



Australian Dairy Products  
Federation Inc.

# Australian Dairy Processors: Sustainability-Climate Action Agenda

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# ASIC commences greenwashing case against Vanguard Investments Australia

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# Environmental and sustainability claims

- Environmental and sustainability claims must be true, accurate and based on reasonable grounds.



Do not make false or misleading claims.

Consider the information that's left out and the visual elements.

Information, that makes a product or service seem better than it is.

## 2. Include plant-based alternatives in your diet

Cattle and dairy farming generates high levels of greenhouse gasses at every stage of the production process. Incorporating plant-based meals into your diet is not only good for you, but the environment! Why not swap out the beef mince for veggie mince once a week?



Natural capital is the Earth's stock of renewable and non-renewable natural resources - including soil, water, air, minerals, plants and living things - that combine to yield a flow of benefits to people. Assessment of natural capital is important to support decision-making that aims to conserve nature and reduce nature loss.



## OUR AMBITION TO BECOME A NET-ZERO, CLIMATE RESILIENT BANK

# Sustainability – is on everyone's agenda...

OBJECTIVES

- Scope 1 and 2 absolute emissions reduction target of 64% by 2025 and 76% by 2030 from a 2021 baseline
- Source the equivalent of 100% global electricity demand from renewable sources by 2025
- Transition our Australian and New Zealand fleet vehicles to 100% electric or plug-in hybrids by 2030
- Scope 3 upstream absolute emissions reduction target of 50% by 2030 from a 2021 baseline
- Develop our approach to assessing and managing physical climate risk to our operational sites

### Net-zero, climate resilient operations

### Supporting customers' transition to net-zero and to build their climate resilience

- Align our lending portfolio with net-zero by 2050 consistent with a 1.5°C pathway in line with our Net-Zero Banking Alliance (NZBA) commitment
- NZBA 2030 sector lending targets in carbon intensive sectors, as detailed in the NZBA Guidelines (NZBA priority sectors). For further information refer to our [Action Plan](#)
- Provide \$55bn of lending and \$40bn of bond facilitation activities by 2030 that are aligned with our Sustainable Finance Framework
- Seek to help customers understand and better respond to the impacts of climate change to support adaptation and resilience

## NATIONAL STATEMENT ON CLIMATE CHANGE AND AGRICULTURE

*A climate-smart, sustainable sector will help make farming more productive and profitable, better protect our environment, increase access to international markets and strengthen our farming communities.*

*This national statement heralds a shared commitment by agriculture ministers to work in partnership with the sector to ensure Australia continues to lead the world in climate-smart practices by:*

- sustainably increasing agricultural productivity and driving future profitability
- improving adaptation and resilience to a changing climate
- implementing pathways that will support low-emissions agriculture.

ROADMAP			
2022	2023	2024-2025	2026-2030
Update operational targets	Work towards meeting 2025 operational targets		Work towards meeting 2030 operational targets
	Perform review of scope 3 upstream emissions reporting		Aim to set emissions reduction target for construction and refurbishment work by 2026
Set NZBA 2030 sector lending targets in first five NZBA priority sectors	Set NZBA 2030 sector lending target in additional three NZBA priority sectors	Set NZBA 2030 sector lending target in remaining NZBA priority sector	Work towards meeting NZBA 2030 sector lending targets. Review target setting in line with NZBA requirements, where data and methodologies allow

**Calls for farmers to be carved-out of financial disclosures**

Nationals leader David Littleproud has called for farmers to be exempted from providing sensitive commercial and emissions data to supply chain partners under the government's looming Climate-Related Financial Disclosure rules.

**Purchasing renewable electricity**

Consumers can purchase renewable electricity from their electricity provider by selecting an option from their retailer. Greenpower is the option that consumers can choose. Consumers can also select carbon neutral options from many providers (though renewable is not always available).

## We need to cut gas consumption to meet our emissions targets

**Industrial users**

Continue to assist industry to adopt renewable gases and take advantage of opportunities in the clean energy economy

Meeting Victoria's targets to reduce gas consumption by 50 per cent below 2005 emissions across the state.

**Gas Substitution Roadmap**

UPDATE

VICTORIA'S ELECTRIFICATION PATHWAY

VICTORIA State Government

## Promoting plant-based meals options



According to the Food and Agriculture Organization (FAO) of the United Nations, raising livestock produces 14.5% of all emissions linked to climate change, nearly 7 times more than global air transportation.

Sustainable food choices are an essential driver of carbon emissions reduction. To create a new balance with sustainable protein and plant-based options on our menus, we are raising public awareness of the environmental benefits of plant-based meals. We are encouraging people to change their dietary habits by offering sustainable meals and delicious plant-based dishes in 5,000 kitchens around the worldwide.



# The Sustainability-Climate Action Agenda.

- Sustainability is **heavily influencing the trading environment** for dairy products.
- As a sector we have **committed to sustainable best-practices** aligned with individual **business values** and the *Australian Dairy Sustainability Framework*
- And, our **markets are demanding it** – consumers, customers/ retailers, financial institutions/ investors, government, both domestically and internationally.
- In turn, dairy processors have **policy and regulatory requirements to track, measure and report on**, e.g., GHG emissions, packaging, human rights, *across supply chain*.
- Some (carbon and human rights) come with **additional requests for farmer information to demonstrate regulatory compliance and market assurance**.
- **Whole of industry collaboration and a strong narrative is critical** to position Australian dairy as a trusted partner and product of choice, and recognised leader in sustainability and climate action.



# Sustainability trading environment – doing business...



## Dairy Processors



## Reporting requirements

- emissions
- human rights
- animal welfare
- food safety
- food quality
- water consumption
- packaging
- waste

# Policy and regulatory requirements facing the industry

## Federal government



- Emission reduction: 43% by 2030 (vs 2005)
- Net zero by 2050; Methane pledge: 30% by 2030
- 82% electricity – renewable by 2030
- National Plastics Plan
- Biosecurity levy
- Australian Agriculture Sustainability Framework
- Net Zero Sector Action Plans, e.g. Ag and Land, Industry, Electricity and Energy

## State government – Vic

- Net zero by 2045 [28-33% by 2025].
- 50% electricity – renewable by 2030
- [EPA – Vic: Statement Regulatory Intent – regulate risk from climate change]

## Consumers

Pollinate

NIQ

- 46% consumers are looking to brands to take the lead on creating sustainable change.
- Companies and consumers will be held accountable to show real proof of traction towards true and meaningful change.
- 71% said it was hard to determine if products labelled 'sustainable' were actually sustainable (will erode trust)

## COP28



- UAE declaration Sustainable Agriculture, Resilient Food Systems and Climate Action – Australia signatory
- 6 of world's biggest dairy companies committed to reducing, and publicly disclosing, their methane emissions as part of a new global alliance launched at COP28.
- Australia pledges to cut methane emissions by 30 per cent by 2030 at COP28

## International Science Based Target



Initiatives (SBTi) – path to GHG emission reductions (est. 2015).

## International Sustainability Standards Board

- Climate Related Financial Disclosure Requirement Standards (IFRS S1/ S1), June 2023.
  - Effective: 1 Jan 2024. Report on:
    - climate-related risk/ opportunities includes Scope 1,2,3.

## McDonalds



- Net zero by 2040
- New Sustainability Plan for Change Scorecard on suppliers (material/ product sourcing)

## Banks



- Scope 3 emission reduction: 50% by 2030 (2021 baseline)
- Supporting customers transition to net zero and build climate resilience
  - Align lending portfolio to net zero by 2050, with an interim 2030 target
- Collaborate for impact on initiatives towards net zero and climate resilience.
- "Climate action is everyone's job".

## International Dairy Federation



- Net zero by 2050

## Aldi



- Emission reduction: 26% by 2025 (2016 baseline), endorsed by SBTi
- Responsible sourcing, packaging, animal welfare



## Woolworths

- Emission reduction: 63% by 2030 (vs 2015)
- Reduce scope 3 emissions: 19% by 2030
- Net positive emissions: by 2050, or earlier
- 100% electric vehicle (EV) in AU and NZ, 2030

## Coles



- Reduce scope 3 – work with >75% suppliers to set emission targets by end FY27

# Processor regulatory reporting requirements *across* the supply chain

## Emissions



- Mandatory National Greenhouse and Energy Reporting (NGER) Act 2007. Scope 1 & 2
- Treasury: *Draft* legislation Climate Related Financial Disclosure (CRFD) – mandated reporting for large businesses and financial institutions on climate-related risks and opportunities – consultation closed: 9 Feb 2024
  - Year 1 of reporting: governance, strategy, risk management, metrics (Scope 1 and 2)
  - Year 2 of reporting: inc. Scope 3 (estimates, leading into robust data), e.g., 1 July 2025
- Australian Accounting Standards Board (AASB): consulting draft Australian Sustainability Reporting Standards. Due 1 March 2024
- Retailers requiring suppliers to sign up to SBTi (flow on through supply chain).

## Human Rights



- Modern Slavery Act 2018.
- Entered into force: 1 Jan 2019
  - Mandatory reporting for businesses with \$100m annual turnover.
  - Proposal to change: \$100m --> \$50m. Some dairy farmers now captured (report directly, as well as provide input into processors).

## Packaging and Waste



### Packaging:

- National sustainability packaging targets, 2025.
- Four targets (by 2025):
  - 100% of packaging being reusable, recyclable or compostable
  - 70% of plastic packaging being recycled or composted
  - 50% of average recycled content included in packaging
  - Phase out of problematic and unnecessary single-use plastic packaging.
- DCCEEW consultation: mandated packaging guidelines (Q1 2024)

### Waste:

- Nil regulated
- National Plastics Plan, 2021

First annual reporting periods starting on or after	Large entities and their controlled entities meeting at least two of three criteria:			National Greenhouse and Energy Reporting (NGER) Reporters	Asset Owners
	Consolidated revenue	EOFY consolidated gross assets	EOFY employees		
1 July 2024 Group 1	\$500 million or more	\$1 billion or more	500 or more	Above NGER publication threshold	N/A
1 July 2026 Group 2	\$200 million or more	\$500 million or more	250 or more	All other NGER reporters	\$5 billion assets under management or more
1 July 2027 Group 3	\$50 million or more	\$25 million or more	100 or more	N/A	N/A

# Processors – sustainability achievements

## Emissions

- Working with farmers on carbon number
- Factory efficiency initiatives
- Transitioning to renewable energy
- Decarbonising fleet
- Reducing transport activity
- Signatories to Science Based Targets initiative (SBTi) – emissions reductions



## Packaging

- Dairy roadmap to 2025 national sustainable packaging targets:
  - 3 priorities:
    - soft plastics
    - increased recycled content
    - reducing the pigment in milk bottle caps.

The 2023 Australian Dairy Sustainability Report documents some achievements made by Australian dairy processors, such as:

**25.5% reduction in dairy manufacturers greenhouse gas (GHG) emissions intensity** since 2010-11, equating to a 27% reduction in absolute GHG emissions.

**88% of waste is now diverted from landfill** by processors, towards a target of 100% by 2030.

Significant progress towards a target of 100% reusable, recyclable or compostable sustainable packaging by 2025.

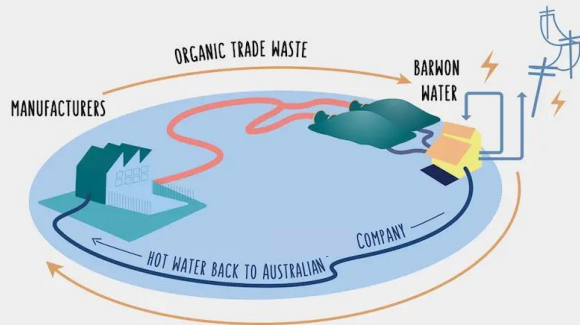
What's next: whole of industry double-materiality assessment

## Waste

- Dairy Industry Action Plan for halving food waste by 2030
  - Funding phase 1
- Bioenergy project: Waste to energy
  - Includes Vic govt funded pilot project

## Human Rights

- Register for human rights risks across dairy supply chain: in progress
  - KPMG risk assessment complete
  - Residual Risk Matrix complete
  - Prioritising top risks to address



# Sustainability leading initiatives around the world

## Origin Green

- A government-led, national food and drink sustainability program: *to make Irish food and drink the first choice internationally because it is trusted and sustainably produced by people who care.*
- Partnerships: farmers, processors, retailers, government, academia (full supply chain)
- Farms audited every 18 months for compliance, before accreditation in Sustainable Dairy Insurance Scheme.

The programme collaborates with:

**61,000** farmers    
 And over **300**       
 leading Irish food and drink companies



### Origin Green - Powered by Partnership

Our Vision

A thriving Agri-food sector that is responsive to the future needs of people and our planet

Our Purpose:

To power and prove the sustainability of Ireland's food and drink sector

POWERING CLIMATE  
NEUTRAL NATURE  
POSITIVE PATHWAY

- Climate Neutral Pathway
- Improved Biodiversity & Regenerative Practices
- Integrated Circular Economy Approaches
- > Deeper Farmer Engagement

Origin  
Green  
IRELAND

PROVING RESPONSIBLE  
CHOICES

- Championing better health & nutrition
- Enhanced Assurance & Proof-Points
- Recognised leadership in food sustainability

## Innovation Centre for US Dairy



- Voluntary organisation – work across *the dairy value chain to foster collaboration and progress to build a healthy and sustainable future for the dairy community, the people it serves and the planet we all share.*
- US Dairy Stewardship Commitment: social responsibility pledge to consumers, customers, other stakeholders. Supports dairy farmers, cooperatives and processors who voluntarily choose to work **across the industry to advance sustainability leadership and transparently report progress.**
- Retailers/ other dairy buyers can use the Stewardship Commitment to **track their suppliers' sustainability and continuous improvement efforts and share with consumers.**

### STRATEGIES TO REACH OUR 2050 GOALS

FOR FIELD AND FARM

#### Net Zero Initiative

A collaboration of dairy organizations to advance research, on-farm pilots and new market development to make sustainability practices more accessible and affordable to farms of all sizes – an essential first phase to accelerate progress toward the 2050 goals.



FOR PROCESSORS

#### Processor Working Group

Led by the Innovation Center, a working group of more than 60 participants representing over 30 processing organizations convenes regularly and engages in facility-focused workstreams.



Demonstrates and documents how U.S. Dairy:

- ✓ Responsibly produces milk and dairy products
- ✓ Brings value to the communities we serve
- ✓ Acts transparently and meets globally accepted standards

### Top 10% participating farms

- carbon footprint: 22% down
- kg milk/cow: 16% up
- use of chemical: 9% down
- milk solids/cow: 13% up
- concentrated feed: 12% down



WHAT'S NEXT

# Opportunity

Greater, whole of industry collaboration and a strong narrative to position Australian dairy as a trusted partner and product of choice, and recognised leader in sustainability and climate action.



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FOR FURTHER INFORMATION

ADPF

# CONTACT DETAILS

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