

3 Sustainability Best Practices From Dairy Trailblazers

What every dairy company needs to do today to reach their sustainability targets



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Glossary & Methodology

Downstream:

Processes closer to distribution and end-use.

Upstream:

Processes closer to raw materials or production.

Refinitiv:

Global provider of financial data and ESG insights.

Regenerative Agriculture:

Farming to enhance ecosystems, emphasizing soil health and biodiversity.

RSPO-Certified Palm Oil:

Palm oil meeting environmental and social criteria set by RSPO (Roundtable on Sustainable Palm Oil).

SBTi (Science-Based Targets initiative):

Collaborative initiative guiding companies to set emission reduction goals aligned with climate science.

Scope 1:

Direct emissions from company-controlled sources.

Scope 2:

Indirect emissions from purchased energy.

Scope 3:

Indirect emissions across the value chain.

Our method: How did we select the trailblazers?

Using **Refinitiv's** ESG ratings, **SBTi's** target and progress dashboard, and **A-INSIGHTS'** proprietary research (annual reports, company websites, CSR reports, news sources, **Sustainability & Workforce Intelligence**), **we've identified Nestlé, Danone, Arla, and Royal FrieslandCampina as leaders among the top 20 global dairy companies.** This report explores what sets them apart from their peers.

In more details:

Refinitiv rates listed companies on ESG criteria, with Danone and Nestlé leading among the top-20 dairy companies, particularly in emissions— the focus here. For private companies, we relied on SBTi's dashboard and our own research. Arla and Royal FrieslandCampina made notable progress in achieving their Scope 1 & 2 and Scope 3 reduction targets.

Introduction

It is time to build a more sustainable dairy industry

As cliché as it may sound, sustainability cannot wait any longer. While societies and governments are pushing corporations for tangible greener shifts, with sustainability reporting becoming mandatory in many parts of the world, **our latest report** reveals a stark reality: **2 out of 3 food companies haven't even begun to report on their sustainability efforts**, underscoring a concerning delay and lack of commitment.



From "slow adopters" to "trailblazers"

Compare the sustainability performances of the dairy industry to those of the entire food sector →

Dairy companies must act now if they don't want to miss their targets

It won't come as a surprise to anyone: dairy is a highly polluting industry. With dairy companies aiming for a 47% reduction in their Scope 1 & 2 emissions in the near term, **our previous report highlighted the urgent need for them to ramp up efforts today to avoid missing their targets.**

The good news? **Some dairy giants are leading the way in sustainability.** This report focuses on these trailblazers and the actions they're taking to build a more sustainable dairy industry.

Who is this report for?

As sustainability is taking center stage in every department and role, this report is designed to benefit every professional in the dairy industry. Packed with actionable insights and best practices, it's your shortcut to accelerate initiatives, spot the trailblazers, save time and resources, **and seamlessly implement these practices within your own company.**

BEST PRACTICE 1

Go beyond the greenwashing to see real results.

Dairy companies are active on their sustainability efforts. In fact, all global dairy players are engaged in reducing their Scope 1 & 2 emissions – consult our report **Uncovering the State of Sustainability Reporting** for detailed information on **Scope 1, 2 & 3** in the dairy industry – and many are following the same game plan (Download the Dairy Industry Best Practices cheat sheet [here](#)).

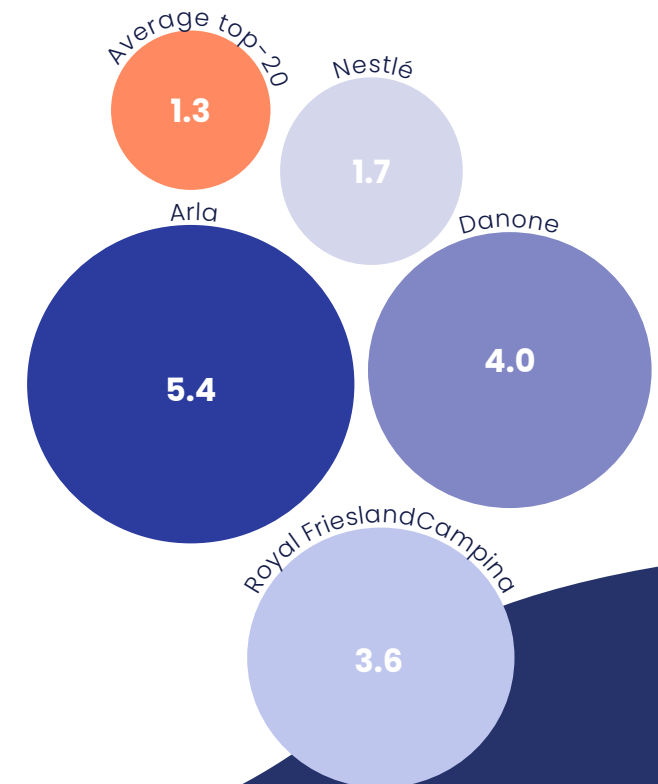
So, what sets the trailblazers apart?

Trailblazers don't only follow the same steps as their industry peers. They go the extra mile by:

- ♦ **Growing their sustainability workforce.** **Arla** hired more than 4x more sustainability staff in its organization in comparison to the industry top-20. **For every billion of sales, trailblazers employ 4 to 5 sustainability people.**
- ♦ **Focusing on inseting their emissions, not only offsetting them.** **Royal FrieslandCampina** is on a quest to make its reach net-zero emissions by supporting member dairy farmers to invest in renewable energy production, while Nestlé is helping farmers to shift to **regenerative agriculture**.
- ♦ **Sourcing > 50% of their sustainable palm oil via supply chains that allow companies to clearly trace the palm oil they use to sustainable sources.** **Arla** even sources 90% of **RSPO-certified palm oil** via these supply chains.

Trailblazers hired 3–4x more sustainability people in their organization compared to the industry average

Number of sustainability roles per €billion sales



Source: A-INSIGHTS, LinkedIn, annual reports.
For Danone and Nestlé, activities beyond dairy are included.

> How do you stack up?

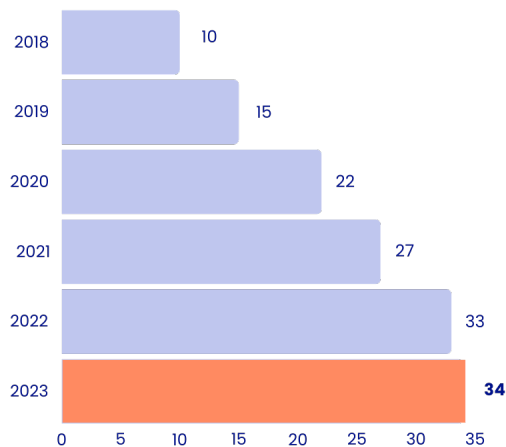
BEST PRACTICE 2

Don't tell me what you do in plant-based. Show me.

In the plant-based market, **three types of players emerge: the scared, the opportunists, and the innovators.** It's the latter, those fully committed to the plant-based shift and technological breakthroughs, who can significantly cut carbon emissions by changing their product portfolio.

So, what sets the trailblazers apart?

Danone more than tripled its staff in plant-based R&D



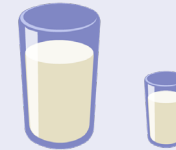
Source: A-INSIGHTS, LinkedIn

While plant-based is booming, growth is being challenged as consumers can sometimes complain about the products' price, texture, and taste. To tackle this, tech breakthroughs are required. While most companies explore for growth, **trailblazers stand out with plant-focused R&D teams—over 50% homegrown.** French player **Danone** leads the charge with a plant-based team five times larger than their rivals. Their bet on parity shows commitment and a significant cut in carbon footprint.



Did you know?

It takes 600g of CO₂-eq to make one glass of cow milk, against 200g for one glass of soy milk for a similar amount of proteins. Developing your plant-based portfolio is a great way to reduce your carbon footprint.



Source: A-INSIGHTS, Poore & Nemecek (2018), NEVO

The department that keeps on growing... 🌱

Did you know that **Royal FrieslandCampina** took a bold step in July 2023 by creating a dedicated plant-based team? They achieved this by transitioning four development specialists and a development manager to this new initiative, and they even added one new team member. An exciting move toward innovation!

BEST PRACTICE 3

Focus on Scope 3 – it's where the *big bang* will happen.

Most of the dairy companies focus their efforts on Scope 1 & 2 – just like the previous best practices illustrate. Yet, as only 5% of total greenhouse gasses (GHG) come from the companies' own operations (Scope 1 & 2), **the real game-changer lies in redirecting efforts towards the 95% of indirect emissions in Scope 3.**

So, what sets the trailblazers apart?

Rather than solely focusing on emission reductions upstream, innovative dairy companies actively engage customers in the solution. **Currently, funds aren't directed where they should be—almost half end up with approximately 40 FMCG and food retail companies** (see opposite graph). To ensure a greener agriculture, investments need strategic redirection, including production and processing. These trailblazers not only partner with those higher up the chain but also build bridges between **up- and downstream**, ensuring a more equitable distribution of funds across the food chain and aligning with Green Deal objectives.

Royal FrieslandCampina, for example, incentivizes farmers by offering extra payment for reducing greenhouse gases. Collaborations with major players like Barry Callebaut, Mondelez, and McDonald's create a sustainable win-win, empowering farms to invest in their environmentally friendly future.

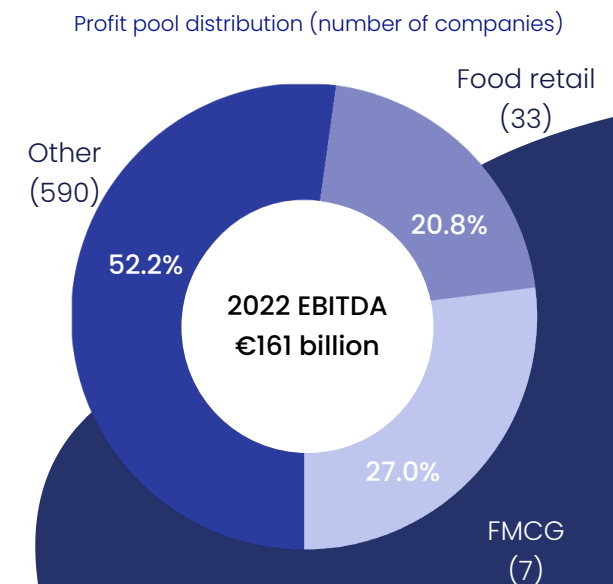


“The Food sector doesn't have a greed problem, but a systemic one.”

Jeroen Lustig – Co-founder @ A-INSIGHTS

Last spring, the term “greedflation” was on everyone's lips as big food companies were accused of making too much profits during times of inflation. But reality unveils a broken system. It's crucial to urgently fix it by distributing money more fairly across the food chain, and aim for a more sustainable future.

[Check out our founder's take in this opinion piece →](#)



Source: A-INSIGHTS, Annual reports

Conclusion

Benchmark yourself today

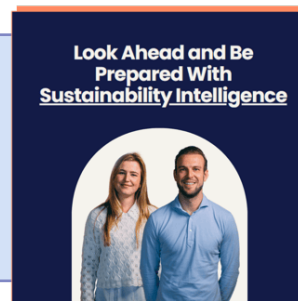
Trailblazers don't just stick to a ready-made plan for cutting Scope 1 & 2 emissions. **They push further, setting goals for Scope 3 and aligning them with established frameworks.** Surprisingly, only 35% of the top-20 global dairy companies commit to reach net-zero by 2050 and align with existing frameworks, trailing behind other sectors at 40%. Companies adopting these frameworks stand a better chance of reaching their targets, thanks to a strong commitment and well-structured processes, including external audits.

What you need to do *today* to reach your sustainability targets

As mentioned in this report numerous times, sustainability cannot wait any longer. Luckily, the data is already here, and you can unlock sustainability success in three easy steps:

- ◆ **Tap into Peer Data:** Start using data from your peers' CSR reports right away. Do not wait for mandatory regulations (CSRD) – there is already valuable information out there.
- ◆ **Invest in the right people and technology:** Follow the example set by the trailblazers and start developing your **Sustainability Intelligence**—both internally and externally.
- ◆ **Learn from the Best:** Look to industry leaders beyond your own industry for inspiration and ideas. Their success can teach you how to make your business more sustainable.

Do you want to learn the best sustainability practices in your industry, or from cross-industry trailblazers? [Subscribe to our newsletter](#) to not miss out other industry-specific content and benchmark your performances with ease.



Interested in learning more about how you can leverage Sustainability Intelligence to your advantage?

[Register to our webinar](#) →

Feed your market intelligence with the right ingredients

2023	Scope 1	Scope 2	Scope 3
Energy consumption	██████	██████	██████
Carbon emissions	██████	██████	██████
Energy consumption	██████	██████	██████
Waste & pollution	██████	██████	██████
Climate risk	██████	██████	██████
2022	Scope 1	Scope 2	Scope 3
Energy consumption	██████	██████	██████
Carbon emissions	██████	██████	██████

Maximize your market intelligence with a solution that gives you the full picture of your industry, allowing you to go beyond any current data or resource limitations.

With A-INSIGHTS, you gain access to a consolidated set of unmatched global food company data. Our seasoned industry experts provide your team with a sparring partner, offering an objective voice in the room to fuel your business's future growth.

Pioneer in Sustainability Intelligence in the food sector, A-INSIGHTS helps you see your industry through a new lens and envision this vital topic as a well of growth opportunities, not a source of fear.

With the A-INSIGHTS' Sustainability Intelligence, you prepare for tomorrow by:

- / **Centralizing all sustainability intelligence in one hub.**
- / **Anticipate risks and opportunities by focusing on key sustainability metrics.**
- / **Uncover correlations between financial and sustainability performances.**

What's more?

Our solution feeds your market intelligence teams with the right ingredients by:

- Giving you access to the **most consolidated set of global food companies data.**
- Helping you **turn insights into actions** with our +15 years of expertise in the food sector.
- Offering an **objective voice in the room** through tailored insights distilled by our industry experts.

Curious to learn how we can drive your business' future growth?

[Talk to our team](#)

The Intelligence
Solution for food
companies
of the future

