

A photograph of a man in a green polo shirt and a bright green baseball cap, reaching out his hand towards a brown and white cow. The cow is looking at him. They are in a grassy field with a barn and trees in the background under a cloudy sky. A green semi-transparent box is overlaid on the left side of the image, containing text and the Arla logo.

Biodiversity conference

Kristian Eriknauer, VP Corporate Sustainability

August 21, 2020



OVERALL AMBITION | OUR SUSTAINABILITY STRATEGY

Our **sustainability strategy** supports the realisation of the UN Sustainable Development Goals

Improving the environment
for future generations



Increasing access to healthy dairy
nutrition & inspiring good food habits

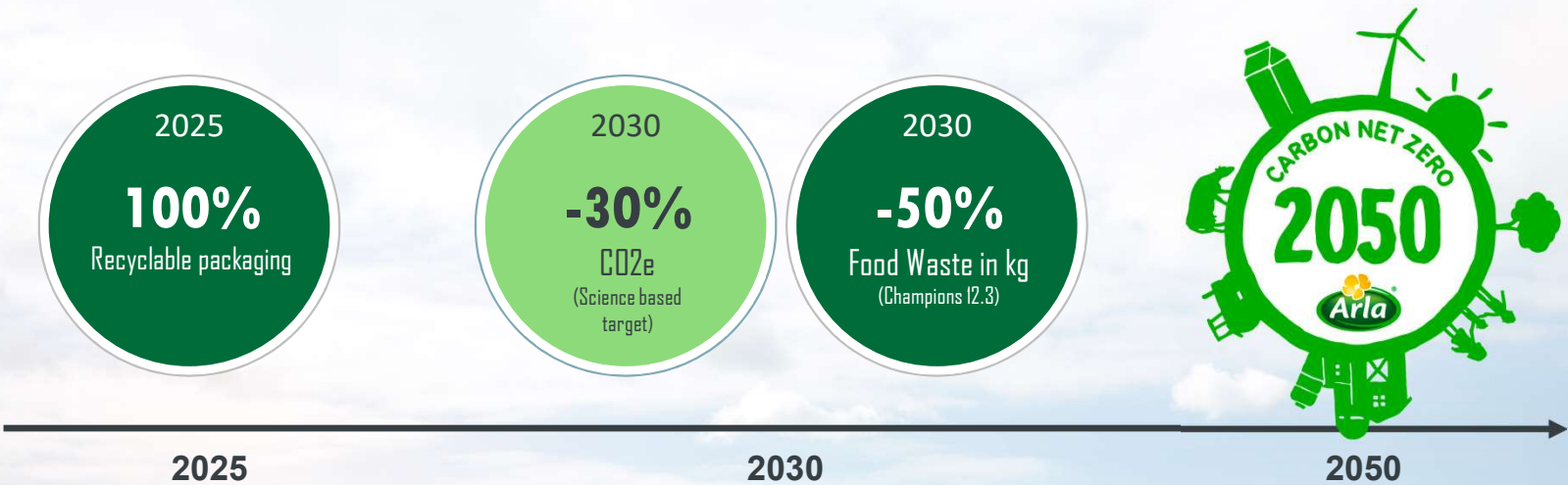


Arla Code of Conduct
Our responsibility throughout the value chain

We are stepping up our **commitments** on sustainability

Externally communicated ambitions

- CO2e
- Other KPIs



OVERALL AMBITION | FOCUS AREAS

And will accelerate our green transition by focusing on **three key areas**



BETTER CLIMATE

Carbon Net Zero
by 2050



CLEAN AIR & WATER

Nitrogen and Phosphorus
Cycles in Balance



MORE NATURE

Increase Biodiversity
and Access to Nature



OVERALL AMBITION | GUIDING PRINCIPLES TO MEET GOALS AND TARGETS

3 guiding principles will enable us to meet our goals and targets



**FOSSIL TO
RENEWABLE**



**CIRCULAR
ECONOMY**



**COOPERATION IN THE
VALUE CHAIN**

OVERALL AMBITION |

We are working hard to reduce our impact and **have already come far**

FARMS

23%

Smaller CO_{2e} footprint per
kilo milk since 1990

PRODUCTION

22%

Less CO_{2e} emission from production,
packaging and transport since 2005

GREEN ENERGY

33%

Energy from renewable
energy sources



2025 ROADMAP

Overall plan | We have established 2025 roadmaps across the value chain, focusing on 8 workstreams

Farm

Motivate and educate Arla farmers to more sustainable farming practices



Operations

Optimise energy use and increase share of renewable energy



Logistics

Optimise routes, introducing alternative fuels and piloting trucks of the future



Packaging

Optimise packaging types to reduce climate impact and increase recyclability



Food Waste

Limit internal waste and help consumers to reduce waste in own homes



Health & inspiration

Support consumers in choosing a healthy and sustainable diet



Int. Dairy Devt.

Support development of local dairy production in international markets



Communication

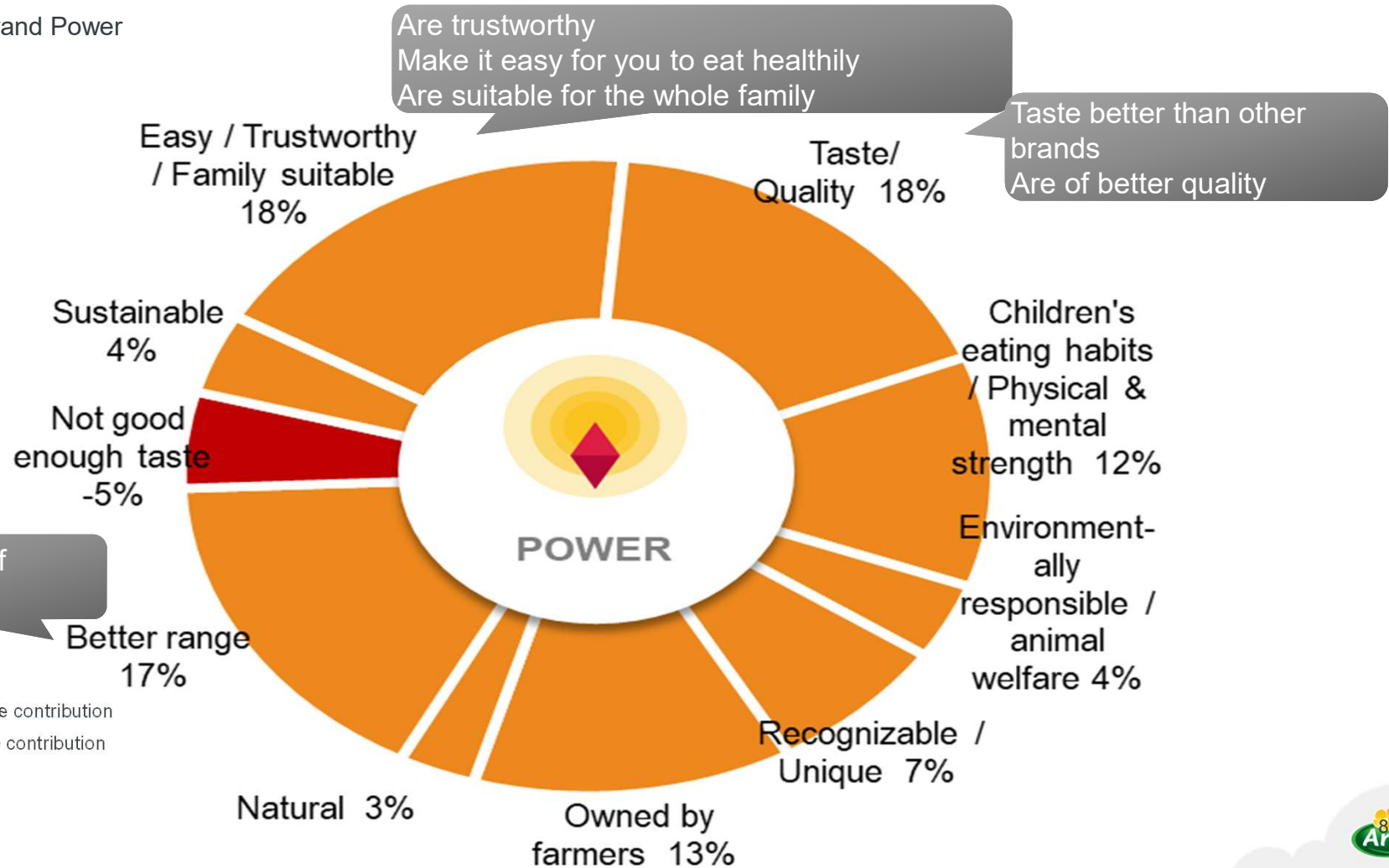
Drive awareness through communication across company, brand & market level



The key drivers of brand predisposition are 'Easy/Trustworthy/Family suitable', 'Taste/Quality' and 'Better range'.

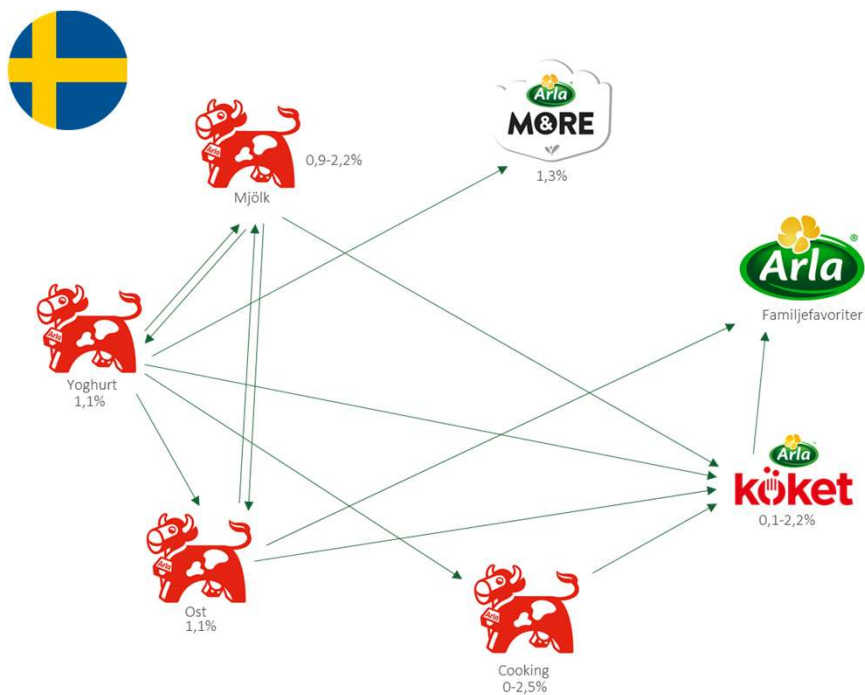
- Category drivers of Brand Power

Dairy Brands
Period: w. 6-24 2019
Age 20-65: 1101
Based on Brand aware

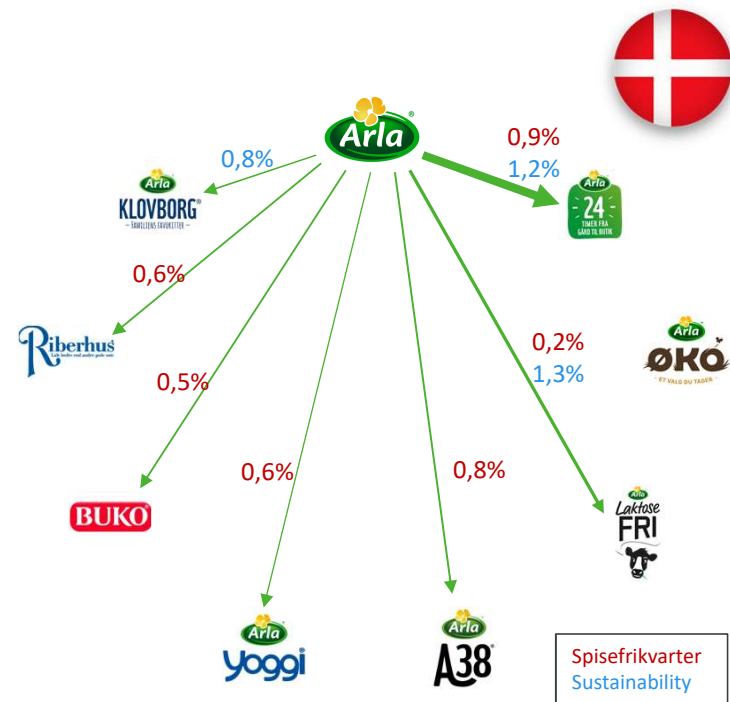


High halo levels from masterbrand communications

- Sustainability (SE &DK) and Lunch break (DK)



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Spisefrikvarter
Sustainability

Creative quality is the most important driver for ROI

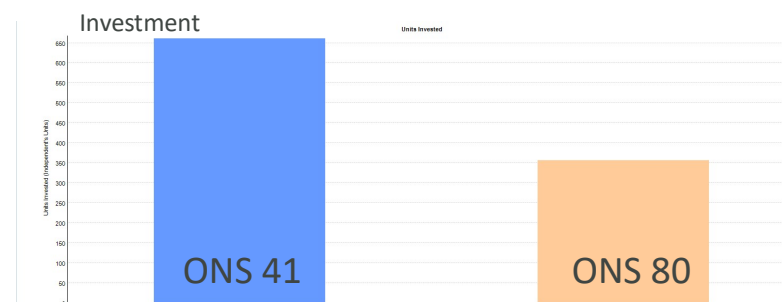
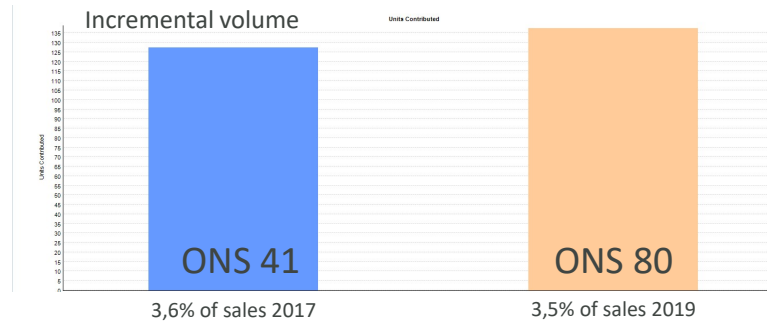
- Very close connection between ONS and both ROI and halo level



- We see a clear connection between ROI and ONS (not only in current projects in SE & DK).
- We especially see effects from good Masterbrand campaigns, but campaigns with high ONS also are the main drivers for halo volume between brands and categories.

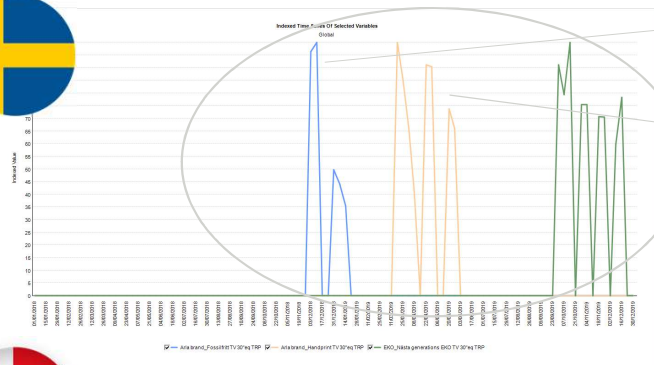
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TV example BUKO (DK)



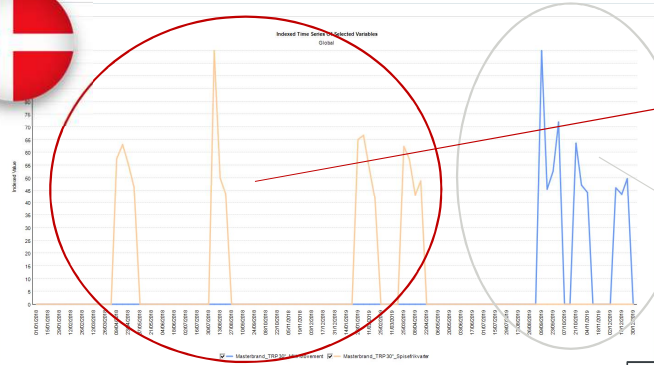
Does masterbrand communication lift sales

- And in particular – does Sustainability communication?



Fossilfree
ONS: 83

Handprint
ONS: 82



Lunch Break
ONS: 60

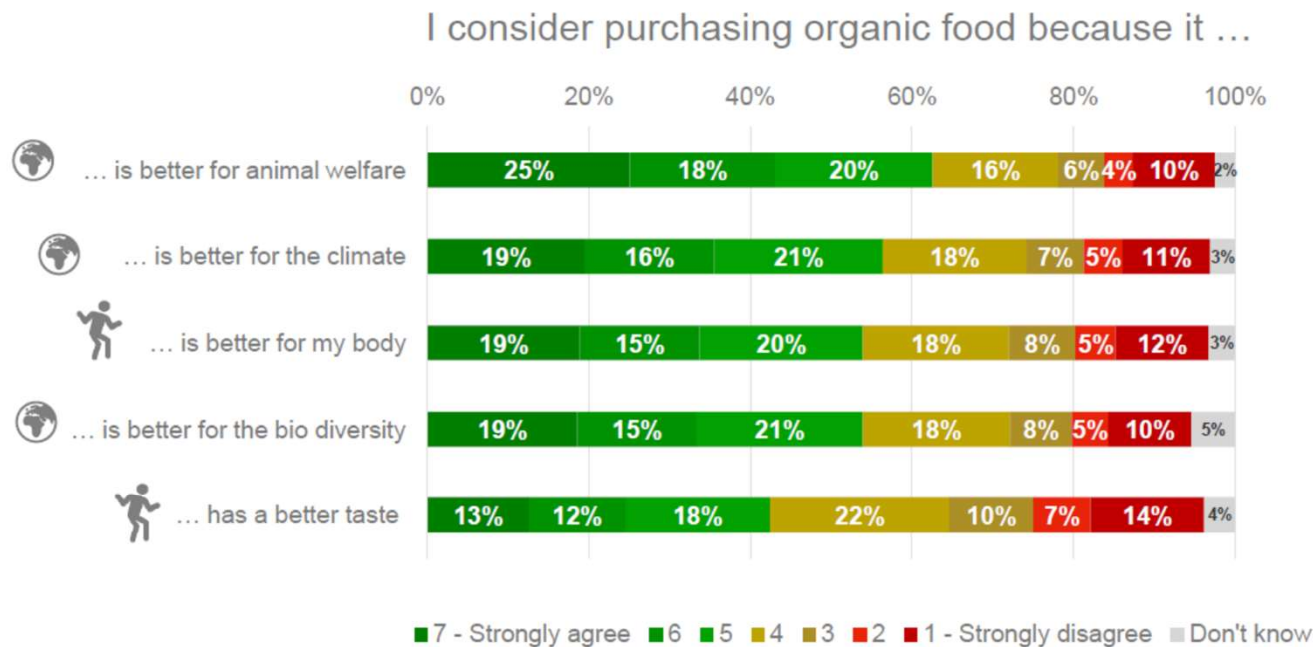
Sustainability
(Milk Movement)
ONS: 84

- Masterbrand communication (TV) in Sweden & Denmark 2018-2019

Lunch break
Sustainability

Sustainability campaigns in both Sweden and Denmark has lifted more than their fair share (on all categories), but also have the highest creative quality overall.

Drivers of Organic Purchasing show many different drivers, with animal welfare as a slightly higher driver



BIO-DIVERSITY CONSUMER INSIGHT

Study in Germany, shows Bio-Diversity Claims in top 10 list

PERFORMANCE OF CLAIMS (TOP 4)

Ranked in descending order – total level					
Claim number, theme and short name		Selected among TOP 4	Claim number, theme and short name		Selected among TOP 4
6 Bio Diversity	No pesticides	31.0%	18 Climate	Renewable energies	10.3%
3 Bio Diversity	Crop rotation	21.8%	29 Other	Fairness & Partnership	10.0%
5 Bio Diversity	Nutrients, groundwater & CO2	20.5%	24 Other	Bioland/Naturland	9.5%
26 Other	Local production	19.6%	1 Bio Diversity	Endangered animal & plant	8.9%
31 Other	No harmful additives	19.6%	19 Climate	CO2 minus 24%/L	8.6%
14 Animal Welfare	Spacey stables	19.1%	10 Animal Welfare	Independent milking	8.4%
23 Climate	Reduce plastic	18.9%	4 Bio Diversity	100 bees/L	8.2%
13 Animal Welfare	Free grazing	17.6%	21 Climate	Climate-neutral fuels	6.4%
20 Climate	New sustainability std.	17.0%	16 Climate	CO2 neutral milk	6.3%
2 Bio Diversity	Bees, birds, butterflies	16.9%	28 Other	Reduce food waste	6.2%
30 Other	German milk	16.0%	15 Animal Welfare	Animal welfare logo	6.0%
11 Animal Welfare	Natural feed	15.3%	7 Animal Welfare	Relax lying area	5.5%
32 Other	Forest protection, no foreign soy	15.0%	17 Climate	CO2 lower than plant based	5.5%
22 Climate	Recyclable packaging	14.1%	27 Other	Donation to children	4.7%
9 Animal Welfare	Parental leave	12.5%	8 Animal Welfare	Massage brushes	4.5%
12 Animal Welfare	Longer grazing	12.3%	25 Other	WWF	4.2%

26 – © Ipsos | Arla Organic / Bio Claims Germany



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