



# Arla Foods

## Dairy sites owned by Arla Foods

Food waste inventory – January 1<sup>st</sup> to December 31<sup>st</sup> 2018



# About Arla Foods

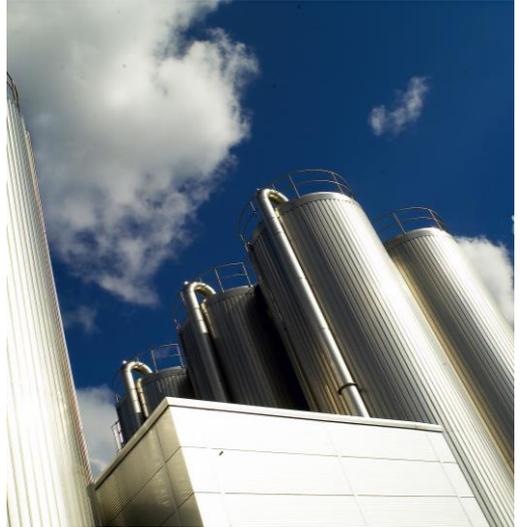
**Arla Foods is a global dairy company, owned by more than 10,300 dairy farmers in seven European countries. Our products are sold in markets across the globe and include consumer dairy products as well as dairy ingredients for the food industry.**

We have a broad product portfolio of fresh dairy products, such as milk, yoghurts and cream, butter and spreads. We also produce cooking products such as crème fraiche and soups, on-the-go snacks such as drinking yoghurts and Skyr, as well as a broad range of cheeses.

Arla Foods' brands include Lurpak, Anchor, Arla Cravendale®, Castello®, Apetina®, Arla Buko, Arla BabyandMe, Arla Cheasy®, Arla Lactofree, Arla Organic, Arla Natura, Arla®Skyr, Arla Yoggi, Cochio®.

Arla Foods believes sustainability and profitability go hand-in-hand, and that our dedication to being responsible will benefit our business. We have been working to reduce food waste along our value chain for many years through innovation, efficiency improvements and collaboration. Arla also works to inspire consumers to reduce their food waste through apps, recipes and information.

**In 2018 we made a commitment to reduce food waste in our own operations by 50% by 2030.**



# What we are doing to tackle food waste

At Arla, we know that wasting our cooperative owners' milk during processing, packaging and transporting, is not sustainable. It is a waste of resources in its broadest sense, not least considering all the effort that goes into production at a farm level and throughout the production chain. By reducing food waste, Arla Foods can significantly lower the environmental impact from our business.

Food waste can occur at our dairy sites, warehouses and logistics centres for several reasons. During processing, waste occurs when the equipment is cleaned and remaining products are flushed out. Planning our production effectively can reduce the amounts wasted – for example by sequencing production for different products like flavoured yoghurts, we can avoid having to clean the equipment in between.

Once our products are ready for shipment to customers, food waste can occur in warehouses and logistics centres because of the complexity of handling large volumes of products with a comparatively short shelf life, like fresh milk. Effective planning is again key, as is close collaboration with the retailers, food service companies and other companies who buy our products, to ensure that we produce the right amount of products to meet their orders and ship products efficiently.

In 2018, a food waste mapping model for our sites was introduced to identify food waste points, identify causes and facilitate plans to target food waste in a structured manner. We have dedicated resources to manage the issue in our supply chain, sharing best practice and adopting a unified approach across sites and logistics to minimize food waste.

Our initiatives to tackle food waste include the following:

- When Arla has surplus products, we prefer to donate this to charity wherever possible. The products we donate are always fit for human consumption but are impossible to sell, for example due to a short remaining shelf-life or minor packaging defect. In 2018, we donated around 1,100 tons of surplus products to charity worldwide.
- We have valuable local collaborations with food banks such as FareShare in the UK, Die Tafel in Germany, the Dutch Food Bank in the Netherlands and Fødevarebanken in Denmark. These organisations take our surplus products to feed people in need, and Arla Foods is proud to contribute.
- Product innovation will play an important role in helping us to reduce our food waste. One example is the increasing use of whey (a by-product from cheese production) in sports nutrition and as a food industry protein ingredient, instead of sending the whey to be used as animal feed.
- The largest volumes of our unsold products and by-products are used as animal feed, or sent for biomaterials, such as fats for other industry purposes. In 2018, Arla sent 110,200 tons of product for use as animal feed and 64,900 tons for biomaterials.
- Anaerobic digestion (biogas) is the most common destination for former foodstuffs and for production waste that cannot be sold as animal feed or biomaterials. In 2018, we sent around 333,200 tonnes to produce renewable energy from our food waste. Although still beneficial, land application is less used. Waste water treatment, incineration or landfill are not favoured, and do not make the best use of resources, as they are not fed back into the circular economy.

Total raw materials processed

18,666,300

tonnes

Waste as a % of raw materials

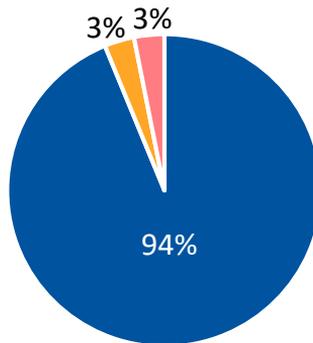
1.9 %



Overall food waste

355,200 tonnes

Waste by destination



■ Anaerobic Digestion   ■ Land application   ■ Waste water

## Food waste data commentary

- We measured Arla Foods' food waste from January to December 2018 across more than 70 sites including dairies, warehouses and logistics centres that Arla operates.
- In 2018, Arla Foods purchased 18.7 million tonnes of raw materials, mostly milk from our cooperative owners. We recorded 355,200 tonnes of food waste, which equates to 1.9 % of the raw materials purchased. In 2017, the food waste was 1.97 % of raw materials purchased and in 2015, which is the base year for our 2030 target, the food waste was 2.36 %, showing significant progress.
- Where possible, we send our food surplus to animal feed or for processing into by-products, helping to reduce food waste. This is not possible in some cases, where the materials may not be the right quality for animal feed, or where the distances are too long and the transport emissions would outweigh the environmental benefits of higher valorisation options.
- Where surplus then does become waste, we aim to send this to anaerobic digestion, where food is broken down to produce biogas (which is in turn used to generate energy), and fertiliser for fields.
- In addition to focusing on food waste in our operations, we work to reduce food waste at customer and consumer level through innovations, inspiration and research. We engage in industry collaboration, for example the Courtauld Commitment in the UK and similar initiatives in other core markets to drive development.