Peder Tuborgh
Group CEO
Arla Foods
Sønderhøj 14
8260 Viby J
Denmark

London, 20 December 2021

RE: Meat and dairy industry commitments and actions to address methane emissions

Dear Mr. Tuborgh,

Following the launch of the Global Methane Pledge, supported by over 100 countries, at the Climate Conference in Glasgow, there is a renewed urgency for all major methane emitting companies to rapidly cut methane emissions. Methane is the second biggest contributor to climate change, already responsible for around 0.5 degree temperature increase and rapid action to cut methane emissions can help us prevent reaching irreversible climate tipping points. In our recent report *Blindspot, how the lack of action on livestock methane undermines climate targets* released on 27 October 2021, we have investigated what some of the biggest meat and dairy companies, including Arla, are doing with regards to their climate and methane emissions. We are writing to you with some follow up questions and recommendations.

Our report reveals a complete lack of action from the biggest meat and dairy companies to address their significant climate footprint. We analysed and scored climate policies against 11 indicators, with a particular focus on methane. None of the 20 companies analysed report methane emissions separately and none of them have any meaningful and concrete targets or action plans to specifically reduce methane emissions in their operations and supply chains. Only seven companies have science-based climate targets and for most companies we also could not find much information about investment in methane abatement options and meat alternatives.

In particular, Arla scored 14.8 out of 100 in our ranking, showing no action towards the reduction of methane emissions. Most importantly, your company hast yet to set specific commitments, targets and action plans for methane reduction or even report methane-specific emissions for your operations and supply chains. We also note Arla's minor investment on technical methane abatement research, and your small investment in protein alternatives. However, Arla does not report the percentage of revenue these investments represent and is lacking strong and explicit support for wider actions and transitions to

sustainable, low carbon food systems including a reduction of meat and dairy consumption and production.

Science tells us that we need to cut methane emissions by 45% within this decade if we are to limit global heating to 1.5˚C[1] and avoid climate catastrophe. The newly launched Global Methane Pledge is a step in the right direction and its actions will include cutting methane emissions from agriculture. The private sector will increasingly come under pressure and scrutiny from governments, civil society and investors. For this reason, we are writing to you to recommend that you develop scientifically credible climate targets, which must include ambitious and quick reductions in methane emissions (see our recommendations at the end of this letter).

In addition, we are asking you to disclose the following information regarding your methane and CO2 emissions action plans (that we could not find on your website). We are preparing a new report on the investments of the biggest meat and dairy companies, where we will publish the information you provide or the lack of responses to these questions.

QUESTION 1
How much have you invested in methane abatement measures in the last 5 years? What % of your revenue is represented by this? What are your future plans and commitments to invest in these measures until 2030?

QUESTION 2
How much have you invested into plant-based, fermentation-based and cultured meat and dairy alternatives in the last 5 years? What % of your revenue is represented by the sales of these options? What are your future plans to increase this range in your sales until 2030?

QUESTION 3
How much have you invested in climate emissions abatement technologies in the last 5 years? What % of your revenue is represented by this? What future plans do you have to invest in these measures until 2030?

We appreciate the answers to these questions. As mentioned above, we would also like to provide the following recommendations on the basis of our research.

RECOMMENDATION 1
Set science-based targets in line with 1.5˚C of global heating, which include scope 3 emissions from all actors involved in your supply chains. Implementation should include separate reporting requirements for CO2 and methane emissions, including scope 3 emissions.

RECOMMENDATION 2

[1] UNEP (2021) Global assessment: Urgent steps must be taken to reduce methane emissions this decade. [ONLINE] Available at: https://www.unep.org/news-and-stories/press-release/global-assessment-urgent-steps-must-be-taken-reduce-methane

Establish separate methane reduction targets and concrete action plans to meet them. The focus must be on reducing your company's absolute emissions, rather than emissions intensity. We encourage you to work closely with farmers to discuss viability of different measures and prevent overreliance on unproven technical measures and solutions. These projects should pay special attention to wider sustainability and animal welfare considerations to avoid negative impacts.

RECOMMENDATION 3
Invest in alternative protein production and develop concrete plans and milestones to increase the sales of these healthier alternative products. In line with our questions above we encourage you to report your investments in different methods.

RECOMMENDATION 4
Support progressive climate, environmental and health policies. It is crucial that your company, and those associations that represent you, express support for progressive policies that will drive a shift to healthier and more environmentally sustainable diets, rather than lobby against the implementation of such policies.

We would appreciate it if you could respond to this letter by 25 January 2022 and share with us your responses to our questions and recommendations. We urge you to rapidly reduce methane emissions within the next decade. We remain at your disposal for any additional questions or information.

Yours sincerely,

Changing Markets Foundation, Nusa Urbancic, Campaigns Director
Mighty Earth, Nico Muzi, Europe Director
Feedback, Jessica Sinclair Taylor, Head of Policy and Media
Deutsche Umwelthilfe e.V. (Environmental Action Germany), Jürgen Resch, Director

CC: Kasper Ibsen Beck, Director of Corporate Communications; Sofie Biltoft-Riis, Director, Head of Sustainability Development; George Morrison, Director of Global Public Affairs