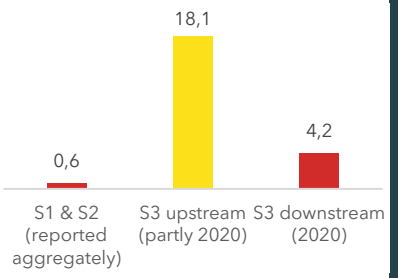
FrieslandCampina

Sector	Revenue	Emissions	Pledge	Transparency	Integrity
Food & beverages	€ 14.1 bn (2022)	23.0 $MtCO_2e$ (2022, partly 2020)	By 2030, reduce S1 & S2 by 63%, member dairy farms by 33% & selected S3 by 43%	Moderate	Low

1. Tracking & disclosure of emissions

Transparency & Integrity

23.0 $MtCO_2e$ (2022, partly 2020)	Subsidiaries are covered
Major emissions sources	Emissions in S3 from livestock from upstream dairy farms, mostly its members (10.8 $MtCO_2e$ in 2022), account for a majority of reported emissions.
Disclosure	FrieslandCampina reports S1 and S2 emissions aggregately without specifying their source. For S3, only GHG emissions from member dairy farms are updated annually. Other categories are only reported for 2015 without providing breakdowns. CDP disclosure also covers more recent years, breaks down S3 categories and reports (higher) location-based S2 emissions also.



2. Setting emission reduction targets

		Transparency	Integrity
Headline target or pledge	Medium-term targets to lower S1 & S2 emissions by 63%, S3 member dairy farm emissions by 33%, and other selected S3 categories by 43% by 2030 below a 2015 baseline.		
Short- & medium-term targets (up to 2030)	- S1 & S2 (0.6Mt in 2022): 63% by 2030 (base year 2015) - S3 member dairy farms (10.8Mt in 2022): 33% reduction by 2030 (base year 2015) - Other selected S3 categories (6.2Mt in 2015): 43% reduction by 2030 (base year 2015) - S3 other (6.4Mt in 2015): no further goals	High	Low
Scope coverage	1 2 3		
Own emission reductions (compared to full value chain in 2019)	**~23%** by 2030		
	The reduction targets cover around 73-77% of total value chain emissions. Virtually all S3 downstream emissions are excluded from the medium-term targets.		
Long-term vision (beyond 2030)	No absolute emission reduction target identified.	Low	Low
Scope coverage	1 2 3		
Own emission reductions (compared to full value chain in 2019)	**?** by 2050		
	The 2050 net-climate-neutral production ambition entails zero "S1 and S2 fossil CO_2 emissions", "minimise other remaining emissions" and "compensating any residual emissions that cannot be reduced through carbon sequestration" ("same strategy" for S3).		

3. Reducing own emissions

		Transparency	Integrity
Emissions reduction measures	Climate plans include detailed reduction plans until 2030 for emissions covered by interim targets. Measures after 2030 remain unclear. For the emission sources that do not yet have a target, FrieslandCampina does not present reduction measures either.	Moderate	Low
Renewable electricity procurement	100% renewable energy consumption at production facilities through solar, wind and biogas generation at dairy farms. In 2022, 53% of the energy demand came from its members farms through PPAs/GOs, with a goal of 100% by 2025. Production is trackable on a distinct webpage. The remaining energy came from 3rd parties with limited disclosure quality.	High	Moderate

4. Climate contributions & offsetting		Transparency	Integrity
Responsibility for unabated emissions	No information identified on how the company currently makes climate contributions or offsets emissions.	Low	Low
Climate contributions	- No climate contributions identified.	N/A	Low
Offsetting claims today	- No current offsetting claims identified. In 2022, FrieslandCampina compensated dairy farmers participating in carbon sequestration using permanent grassland, but the project scale has not been detailed.	N/A	N/A
Offsetting plans for the future	While explicitly excluding offsetting from the 2030 reduction plans, CDR using carbon sequestration in soils is included to abate residual/non-fossil S3 emissions (e.g., methane). Although important, the company does not specify the extent.	Moderate	Low

RATINGS **Transparency** refers to the disclosure of information. **Integrity** refers to the quality and credibility of the approach.
Overall Average of sections 1-4 ■High ■Reasonable ■Moderate ■Low ■Very Low;
Sections 1-4 Average of criteria in each section ■■■■■; **Rating criteria** See methodology for rating criteria ■■■.

Source: SEO Amsterdam Economics' interpretation of identified public documentation from FrieslandCampina

FrieslandCampina

Royal FrieslandCampina N.V. is owned by a cooperative of dairy farmers, with its main share of operations in the Netherlands. However, it also has farming activities in Belgium and Germany as well as production sites outside of Europe. Almost half of the emissions are from livestock at the member dairy farms. FrieslandCampina pursues several measures that are in line with the company's short- and medium-term targets. The company has a net-climate-neutrality ambition for 2050, but this ambition is unsubstantiated since FrieslandCampina does not detail a long-term reduction target across the complete value chain.

The emissions reduction roadmap of FrieslandCampina (2022b, p. 10) until 2030 is aimed at reducing S1 and S2 emissions by 63 percent compared to 2015 levels, S3 emissions from member dairy farms by 33 percent, and the other targeted S3 emissions by 43 percent. Untargeted S3 emissions equal 6.4 $MtCO_2e$ and stem from 2015 (27 percent of full value chain emissions in 2015). The 'other' targeted S3 emissions account for another 6.2 $MtCO_2e$ (23 percent) and have not been updated since 2015 either. These targets translate to a reduction of approximately 23 percent across the value chain by 2030 compared to 2019. In its most recent climate plan, FrieslandCampina provides further details on its planned emission reduction measures to realise these medium-term targets (FrieslandCampina, 2022b). Particularly, the measures for S1 and S2 emissions are presented in extensive detail and seem to be aligned with sectoral 1.5°C benchmarks (FrieslandCampina, 2022b, pp. 17-19; Teske, 2022, p. 328). However, their scopes represent just 3 percent of the company's total estimated 2022 emissions.

FrieslandCampina (2023b) intends to achieve net-climate-neutral dairy by 2050, but has not yet set a post-2030 emission reduction target to accompany this vision. Instead, FrieslandCampina considers using neutralisation measures to achieve its net-climate-neutrality ambition. To realise its 2050 ambition, it considers using carbon dioxide removals including CO_2 sequestration in soils to compensate for unabated or non-fossil emissions, such as methane from livestock. The potential use of carbon storage in grasslands to achieve its neutrality ambition is contentious due to the limited extent and uncertain permanence of carbon sequestration. Alongside neutralisation, FrieslandCampina (2022b, 2023a) also aims to reduce fossil-based CO_2 emissions for S1, S2 and S3. Although the company aims for zero fossil-based emissions, it does not provide information on volume, timing or other relevant details of the measures needed to attain the neutrality ambition. FrieslandCampina has no targets or measures to decrease livestock volumes.

For emissions occurring at the member dairy farms, accounting for 47 percent of its estimated 2022 emissions, FrieslandCampina (2022b, pp. 19-25; 2023b, p. 7) presents a reduction strategy that could reduce emissions to a level of 9 $MtCO_2e$ in 2030 – compared to a level of 12.3 $MtCO_2e$ in 2020 and 10.8 $MtCO_2e$ in 2022. These measures are currently presented as 'reduction options'. For the period after 2030, we could not identify an emission reduction pathway. Consequently, with FrieslandCampina's interim targets translating to a reduction of just 23 percent of the full value chain by 2030, large uncertainties remain regarding any additional emission reductions for the period after 2030 (see the final table for the full assessment).

The general transparency and integrity of FrieslandCampina's disclosure of emissions is low according to the Methodology criteria of NCI (2023). S1 and S2 emissions are reported aggregately and together with the S3 emissions from member dairy farms form the only categories reported annually (FrieslandCampina, 2022a, 2023a, 2023b). Other purchased goods and services as well as other upstream and all downstream categories are only

reported for 2015 (its baseline year) and 2020 (an interim measurement). The CDP disclosure, which FrieslandCampina (2022b, p. 30, n.d.) notes to report to annually, details a lot more information, including all fifteen S3 categories from the GHG Protocol – albeit, only for 2015 and 2020. Moreover, separate estimates for S1 and S2 are provided as well as a location-based S2 estimate, which appears to be higher than the market-based estimate published in FrieslandCampina's own reporting. According to the Methodology of NCI (2023), companies should disclose both estimates and use the highest of the two to calculate total emissions. Finally, while it is clear that the annually updated S3 emissions from member farms are part of 'Purchased goods and services', it remains unclear what the other targeted and non-targeted S3 emissions exactly entail in terms of GHG Protocol categories and how they develop over time. Targeted 'other' S3 emissions cover "purchased dairy products and basic dairy, packaging, selected raw materials and external production" (FrieslandCampina, 2022b, p. 10), while non-targeted emissions cover the rest including all downstream emissions. It is therefore not clear to what extent current emissions from, for example, purchased goods and services are covered by a medium-term target or if there are other items that remain untargeted.

Sources:

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FrieslandCampina

Moderate **Integrity assessment for short- and medium-term target(s) towards 2030**

What do the short- and medium-term targets actually mean?

What are the targets for the short to medium term?

S1 and S2 emissions (0.6 $MtCO_2e$ in 2022):

- 63 percent reduction by 2030 (2015 baseline), with a 49 percent reduction by 2026 as a milestone

S3 upstream member dairy farms (part of "Purchased goods") emissions (10.8 $MtCO_2e$ in 2022):

- 33 percent reduction by 2030 (2015 baseline)

S3 other selected upstream categories ("Purchased dairy products and basic dairy, packaging, selected raw materials and external production"; 6.2 $MtCO_2e$ in 2015 and 6.0 in 2020):

- 43 percent reduction by 2030 (2015 baseline)

No further reduction goals for other S3 emission categories (6.4 $MtCO_2e$ in 2015).

Also, by 2025 FrieslandCampina aims to buy 100 percent of its Guarantees of Origin from member dairy farmers to purchase renewable energy.

How do these targets equate to emission reductions across the value chain (compared to a 2019 baseline)?

We estimate that FrieslandCampina's short- and medium-term reduction targets translate to an emissions reduction of 23 percent by 2030. The company's targets cover 73 to 77 percent of the total emissions across the complete value chain, but not all emission categories are updated annually (or even once every five years).

Do these targets cover both the short term (within 5 years) and medium term (up to 2030)?

Medium-term targets for 2030 only cover FrieslandCampina reducing fossil CO_2 emissions by energy saving, electrification, and switching to renewables. This in addition to minimising other remaining emissions and compensating for any emissions that cannot be reduced. Both of these measures should nonetheless contribute towards realising GHG reduction across the full value chain.

Do these emission reduction commitments align with a 1.5°C trajectory for the sector according to available literature?

Global benchmarks: The IPCC's Sixth Assessment Report stresses that global CO_2 emissions must be reduced by net 48 percent by 2030, compared to 2019 levels, to stand a reasonable chance of limiting global warming to 1.5°C (IPCC, 2022). During the same period, global GHG emissions must decrease by 43 percent. Given that FrieslandCampina has excluded a quarter of its total emissions and has also set a 33 percent target for its member farms, which constitute a major emission factor, it is highly unlikely that FrieslandCampina will reach these global benchmarks by 2030.

Sector-level benchmarks: Teske (2022, p. 328) finds that for the agricultural and food sector, S1 and S2 emissions should decrease by 62 percent by 2030 to limit global warming to 1.5°C. Therefore, FrieslandCampina's operational target (63 percent reduction by 2030 compared to 2015) seems to be aligned with this benchmark – as also verified by SBTi. However, including S3 emissions as well, the total value chain emissions should be reduced by 39 percent (Teske, 2022, p. 328). FrieslandCampina's choice to exclude significant emission sources from its targets as well as setting lower goals for member dairy farms makes it unlikely that the overall medium-term targets will be aligned with a 1.5°C trajectory for the sector.

Low Integrity assessment for long-term target(s) (post-2030)

What do the long-term targets actually mean?

What are the targets for the long term beyond 2030?

Whilst FrieslandCampina aims to attain net climate neutrality by 2050, it currently has not detailed its long-term targets post-2030. Moreover, its neutrality ambition potentially includes questionable measures such as carbon sequestration in soils.

How do these targets equate to emission reductions across the value chain (compared to a 2019 baseline)?

No assessment possible.

Do these emission reduction commitments align with a 1.5°C trajectory for the sector according to available literature?

No assessment possible.