



# What are the market drivers for climate action for Fonterra

28 Feb 2023

# Global sustainability challenges are shaping future context and consumer behaviour.....

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2B

People suffering from micronutrient deficiency globally<sup>1</sup>

1.5°C

Urgent action required to keep global warming below 1.5°C<sup>2</sup>

8-10m

metric tons of plastic end up in the ocean each year<sup>3</sup>

96%

Sustainable dairy product launches increased by 96% from 2015 to 2021<sup>4</sup>



## .... Leading to the rise of the Conscious Consumer.

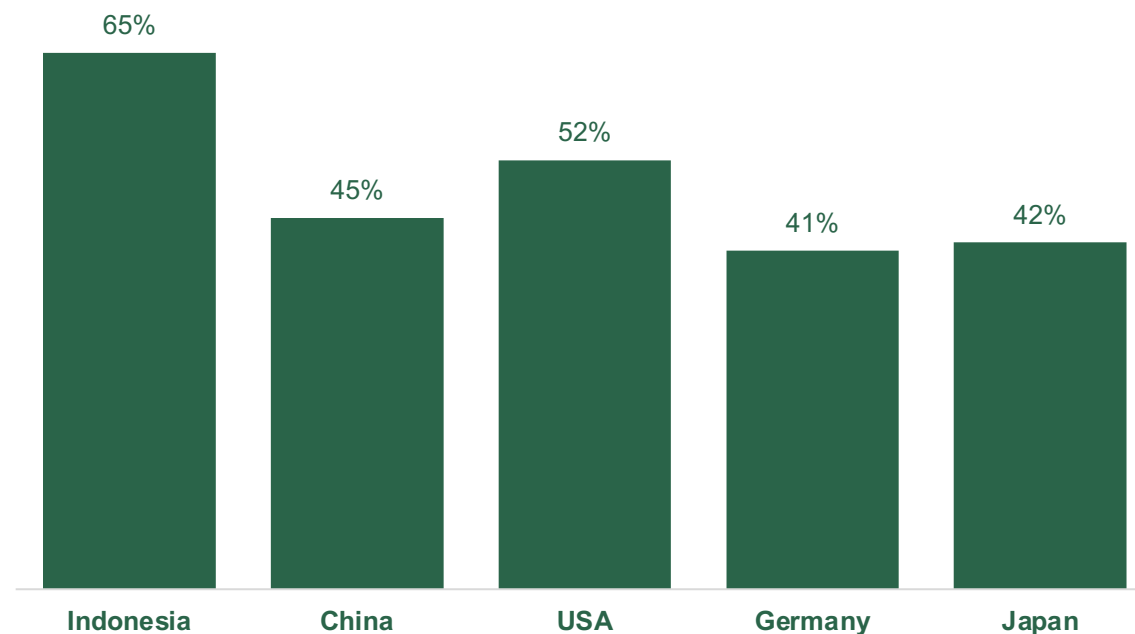
### Sustainability is top of mind for consumers around the world.

Providing consumers with ethical and sustainable experiences when engaging with brands can create a competitive advantage by building brand equity through greater loyalty and trust.

### Environmental protection

Consumers are **changing their diets** to more environmentally friendly choices and **expect food & beverage brands** to do more to protect the planet.

I have changed my diet in the last two years in order to lead a more environmentally friendly lifestyle:



Source: FMCG Gurus Sustainability Study - Jan 2022 (n=1,000 per survey)



**Which is resulting in consumers reaching for brands whose values align with their own.**

84% of global consumers say they are more inclined to buy from a brand whose values align with their own. Brand's need to build trust and consumer loyalty through emotional connections and shared values which create a relationship that's not only personal but also action-oriented.

**84%**  
brand preference



Dairy has a role to play in providing the nutrition the world will need in the future.



# Not all dairy is created equal.

There are many different types of farming – from highly intensive housed systems to low intensity pasture based systems like ours.

One thing they all have in common is an impact on the planet.





# Farming the way nature intended.

It's the way we've always farmed in New Zealand.

96% Grass  
Fed

Over 350  
days  
outdoors

Healthy &  
Cared for  
Cows

Fonterra  
Dairy for life



Fonterra New Zealand has one of the lowest on-farm carbon footprints in the world.



Why are we so efficient?



Pasture-based farming system



Long sunshine hours



Good grass and soil



High animal health & welfare




Plentiful rainfall



Renewable energy



A close-up photograph of a person's hands holding a small green seedling with dark soil. The person has long blonde hair and is wearing a dark green jacket and a silver chain bracelet. The background is a soft-focus green landscape with sunlight filtering through the trees, creating a bokeh effect.

We're one of the most  
carbon efficient producers  
of dairy in the world, but  
we can do more.

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We're committed to producing dairy  
nutrition in a way that cares for the  
environment, animals and people.



To respond to these trends and signals, we have made three strategic choices



Continue to focus on  
New Zealand milk



Be a leader in  
sustainability



Be a leader in dairy  
innovation & science

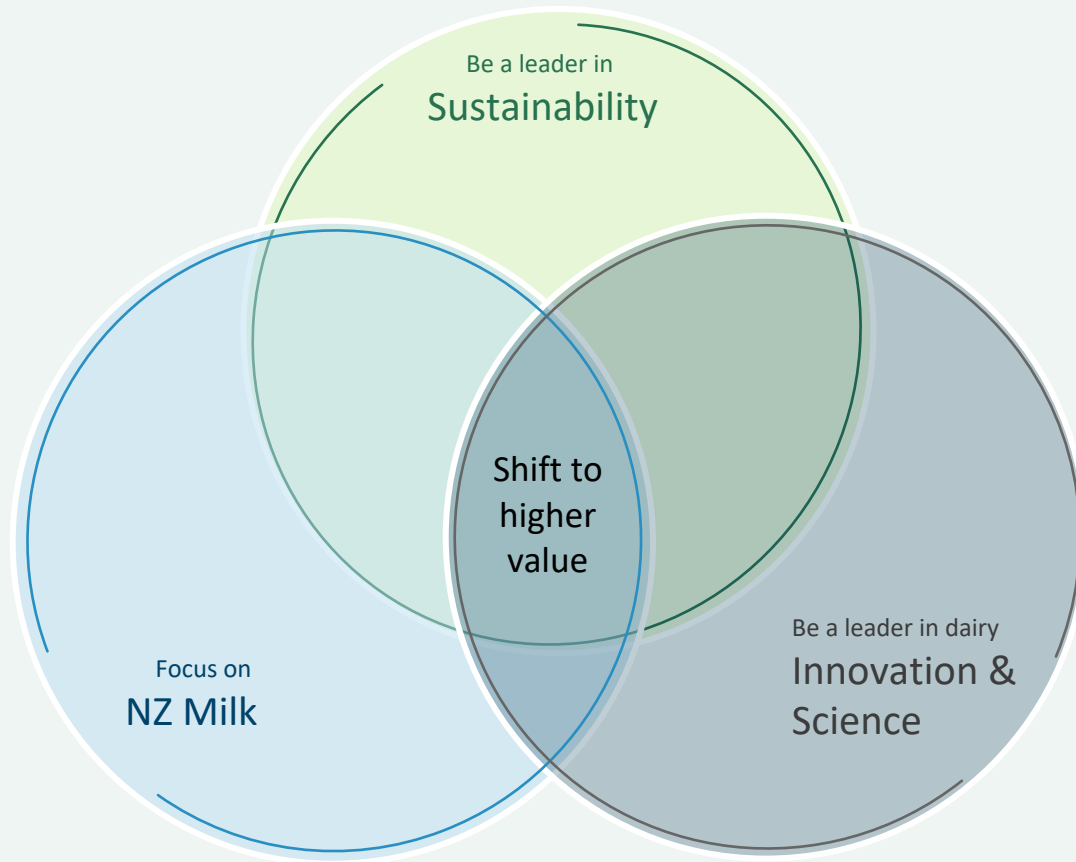




# Our strategic choice to lead in sustainability



## Fonterra's 2030 Strategic Choices:



Tackling climate change is a top priority for a leadership position in sustainability

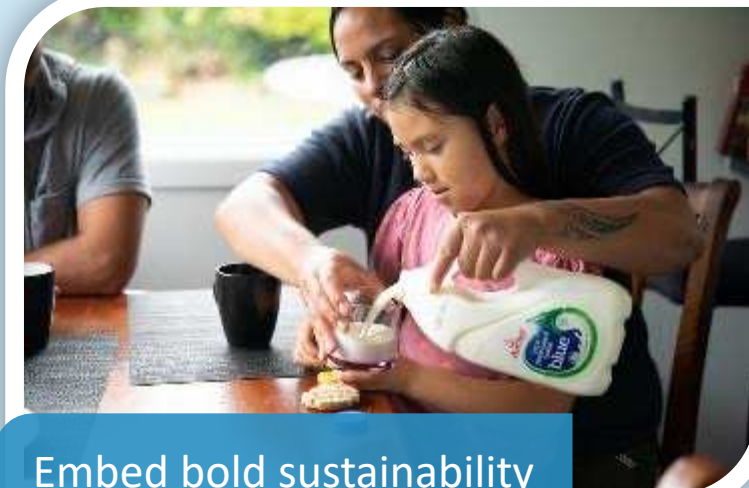
We are starting from a good base, but we need to do more to maintain our **low carbon advantage**.



# Enabling sustainability as a competitive advantage



Deep collaboration on sustainability challenges



Embed bold sustainability marketing and story telling in our brands



Winning go to market approach for sustainability

# Our Sustainability Journey





**Sustainable development is a universally relevant, a global challenge, and no one can do it alone.**

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Climate change is one of society's greatest challenges. It is also one of the greatest risks to the future of our business. Solving it requires all of us to act with urgency.

Source: Nestlé- 'Our Net Zero Roadmap'





Thank You

