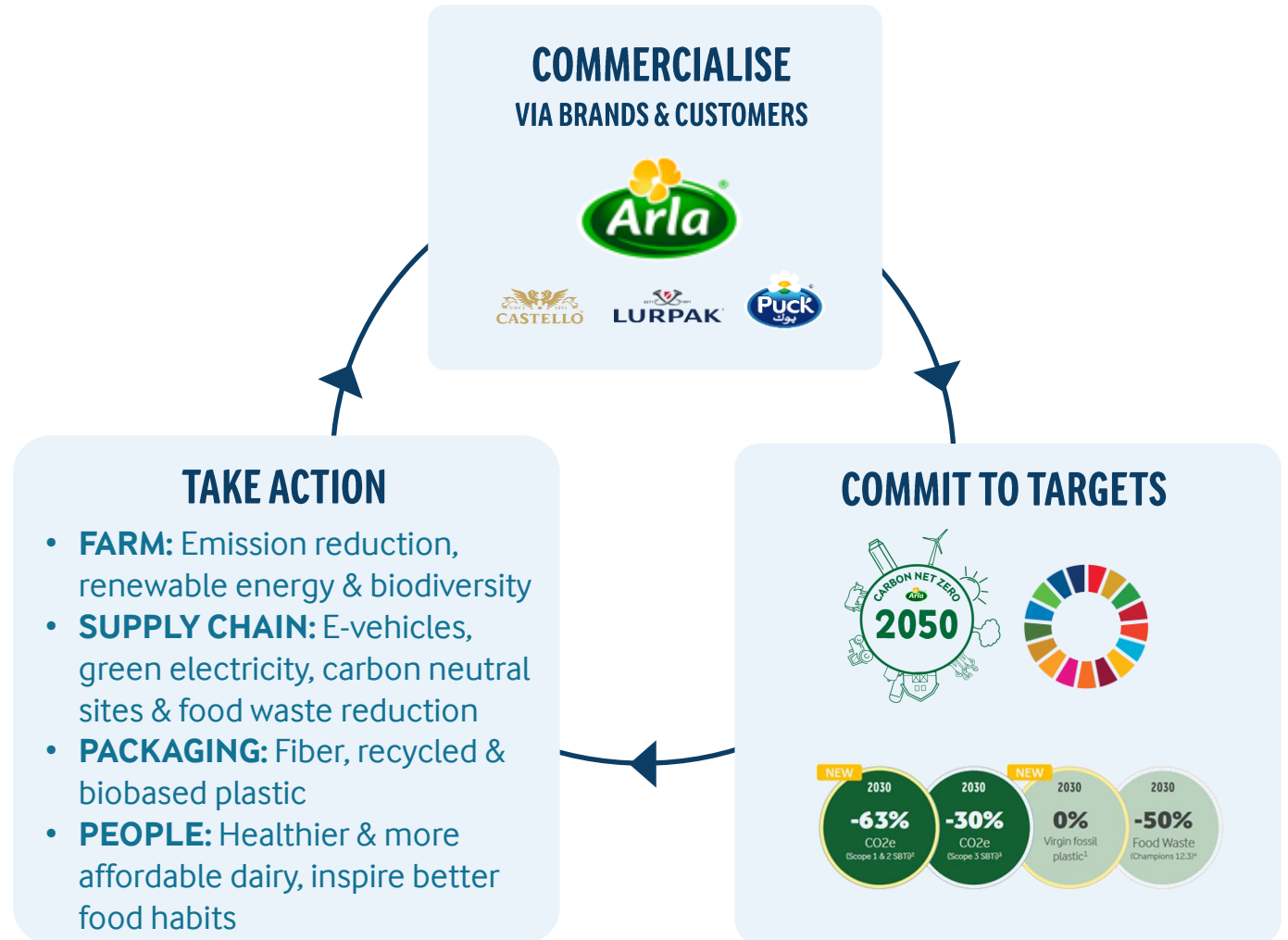
**Arla**





# LEAD SUSTAINABLE DAIRY

## We will lead through clear commitments, continuous action and strong commercialisation







**Thank you!**

*To make sure coming generations can meet their needs in the future...*