Dairytales:

Arla's smokescreen for its lack of climate action

Manure is gold
and gold is manure.
Both = 0
0 = ∞
∞ = 0
A B <
1, 2, 3.
Whoever has no soul
needs no gold,
whoever has a soul
needs no manure.
For sure.

Srecko kosovel

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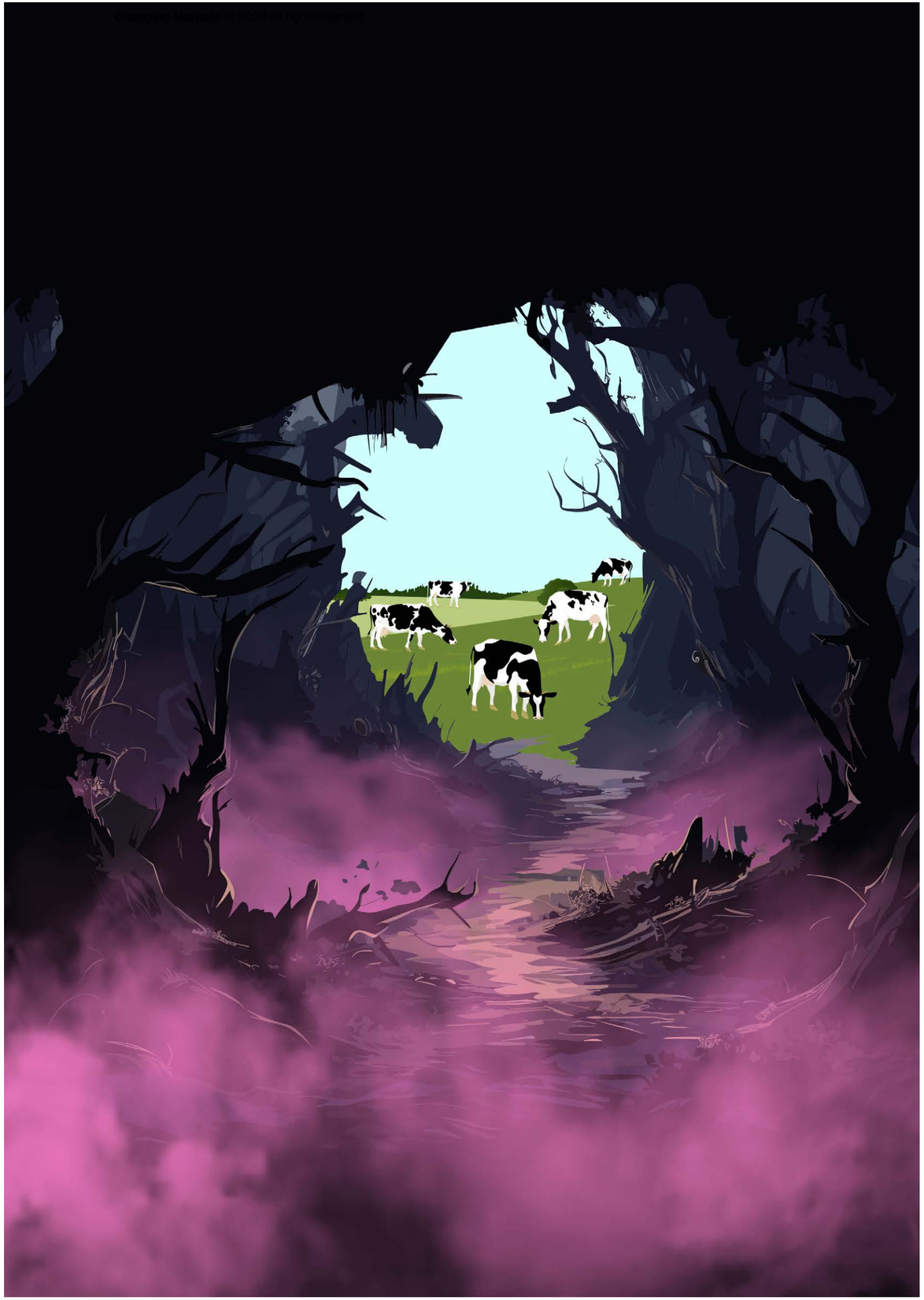


Executive Summary

The world has been experiencing record-breaking and deadly heat over the past decade, with 2024 becoming the hottest year yet. In 2021, scientists declared that, in order to halt this rise in global temperatures, swift action to reduce methane emissions was needed.[1] This is because methane is 80 times more potent than carbon dioxide (CO_2) while in the atmosphere, though it stays in the atmosphere for a much shorter time (around 20 years).[2] Methane reductions across energy, agriculture and waste are critical to achieving the immediate emissions cuts required to stay within the 1.5°C limit.[3]

Agriculture, in particular livestock, is the largest contributor to man-made methane emissions.[4] According to recent scientific literature, livestock farming is responsible for up to a fifth of the world's total greenhouse gas emissions. The majority of methane emissions associated with livestock farming are released as cow burps, a result of cows' digestive processes (enteric fermentation), along with emissions from manure. The scale of methane emissions generated by the world's major meat and dairy companies is comparable to major fossil fuel companies.[5]

Despite this, Big Meat and Dairy companies have long flown under the radar in the climate debate. They have largely avoided regulations to limit emissions, using a range of tactics to maintain their exceptional status. As the world's fifth largest

dairy company, Arla has been selling a dairy fairytale of sustainability to continue to escape climate sanctions while prioritising false solutions that further industrialisation. However, the green mirage has begun to crack; while Arla celebrates its own sustainability efforts, the company's climate work has been criticised for everything from lacking ambition and transparency to being pure greenwashing.

Arla's smokescreens

In this report, we look at how Arla is putting up smokescreens through lobbying, greenwashing and creative emissions calculations in order to hide its true emissions, increase its political influence, maintain dairy's privileged position and increase the company's profits. This provides a textbook example of how Big Meat and Dairy get away with their heavy climate footprint, as outlined in the Changing Markets Foundation report *The New Merchants of Doubt*.[6]

For this report, we have examined public documents and other written sources, as well as talking to dairy farmers connected to Arla. This information paints a picture of how Arla is working to increase its already large influence in the industry, and how it lobbies policymakers to advance its agenda. Arla maintains its dairy fairytale by keeping an iron grip on its dairy farmers and sprinkling money on greenwashing campaigns to continue misleading consumers.

Emissions

With 56% of Arla's emissions coming from methane according to estimates presented in this report - surpassing the reported agricultural emissions of countries like the Netherlands - we look at the company's pledges to reduce these emissions and progress so far.

Arla positions itself as a climate champion and has pledged to reach net zero by 2050. The company has committed to reduce absolute greenhouse gas emissions in Scopes 1 and 2 by 63% by 2030. For Scope 3 emissions, Arla has an emissions reduction target of 30% per tonne of product by 2030.

- To get a clearer picture of how solid these climate targets really are, we analysed Arla's net-zero commitments against the UN's recommendations for credible and responsible net-zero targets. Our assessment shows that, of the nine relevant recommendations, Arla fulfils only one, partially fulfils five and does not fulfil three. The analysis found:
- Arla fails to have separate reduction targets for material non-CO_2 emissions, such as methane, and many of its reduction activities are banking on research and developments that are yet to be proven to be effective or rolled out for mass use.
- In particular for Scope 3 reduction targets, the company has committed only to reduce the intensity of its scope 3 emissions, not to reduce these in absolute terms.
- While the company has policies linked to sustainability, there is no clear indication how these will help Arla meet its 2050 goal.
- The one recommendation that the company meets - not using carbon credits - doesn't paint the full picture, as the company has formerly used offsets to claim carbon neutrality for its products.
- Arla employs significant resources to lobby governments and the EU to derail climate legislation and effective measures to transform the food system.

Weak initiatives

While Arla promotes technological solutions, like feed additives and biogas, as part of its climate plans, its commitment to rolling these out is questionable. According to our estimates presented in this report, the company is only investing about €200 million a year in 'sustainability' against the approximate €240 million it spends on marketing.

One of the technological solutions that Arla is quite vocal and active on is converting methane from manure into biogas,. However, biogas does little to address the company's main source of emissions; our estimations show only 2.6% of Arla's emissions per kilo of milk are currently saved through biogas, with a maximum (and unlikely) potential of 15%, compared to 2015 levels. Nevertheless, the company is aggressively pushing for further biogas subsidies and favouring biogas in its own incentive scheme for farmers, both of which risk further intensification and industrialisation of dairy production.

Arla appears to put little effort into transforming its production system and has a very small offering of plant-based products compared to its competitors. As this report shows, its main plant-based brand, Jörd, is worth only £7.9 million, representing just 0.3% of Arla's total revenue in the UK. Equally, according to the authors estimates, Arla's share of the plant-based UK market is a mere 2.4%, in contrast to its milk market share of 20-27%.

To reach its climate targets, Arla promotes its FarmAhead Check Tool and FarmAhead Sustainability Incentive initiative. These aim to provide farm-level carbon footprint measurement, and offer financial incentives per litre of milk to farmers for reducing emissions according to Arla's own point-based system. However, these initiatives have been heavily criticised, especially by small to medium-sized dairy farmers, who argue that the system is unfair and pushes farmers towards intensification.

Lobbying

Arla knows business-as-usual is not guaranteed. To maintain its profitable position, Arla works together with favourable policymakers to secure industry benefits and concessions and maintain the status quo, despite the dairy industry's huge impact on the environment, biodiversity and climate. Through direct and indirect lobbying, Arla has been involved in derailing climate policy in the EU, including through derailing the inclusion of agriculture in the Methane Strategy and blocking access to school food programmes for alternative drinks. Our report also uncovers lobbying for more subsidies and investment in climate solutions such as regenerative agriculture and biogas that are pushed as 'silver bullets' but fail to address the company's main climate impacts. By scrutinising Access to Information requests, and conducting interviews, we paint a picture of a company that spends huge sums on negatively influencing climate policy for EU citizens.

Greenwashing

Much of what Arla does in the field of environment and climate can be interpreted as greenwashing. In particular, Arla's Net Zero marketing campaign in Sweden, Denmark and the Netherlands claimed that the carbon footprint of the milk it was advertising had been neutralised, including *'methane from enteric fermentation, from cow to consumer*'. The campaign was heavily criticised by both consumers and authorities, and in Sweden, Arla was taken to court by the Swedish Consumer Ombudsman and lost the case.

This is a crucial decade for climate action, and Arla is so far selling us a fairytale that leads towards climate catastrophe. To put this right, this report calls on Arla to:

- Align its net-zero plan with the recommendations outlined by the UN High-Level Expert Group on Net-Zero Emissions of Non-state Entities in the *Integrity Matters* report by COP30 at the latest.
- Adopt an ambitious and specific methane reduction target, in particular, given the nature of supply chains and emissions stemming from them, followed by a concrete action plan benchmarking a minimum target of 30% cut of agricultural methane.
- Implement a transparent and robust reporting and accounting system for Arla's emissions that allows for third party independent verification.
- Reduce emissions from its dairy portfolio driven centrally by a climate strategy that diversifies Arla's production. This should include a trajectory to reduce livestock numbers paired with an increase in ecologically produced plant-based products and campaigns that promote an increase in sales of these products.
- Arla's FarmAhead Technology should be based on ecological benchmarks such as biodiversity and ecosystem restoration that reduce emissions rather than a narrow focus on intensification.
- Disclose lobbying expenditure (including political donations and fees paid to consultancies and PR firms) and actively disassociate with industry associations that lobby against meaningful climate and health legislation.

1. Company intro

Arla Foods amba (Arla from hereon) claims to be the world's fifth largest dairy company.[7] Headquartered in Denmark, the company is legally owned by 12,700 dairy farmers from Denmark, Sweden, Germany, the UK, Belgium, Luxembourg and the Netherlands.[8] In addition, Arla has a company-owned dairy farm in Nigeria.[9]

Arla sells a range of dairy-based products such as milk, milk powder, butter, yoghurt and cheese. Arla's brands include Anchor, Lurpak, Castello, Lactofree, Apetina, Baby and Me, Dano, Cheasy, Natura, Yoggi, Skyr, Kaergarden and Buko[10] across Denmark, Sweden, the UK, Finland, Germany,[11] China and countries in Central Europe, the Middle East and Africa.[12] It also has a plant-based line, Arla Jörd, which was launched in 2020.[13] Arla is also associated with big names through partnerships with McDonald's[14] (in the UK) and Starbucks[15] (for its operations in Europe, the Middle East and Africa).

In 2023,[A] Arla reported revenue of €13.7 billion, down €0.1 billion from the year before but up €2.5 billion from 2021, and processed 13.9 billion kilos of milk - a figure that has remained roughly the same over the last three years.[16]

Arla claims to track its history back to 1881[17] when the first dairies in Denmark and Sweden were founded, but the company Arla Foods was established in 2000[18] when Danish MD Foods and Swedish Arla Ekonomisk Förening merged.[19] Arla states in its history that the post-World War II period saw a massive growth in the number of dairies and that 'mergers and acquisitions among dairies was *(sic)* part of the daily life in both Denmark and Sweden'.[20] Between 2006 and 2023, six years after Arla Foods was established, the number of dairy farms in Denmark, where the company is headquartered, declined from 5,942 to 2,228.[21] During this period, the remaining farms have become larger and more intensive in production. The herd on Swedish farms increased by 129% between 2000 and 2023.[22] Although the trend of small farms disappearing in favour of large industrial farms is a global phenomenon, this structural rationalisation is in line with Arla's agenda.[23] The company has been reported to control more than 90% of the milk pool in Denmark and two thirds in Sweden.[24] Despite being structured as a cooperative, Arla has often been accused of designing its management systems to favour larger farms, while smaller and medium-sized farms suffer.[25]

A 2023 was Arla's most recent annual report at the time of writing.

1.1 Living the cooperative promise: Are dairy giants like Arla falling short?

Reportedly providing work opportunities to 280 million people around the world and with the largest 300 cooperatives reporting a turnover of US$2,409 billion, cooperatives are a force to be reckoned with.[26] While cooperatives like Arla dominate milk production, small-scale farmers often claim to struggle to compete within these systems,[27] raising concerns about equitable access and profit distribution within larger cooperatives.

The International Cooperative Alliance(ICA) is a global non-governmental organisation that represents and sets standards for cooperatives from all sectors.[28] The ICA Statement on the Cooperative Identity states that a cooperative is an 'autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise'.[29]

The United Nations Global Compact (UNGC) is a voluntary initiative for business and organisations that promotes ten principles that support sustainable and socially responsible practices:[30]

> **Principle 1:** Support and respect the protection of internationally proclaimed human rights.
>
> **Principle 2:** Ensure businesses are not complicit in human rights abuses.
>
> **Principle 3:** Uphold freedom of association and the right to collective bargaining.
>
> **Principle 4:** Eliminate all forms of forced and compulsory labour.

Principle 5: Abolish child labour.

Principle 6: Eliminate discrimination in employment and occupation.

Principle 7: Support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Work against corruption in all its forms, including extortion and bribery.

While the UNGC was not designed specifically for cooperatives, many have signed up to its principles, including Arla.[31]. While Arla is not listed as a member of the ICA, its membership of the UNGC suggests an alignment with recognised cooperative principles on sustainability and social responsibility. Arla's website states:

"We work together to create a sustainable long-term future for the dairy industry. Our farmer ownership means that all of Arla's profits go back to our farmer owners and that the owners take an active part in deciding how we grow and develop our business."[32]

Our assessment identified four key areas where Arla must realign with these principles to fulfil its role as genuine champions of community and sustainability.

1.1.1. The pitfalls of centralised power

Arla has a multi-tiered governance structure that includes a Board of Representatives (BoR), Board of Directors (BoD), Area Forums and Joint Area Council and Regional Boards.[33]

While members can participate in decision-making through the BoR, which serves as a representative body with 175 farmer-owners and 12 employees,[34] the real power is held not by the majority of the members but by the BoD. Internal critics are concerned that the BoR tends to act as the voice of the BoD, rather than the vast majority of the members.[35] Meaning that the critical decisions relating to strategy, operation and asset management are all taken above the head of the vast majority of the members. This centralisation of power prevents direct member involvement, contradicting the ICA principle of democratic member control, which emphasises participatory decision-making by all members.[36]

Another example of Arla not taking members' opinions into consideration is the decision to move ahead with its Sustainability programme despite 14 out of 17 farmer groups reportedly voicing criticism about the initiative.[37] To address these concerns, Arla must decentralise key decisions and foster greater, more equitable member engagement at all levels.

1.1.2. Unequal rewards

Arla's milk payment system determines how much compensation members get per litre of milk delivered. According to Arla's promotional material, milk price payments and annual supplementary payouts are calculated using a standardised global milk price.[38] This standardised price fails to reflect regional variations in production costs, disadvantaging smaller farmers and those in high-cost regions.[39]

Arla's 2023 financial report very clearly points out to farms suffering from high inflation[40], - which usually have the greatest impact on smaller enterprises. Arla prioritises reinvestment to support expansion over member payouts, with €601 million reinvested in the company in 2023 compared to €270 million going towards supplementary payments to farmers.[41]

Arla's governance framework

Source: Arla's annual report 2023

BOARD OF REPRESENTATIVES (BOR)

187 MEMBERS

BOARD OF REPRESENTATIVES		OWNER NATIONALITIES	
187 Members		7,999 dairy farmers	
74	Denmark	1,948	Denmark
47	Sweden	1,996	Sweden
25	Central Europe Luxembourg Netherlands Germany Belgium	2,074	Central Europe Luxembourg Netherlands Germany Belgium
29	United Kingdom	1,981	United Kingdom

175
FARMER-OWNERS

12
EMPLOYEE REPRESENTATIVES

COUNCIL

Forums act as a bridge between BoD and members

address global issues like milk supply agreements. Council comprises BoR members elected from each

REGIONAL BOARDS

Composition varies by region; address region-specific owner issue

BOARD OF DIRECTORS (BOD)

19 MEMBERS

14 FARMER-OWNERS

3 EMPLOYEE REPRESENTATIVES (elected by the BoR)

2 EXTERNAL (elected by the BoR)

OVERSEES

STRATEGY, OPERATIONS, AND ASSET MANAGEMENT

SEAT DISTRIBUTION BY EQUITY:

6	4	2	2
Denmark	Sweden	UK	Central Europe

Area Forums and Joint Area

For Arla to be credible as a co-operative actor, it must address its financial policies and its governance structure to align with the cooperative values of shared benefits and member control.

1.1.3. Erosion of member autonomy

Cooperatives should aim to allow for member independence,[42] however programmes like the Farm Management Programme, also known as Arlagården®[43], from Arla show otherwise. The Farm Management Programme Arlagården® imposes a rigid framework on members, with 33 requirements operationalised through 117 checkpoints covering areas such as milk quality and food safety, animal welfare, climate and nature, and people (see figure 1 below).[44]

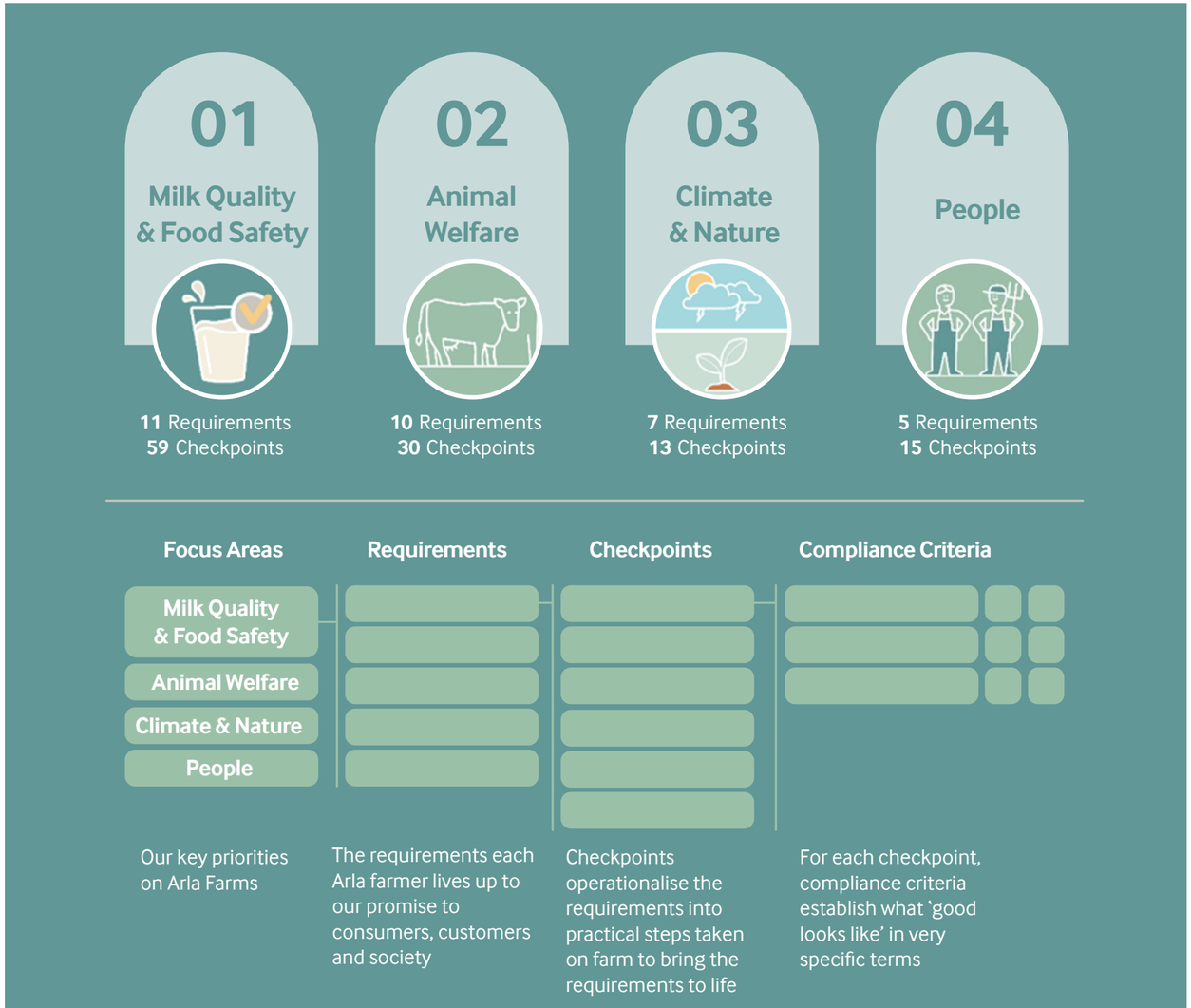


Figure 1: The four focus areas of Arlagårde[n][45]

Arla's rebranded 'FarmAhead Check' tool (previously the Climate Check Programme) is a part of Arla's FarmAhead Technology[46] and has been developed to help farmers measure the climate impact from their operations and to identify the most effective steps to reduce it.[47] With these two management programmes, Arla holds an immense amount of control over its supplying members. Top-down decision-making, mandatory programmes and contractual obligations deviate from the cooperative ideal of empowering members.

Arla's Arlagården® initiative sets stringent standards for milk quality, animal welfare and environmental practices. However, such standards usually require substantial investment in infrastructure and compliance, which risks disproportionately burdening smaller farmers. While these requirements could lead to positive changes in sustainability and quality, they also add financial pressure to those already struggling with rising production costs.[48]

Arla's sustainability commitments are ambitious: it aims for 100% recyclable packaging[49] and 100% green electricity in the EU by 2025[50] and carbon neutrality by 2050.[51] However, to meet these commitments Arla must ensure that all members have the necessary resources, training and support to transition to more sustainable practices.

2. Burying its (methane) emissions

With the world experiencing record-breaking and deadly heat over the past decade, with 2024 becoming the hottest year yet,[52] it is important to look at the source of emissions and rapidly address them. Livestock farming is one of the main drivers of climate change, responsible for between 12%[53] and 19%[54] of humanity's total GHG emissions. In 2021, scientists declared that, in order to halt this rise in global temperatures, swift action to reduce methane emissions was needed.[55] This is because methane is 80 times more potent than carbon dioxide (CO_2) while in the atmosphere, though it stays in the atmosphere for a much shorter time (around 20 years).[56] Methane reductions across energy, agriculture and waste are critical to achieving the immediate emissions cuts required to stay within the 1.5°C limit.[57]

Credit: *Shutterstock*

Arla, as the fifth largest dairy company globally, is a prominent part of this. The food sector has long flown under the radar in the climate change debate, even though the scale of methane emissions generated by the world's major meat and dairy companies is comparable to major fossil fuel companies.[58] As this begins to change, Arla and others are stepping up their climate commitments - though, in practice, key areas remain unaddressed.

In 2023, Arla's self-reported GHG emissions totalled 18.8 MtCO2e.[59] Following the categorisation of the Greenhouse Gas Protocol, Arla breaks down this number under Scopes 1, 2 and 3 - with Scope 3 covering the bulk of its emissions (18.1 MtCO2e; 96.5%).

BOX 1: Arla's definition of Scope 1, 2 and 3 and latest emission figures

Arla defines[60] Scope 1, 2 and 3 as follows:[B]

Scope 1 emissions relate to the activities under our direct control. They include transport with Arla's vehicles, and emissions from Arla's production facilities and offices.

Scope 2 emissions are the indirect emissions caused by the energy that Arla purchases, i.e. electricity or heating.

Scope 3 emissions are the indirect emissions from purchased goods and services (e.g. raw milk from our farmer owners, sourced whey, packaging and third-party logistics), but also from waste handling (e.g. recycling) at our sites.

Table 1: Arla's 2023 greenhouse gas emissions accounts[61]

Greenhouse gas emissions (scope 1, 2, 3)					
Thousand tonnes (mkg)	2023 [2,3]	2022	2021	2020	2019
Production	426	399	368	381	366
Transport	82	78	79	93	97
CO_2e scope 1	**508**	**477**	**447**	**474**	**463**
CO_2e scope 2 – market-based	**152**	**218**	**286**	**277**	**399**
Milk	15,196	15,571	16,386	16,645	16,524
Externally sourced whey	1,987	1,859	1,751	1,133	1,032
Packaging	459	444	417	396	384
Purchased goods and services (category 1)	17,642	17,874	18,554	18,174	17,940
Fuel and energy-related activities (category 3)	159	177	125	120	110
Upstream transport and distribution (category 4)	331	346	347	306	312
Waste generated in operations (category 5)	9	10	24	25	25
CO_2e scope 3[2]	**18,141**	**18,407**	**19,050**	**18,625**	**18,387**
Total CO_2e	**18,801**	**19,102**	**19,783**	**19,376**	**19,249**
CO_2e scope 2 – location-based	192	165	243	237	274
Total CO_2e – location-based	18,841	19,049	19,740	19,336	19,124

2. Scope 3 emissions from categories 2, 6, 7, 8, 9, 13 and 14 are individually less than 0.5% and not included in the emission figures.

   Categories 10, 11, and 12 have minor impacts above 0.5%. Arla did not report voluntarily in 2023, but is improving data quality for future reporting. Category 15 has around a 5% impact, and data quality efforts are underway for future reporting.

3. Biogenic emissions, which are not included in the emission table, amounted to 90 thousand tonnes of CO_2e.

4. Refrigerants not included.

B A full version of the definition can be found on page 40 of the 2023 annual report.

75-90% of the emissions of food products have been shown to happen in their upstream activities62 (those connected to farming and food-production). It is very important for companies like Arla to address these emissions. Addressing Scope 3 emissions is critical, since these account for 96.5% of Arla's emissions. Methane makes up a big part of these emissions.

In its 2023 annual report, Arla acknowledges that *'methane emissions are a major challenge for the dairy industry, comprising 43% of the total emissions from Arla farms due to cows' digestion of feed'*.[63] In this same report, a figure shows (see figure 2) that Arla estimates that manure storage contributes 10% of its total emissions. Although manure storage also contributes to a company's methane emissions, it is unclear how and if these are accounted for by Arla.

The lack of clarity on emissions accounting seems to be in line with Arla's usual way to report these emissions. In its 2022 climate check report,[64] Arla stated that 41% of on-farm emissions were from cows' digestion (also known as 'enteric fermentation'); feed production was 33% and manure storage 10%.

These percentages show the bulk of Arla's methane emissions; however, it does not provide a specific number for them.[C] While Arla does report its emissions relatively comprehensively, it does so in CO_2 equivalents, rather than specifically reporting on methane, which is the greenhouse gas that accounts for the majority of its climate impact. According to the latest UN standard[65] (more on this in section 1.2), companies with credible net-zero goals should report all material non-CO2 emissions separately. The lack of reporting of methane emissions is a very common practice by meat and dairy companies, including Arla.

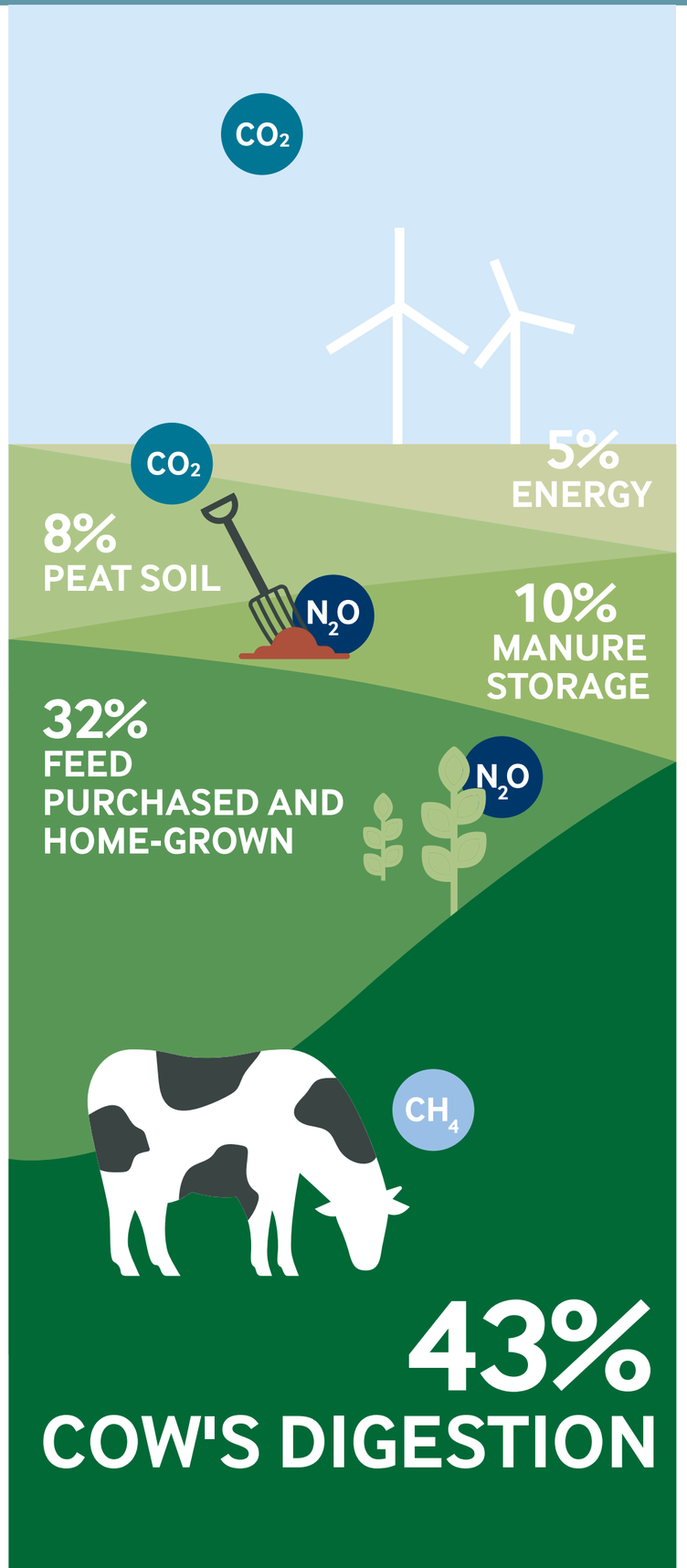


Figure 2: Where Arla's emissions come from, as reported by Arla[66]

C Table 1 shows Arla's most recent (2023) emissions breakdown.

BOX 2: **FarmAhead Technology model – Measuring Arla's emissions**

Before 2020 Arla used its own or open-source tools to estimate on-farm emissions. Its FarmAhead Check tool (previously known as Climate Check) was eventually rolled out in 2020.[67]

According to Arla,[68] *this tool was developed in collaboration with 2.0-LCA consultants. It is based on ISO 14044 standards for life cycle assessments and follows the International Dairy Federation (IDF) guidelines on Carbon Footprint methodology. On the same web-site, Arla states that the emissions factors for animals, manure and soils are based on those of the Intergovernmental Panel on Climate Change (IPCC). Arla says the tool will be regularly aligned to new developments in climate science and farming practices.*

The tool, Arla claims, provides an online questionnaire with 203 questions, including subjects such as animal movement to and off the farm; breed; the feed, fertilisers, fuel and energy used; and waste and manure handling. The questionnaire is said to also take into account the presence of peat soil, which other tools do not. However, according to Arla, the tool does not include land-use change emissions through imported feed like soy, nor carbon sequestration from grasslands.[69]

According to a 2021 document[70] *about an updated version of Arla's tool,*[D] *the tool calculates the methane emissions from enteric fermentation, taking into account the feed used. It also considers methane emissions from manure storage and management.*

Using a questionnaire, the tool provides a preliminary carbon footprint result per farm that is then 'verified by a third-party advisor'.[71] *The advisor will visit the farm to review the data and go through the results with the farmer. Once the advisor has reviewed and validated the results, the data goes through a second round of review by Arla itself to look for any 'discrepancies and anomalies'. When the data has passed Arla's statistical processes, it is compiled with the data from all farms and used for benchmarking and insights.*[72]

D It is not clear if this is the latest version of the tool that the company currently uses.

Given the lack of transparency and accountability by food companies, especially in the meat and dairy industry, when it comes to methane emissions, campaign organisations have had to do this analysis themselves. A recent report by Greenpeace Nordic[73] calculated the methane emissions of 29 of the largest meat and dairy companies, including Arla (see Table 2).

Table 2: Arla's estimated methane emissions[74] (based on 2022 milk intake figures[75])

GHG emissions (GWP100 basis)	MtCO2e	24.0
GHG emissions (GWP20 basis)	MtCO2e	50.1
CH4 emissions (GWP100 basis)	MtCO2e	13.4
CH4 emissions (GWP20 basis)	MtCO2e	39.5
Fraction of GHG emissions as methane (GWP100)	%	56%
Fraction of GHG emissions as methane (GWP20)	%	79%
Methane (CH4) emissions	MtCH4	0.5
Enteric fermentation emissions (GWP100 basis)	MtCO2e (% of total GHG emissions)	9.9 (41%)
Manure management emissions (GWP100basis)	MtCO2e (% of total GHG emissions)	3.4 (14%)
Enteric fermentation emissions (GWP20 basis)	MtCO2e (% of total GHG emissions)	29.5 (59%)
Manure management emissions (GWP20 basis)	MtCO2e (% of total GHG emissions)	9.9 (20%)

According to Greenpeace Nordic, on a GWP100 basis (which calculates the global warming potential of greenhouse gases over a 100-year period), Arla's estimated methane emissions amount to roughly 13.4 Mt-CO_2e, making methane 56% of its overall GHG emissions (24 MtCO_2e). These are more than the reported agricultural methane emissions of, e.g., the Netherlands (11.4 MtCO_2e) or Ukraine (9 MtCO_2e).[76] [E] Enteric fermentation represents close to 75% of overall methane emissions, and manure management around 25% (see Table 2).

It is common for corporate disclosure to be incomplete, not comparable between years (or with other organisations) or absent. Companies like Arla have the tools to estimate their methane emissions in a clear and transparent way; they have just chosen not to disclose them.

2.1 Arla's emission reduction goals

Arla launched its Net Zero 2050 goal in 2019. In it, Arla committed to reduce absolute Scope 1 and 2 GHG emissions by 63% by 2030 from a 2015 base year (this target boundary includes biogenic emissions and removals from bioenergy feedstocks).[77]

Regarding Scope 3 emissions, Arla has an emissions reduction goal of 30% per tonne of product by 2030 from a 2015 base year.[78] In other words, while Arla has committed to reduce its Scope 1 and 2 emissions in absolute figures, it is only reducing emissions intensity for Scope 3 - the vast majority of its emissions.

E See endnote 76. Figures related to 2021

For 2023, Arla reported a reduction of its emissions of around 300,000 tonnes CO_2e compared to 2022 (a reduction of around 1.6%) and almost 1 million tonnes since 2021 (almost a 5% reduction). However, Arla's emissions had risen in 2020 and 2021, making the 2019 to 2023 reduction only 2.3% (or 450,000 tonnes CO_2e) See table 3

Table 3: Arla's self-reported GHG emissions since 2015 (in 1,000 tCO_2e) [F, G, H, I]

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Scope 1	508	477	447	474	463	490	492	474	535
Scope 2	152	218	286	277	399	456	438	466	342
Scope 3	18,141	18,407	19,050	18,625	18,387	18,553	18,671	18,644	19,802
Scope 3 per kg of milk & whey	1.14	1.18	1.2	1.21	1.21	1.2	1.22	Not reported	Not reported
Total	**18,801**	**19,102**	**19,783**	**19,376**	**19,249**	**19,499**	**19,601**	**19,584**	**20,679**
Milk intake	**13,874**	**13,673**	**13,826**	**13,966**	**14,099**	**14,025**	**14,058**	**13,874**	**14,192**

When we compare this to a longer timeline of 2015 (Arla's baseline for emissions reductions), combined Scope 1 and 2 emissions reduced by 25% in absolute figures. Absolute Scope 3 emissions reduced by 8.4%, while Scope 3 emissions intensity reduced by only 6.6% between 2017 and 2023 (2015 figures are not reported). That is, Arla reduced its Scope 3 intensity by 6.6%

F Arla. (2022) *Sustainability Report*. https://www.arla.com/4a8bc3/contentassets/22be08b927904f6d83b2225f80eece71/arla-annual-report-2022_uk.pdf

G Arla. (2020) *Corporate Responsibility Report 2020*. https://www.arla.com/492cbb/globalassets/pdf-files/sustainability-report-2021/sustainability-report-2021.pdf

H Arla. (2020) *Corporate Responsibility Report 2020*.

I Arla. (2024) *Annual Report 2023*.

over a six-year period, i.e. 1.1% per year. With six more years remaining until 2030, this current trajectory would get Arla to a reduction of 13.2%[J] - far from the stated goal of a 30% reduction by 2030. However, it is essential for Arla to reduce absolute emissions, not only emissions per unit of product. Its reduction of absolute annual Scope 3 emissions of about 1%, however, is far too low to reach the Paris Agreement's 1.5°C limit in the long term.[79]

When looking at Table 3, Scope 1 emissions are now higher than they were in 2019 (a nearly 10% increase) while Scope 2 emissions have fallen by 62%. Only in 2015 were Arla's Scope 1 emissions as high as in 2024.

Because Arla has reduced the combined Scope 1 and 2 emissions, the share of Scope 3 emissions increased from close to 95% to 96.5% in 2023.

In its 2021 Climate Check report,[80] Arla states *'methane emissions from the cow and feed production offer the highest opportunity for reductions in overall emissions short-term, while all the different categories are needed to support Arla's ambition to be carbon net zero by 2050'*.

2.2 Weak climate plans and initiatives

While net-zero commitments are welcomed, it is critical to scrutinise companies' plans to understand if their intentions are genuine and credible.

In November 2022, the UN's High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities published its *Integrity Matters* report.[81] This provides ten recommendations for companies, financial institutions, cities and other non-state entities on how they can set credible and accountable net-zero targets and avoid greenwashing.

We analysed Arla's net-zero goal against the UN's recommendations. Of the nine relevant recommendations, Arla meets one, partially meets five, and does not meet three (see figure 4). The full assessment can be found as an annex at the end of this report.

Figure 4: Indicator assessment summary against the UN's recommendation

Recommendation	Assessment
Announcing a net-zero pledge	Partially met
Setting net-zero targets	Not met
Using voluntary credits	Met
Creating a transition plan	Partially met
Phasing out fossil fuels and scaling up renewable energy	Partially met
Aligning lobbying and advocacy	Not met
People and nature in the just transition	Not met
Increasing transparency and accountability	Partially met
Investing in just transitions	Partially met

While this analysis may make it appear that Arla is on track to meet its 2050 goal, in reality, it is questionable how it will do so.

J For the 2017-2023 period. There might have been reductions in 2015-2017 that would increase this figure.

The first question arises when looking at its reduction targets, more specifically its Scope 3 emissions. While Arla does have reduction targets for all Scopes, it fails to have absolute reduction targets for Scope 3 emissions (as previously mentioned, this is where the bulk of its emissions come from, and absolute emissions reduction targets is required within the UN recommendation[K]); fails to have a reduction target for material non-CO_2 emissions, such as methane (also a UN requirement); and, for many of its reduction activities, is banking on measures that are not yet proven or rolled out for mass use.

Arla's website and reports contain many statements that make it appear to be interested in sustainability and addressing its emissions. However, there is no clear indication on how these will lead to meaningful climate impact, especially in meeting its 2050 goal.

The one recommendation Arla meets is prioritising emissions reductions over using carbon credits. Arla has chosen not to use carbon credits to reduce its emissions. However, its target boundary for Scope 1 and 2 includes biogenic emissions and removals from bioenergy. As we will see in chapter 4, Arla has previously invested in carbon offset projects to claim carbon neutrality for its products, which had been challenged at court.

Lastly, but very importantly, Arla's associations and political activities were not found on the company's website. As we will see in chapter 3), Arla spends a considerable amount of time and resources to make sure business as usual continues for the production and consumption of dairy. No company's plan can be credible if it fails to address the necessary transformation of the sector.

2.2.1. Arla's mitigation attempts

In its 2050 Climate Ambition report,[82] Arla recognises that reaching net zero will be a challenge, and says *'we don't have all the answers to how we'll achieve it yet.'* While Arla claims to invest in research and innovation to *'unlock new ways to reduce on-farm greenhouse gas emissions'*, Changing Markets' recent report *The New Merchants of Doubt* [83] uncovered a different story.

When looking at how much Arla spends on advertising versus research and development, the report found that Arla spent around €240 million on marketing for 2021 to 2022.[84] [85] While Arla does not provide a specific figure for its spending on sustainability, it said it would spend €4 billion (€800 million yearly) between 2021 and 2026 on four areas: *'sustainability, digitalization, new production technologies and product development'*.[86] When this is split equally between the four areas listed, Arla would spend more on their marketing than on the solutions to mitigate its emissions.

To continue to appear to be a dairy sustainability leader, Arla has been testing some measures to show it is attempting to address methane emissions.

In 2020, Arla UK trialed the use of biogas from the anaerobic process to use as fuel for its milk trucks. Manure from 500 cows was used to power these vehicles.[87] According to Arla, 'poo-power' generation could be a credible source of fuel and renewable energy.[88] Arla continues to progress this concept in the UK, Finland and Sweden.[89] While this measure sounds like a good idea, to use it at scale can lead to troublesome consequences (see further down).

K See recommendation 2 in UN. (2022) *Integrity Matters: Net-Zero Emissions Commitments of Non-State Entities*.

In its 2023 annual report,[90] Arla identifies 'the Big 5' initiatives to address its farms' carbon footprint:[91] feed efficiency; protein efficiency; animal robustness; fertiliser use; and land use. In addition to 'the Big 5', Arla sees the use of feed additives as a way to further accelerate its efforts to reduce its methane emissions. In 2022, Arla started a large-scale trial of the feed additive Bovaer across 25 farms in Denmark, Sweden and Germany with a sample of 13,000 dairy cows.[92] Its initial trial showed an average reduction potential of 10% of the total carbon footprint of a product.[93] Most recently, Arla joined forces with Morrisons, Tesco and Aldi to trial Bovaer in the UK across 30 farms.[94] Although this particular feed additive has been widely used in other companies' trials and deemed safe by different governments,[95] this recent announcement in the UK was met with a big backlash due to fears of potential health risks[96] - though these claims have been refuted by the feed additive company, DSM,[97] as well as Arla[98] and the UK authorities.[99]

While research in feed additives and other technological measures is important and may lead to emissions intensity reductions, it is unwise for a company to solely rely on these measures. Most of these measures are still in their infancy, and their efficacy, longevity or scalability are uncertain. In addition, these measures do not necessarily result in absolute emissions reductions in the case of increasing overall production. In the case of some feed additives, there are scientific concerns that if the microorganisms in the cow's belly become immune to the additives, the estimated methane reduction will fall drastically.[100] Many other tech solutions will not be ready and available to be rolled out before 2030 - the deadline scientists have set for the world to reduce methane emissions in order to keep global warming below 1.5˚C.

2.2.2. Regenerative agriculture, doing it the natural way

Another practice that is highly popular among food companies to boost their environmental credentials is so-called regenerative agriculture. In its 2021 sustainability report,[101] Arla talks about how *'regenerative dairy farming practices can help improve soil health, carbon capture, water quality and biodiversity.'* The company has started trials in Sweden and the UK with the objective *to 'increase the positive environmental impact of dairy farming in collaboration with farmers, researchers, customers and industry stakeholders'*.

Regenerative agriculture can have several benefits to soil, water and biodiversity. However, in corporate climate strategies it often serves more as a greenwashing tool. A report in 2024 by New Climate Institute[102] found that it is hard to verify for this practice whether it led to actual emission reductions given that the claims of reduction and removals (through soil carbon sequestration) can be often used interchangeably by these companies. Without a reliable system to measure and verify the changes of carbon in the soil, it is hard to work out the robustness of companies' claims.

2.2.3. Small plant-based offering without plans of full transformation

The best way for food companies like Arla to reduce their emissions is through reducing herd sizes and diversifying to more plant-based product offerings. In a recent survey of more than 200 scientists, 78% said livestock herd sizes need to peak by 2025 if the world is to stand a chance of preventing dangerous global heating.[103] Additionally, the reduction in consumption of products that are high in methane emissions, like meat and dairy, can also lead to a meaningful cut in emissions.[104]

Arla entered the plant-based world in 2020 by introducing its 100% plant-based brand, Jörd, which was launched in Denmark, Sweden and the UK offering a variety of oat-based drinks.[105] A relaunch of this brand in February 2024[106] saw the introduction of six products,[L] including fermented and flavoured yogurts, oat drinks and barista milk made with Swedish oats.[M] Aside from Jörd, Arla most recently launched in the UK and Denmark a plant-based alternative to its Lurpak butter.[107] This was a long-awaited development, but has been reported to have caused turmoil inside the cooperative.[108]

Arla attributes the launch and expansion of its plant-based range as a response to consumer demand,[109] rather than being part of a transformation of its production system in order to reduce emissions. As news reports quote Arla Sweden's CEO: *"Milk is and remains the core of Arla's business."*[110] This position aims to dissipate any worries from its own co-op members,[111] who are dairy farmers.

It certainly shows the company's main priorities. Arla's Jörd brand has been reported to be worth £7.9 million.[112] While it is not clear if this figure is for the UK only or for all markets,[N] we have calculated how it translates in terms of investment in plant-based products in the UK market.

In 2023, the reported revenue for Arla UK was £2.6 billion.[113] This means the reported valuation of the Jörd brand would equate to 0.3% of Arla UK's total revenue. This might explain why the Jörd brand does not appear to show up on Arla's brand pages on its global[114] or UK websites.[115]The same goes for Arla's plant-based Lurpak version, which isn't shown in the product range featured on the website dedicated to this brand.[116]

L Arla's website now shows seven products. See: https://www.arlafoods.co.uk/brands/arla-jord/products

M This range is now available in Denmark, The Netherlands, Sweden and the UK.

N Original scoping research showed a press release by Arla UK which has now disappeared from its website.

In comparison, the UK's plant-based milk and yoghurt market (the two product categories where Arla has products under the Jörd brand) had combined sales of £334.2 million in 2022.[117] Presuming still that the £7.9 million figure is for the UK and equates to sales, this would only be a market share of 2.4% of the UK plant-based dairy market. In comparison, Arla accounts for about a quarter of UK milk production, processing 3-4 billion litres of milk annually.[118] With the UK producing around 15 billion litres of milk for human consumption per year,[119] Arla would have a market share of 20-27%.

When we compare Arla against another big dairy company, Danone, it reveals Arla's lack of seriousness in entering the plant-based world. Danone claims to be the plant-based foods and beverages market leader globally,[120] annually selling more than 300 million litres of Alpro branded plant-based beverages across Europe.[121] Danone also has a number of other plant-based brands such as SoDelicious, Follow Your Heart and Silk.[122] [123] In 2018 Danone's plant-based sales were €1.7 billion with a goal to increase this to €5 billion by 2025.[124] In 2024, Danone unveiled a number of new plant-based products and it was reported that Alpro's Plant Protein launch would be supported by a £2m campaign running from April to June 2024.[125]

The lack of investment in plant-based products and the view that the ones that are available are merely to satisfy consumer demand suggest Arla has little interest in transforming its portfolio to provide products that are less emissions intensive. The company continues to put dairy at the core of its production, claiming this system is sustainable - as we will see in the following chapter.

2.2.4. Incentivising industrialisation

In the summer of 2023[126] Arla launched its 'Sustainability Incentive model' as an approach to reduce its carbon footprint. The Incentive tool is part of the FarmAhead Technology tool.

According to Arla, the model[127] is a point-based system where farmers can acquire points based on farm activities (past and future) that allegedly reduce emissions in 19 categories. The farmer can gain points for each activity they perform that meets specific criteria. Each point triggers a premium of 0.03 Euro-cent/kg of milk delivered to Arla. Activities that are supposed to have the most reduction potential are worth the most points to the farmer.

The activities included in the model are based on the data registered for Arla's annual FarmAhead Checks, as well as consultations with external experts. The activities included are meant to be the most impactful, feasible and cost-effective for its farmers. At the moment, the highest score a farmer could get is 80 points, but as new developments in sustainability and science arise, the model will be updated and more points may be added.

While this point system looks like it is addressing several of the company's environmental impacts, it has faced criticism.

In June 2023, Arla's Swedish cooperative farmer representatives started a motion to strongly criticise the Arla FarmAhead Check and FarmAhead Incentive tools.[O] The motion states that the tool pushes farmers into intensification by favouring the use of compound feed from monocultures, like soy, in industrialised systems (which also leads to higher use of artificial fertiliser and pesticides) over feeding animals perennial grasses, an important component of biodiversity protection in Sweden.

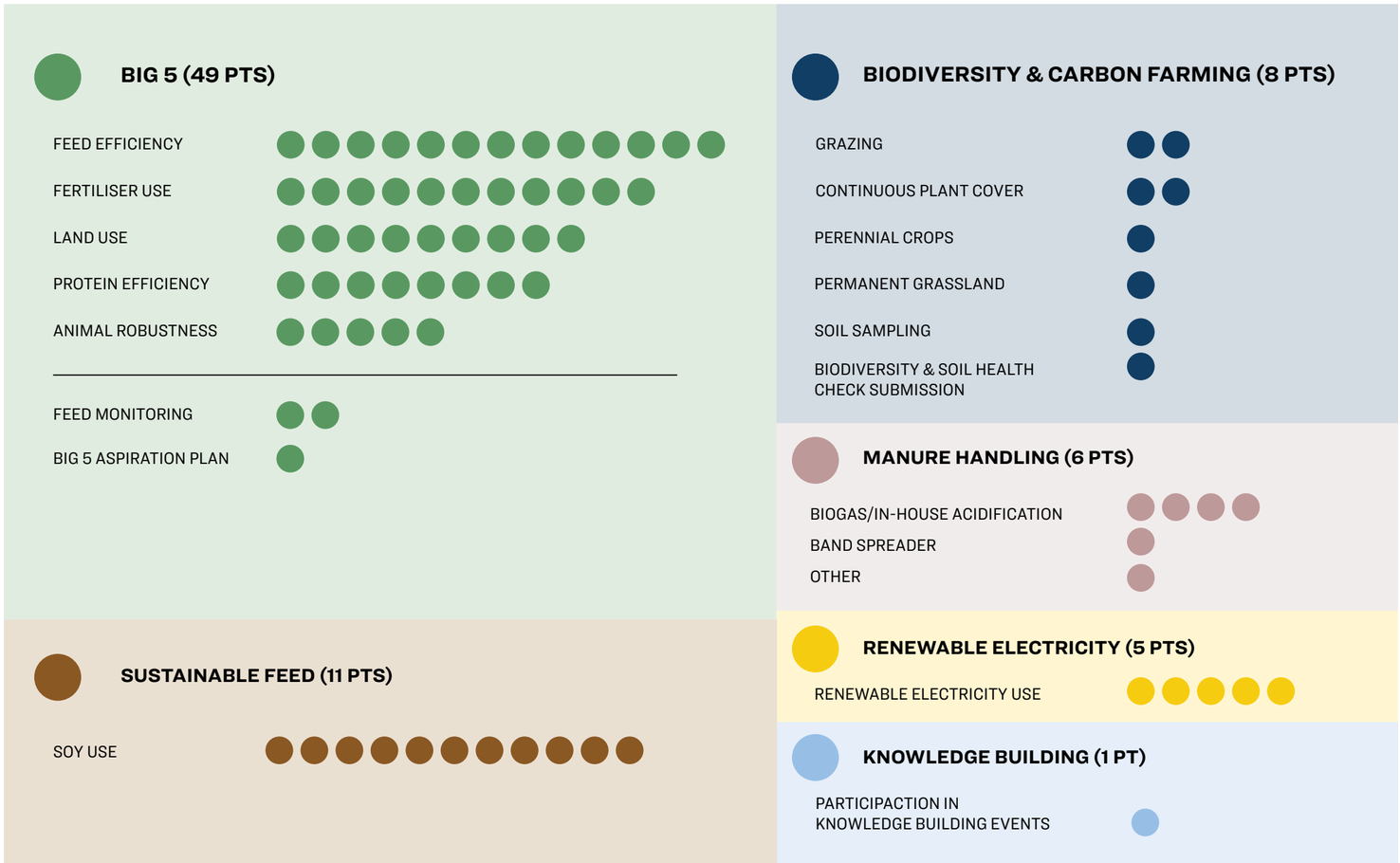


Figure 5: Arla's reward model graph [P]

O For more details see Greenpeace Nordic. (2024) *Turning Down the Heat. Pulling the Climate Emergency Brake on Big Meat and Dairy, with Special Focus on Methane*.

P Arla. (n.d.) How Arla farmers are rewarded for their sustainability activities.

Fourteen of the 17 Arla districts reportedly approved this motion. The remaining three approved it subject to some change of wording in the statement to the board. However, it appears to have simply been ignored by the board, raising concerns about decision-making in the cooperative.[128]

As part of the research for this report, the authors spoke to three Arla farmers who all spoke about their challenges with this model. Because of their relationship with the company, we keep their identity anonymous.[Q]

All three farmers expressed strong critique of the design of the points system, which they believe risks driving the development towards intensification, especially favouring *"...large Danish dairy farms where the cows are being fed maize that needs huge amounts of chemicals and synthetic fertilisers in order to grow fast enough"*.[129] Another criticism is that the system doesn't address the use of chemical pesticides. Initially the plan was to include an incentive to move farmers away from using chemical pesticides, but this was allegedly stopped by big and influential Danish Arla milk farms, as this would have been a disadvantage for them since they primarily feed their animals with maize.[130]

According to one of the dairy farmers we spoke to, it is perceived as mandatory for Arla farmers to incorporate the FarmAhead Sustainability Incentive model in their daily operations. At the same time, the system is perceived as being *"very complex and is simply not a good fit for describing the environmental impact of agriculture, missing out important aspects like pesticide use, animal welfare and biodiversity"*.[131]

Q Three Arla-connected dairy farmers were interviewed for this report, one via email (25/10/2024), one via phone(10/11/2024), and one face to face (30/10/2024) as well as by phone (14/11/2024). The farmers have all asked to remain anonymous.

The farmers provide Arla with annual reports with data from the farms milk production. Following that, the farm is contacted by an independent advisor following up the results of the provided data. One Arla farmer we talked to said that the farm consultant visiting them admitted that *"even she, as an expert, did not know how different parameters are weighted in the key figures, and that it is easy to suspect that the incentive model is designed to give a positive picture of intensive Danish milk production, where the cows are often fed primarily with maize rather than clover-grass and pasture."*[132]

For methane in particular, the point system is obviously quite weak in incorporating action in reducing emissions. The largest carbon footprint in the supply chain of a dairy company comes from methane produced by a cow's enteric fermentation (41% in the case of Arla, as estimated on Table 2). Arla fails to address this in its FarmAhead Incentive tool. It does not, for example, give points for the use of feed additives. Perhaps, Arla understands the uncertainty of this technology in the longer run.

On the other hand, Arla gives substantial points to manure management, such as the use of fertiliser and the use of biogas, although this accounts for only around 14% of Arla's total GHG emissions (see Table 2). As we will see in the following section, investment into biogas can lead to perverse incentives for intensification.

2.3 Banking on sh*t

A supposed solution to the methane problem that Arla is pushing, both within its own supply chains[133] and in its lobbying efforts (as outlined in chapter 3), is biogas from manure. Biogas is produced when organic matter - such as manure from livestock - breaks down in an oxygen-free environment. In relation to meat and dairy

production, this involves processing manure using anaerobic digesters either on farms or in centralised plants. This produces biogas, which can be converted into biomethane for injecting into gas grids, and digestate, which can be used as fertiliser.

While untreated manure does produce methane and is an issue that must be tackled, the vast majority of methane from livestock comes from enteric fermentation - cow burps. For the EU, it has been estimated that about 80% of methane from livestock comes directly from the cow's digestion, much of the rest from manure.[134]

Production of biogas within the European Union, where the majority of Arla's dairy production is located, has increased rapidly since adoption of the Renewable Energy Directive.[135] It is dominated by Germany, Italy and France, which together account for about two-thirds of production.[136] The introduction of the RePowerEU plan, which was developed in response to the hardships and global energy market disruption caused by Russia's invasion of Ukraine in 2022, saw a doubling of the EU biomethane production target to 35 billion cubic metres per year by 2030.[137] The target also came with a commitment of €37 billion towards enabling 'sustainable' biomethane production through including research, as well as incentives for upgrading biogas and infrastructure. Of the various biomethane feedstocks, a report for the industry body European Biogas Association suggests that agricultural manure has the largest growth potential by 2030.[138]

The meat and dairy industry is both capitalising on and encouraging this growth. The industry seemingly intends manure-based biogas production to follow a similar trajectory to the US, where there has been a large growth off the back of subsidies and incentivisation.[139]

BOX 3: **Biogas – a not-so-clean-fuel**

Despite the focus on biogas as a possible solution to methane emissions from animal farming, the reality is that current models for biogas for industrial animal farming may create more climate problems than it solves.[140]

One critical issue associated with biogas, that is not accounted for in the dairy industry, is the over-estimation of the emissions savings. Biogas from manure has been touted as having 'zero carbon emission[s] in scope 1+2' by Arla[141] *- distracting from the very real emissions in Scope 3. A study published in the journal One Earth in 2022 found that biogas and biomethane supply chains could release twice as much methane compared to previous estimates, in particular originating from the digestate handling stage.*[142] *Similarly, University of California researchers found 'fairly persistent' methane plumes from four San Joaquin Valley dairies using biogas digesters,*[143] *with methane point-source emissions in California being 'dominated by landfills (41 per cent), followed by dairies (26 per cent) and the oil and gas sector (26 per cent).*[144]

A 2021 report commissioned by the Danish Energy Agency reported methane losses from biogas plants in Denmark to range from 1.9% for agricultural plants to 7.7% for sewage plants.[145]

Capturing methane for biogas represents one avenue for mitigating climate impact, while offering a revenue stream to farmers. A holistic approach to methane from animal farming, though, should consider the whole supply chain. Companies and policymakers cannot ignore the largest source of methane emissions - enteric fermentation - by focusing primarily on biogas from manure. As long as manure is produced at scale, large-scale methane emissions from enteric fermentation will

also continue. One example of a narrow assessment of biogas from manure is the Renewable Energy Directive within the EU, *'which treats manure as a waste with zero environmental impact until collected'*.[146]

Arla's activities with regards to biogas broadly fall into the following categories:

- production of biogas by Arla itself[R]
- production of biogas on Arla farms[147]
- Arla farms supplying third party biogas plants with manure[148] that is afterwards returned as fertiliser to the farms[149]
- the use of biogas in Arla plants[150] or for transportation.[151]

In its Climate Check report from 2022, Arla states that '*Making the most of manure is important for both climate and business profitability'*.[152] Arla is adamant that biogas is a key solution to the climate impacts of dairy production. Our analysis, however, suggests that '*business profitability*' may be the primary driver, with climate impact being a smokescreen used to legitimise this increasing revenue stream for an industry that sees challenges ahead.

R Arla. (2024) *Annual Report 2023,* p.103: *'Other operating income and costs consist of items outside the regular course of dairy business activities, including… net results from the production and sale of energy from our biogas plants.'*

2.3.1. Biogas production across Arla farms

Methane from manure only accounts for an estimated 14% of Arla's farm-related emissions (see Table 2; 10% acc. to Arla itself[153]), yet biogas is a key tenet of Arla's climate plans, particularly in its FarmAhead Incentive . In the scheme, farmers can gain four points for biogas production (see Figure 5), which equates to 0.12 Euro-cent per kg of milk delivered to Arla. In comparison, a farmer gains only two points for keeping their cows on pasture, a measure which could be beneficial for biodiversity, animal health and emission levels if accompanied by reduced livestock numbers.

In 2023, Arla stated that '*15% of slurry from Arla farms across the cooperative was used in biogas plants in 2020, increasing to 17% in 2021'*.[154] This varies by country, though. In Germany, *'8% [of Arla farms] are using slurry to generate power in their own biogas plants on farm, and another 9% are diverting slurry into central plants'*, while in the UK just 2% of slurry goes to biogas, with 17 farms having their own digesters and 7 transporting it to an offsite digester.[155] In Denmark, Arla claims that approximately 30% of its farms send their manure to an external biogas plant[156] and an additional 1% have their own biogas plant. For Sweden, Arla states that 89 associated dairy farms have invested in their own biogas production facilities or supply manure to other facilities,[157] with the goal being to increase this number to 160 by 2030.[158]

2.3.2. Arla's potential manure to biogas capability

When looking at Arla's motivations behind pursuing biogas, it's important to consider the potential capacity of manure-based biogas from Arla farms and the financial aspect of this. There is no publicly available data on the manure-to-biogas potential from Arla farms, but estimates can be based on the company's production data.

Based on the company's reported 1.5 million[159] cows, Arla farms produce an estimated 30 Mt/year of manure.[S] That gives Arla a manure-based biomethane potential of 0.4 billion cubic metres (bcm) of biomethane per year, equivalent to 4,100 gigawatt hours (GWh).[T,U]

Taking Arla's figure of 17% of Arla farms having a biogas generator or delivering manure for external biogas production gives an estimated 700 GWh (0.7 bcm) of biomethane generated from manure produced on Arla farms. If all of this biomethane were captured and burned for energy, it would avoid about 0.28 MtCO2e/year of methane emissions.[V] In addition, if the biomethane displaces equal parts of fossil natural gas and fossil diesel (from boilers and in Arla's gas-powered trucks, respectively), this would deliver another 0.18 MtCO2e/year of emissions reduction.[W] Together, this equals about 2.5% of Arla's 2023 Scope 3 emissions[160]. This reduction, if actually realised, would be equivalent to a reduction in carbon intensity of Arla's milk by 0.03 $kgCO_2e/kg$, which is a 2.6% reduction compared to 2015 levels.[X] The maximum potential savings from biogas, if all of Arla's manure was collected and leaks weren't considered (see box 3), can hence be estimated to amount to 0.19 $kgCO_2e/kg$ of milk, or a 15% reduction compared to the 2015 level.

Arla's goal is to reduce emissions per kilo of milk by 30% by 2030,[161] so at best - considering the challenges of rolling out such a massive biogas scheme, as well as the leaks and potential risks of further industrialisation (outlined in box 3 and 4 respectively) - biomethane production could help towards the target but it is not the silver bullet Arla's lobbying (as detailed in chapter 3) and communications[162] would suggest. For Sweden, a leading market for Arla, the ambition is to increase the numbers of farmers feeding their manure into biogas plants from 89 to 160, so just under double, by 2030.[163] Extrapolating this to the entire group would raise biogas's contribution to Arla's Scope 3 emission intensities reduction to just about 5% - far from the 15% maximum potential.

2.3.3. A green revolution or just another false solution?

Despite the limitations linked to emissions savings from biogas as outlined above, Arla positions its manure-to-biogas production as a key to tackling climate change:

> *"Using manure from our farms helps us reduce our waste and rely less on air-polluting fossil fuels so we can already see clear benefits. With the help of our partners and suppliers, we have created a fully closed loop which, at scale, could be revolutionary in helping fuel a greener future."*
>
> ***Graham Wilkinson, Agriculture director, Arla[164]***

It is clear from the emission savings estimates outlined above that biogas production has a limited benefit to Arla in terms of its climate plans. However, a broader look at biogas in the context of Arla's supply chain shows the additional financial attractiveness of biogas to Arla and its farmer owners.[Y]

S Calculated using the data for European dairy cows in Table 10A.1, Chapter 10: Emissions from livestock and manure management. In IPCC. (2019) *Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.* https://www.ipcc-nggip.iges.or.jp/public/2019rf/pdf/4_Volume4/19R_V4_Ch10_Livestock.pdf. We assume a standard 0.6% nitrogen content for manure (see e.g. https://ahdb.org.uk/knowledge-library/using-farmyard-manure-fym). This brings us to an average of 54 kg manure per head per year.

T This is a maximum estimate that doesn't take into account collection abilities and proximity to biogas facilities.

U Conversion is based on an estimated 10 kWh/m^3 for methane. See Engineering Toolbox. (2003) Fuels - Higher and Lower Calorific Values. https://www.engineeringtoolbox.com/fuels-higher-calorific-values-d_169.html

V Following the emissions factors in Annex VI of the EU's Renewable Energy Directive (RED III) – the avoided methane credit for biomethane is 111.9 g CO_2e/MJ of biomethane produced (we assume the most favourable biogas production pathway, with closed digestate storage with off-gas combustion). This is broadly consistent with the life-cycle emissions assessment tool BioGrace II.

W Here we have assumed no leaks in the biomethane supply chain, which on an industry-wide level is extremely generous.

X Deducted to be 1.23 $kgCO_2e/kg$ from https://www.arla.com/sustainability/the-farms/how-arla-farmers-reduce-dairys-carbon-footprint

Y Some of Arla's farm owners run their own biogas plants or supply manure to third party biogas plants. However, Arla also records revenues 'from the production and sale of energy from our biogas plants.' Arla. (2024) *Annual Report 2023*, p.103

Arla and its farmer owners benefit in several ways from growing biogas production. Producing biogas themselves generates income from government subsidies and sales revenues, or energy bill savings when used by themselves.

The financial details around Arla's associations with biogas remains murky, though. Arla's financial statements state 'net results from the production and sale of energy from our biogas plants' sits under its 'other operating income' which in 2023 was €113 million and in €162 million in 2022.[165] The share of this income relating to biogas, however, is not clear. It is also unclear where savings from utilising self-produced biogas in place of fossil gas or diesel for its infrastructure and logistics may sit in this. The income from government subsidies relating to biogas is also not publicly available.

While we are not able to identify the specific financial benefits to Arla and its farmer owners, in the following sections, we aim to estimate the potential value of biogas in Arla's supply chain in Sweden and Denmark. We will also provide some insights into the incentive from biogas for further industrialising Arla farms.

Sweden case study

Arla states that 89 of its associated dairy farms in Sweden have invested in their own biogas production facilities or supply manure to other facilities and there is a goal to increase the number of farms to 160 by 2030.[166] In 2019, Arla stated that the potential manure biogas from all its Swedish farms corresponds to 54 million litres of diesel,[167] which is roughly 2petajoules (PJ) or 540GWh.[Z]

The subsidies available for producing biogas from the manure of Arla Sweden's farmers we calculated to amount to 530million SEK (€48million) per year[AA]

Arla's ambition to increase its on farm biogas production indicates a preference for keeping cattle in stables rather than out grazing, as cows on pasture pose a challenge in collecting the manure.[168] This is particularly interesting in the Swedish case, Arla has not taken an official position in the issue of the future of the Swedish grazing law (the issue with Arla's position in the grazing law debate is addressed in section 3.2.3).

Denmark case study

Arla has around 1,950 farmers in Denmark, of which approximately 30% send their cow dung to an external biogas plant with an additional 1% having their own biogas plant on the farm.[169]

With Arla reportedly processing more than 90% of the Danish milk pool[170] we estimate that Arla's supply chain in Denmark involves about 500,000 cows[AB] producing up to 10,000 kt of manure per year.[AC] Of this, we assumed that 31% or 3,100 kt goes into biogas production.[AD] This would be enough to produce 43 million cubic metres of biomethane, equivalent to an energy production of 430 GWh.

Z Conversion is based on an estimated 10 kWh/m^3 for methane. Source: S Suhartini et al. (2019) Estimation of methane and electricity potential from canteen food waste, IOP Conf. Ser.: Earth Environ. Sci. 230 012075 https://iopscience.iop.org/article/10.1088/1755-1315/230/1/012075/pdf#:~:text=Electrical%20potential%20estimation%20was%20calculated,methane%20will%20yield%2010%20kWh

AA This is based on the assumption that biogas produced from Arla-related manure would qualify for the following subsidies/tax exemptions (0.98 SEK/kWh or 0.09 EUR/kWh in total): Biomethane subsidy (0.30 SEK/kWh) https://www.energigas.se/media/amrji21q/biomethane-in-sweden-230313.pdf Manure biogas subsidy (0.40 SEK/kWh) https://www.energigas.se/Media/1ernoznh/biomethane-in-sweden-240327.pdf Exemption from the CO_2 tax (77.6 SEK/GJ, equal to 0.28 SEK/kWh) https://ec.europa.eu/taxation_customs/tedb/#/tax-details?taxId=4109&versionDate=1719784800&isEuro=false&taxType=EDU_ENERGY

AB The country had 557,113 cows in 2022. Statistics Denmark. (2024) Farms with livestock by type, unit, region and time. Database, accessed 16 January 2025. https://www.statbank.dk/statbank5a/selectvarval/saveselections.asp

AC Calculated using the data for European dairy cows in Table 10A.1, Chapter 10: Emissions from livestock and manure management. In IPCC. (2019) *Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.* https://www.ipcc-nggip.iges.or.jp/public/2019rf/pdf/4_Volume4/19R_V4_Ch10_Livestock.pdf. We assume a standard 0.6% nitrogen content for manure (see e.g. https://ahdb.org.uk/knowledge-library/using-farmyard-manure-fym). This brings us to an average of 54 kg manure per head per year.

AD Note that this is an approximation, assuming that there is no bias towards smaller or larger farms with regards to the stated 31% of Arla farmers feeding their manure into biogas plants.

Under Denmark's subsidy regime for biogas[AE] we estimate the subsidies available for producing biogas from manure from Arla's farms in Denmark to amount to:

- 600million DKK (€80 million) if all the biogas is burned for electricity
- An additional 140 million DKK (€20 million) if all the biogas is upgraded to methane and injected into the gas grid.

Note that information on the share of biogas produced from manure from Arla farms in Arla related[AF] biogas plants, and hence the share of biogas subsidies being paid out to Arla or its farmers owners, is not publicly available.

2.3.4. Incentivising intensification

A critical issue of biogas is that current models fundamentally favour larger farms[171] and incentives and subsidies often drive further intensification and consolidation of farms.[172] Based on an IEA assessment of the financial viability of on-farm biogas, this requires the farms to either be over a herd size of 50 cows or be in areas of high farm density to avoid the high transportation costs.[173] In this context, biogas reinforces the critical claim that Arla is designing its management systems to favour larger farms, while smaller and medium-sized farms suffer.[174] In addition, in order to collect sufficient manure, the grazing time of cows is likely to be limited. Within this biogas model, it is likely that Arla's incentives combined with the subsidies - including those estimated to be available to Arla's farms - could act as an incentive for increased industrialisation of dairy farms, as we have seen in the US.

Additionally, as with the warnings from the US over collaborations between meat and dairy companies and fossil fuel companies (as outlined in box 4), Arla's prioritisation of biogas shows how investment in biogas in Europe could also lead to a sustained business model and green cover for fossil fuel companies.[175] In 2017, when the construction of a major biogas plant in Videbæk, Denmark, was announced, Arla was reported to be a shareholder behind the project alongside Nature Energy (then NGF Energy) and Xergi, a biogas plant construction company.[176] Subsequently, Nature Energy was taken over by Shell in 2023, acquiring 100% of its shares.[177]

AE This is based on the assumption that Arla would qualify for the following subsidies: The Danish Energy Agency (Energistyrelsen) direct subsidy for biogas upgrading and use in electricity production at 0.899+0.488= 1.387 DKK/kWh for electricity production, or alternatively to 89.5DKK/GJ (0.3222DKK/kWh) for biomethane upgrading. (Source: Energistyrelsen. (2024) Pristillæg Opgradering Proces Varme. The website is currently under construction but the file can be accessed via https://web.archive.org/web/20241207013910/https://ens.dk/sites/ens.dk/files/Bioenergi/oversigt2024_samlet_efter_overkomp.pdf) The Danish Energy Agency support for supply of bigas through annual tenders (2024 and 2025 277million DKK will be available) https://ens.dk/ansvarsomraader/bioenergi/stoetteudbud-til-biogas-og-andre-groenne-gasser

AF Plants on Arla farms or plants (co-)owned by Arla.

BOX 4: **Environmental injustice of biogas**

The US, particularly California, provides some warnings over the consequences of prioritising biogas for dairy farms. Incentives in California show where, in the extreme, a mismanagement of policy can turn dairy farms essentially into 'biogas factories' due the extreme intensification and shift in financial models,[178] with serious consequences for environmental justice.

Research into the impact on communities in high biogas producing areas in Wisconsin and Delaware in the US found that:

The production of biomethane from manure-to-energy projects, such as manure digesters, is hazardous to local communities, locks farmers into more debt, and perpetuates the expansion of our current harmful agriculture practices, while increasing fossil fuel infrastructure by entrenching CAFOs [Concentrated Animal Feeding Operations] with pipelines for the gas that is produced.[179]

Such intensification has also been reported to have health impacts on local residents, often living in poorer areas near to high densities of farms,[180] creating a serious environmental justice issue.

Additionally, the need for cows to be kept indoors to collect manure and not spend time grazing places additional demands for animal feed, often soybeans with a high risk for deforestation in vulnerable ecosystems in South America.[181]

While the situation in the US where this study took place may be more extreme than in Europe, the growing focus on biogas in the EU creates the same risks through the prioritisation of indoor bred and larger herd sizes.[182]

Finally, the promotion of biogas in the US has resulted in a growing collaboration between big meat and dairy and fossil fuel companies,[183] an industry with a leading record of environmental harm.

3. Keeping the status quo

While Arla uses false solutions and weak climate plans to distract from its huge emissions, it also engages in derailing regulations that could limit its polluting business model.

Derailment of regulation is a pervasive tactic known to have been used by Big Oil and Big Tobacco. It has huge consequences for the future of humanity, as it prevents fast action in climate change mitigation strategies. Activities by industry players can range from spending large amounts of money on lobbying (directly or indirectly) against legislative reform, to benefiting from easy access to high-ranking policymakers, to the use of threats and intimidation to derail climate legislation.

The recent Changing Markets report *The New Merchants of Doubt*[184] showcased how Big Meat and Dairy companies actively work to derail policy and regulation in order to keep the status quo and continue to benefit from their unsustainable practices. The report describes how Arla, along with 21 other global meat and dairy companies an-

alysed, has been lobbying policymakers to derail the regulation of emissions from its operations as well as attempts to reshape sustainable food policies in the EU and the UK.

The information in this chapter has been obtained from a combination of Access to Documents requests, online research, and in-person interviews covering Arla's lobbying of the European Commission between 2020 and 2024.

3.1 Lobbying the EU

Big Meat and Dairy lobbying can take different forms, with companies engaging in lobbying directly or indirectly through trade associations that do the harm on their behalf.

3.2 Direct Lobbying

According to the EU's Transparency Register,[185] there are eight people involved in EU lobbying activities for Arla. Their efforts translate to three full-time equivalents with the person in charge being George Morrison, Arla's Director of Global Public Affairs, according to the registry entry.

In the period between December 2014 and December 2024 (with the first record for Arla from 2017), 24 meetings between representatives for Arla and the European Commission have been recorded (see table 4). These covered significant topics relating to food systems and climate action, including dairy sustainability, biomethane and nutrition labelling. It is important to note that before 2023,[186] [187] Members of the European Parliament (MEPs) were not required to declare their lobby meetings (unless these were with rapporteurs, shadow rapporteurs or committee chairs). This differs from the process European Commissioners, their cabinets and Commission Directors-General need to follow. This means that the number of meetings Arla had with EU officials could be higher

Table 4: Arla's meetings with EU Commission representatives[188]

Nr	Commission representative	Portfolio	Date	Location	Subject(s)
1	**Unnamed DG INTPA**[AG] **officials**[189]	International Partnerships	01/2024	unknown	Nigeria Dairy Sector
2	**Unnamed DG INTPA officials**[190]	International Partnerships	26/02/2024	unknown	Nigeria Dairy Sector
3	**Unnamed members** of DG AGRI's[AH] B2 unit[191]	Agriculture	16/10/2023	Online	Arla's sustainability incentive model
4	**Maciej Golubwiewski,** Head of Cabinet for Janusz Wojciechowski	Agriculture	15/05/2023	Online	Meeting with Arla Foods Board of Directors on Sustainability, milk market, EU support for farmers
5	**Lukas Visek,** Cabinet member of Frans Timmermans	Green Deal	15/05/2023	Online	Farm to Fork Strategy, climate neutrality, carbon removal certificates, market rewards
6	**Pierre Bascou, Michael Scannell,** Deputy Director Generals, DG AGRI[192]	Agriculture	12/12/2022	Online	Dairy sustainability
7	**Karolina Herbout-Borczak**, Cabinet member of Stella Kyriakides **Annukka Ojala**, Cabinet member of Stella Kyriakides	Health	16/03/2022	Brussels	Sustainable food systems
8	**Jorge Pinto**, Cabinet member of Janusz Wojciechowski	Agriculture	23/02/2022	Online	Biomethane

AG Directorate-General - International Partnerships.

AH Directorate-General - Agriculture and Rural Development.

Nr	Commission representative	Portfolio	Date	Location	Subject(s)
9	**Frans Timmermans,** Executive Vice-President	European Green Deal	03/12/2021	Video conferencing	Discussion on investments into carbon removals with business representatives
10	**Jorge Pinto Antunes**, Cabinet member of Janusz Wojciechowski	Agriculture	25/11/2021	Online	Carbon farming and regenerative farming
11	**Lukas Visek,** Cabinet member of Frans Timmermans	European Green Deal	25/11/2021	Video conferencing	Sustainable food systems
12	**Lukas Visek,** Cabinet member of Frans Timmermans	European Green Deal	07/07/2021	Video call	Carbon offsetting, CO_2 neutral branding
13	**Unnamed DG SANTE[AI] officials**	Health	18/06/21	Online	Front of Pack (FOP) labelling
14	**Jorge Pinto Antunes,** Cabinet member of Janusz Wojciechowski	Agriculture	21/06/2021	Online meeting	Arla's Climate Check programme
15	**Annukka Ojala,** Cabinet member of Stella Kyriakides + one other unnamed Cabinet member	Health	28/05/2021	Online	Arla's sustainable dairy plans
16	**Laure Chapuis- Kombos,** Cabinet member of Kadri Simson	Energy	05/05/2021	Video Conferencing	To discuss ongoing developments around key energy dossiers relevant for Arla including Methane Strategy, RED II revision, bioeconomy and biogas
17	**Annukka Ojala,** Cabinet member of Stella Kyriakides **Karolina Herbout- Borczak**, Cabinet member of Stella Kyriakides	Health	21/04/2021	Brussels	Sustainable food systems

AI Directorate-General - Health and Food Safety.

Nr	Commission representative	Portfolio	Date	Location	Subject(s)
18	**Jorge Pinto Antunes,** Cabinet member of Janusz Wojciechowski	Agriculture	07/12/2020	Video meeting	To discuss the Commission's political priorities around F2F, the positioning of agriculture and farming aspects in the overall strategy as well as the wider and positive role of dairy in healthy and sustainable diets in the EU
19	Unnamed DG SANTE officials[193]	Health	29/10/2020	Online	Nutritional labelling, sustainable labelling
20	**Phil Hogan,** Commissioner	Agriculture & Rural Development	16/11/2018	Ireland	Agri foods
21	**Miguel Ceballos Baron,** Cabinet member of Cecilia Malmström	Trade	21/03/2018	Brussels	Ongoing and future trade negotiations in the dairy sector
22	**Soren Schonberg,** Cabinet member of Margrethe Vestager	Competition	21/03/2018	Brussels	EU current affairs
23	**Cristina Rueda Catry,** Cabinet member of Phil Hogan	Agriculture & Rural Development	21/02/2018	Brussels	Future of agriculture
24	**Miguel Ceballos Baron,** Cabinet member of Cecilia Malmström	Trade	20/03/2017	Brussels	EU dairy sector and trade

Table 5 outlines some of Arla's interventions, with information taken from the EU Commission's website and EU Register. Many of these contributions follow the narratives used by Big Meat and Dairy companies' playbook to derail climate action identified in Changing Markets' previous reports.[194] This includes the 'pro-meat and dairy stance', emphasising the supposed nutritional benefits of animal products, and 'green deception', downplaying the environmental impact of the company's production and upselling solutions.

Table 5: Arla's interventions in EU discussions

Subject	Consultation goal	Consultation/ feedback period	Excerpts from Arla's contribution
Sustainable EU Food System[195]	Consultation focused on overarching issues related to food system sustainability	First half of 2022	"The framework should not prejudge which foods are sustainable or not, nor should there be an oversimplification in the division of animal vs. plant products and should ensure diverse and varied food systems; the aim of the framework should be to support the journey towards a more sustainable food system. Therefore, it will be important that the framework continues to recognize the critical role of all basic food groups, such as dairy has, in providing high quality and affordable nutrition and diverse milk production systems." "Additionally, dairy production, if done responsibly using best-management practices, delivers multiple benefits in a circular food system with lower negative impact and higher positive impact, e.g. through the upgrading of inedible feed to high quality nutrition and the circulation of soil nutrients in manure with added benefits from a carbon sequestration perspective with using manure. Growing grass is beneficial from a crop rotation perspective, contributing to soil health. Grazing dairy cows are key to support semi-permanent pastures that are high value nature areas from a biodiversity perspective. A sustainable framework should recognize these positive aspects." "Additionally, dairy production, if done responsibly using best-management practices, delivers multiple benefits in a circular food system with lower negative impact and higher positive impact, e.g. through the upgrading of inedible feed to high quality nutrition and the circulation of soil nutrients in manure with added benefits from a carbon sequestration perspective with using manure. Growing grass is beneficial from a crop rotation perspective, contributing to soil health. Grazing dairy cows are key to support semi-permanent pastures that are high value nature areas from a biodiversity perspective. A sustainable framework should recognize these positive aspects."
Certification of carbon removals[196]	Consultation amongst different stakeholders on carbon removals.	February to May 2022	"Arla Foods supports the input provided by Food Drink Europe, the European Dairy Association and the Danish Dairy Board Brussels in that we support the development of a certification of carbon removals that encourages voluntary market solutions, where actors in the agri-food sector are able to keep carbon removals within the agricultural value chain, for the benefit of fulfilling high societal expectations of reaching sector net-zero targets, voluntary corporate targets, avoiding double counting and greenwashing, while also safe-guarding farmer choice to make beneficial commercial agreements." "We particularly want to highlight the importance of policy coherence and of addressing challenges related to additionality, permanence, double counting, environmental co-benefits, methodology development related to measurements, reporting and verification and costs associated with this. In addition, we want to stress the importance of ensuring alignment with corporate reporting demands in e.g. Greenhouse Gas Protocol and the Science Based Targets initiative. " " [...] we recommend to avoid an EU regulation limiting this opportunity for farmers, e.g. by prescribing them to grant preferential access to carbon credits to actors in the agri-food chain unless these actors have contributed to the generation of the credits." "We are working to include carbon sequestration in the on-farm tool used to calculate carbon footprint, to capture and further improve performance. Together with our about 900 organic cooperative farmer owners we are exploring how to further strengthen soil health, including soil carbon measurements, and biodiversity."

Subject	Consultation goal	Consultation/ feedback period	Excerpts from Arla's contribution
Revision of rules on food labelling[AJ 197 198]	Aimed to collect the views of EU and non-EU citizens as well as of professionals and non-professional stakeholders regarding initiatives for revising the EU legislation on food information to consumers.	December 2021 to March 2022	Arla submitted responses to the questionnaire, but did not submit a more detailed document with its response.
EU Methane Strategy roadmap[199]	July and August 2020		"...believes that the upcoming EU methane strategy should provide a framework that supports this circular model and maintain a competitive and level playing field for biogas as an energy source. Key elements of this supportive framework should include:[200] Support schemes to make biogas economically viable Long term investments and support mechanisms to increase the competitiveness of biogas and support the circular economy will need to go hand in hand with incentives for farmers who produce and use biogas on their farms e.g. support for them to deliver their manure to a biogas facility and invest in efficient on farm manure management e.g. storage and handling. Investments in R&D projects to unlock the full potential of biogas Investments in R&D to drive down the cost of biogas and increase its efficiency (including reducing leakages from Biogas facilities) as well as innovations and technologies to exploit the full potential of biogas are key elements to support the uptake of biogas in the EU. R&D and on farm incentives to reduce enteric fermentation Investments in R&D and farmer incentives are needed to reduce methane emissions from enteric fermentation – be that in the composition of the feed, the genetics of the cow or feed additives that reduce emissions, while ensuring milk quality, yield, cow longevity and animal welfare. Explore new ways to maximise value of biogas In combination with power to different technologies or create incentives to use biogas for transportation. Holistic and supporting policy environment Ensure environmental, agricultural, tax, energy policies work together to support long term investment in biogas and recognise the environmental, economic and social benefits the dairy sector brings via biogas"

AJ Interestingly, major dairy industry players Nestlé and Danone have not always been in support of the dairy industry amendments to restrict marketing for plant-based drinks. In particular, Nestlé called the industry's claims of consumer confusion '*ridiculous*' and said that '*a ban would also contradict the EU's drive to help consumers choose more sustainable food*'. See Changing Markets' New Merchants of Doubt report, section 3.2.4.1.

Subject	Consultation goal	Consultation/ feedback period	Excerpts from Arla's contribution
Restoring Sustainable Carbon Cycles[201]	Aimed to support the development of sustainable carbon removal solutions, proposing an action plan to promote carbon farming and develop a regulatory framework for the certification of carbon removals.	September and October 2021	"We agree on the points made by the European Dairy Association on the overall contribution of dairy farming to sustainable food systems, including maintaining natural carbon sinks in pasture lands and the potential of further increasing carbon sequestration in soils and ecosystems on dairy farms. We want to further highlight opportunities of dairy farms that can contribute to the circular economy through the use of manure in biogas production where it can be co-digested with other safe and high-quality substrates, delivering both renewable energy and circulation of nutrients and carbon back to the farms." "We have launched a Climate Check tool offered to all owners where they can calculate the farm carbon footprint, benchmark performance and identify both strengths and improvement opportunities. We are working to include carbon sequestration into the calculations, through developing an industry-wide methodology together with experts and peers. In parallel, we are exploring regenerative dairy farming practices that can further improve soil health, carbon sequestration, biodiversity and other ecosystem services on owner farms. It is a farmer-led pilot program consisting of 24 farms, organic and conventional, across four owner countries. We strongly believe in collaboration with owners in designing programs that will deliver the sought outcomes in ways that make sense on farm. We will also be launching soil health checks and biodiversity checks on all organic owner farms, gathering data from more than 900 farms on status and potential for further improvements. We are convinced that these initiatives, combined with our work on reducing emissions, will give valuable insights into how to restore sustainable carbon cycles and deliver on net-zero ambitions."

Arla's direct lobbying work and surrounding communications had long involved the notorious PR firm Hill & Knowlton.[202] Between 2020 and 2024, this was largely aimed at the European Commission's Directorate-General for Agriculture and Rural Development (DG AGRI) and Directorate-General for Health and Food Safety (DG SANTE), with whom Arla and H&K seemingly had excellent relations. As we will show further down, this took the form of Arla or H&K sending lobby material related to sustainability policy launches, developments or claimed results, followed up by requests for meetings with senior officials, which were often granted.

BOX 5: **Who are Hill & Knowlton?**

H&K is a major player on the Brussels circuit with a reported track record of representing fossil fuel firms such as ExxonMobil, Shell, Chevron and Saudi Aramco.[203] Recently, it was also reported to have recruited Imperial Oil as a client.[204] The US firm has also been reported to represent the tobacco industry[205] and plastics polluters such as Coca-Cola,[206] as well as, controversially, the COP27 climate summit. Duncan Meisel, campaign director at Clean Creatives, was quoted at the time as saying there was "almost no more inappropriate agency to bring on to lead communications for a climate summit".[207] More than 400 climate scientists called on H&K to end their association with fossil fuel firms.[208]

H&K has also been involved in lobbying on biogas, specifically around the exclusion of food and feed crops from the then draft sustainability taxonomy, for another client, Avril – an international agri-industrial group – the details of which provide further insights into the type of lobbyist Arla is working with.[209]

H&K warned in one email that if the Commission went ahead with its plans, 'investments in European agriculture and in its transition towards sustainable agro-ecological intensification will be compromised', adding that the same would be true of the EU's Green Deal and Farm to Fork strategy.[210] The proposal 'would increase the risk of degrowth, reduction of food sovereignty and loss of biodiversity and competitiveness by encouraging the relocation of production outside Europe'. Counterintuitively, H&K had praised the original taxonomy proposal in April 2020 as an example of EU 'pragmatism'.[211]

Looking to derail legislation on agriculture, H&K said in the same email it was also 'essential to have the agricultural sector excluded from the upcoming delegated act on biodiversity, until the commission can carry out a more in-depth assessment and robust criteria…consistent with those… in the new CAP'.

In response,[212] DG AGRI assured H&K that the draft taxonomy criteria were merely intended as 'advice' and that it was 'important to note that the reports issued by the [sustainable finance] platform do not bind the Commission to any particular decision. It added: 'We take good note of your concerns on the usability of the criteria proposed,' and offered another meeting with Avril to 'listen to their concerns in more detail'.

For the period February 2022 to January 2023 (latest data available) Arla is listed in the EU transparency register[213] as having spent €100,000-199,000 on activities covered by the register, with the only recipient listed being H&K and with the work executed by a total of 8, usually part time, lobbyists.

Here we show some of the lobby work done in key climate and overall sustainability areas by and/or for Arla.

Engagement on livestock emissions

Off-record interviews by the authors with Brussel insiders indicate that H&K treated Arla's livestock emissions as a priority issue for strategic messaging, and that the firm used a lobby strategy of 'constructively engaging' with rather than opposing the European Commission. Influence Map's report on Arla complements this assessment, stating that Arla's 'largely positive' top-line messaging on climate policy was augmented with 'predominantly negative' positions on climate regulations, particularly around agriculture and land-use change. In the organisation's assessment, Arla was given a D+ for its engagement on climate policy.[214]

The poster child for dairy sustainability in the EU?

Arla seems to have very good relationships with several EU officials, in particular DG AGRI and DG SANTE. A good example is the praise showered on Arla's (then-named) Climate Check tool by DG AGRI's Director General Wolfgang Burtscher, who hailed it as an "*important initiative*".[215]

On 21 June[216] 2021, Arla representatives met with DG AGRI officials and a cabinet member after Arla launched its new Climate Check model in April of the same year. Arla representatives were able to present once again[217] the company's climate credentials, covering emissions reductions by Arla farmers (by 24% from 1990), how Arla *'created in 2020 one of the world's largest sets of externally verified climate data for dairy farming'* as well as, according to the minutes, regenerative agriculture and carbon trading.

In October 2021, H&K requested a meeting [218] between Arla's Executive Vice President and Antunes *'to follow up on the good conversations'* on Arla's pilots on a carbon farming credits scheme and regenerative farming. Minutes of the meeting [219] show that the EU side asked Arla to share *'data* [and] *best practices'* on its soil management techniques. They also requested more information on Arla's organic farming goals, including the overall share of organic production that Arla foresaw.

But when its sustainability record was questioned by the Institute for Agriculture and Trade Policy (IATP),[220] Arla used its subsequent 'thank you' email to Antunes[221] to strongly address these criticisms, saying that its carbon offsetting programme was *'not a central part of fulfilling our science-based targets'* and that it *had 'received a reasonable assurance level in 2020, up from a limited assurance level in 2019'* from Ernest & Young (EY), which provides third-party verification of its ESG data. The most recent (2023) EY assessment gives Arla only a 'limited assurance' for sustainability performance on issues ranging from biodiversity and nature protection to resource use, packaging and food waste.[222]

On another occasion, Arla sent a letter[223] to Frans Timmermans in 2021, imploring the Commission to use its sustainability efforts as a policy benchmark. The plea to be platformed as a sustainability poster child read: *'…,we urge EU decision makers to consider Arla's Climate Check programme as a best practice reference model in the drafting of current and new EU farming legislation. In particular, this would apply to the EU Farm to Fork strategy, the upcoming carbon farming initiative as well as related policy initiatives that promote new green business models, sustainable food production and carbon emissions reductions methodologies for agriculture in the EU.'*

In 2022, a DG AGRI delegation visited an Arla farm in Kall, Germany. A subsequent mission report stated that Arla had identified feed and size as the two main parameters influencing the climate performance of a farm, with the indicators being *'feed conversion ratio, emissions, cow mortality, fertiliser use and land use'*.[224] The same report seemingly suggested that young Arla farmers may be interesting speakers at upcoming events.[225]

In the next month (November 2022), Wojciechowski replied [226] to one of the dozens of Arla missives received in Brussels, this time about its new sustainability incentive model for milk farmers. He *'warmly welcome*[d]*'* it and indicated that his team would contact Arla to organise a meeting *'to get to know the latest initiative of your company in more details'*. For the rest of the year, Arla continued to have meetings with policymakers in which it would present their company *'as a front runner in dairy sustainability'*.[227]

In spring 2023, Arla Foods Board of Directors was offered a meeting with Wojciechowski's cabinet chief Maciej Golubiewski for one hour and a half.[228] A DG AGRI briefing for this meeting[229] notes that *'Arla asks quite often for a meeting with CAB Members or DG AGRI services in order to present their actions towards more sustainable dairy'*.

While Arla asked for the meeting to discuss the Farm to Fork strategy and sustainable dairy production, Golubiewski appeared more concerned about a gathering squeeze on farmers' incomes, and included agenda items such as *'increasing pressure on dairy farmers'* and *'New Zealand proposing a first-in-the world tax on cow emissions [with] Denmark considering a similar approach*'.[230]

Arla's sustainability credentials are well positioned within the EU corridors. One example of this can be found in the Farm to Fork labelling initiative for sustainable food and nutrition. Emails[231] between Arla and DG SANTE show how the EU department praised the company for doubling its CO_2 reduction targets in line with the EU Code of Conduct on Responsible Food Businesses and Marketing Practices, as well as the Science Based Targets initiative (SBTi).[AK] In one email[232] a DG SANTE official tells Arla: *'By leading by example, you could stimulate other companies to join the code with ambitious commitments, and thus contribute to the goals and objectives of the Farm to Fork strategy."*

At a meeting [233] held in March 2022, representatives of Arla and H&K discussed the company's progress on sustainability with members of the cabinet of Health and Food Safety Commissioner Stella Kyriakides. Arla claimed to have *'created the world's biggest database on farm emissions to help guide action plans for their reduction'*. Arla stressed the importance of *'incentivising farmers'* to participate, *'including through financial incentives'* and *'competitive'* benchmarking of their activities. Kyriakides' cabinet welcomed Arla's input and *'invited Arla Foods to offer its input in the upcoming feed additives proposal*'.

AK SBTi is a voluntary initiative similar to certification. SBTi has been criticised for using the GHG corporate protocol, which is an energy certificate that does not represent real emission reductions. According to a report, this can lead to an overestimation of the companies' emission reductions. SBTi also uses carbon offsetting as a method of calculating emission reductions in Scope 3, which is criticised as it is difficult to measure the actual climate benefit. See Tillväxtanalys. (2023) *SBTi och det svenska näringslivets klimatomställning.* https://www.tillvaxtanalys.se/publikationer/pm/pm/2023-04-03-sbti-och-det-svenska-naringslivets-klimatomstallning.html.

Regenerative Agriculture

In a December 2022 workshop on regenerative agriculture the European Commission set up a presentation on the future 'Framework for a Union Sustainable Food System' stating the Commissions' intention to '*Phase out least sustainable food systems operations'*, including '*Mandatory minimum requirements'*.[234] Nonetheless, the workshop[235], which included Arla Foods, Cargill and presentations from Nestlé and Danone, co-organised by Stichting Imagine's Food Collective, reveals the significant role of Big Meat and Dairy in setting the vision of the EU as the Commission. Working groups convened during the workshop were to answer questions like what should be done *'to move this [regenerative agriculture] forward'*. The groups included representatives of Arla, FrieslandCampina, Nestlé, Danone and other big companies of the agriculture sector but no civil society groups at all.

As previously mentioned, the concept of regenerative agriculture has been widely criticised for the lack of evidence for the claims being made about it[236], maintaining Big Ag's environmentally damaging business model, and lacking a standardised definition. Although regenerative practices can have benefits for soil health and biodiversity, the term is often used by industry to suggest that enough carbon can be sequestered by soils to offset a significant part of the emissions from animal agriculture.[237] However, with current livestock numbers, you would need to sequester roughly the total amount of soil carbon lost due to agriculture over the last 12,000 years, according to a recent study published in Nature.[238] In some geographies, moving cattle to grazing could significantly increase methane emissions: in the US, for example, it has been modeled that an eventual future shift to grass-fed beef to supply current beef demand would require higher cattle numbers, resulting in increased methane emissions by up to 43% (from enteric fermentation only; per kg beef produced).[239]

Critics have warned that as the term “regenerative agriculture” lacks set criteria, there is an extensive risk of it being used as a greenwashing smoke screen without genuine environmental benefits.[240]

3.3 Indirect lobbying

Not all of Arla’s lobbying is done directly. As is common with major companies, much of it comes through industry groups. In the EU, Arla is either associated[AL] with or a member of the following industry bodies:[241]

- Confederation of Danish Industry
- Copa-Cogeca
- Dairy UK
- Danish Dairy Board Brussels
- European Dairy Association
- Danish Agriculture and Food Council
- Lantbrukarnas Riksförbund (Federation of Swedish Farmers)
- Milchindustrie-Verband (Dairy Industry Association Germany)
- Nederlandse Zuivel Organisatie (Dutch Dairy Organisation)
- Union Européene du Commerce du Bétail et des Métiers de la Viande (European Livestock Trade and Meat Trades Union)

One of the most important actors when it comes to the derailing of EU legislation to seriously tackle livestock methane emissions is Copa-Cogeca. This group is composed of European farmers (Copa) and European agri-cooperatives (Cogeca). It is considered the leading agri-lobby group in the EU, pushing the interests of the biggest farms and an industrial agricultural model.[242] Copa-Cogeca also have multiple links with Big Meat and Dairy companies through their national members, such as:

- Landbrug & Fødevarer - Danish Agriculture and Food Council (DAFC), of which Arla Foods and Danish Crown sit on the governing board[243]
- Lantbrukarnas Riksförbund - the Federation of Swedish Farmers (LRF), of which Arla Foods and Danish Crown are both members.

Both are members of both Copa-Cogeca.[244]

AL Arla is associated with some of these groups through their membership in the members of these groups. For example, Arla sits in the Executive Committee of Landbrug & Fødevarer which is a member of Copa-Cogeca.

BOX 6: **Arla derailing important methane regulation through EU Methane Strategy**

Industry groups, including those Arla belongs to, were able to derail the inclusion of agriculture in the EU Methane Strategy, working alongside close allies within the European Parliament.

Published in October 2020,[245] the EU Methane Strategy set out the Commission's proposals for tackling methane emissions.[AM] There were three European Parliament committees involved in assessing the Methane Strategy: the lead was with the Environment (ENVI) committee, and while two further committees, Industry, Research and Energy (ITRE) and The Committee on Agriculture and Rural Development (AGRI) had to provide their opinions.

Arla's position on the Methane Strategy[246] was focused on biogas as a way of supposedly negating the methane emissions of dairy, a view that was mirrored by the sector, including a critical industry lobby group: the European Dairy Association (EDA).[247] The EDA's response to the Commission's consultation process emphasised the dairy industry's efforts to tackle methane through voluntary commitments and initiatives like biogas production, and highlighted already its achieved reductions in 'emissions intensity'.[248] The EDA also suggested that no further action was needed given European dairy is one of the best in the world in terms of carbon footprint, and questioned the science around methane's impact on climate.[249] A longer, internal background version of a paper EDA submitted to the Commission's consultation notes that biogas production from anaerobic digestion is primarily connected to large-scale dairy operations,[250] meaning that incentives for biogas are, in turn, incentives for more large-scale dairy operations.

A central character in getting industry objectives adopted in this strategy was Danish Renew MEP Asger Christensen. Christensen was a vocal rapporteur for the AGRI committee, which although not the lead committee has a lot of influence and often acts as a defender of Big Ag interests.[251] Aside from being an MEP, Christensen has close ties with the industry. He is a dairy farmer (earning at least €5,000 to €20,000 a month according to his publicly available 'declaration of private interests' for 2024[252] and 2019[253]. He also sits on Arla Foods' board of representatives.[AN] His own website states, 'For many years I have been an active representative in Arla and Danish Crown.'[254] He spoke alongside Arla Foods CEO Peder Tuborgh in the European Parliament in February 2020, shortly before the Methane Strategy was published.[255]

Christensen's closeness to the dairy and meat industries is seen once again through the meetings he had with lobbyists in the period between the Commission publishing its proposal on 14 October 2020 and the publication of the AGRI Committee's opinion on the EU Methane Strategy on 14 July 2021:[AO]

- *Two meetings with Landbrug & Fødevarer – the Danish Agriculture and Food Council (DAFC), whose members include Arla Foods and Danish Crown.[AP,AQ] DAFC's response to the Methane Strategy consultation based its arguments on the idea that intensive production can actually reduce emissions[AR] and that growth in the sector should continue to be part of the plan alongside emissions reductions to avoid facing 'disproportionally large burdens'. The group also argued in favour of more incentives including for 'climate-friendly feed' and biogas production.[256]*
- *Meeting with Danish Crown[AS]*
- *Two meetings with the Danish Dairy Board,[AT] whose members include Arla Foods*

AM Despite the EU Parliament's involvement, this strategy was not considered a legislative proposal.

AN See Asger Christensen's CV: https://www.europarl.europa.eu/meps/en/197558/ASGER_CHRISTENSEN/cv

AO See Asger Christensen's meeting: https://www.europarl.europa.eu/meps/en/197558/ASGER_CHRISTENSEN/all-meetings/9

AP Once on the Farm to Fork Strategy and once on 'ecology'.

AQ See https://www.europarl.europa.eu/meps/en/197558/ASGER_CHRISTENSEN/meetings/past#detailedcardmep

AR "A sustainable intensive production with high feed efficiency and high production rate, will give low emissions per kg of product, and thereby secure food production with less methane emissions."

AS On agriculture policy.

AT Once listed as Danish Dairy Board Brussels s.a., on 'Methane emission', and once listed in Danish as Mejeriforeningen, on the Farm to Fork Strategy.

- *Meeting with AmCham EU on the Farm to Fork Strategy, whose members include Tyson, Cargill and numerous other groups from across the animal-farming supply chain.*[257]

During the whole eight-month period, Christensen's records show no meetings with NGOs, civil society or environmental organisations.[AU]

The heavy engagement with industry groups appears to show in Asger Christensen's opinion for the AGRI committee on the EU strategy to reduce methane emissions.[258] *This closely mirrors much of the meat and dairy industry's wish list, as expressed in the consultation responses, including citing industry-linked science. In the DG Agri opinion he led on, Christensen supported, e.g., 'the need to distinguish short-cycle biogenic carbon from long-cycle carbon from fossil resource extraction in the light of recent research', citing the Clear Center, which investigative journalists have accused as being a front group for the agricultural industry, disguised as a University entity.*[259]

Figure 6: AGRI Committee's response to the Commission's Methane Strategy[260] consultation mirrors industry's wish list:

- *Biogas is the solution to reducing livestock methane emissions, and should be supported with public money.*
- *The positive action industry has already taken should be recognised.*
- *Voluntary industry initiatives should be the basis of regulation.*
- *Support is needed for feed additives and other technological solutions, so that livestock production doesn't decrease.*
- *GHG leakage will occur if EU livestock decreases (see more on this stance in the fear-mongering tactic section).*
- *The EU has already reduced agricultural methane emissions, so isn't contributing to climate change – in other words, questioning the science that agricultural methane is a problem, making reference to the controversial new metric proposed by industry groups,*[261] *GWP*.*
- *Agricultural methane should be treated differently to fossil methane, echoing UC Davis Clear Center arguments and citing them twice.*
- *Models should be based on emissions intensity.*
- *The Commission should create an inventory of best practices, use low-bureaucracy, voluntary certification schemes for farms and recognise the role of carbon farming and carbon removal.*

Three months later, the European Parliament adopted a resolution[262] *on the EU Methane Strategy on 21 October 2021. This resolution included key industry wishes from the AGRI committee's opinion, including recognition of voluntary initiatives as important and that any regulation should take into consideration best practices from existing voluntary actions; and that the Commission should swiftly implement effective and cost-efficient innovations that limit methane emissions, integrate these in EU agriculture policies, and support research and development on feed additives.*

AU See Asger Christensen's meetings: https://www.europarl.europa.eu/meps/en/197558/ASGER_CHRISTENSEN/all-meetings/9

3.4 Keeping milk on the policy agenda

Arla's lobbying has sought to keep dairy on policymakers' agendas and on consumers' plates.

Arla has advocated against alternative milks via industry bodies and in its own communications. On its website,[263] Arla suggests that cows' milk is superior to plant-based alternatives that *'offer very little vitamins and minerals'* and should be considered *'different products in their own right and with their own nutritional profile'*. It says *'you can't be certain what nutrients you get in a milk alternative'* and makes disparaging comparisons between cows' milk *'without any additives'* and alternative milks which it describes as *'water with typically no more than 2-10 per cent of highly refined plant material and additives*'.

3.4.1. In the EU

Through direct and indirect lobbying, Arla has sought to make sure dairy receives favourable treatment in food and health policies - such as the EU's legislative framework on sustainable food systems[264]. The farming lobby urged the Commission to consider even intensive farming as sustainable, not to 'prejudge' foods or consider any single product (such as dairy) as unsustainable, and to give economic sustainability equal weight with environmental sustainability.[265] Arla commented: *'The framework should not prejudge which foods are sustainable or not... it will be important that the framework continues to recognize the critical role of all basic food groups, such as dairy has in providing high quality and affordable nutrition while supporting the sector's sustainability transition.'*[266]

Industry groups connected to Arla also used their influence to stop plant-based milks from being included in the EU school scheme, which supports the supply of fruit, vegetables, milk and milk products to children. Copa-Cogeca and the European Dairy Association - which Arla is a member of - are reported to have issued dire warnings about the scheme *'falling into ideology'* and to argue that plant-based products are *'not comparable in any way to dairy products'* in nutritional value.[267] [268] Despite over 30 NGOs and plant-based companies writing to MEPs calling for the scheme to offer fortified plant-based milk alternatives for children who cannot or do not want to drink cows' milk for medical, ethical, taste or environmental reasons,[269] the European Parliament voted to reject the proposal.[270] This was a significant win for the dairy lobby: the scheme provided €105 million for the distribution of milk and dairy products to schoolchildren in 2020/21,[271] and helps maintain high levels of dairy consumption in young children as the accepted norm.

Dirty tactics reportedly played a part in this result. According to an exposé by Politico, a Copa-Cogeca policy adviser sent an email to Romanian MEP Alin Mituș, the rapporteur on the school scheme, which *'revealed the farm lobby had access to confidential negotiating documents but also laid out a set of demands and threatened Mituț ă with "unpleasantness" if they were not met*'. Mituș lodged a formal complaint with the European Parliament - though Copa-Cogeca Secretary General Pekka Pesonen dismissed the threat as merely *"an unfortunate choice of words"*.[272]

The dairy lobby has also been reported to seek to constrain the way plant-based alternatives are packaged and labelled, under the guise of preventing consumer confusion. In 2020, reports emerged that the EU's AGRI Committee sought to ban the '*indirect use*' or '*evocation*' of dairy products by alternative milks,[273,274] as well as preventing plant-based meat alternatives from using names like sausage or burger.[275] Copa-Cogeca and other lobby groups were vocally supportive, claiming they would prevent *'cultural hijacking'* designed to *'deliberately confuse consumers*'.[276]

BOX 7: **Arla's biogas lobbying efforts**

Arla's lobbying has also sought to ensure a supportive policy environment for biogas at EU level. It has called for the European Methane Strategy to provide financial and regulatory support for biogas, including incentives for farmers.[277]

In Denmark, Arla reportedly pushed for farmers who are 'working to reduce emissions' by sending manure to biogas digesters to be excluded from the new so-called 'cow tax', part of an agreement on cutting agricultural carbon emissions and restoring nature.[278] *The Danish Ministry of Taxation (Skatteministeriet) indeed stated in December 2024, that biogas can be exempt from the carbon tax (and other taxes), as long as it does not receive other state subsidies to avoid overcompensation in breach of EU regulations.*[279]

3.4.2. In the UK

In 2022, Arla launched its 'Don't cancel the cow' campaign in the UK, reportedly aimed at younger consumers who are drinking less milk than previous generations, often for environmental reasons.[280] Arla carried out its own survey on *'what makes a sustainable diet'*[281] and posted on its UK website on the subject,[282] complementing posts on its global website about dairy and plant-based milks.[283]

At the same time, through trade lobby group Dairy UK, Arla and others have been reported to campaign for years to prevent plant-based products from alluding to dairy, claiming this is *'marketing malpractice'* and misleads consumers.[284] After a long-running case, in December 2024 the UK Court of Appeals banned alternative milk company Oatly from using the term 'milk' to refer to its products.[285]

3.4.3. In Sweden

Arla is one of the best-known brands in Sweden - and one of the best connected. It has close links to politicians and various interest organisations, including the Swedish farmers' union LRF.[286] Arla sits on the Swedish Food Policy Council, which is responsible for the Swedish food strategy for *'increased and sustainable food production'*.[287] This is remarkable as this Council most likely will have a great influence in shaping public opinion, food policy and legislation. In a report, the companies on the council write that 'We don't want politics to interfere with production or consumption goals…' while at the same time asking for extensive changes and easings in the Swedish Environmental Code.[288]

In 2023, Arla and LRF ran a campaign called 'Heart Milk'. The campaign website reportedly claimed that *'Cows eat plants that capture carbon dioxide from the air in photosynthesis'*[AV]*. If we grow forage plants that capture more carbon dioxide than the cow and the crop emit, we get a cooling effect.'* After strong criticism from climate scientists,[289] this climate-cooling claim was withdrawn.[290] However, the website reportedly continued to downplay the impact of methane emissions, stating: *'If we manage to keep methane emissions at today's level, they will not have a negative impact on the climate.'*[291]

While cows grazing in lush green fields is an image Arla likes to use in its marketing, Arla is supporting an experiment with 1,500 dairy cows that are housed year-round for 18 months, without the opportunity to graze. The aim of the experiment is to investigate how this affects the cows' productivity and behaviour.[292] At around the same time as information about the experiment was released, a governmental inquiry on how to strengthen the competitiveness of Swedish dairy farming was

AV The website has been taken down after complaints, but is referred to here: Sveriges Radio. (2023) Så bluffar mjölkindustrin om kornas farliga metangaser. https://www.sverigesradio.se/artikel/sa-bluffar-mjolkindustrin-om-kornas-farliga-metangaser

ordered. Once the inquiry was finalised, one of its recommendations was to abolish the Swedish grazing law.[293] According to a farmer the authors of this report spoke to in December 2024, *"Arla have actively been opposing the grazing laws*[294] *for years… the result of the inquiry was a victory for them."*[295] Officially, Arla has not stated its position in the issue of removing the Swedish grazing law.

Arla not airing its opinion in the issue may be because the recommendation to remove the grazing law has been strongly criticised by Swedish civil society,[296] with more than 115,000 people signing a petition[297] organised by the NGO coalition Jag Vill Beta (I Wanna Graze). However, the Arla-connected dairy farmers we spoke to agreed that Arla has a major economic interest in abolishing the grazing requirement[298], as this is fully in line with the development they are reported to drive with fewer and larger farms.[299] Finding sufficient near-by pasture is certainly more challenging for large farms with many animals: the pastoral idyll Arla presents simply does not fit with its development plans.

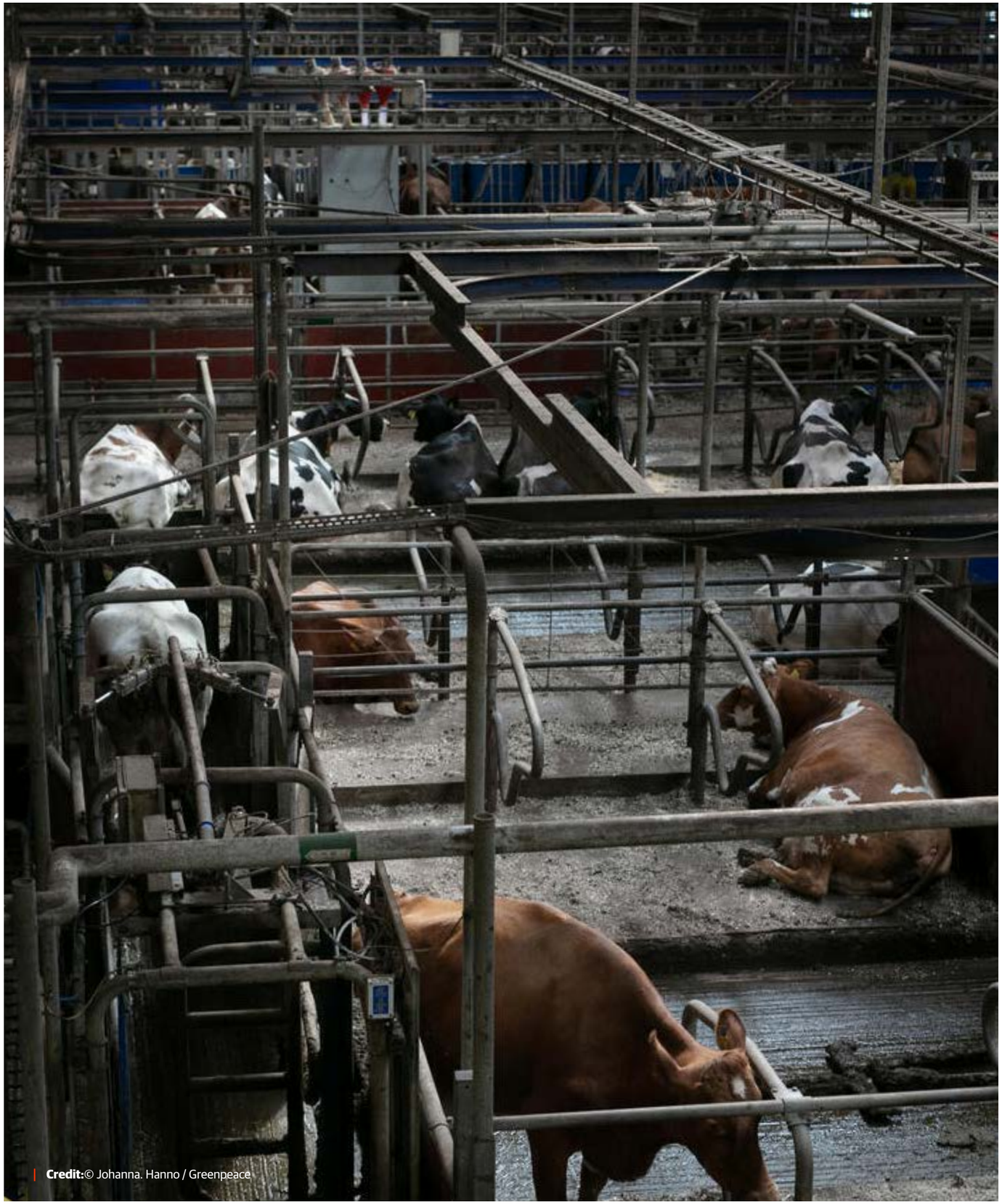
3.4.4. Using crises to keep the status quo

The dairy lobby is quick to exploit a crisis - as seen in its response to the Covid-19 pandemic. At the start of the pandemic, in an update sent to Commissioner Wojciechowski's cabinet, DG AGRI, the European Parliament's AGRI Committee and EU member states' agricultural counsellors, the EDA described the '*three essential sectors*' as '*human health, medical supply and food & dairy*'.[300] While food is clearly an essential sector, the inclusion of dairy is a blatant attempt to exploit the pandemic to advance the industry's business interests.

A month later, in April 2020, EDA's 'Dairy Flash' sent to DG AGRI said Covid-19 had demonstrated dairy's importance: "*The recognition of dairy as an essential sector as well as the EU Commission guidelines on the green lane border crossings and free movement of workers (transborder) are clear signs that the lactosphère is part of the solution in providing healthy nutritious food in times of crisis.*"[301]

One benefit of Covid-19 for the dairy industry was that it delayed the publication of the EU's Farm to Fork strategy, which promised a '*green and healthier agriculture*' system and a transition to a '*more plant-based diet*'.[302] This initiative to delay the publication was reportedly led by German MEP Norbert Lins, Vice Chair of the AGRI Committee. Between January 2020 and July 2023, Lins held 169 meetings on food and farming with industry-linked groups, compared to just 19 with NGOs.[303] EDA wrote:

'We are grateful to the members of the Agricultural Committee of the European Parliament for the support of MEP Norbert Lins' initiative […] to allow more time for the finalisation of this strategy due to the current circumstances and to allow the integration of the lessons to be learnt from this crisis into the Farm to Fork strategy […]. Any calls for gastro chauvinism in today's global crisis are inadequate and irresponsible. Also, milk and dairy shelves have been considered by the citizens as vital for their families. We have a hard time keeping milk and dairy shelves stocked when people rush into supermarkets to buy the true essentials for their families. Milk and dairy: nutritious by nature and essential for your life.'[304]



Credit:© Johanna. Hanno / Greenpeace

4. Greenwashing its way to climate 'leadership'

Greenwashing is the practice of falsifying or overstating green credentials in order to mislead consumers and distract policymakers from genuine solutions. It comes in many forms across different products, brands and services. In recent decades, the phenomenon has grown like wildfire. Arla is an astute greenwashing practitioner, even winning awards for miscommunicating its sustainability commitments.[305] Its greenwashing portfolio extends to exaggerating

Arla's net zero ad at an underground station in Stockholm

the benefits of certain technologies such as biogas (see chapter 2) to help maintain agricultural exceptionalism,[AW] as well as unduly inflating its emission reductions in its product marketing.[306]

4.1 (False) carbon neutral claims across Europe

Arla's most prominent greenwashing came in the form of its carbon (CO_2e) neutral labels on milk products. These products - often organic - were launched in Sweden in 2019[307], in Denmark in 2020[308] and in the Netherlands in early 2021.[309] The carbon footprint had supposedly been neutralised, including *'methane from enteric fermentation, from cow to consumer'*.[310]

In 2021, in a letter to Lukas Visek, a member of Frans Timmermans' cabinet, Arla states that *'to achieve carbon neutrality... we are climate compensating for the total carbon footprint by purchasing carbon credits (ex-post credits from specific VCS* [Verified Carbon Standard]- *and CCB-certified* [Climate, Community and Biodiversity Standards] *projects, protecting valuable forest ecosystems in Brazil and Indonesia and planting and maintaining trees in Uganda).'*[311]

A joint investigation by *The Guardian*, *Die Zeit* and SourceMaterial[312] published in 2023 revealed that 90% of Verra'sVCS rainforest offsets are probably worthless and may even be making global warming worse. According to the investigation, only a handful of its rainforest projects showed evidence of deforestation reductions, and analysis suggested that the threat to them was overstated by about 400%.

In another letter[313] to Lukas Viskek, Arla wrote that it was *'...using* [carbon] *offsetting as a means to balance those* [livestock] *emissions to reach carbon neutrality,...'*. It referred Visek to a LinkedIn blog[314] by Hanne Søndergaard, Arla's EVP and Chief Agriculture and Sustainability Officer, titled 'Why we think carbon compensation is the next best thing.'

In the blog, Søndergaard describes Arla's VCS[315] offsets as high quality credits particularly for forest protection programmes; however, these are exactly the types the joint investigation published in *Guardian*[316] dubbed *'phantom credits'* because they did not seem to represent genuine emissions reductions. Søndergaard says that Arla's *'value chain will never be free of emissions'* and argues that *'The next best thing is to... reduce what we can and then balance out the remaining carbon through compensation activities.'*However, as discussed in detail in Chapter 2, Arla is far from reducing all that it can.

4.1.1. Swedish court bans Arla's net-zero advertising claim

In Sweden, Arla's promotional claim about net zero carbon footprint was met by an reportedly unusually high number of complaints from the public to the Swedish Consumer Agency,[317],a governmental agency tasked with safeguarding consumer interests and protecting consumers against misinformation. The agency officially condemned the advertisement.[318]

Arla's organic milk with net zero ad in Sweden

AW Agricultural exceptionalism refers to the idea that agriculture should be treated differently from other sectors of the economy, often due to its perceived unique characteristics. This concept is based on the belief that agricultural production is essential for food security, rural livelihoods and national identity, which justifies special policies, regulations and subsidies for the sector. OECD. (2020) *Agricultural Policy Monitoring and Evaluation 2020*. https://www.oecd.org/en/publications/agricultural-policy-monitoring-and-evaluation-2020_928181a8-en.html

After this Arla's net zero campaign had run for a further two years, the Consumer Agency announced in 2021 that it would sue Arla in the Patent and Marketing Court, a court of law dedicated to adjudicating cases relating to intellectual property rights, free-market competition, and advertising and marketing.[319] The Consumer Agency argued that the net zero claim risked misleading consumers into believing that Arla's products had no climate impact at all, or that Arla had fully compensated for the climate impact caused by their production, interpretations for which the consumer ombudsman said that the company had failed to provide evidence.[320]

Shortly after this legal case was announced, Arla withdrew from the carbon offsetting project that formed the basis of their net-zero claims. Arla's Swedish Sustainability Manager Victoria Olsson explained that this withdrawal was financially motivated and directly linked with the court case: if the company could no longer make claims about net zero carbon footprint on the packaging of their organic range, the costs of participating in the carbon offsetting project were no longer considered as justified.[321] In other words, if Arla could not monetise their participation, carbon offsetting was not of interest to the company.

| Arla's Swedish net zero ad

In 2022, the Swedish Patent and Marketing Court ruled against Arla.[322] The verdict was unequivocal: Arla's marketing claims of "net zero climate footprint" were misleading and inappropriate. The Court held that Arla's marketing gave the impression that the product had zero climate impact, since the word 'net' was distinguished from 'zero climate footprint' by being rendered in a different colour and a different font size. Furthermore, the Court meant that Arla's choice of one hundred years (GWP 100) as the timescale for its climate compensation claims was both misleading and impossible to verify, since the claim could not be weighed against the outcomes by anyone currently alive. In addition, the Court held that in the advert, Arla failed to clearly communicate that the product in itself does not have a zero carbon footprint, and that their claims relied on a scheme of carbon offsetting; as a result, the marketing risked misleading consumers into believing that the product itself was not the source of carbon emissions. The court ruled that Arla had to stop using its net zero claim, and that failure to abide by the ruling would be subject to a fine of one million SEK (roughly €87.000).[323]

4.1.2. Greenwashing at home

In 2020, Arla started labelling its organic products in Denmark as climate neutral - from butter to milk and yoghurt.[324] Its claims were complemented with a large campaign,[325] similar to the one it ran in Sweden.

These claims faced another legal challenge, this time from its competitor Margarine Foreningen (the Margarine Association), which reported the company directly to the Danish Veterinary and Food Administration in November 2020 for misleading marketing with the argument that the claims were *'an expression of greenwashing and thus in violation of the Danish Marketing Practices Act'*.[326] However, the

| Arla's organic milk with net zero ad in Denmark and Sweden

Administration cleared Arla of wrongdoing,[327] stating that according to its evaluation the carbon credit documentation (related to deforestation projects in Brazil and Indonesia), which formed the basis of the claim, complied with marketing regulations.[328]

As part of their investigation of the Arla case mentioned above, in December 2020 the Danish Veterinary and Food Administration commissioned a survey[AX] among 105 Danish consumers who had seen Arla's TV commercial. This found that 69% of consumers thought Arla's organic Klovborg cheese had no overall impact on the atmosphere[329], which is obviously not the case.

| Arla's Danish net zero ad

AX Carried out by A&B Analyze.

In 2022, Arla announced plans to phase out the 'CO_2neutral' labelling, acknowledging the complexity of communicating climate compensation. The company instead labelled products as 'climate compensated'.[330] As in Sweden, the carbon neutral campaign generated a high amount of public complaints to the Danish Consumer Ombudsman.[331] The complaints went on to The Environment and Food Complaints Board that in 2023 concluded that the Board did not have the jurisdiction to hear the complaint about the Danish Veterinary and Food Administration's decision.[332]

Currently (2024) Arla labels its conventional milk with the term *'with consideration for animals and climate'*, a claim that has also has been criticised as greenwashing.[333]

4.1.3. Dutch Advertising Code Committee ruling

In the Netherlands, Arla's carbon neutral claim for its milk was made in partnership with the consultancy and certification company Climate Neutral Group,[334] which is now part of Antithesis, a major sustainability consultancy.[335] The Dutch advertising ombudsman (Reclame Code Commissie, RCC) judged that the claim could mislead consumers into believing that the production had no climate impact or that all emissions had been fully offset. The RCC found that Arla did not have sufficient evidence to support this absolute claim, which was contrary to Article 2 of the Dutch Advertising Code[336]. Arla was given an opportunity to provide more information but, as reported by Climate Case Chart, RCC found the level of certainty required for *'full and permanent offsetting of emissions through its forest projects'* was not provided.[337]

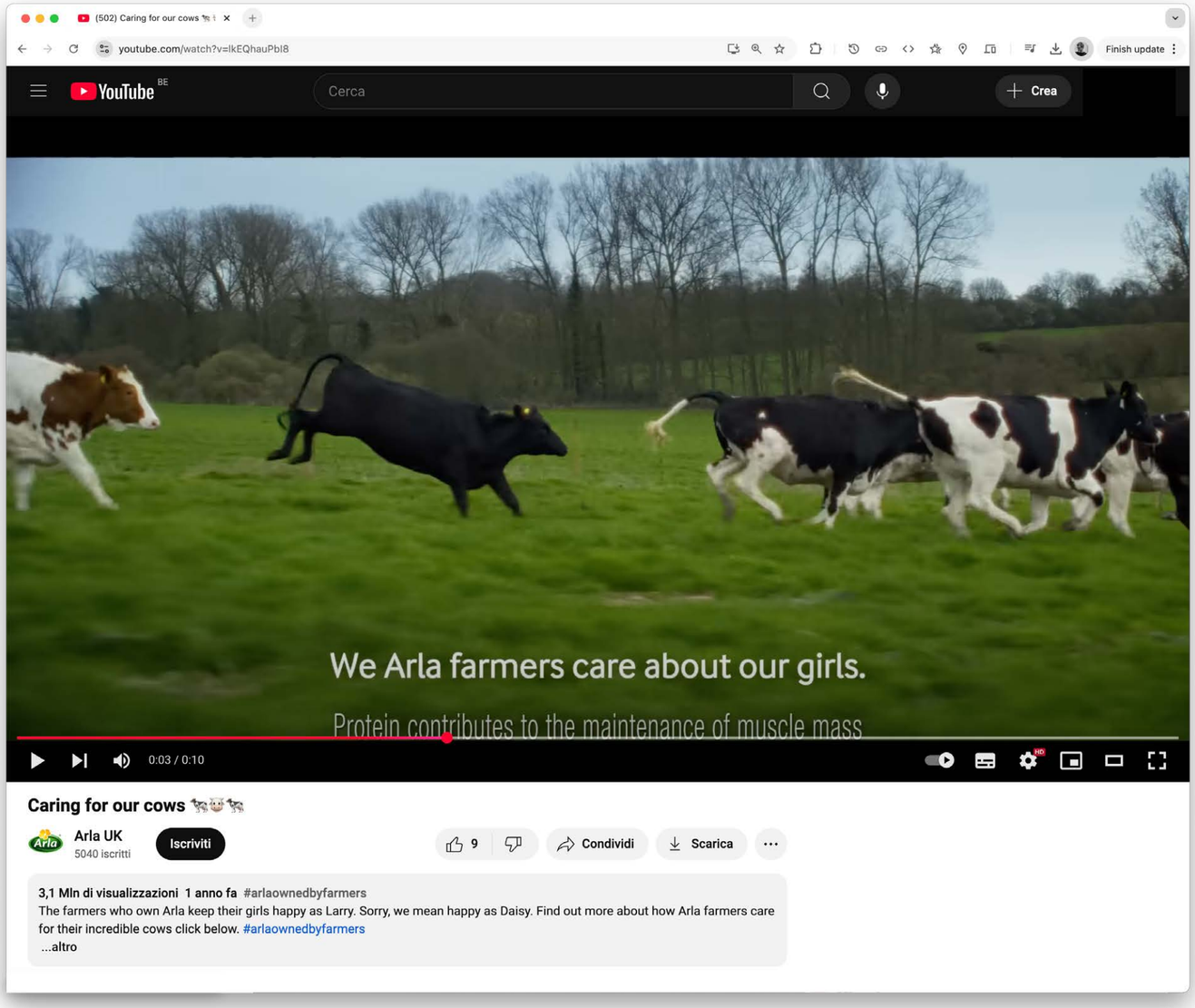
Arla appealed this decision, stating that its 'climate neutral' claim was a relative and not an absolute one.[338] The Board of Appeal partially upheld the RCC's decision and found that Arla's statements were misleading as it was not made clear that the claim specifically related to the labelling. Arla has since withdrawn its 'carbon neutral' milk range in the Netherlands.

4.2 Arla's pastoral farming brand

Beyond its more direct greenwashing, Arla also uses more subtle forms of greenwashing that seek to suggest that dairy production is natural, with images of lone or a few cows in green and pleasant fields. This is not the reality in many of the countries where it operates: Arla Foods acknowledges on its UK website - but this is also the case in many other operating countries particularly Sweden and Denmark - that many of its dairy cows live in free-stall barns, *'free to walk around between the feeding station, the water trough, the milking parlour and their beds'*, and has even invested in research to prove that indoor-reared cows can be happy.[339] This commitment to the supposed wellbeing of indoor cows doesn't translate to its marketing, however: consumers are still sold the idea of farming being about the great outdoors, pastures and old-fashioned, manual farming equipment such as milk churns.

While on a surface level this may seem like harmless branding, this tactic is rampant across the food sector and fuels the ongoing agricultural exceptionalism.[340] Romanticised notions of farming are perpetuated in everyday life, from children's books through to dairy adverts like Arla's. Arla fuels the idea that dairy is innately natural, pasture based and extensive, which is a far cry from the heavily industrialised and highly polluting reality. Efforts to regulate the sector are undermined for hurting 'small' farmers and the idyll of rural life.[341]

On top of this, Arla's unwillingness to openly take sides in the [342] Swedish grazing debate mentioned in previous chapters further adds to the image of a global dairy giant pretending to be something completely different from what it is.



Still from Arla's video commercial

5. Conclusions

As one of the largest dairy companies in the world, Arla has a critical role in reducing the greenhouse gas emissions that heat up our planet. Yet while Arla presents itself as a climate leader, the company's actions do not match this claim.

Arla invests heavily in PR and brand awareness, and is a household name in many of the countries where it operates. Using positive images of grazing cows, it masquerades as a local farmer-owned cooperative that cares about climate change and the environment. Beneath this glossy surface, however, is a multinational company focused on protecting its own interests.

With undemocratic structures and incentives that benefit larger, more industrial farms, Arla is not the champion of family farms and traditional farming methods that it purports to be. Its much vaunted

climate plans do not stand up to scrutiny, and the solutions it pushes do little to address the main source of its vast emissions - methane from burping cows. Instead of serious action to support a just transition to a genuinely sustainable, resilient food system, Arla invests in lobbying, clever emissions accounting and greenwashing.

In 2023, scientists sent a final warning on climate change, with the simple message: 'act now, or it will be too late'.[343] To play its part in preventing climate catastrophe, Arla must change its current path. We call on the company to:

- Align its net-zero plan with the recommendations outlined by the UN High-Level Expert Group on Net-Zero Emissions of Non-state Entities in the *Integrity Matters* report by COP30 at the latest.
- Adopt an ambitious and specific methane reduction target, in particular, given the nature of supply chains and emissions stemming from them, followed by a concrete action plan benchmarking a minimum target of 30% cut of agricultural methane.
- Implement a transparent and robust reporting and accounting system for Arla's emissions that allows for third party independent verification.
- Reduce emissions from its dairy portfolio driven centrally by a climate strategy that diversifies Arla's production. This should include a trajectory to reduce livestock numbers paired with an increase in ecologically produced plant-based products and campaigns that promote an increase in sales of these products.
- Arla's FarmAhead Technology should be based on ecological benchmarks such as biodiversity and ecosystem restoration that reduce emissions rather than a narrow focus on intensification.
- Disclose lobbying expenditure (including political donations and fees paid to consultancies and PR firms) actively disassociate with industry associations that lobby against meaningful climate and health legislation.

Appendix 1

Recommendation	Indicator	Company Action	Assessment	Overall assessment
Announcing a net-zero pledge	A net zero pledge should be made publicly by the leadership of the non-state actor and represent a fair share of the needed global climate mitigation effort. The pledge should contain interim targets (including targets for 2025, 2030 and 2035) and plans to reach net zero in line with IPCC or IEA net zero greenhouse gas emissions modelled pathways that limit warming to 1.5°C with no or limited overshoot, and with global emissions declining by at least 50% by 2030, reaching net zero by 2050 or sooner. Net zero must be sustained thereafter.	In early 2019, Arla committed to a 30% reduction of their absolute Scope 1 and 2 greenhouse gas emissions by 2030, compared to 2015 levels, and to a 30% reduction of Scope 3 emissions per tonne of standardised raw milk and whey intake, also by 2030.[344] Following this, the company increased the absolute emission reduction goal for scope 1 and 2 to 63%.[345] However, the Scope 3 emissions goal remained intensity-based. As a multinational company, Arla operates in several jurisdictions and argues that its goals for climate mitigation efforts should be evaluated in light of this. However, no jurisdictional variability has been found. Moreover, the company's emissions reduction goal is set to cover all markets, albeit with the acknowledgement that some countries will reach the goal quicker, as a result of local conditions.[346] Arla provides action plans with farm-level variability. It also seems to include nearly all of its value chain.[347] We did not find any interim reduction goals, with the exception of the 2030 goal listed above. At the time of when the net zero target was announced, Arla did not provide a 'plan to reach net zero'. Before the introduction of its Climate Roadmap[348][349] in 2023, Arla's climate ambitions were defined with the help of researchers and NGOs. It followed guidance from SBTi and used the methodology from the International Dairy Federation for carbon footprint calculations at farm level.[350]	Partially met	Partially met
Setting net-zero targets	Non-state actors must have short-, medium- and long-term absolute emissions reduction targets and, where appropriate, relative emissions reduction targets across their value chain that are at least consistent with the latest IPCC net zero greenhouse gas emissions modelled pathways that limit warming to 1.5°C with no or limited overshoot, and where global emissions decline at least 50% below 2020 levels by 2030, reaching net zero by 2050 or sooner.	Reduction targets for 2030 and 2050 are included in Arla's Roadmap as well as in its latest annual report, but targets for 2025 are missing; targets are also missing for the twenty-year period between 2030 and 2050.[351] UN recommendations stipulate that companies account for all GHG emissions and that separate targets for material non-CO2 emissions, including methane, are included. Arla does not report methane emissions separately in its latest annual report,[352] despite methane from dairy production being its single largest emissions source.[353] The UN recommends that targets should include all scopes in the value chain. In cases of a data gap for Scope 3, the recommendations stipulate that businesses should detail their efforts to close the knowledge gap, or provide explanations of any estimates used instead of data. Arla's emissions reduction target includes all scopes, and the company has explained which emission categories have been excluded in its disclosure.[354]	Not met	Not met

Recommendation	Indicator	Company Action	Assessment	Overall assessment
Using voluntary credits	Non-state actors must prioritise urgent and deep reduction of emissions across their value chain. High integrity carbon credits in voluntary markets should be used for beyond value chain mitigation but cannot be counted toward a non-state actor's interim emissions reductions required by its net zero pathway.	Arla claims not to use carbon credits in order to achieve its 2030 targets.[355] However, Arla has stated to purchase carbon credits from VCS and CCB in the past in order to claim that some of its products were carbon neutral.[356] The company halted this practice following strong public criticism.[357] In 2023, The Guardian released an investigation into carbon credits provided by VCS describing them as 'worthless' in many cases (90%).[358] [A] It is not clear how this is accounted for within the company's supply chains.	Met	Met
	High-integrity carbon credits are one mechanism to facilitate much needed financial support towards decarbonizing developing country economies. As best-practice guidelines develop, non-state actors meeting their interim targets on their net zero pathway are strongly encouraged to balance out the rest of their annual unabated emissions by purchasing high-integrity carbon credits.	N/A	N/A	
	A high quality carbon credit should, at a minimum, fit the criteria of additionality (i.e. the mitigation activity would not have happened without the incentive created by the carbon credit revenues) and permanence.	Past claims of carbon neutrality made by Arla have been associated with standards that have come under scrutiny, received strong criticism and been deemed to be largely worthless. See above and chapter 4 of this report for more information.	N/A	

A See chapter 4 for further information.

Recommendation	Indicator	Company Action	Assessment	Overall assessment
Creating a transition plan	**Main recommendation:** Non-state actors must publicly disclose comprehensive and actionable net zero transition plans which indicate actions that will be undertaken to meet all targets, as well as align governance and incentive structures, capital expenditures, research and development, skills and human resource development, and public advocacy, while also supporting a just transition. Transition plans should be updated every five years and progress should be reported annually. **Detailed indicators that are relevant to Arla:** Transition plans should include short-, medium- and long-term targets and relative emissions reduction targets. Targets must account for all greenhouse gas emissions and include separate targets for material non-CO2 greenhouse gas emissions Detail the third-party verification approach and audited accuracy. Explain emission reductions and, if needed, removal actions with time-bound key performance indicators (KPIs). If removals are needed, explain why Explain governance structure for transition and verification. Describe linking of near- and long-term targets with executive compensation Outline the specific policies and regulations, including carbon pricing, needed to facilitate transition plans. Report on progress annually— especially in regards to targets, and explain plan changes on an annual basis. Transition plans should explain how the non-state actor is contributing to a Just Transition. Specify how to achieve and maintain operations and supply chains that avoid the conversion of remaining natural ecosystems— eliminating deforestation, wetland and peatland loss by 2025 at the latest, and the conversion of other remaining natural ecosystems by 2030	Arla has absolute emission reduction targets for Scopes 1 and 2, and an intensity-based target for Scope 3 (see above). It does not provide specific reduction targets for non-CO2 gases, nor does it provide interim reduction targets (besides for 2030), neither in its Roadmap[359], nor in its latest annual report.[360] The company provides a roadmap. Its annual reports include information about yearly progress and specific details are shared from the company's inhouse Climate Check/FarmAhead tool. However, even if data from this tool is verified by an external consultant, the figures are then reviewed and revised internally before results are published.[361] Such a process in which the verification of an external consultant is subjected to internal review prior to publication of figures introduces doubt about the validity of the finally published figures.[362] Arla's roadmap includes detailed actions and associated predicted emissions reductions, but there no time-bound KPIs could be found.[363] Actions include specific information on how Arla will reach its 2030 target, alongside a list of reduction actions and research that will allow the company to meet its 2050 goal.[364] One weakness in these plans is their reliance on technologies that have not been proven to be effective, or technologies which are not yet available at scale. In spite of this reliance on currently unproven technologies, Arla provides little information in public documents on how the company is investing in order to achieve its goal.[365] Arla collects and analyses data from individual farms on emission reductions through its FarmAhead tool. This tool is essentially an incentive structure for the company's farmers.[366] Where there are gaps in the data derived from this tool, Arla does explain the reasons for this.[367] With regards to internal development, Arla added an incentive meant to reward sustainability in 2023, in the form of variable compensation for the Executive Management Team in relation to reductions of scope 1 and 2 CO2e.[368] However, it is not clear how these incentives are aligned to sustainability or how they address climate change.[369] In terms of aligning policies and regulations to facilitate transition plans, Arla has policies on carbon pricing, sustainability strategy and 'better climate'. However, it is not clear how these policies help the company in its transition to meet net zero.[370] Although annual reports show progress towards emission reduction targets, this always relates only to the 2030 target and not the end-goal for 2050.[371] Arla appears to lack a Just Transition Plan in relation to its net-zero goal. Arla has a 'no deforestation' policy for the feed used on the farms within its supply chains, but appears to lack a timescale for ending the conversion of other natural ecosystems within its supply chains.[372]	Partially met	Partially met

Recommendation	Indicator	Company Action	Assessment	Overall assessment
Phasing out fossil fuels and scaling up renewable energy	All net zero pledges should include specific targets aimed at ending the use of and/or support for fossil fuels in line with IPCC and IEA net zero greenhouse gas emissions modelled pathways that limit warming to 1.5°C with no or limited overshoot, with global emissions declining by at least 50% by 2030, reaching net zero by 2050.	As part of Arla's reduction goals, the company provides assistance to farmers in transitioning to renewable energy.[373] In addition, Arla has a goal for its own vehicle fleet to be fossil-fuel-free by 2030[374] and for its own operations to use 100% renewable electricity by the end of 2025.[375] However, Arla's strategy for this transition appears to be focused on the use of biogas, which carries the risk of intensification (see chapter 2) The use of biogas can also indirectly support fossil fuel companies.	Partially met	Partially met
	The transition away from fossil fuels must be just for affected communities, workers and all consumers to ensure access to energy, and avoid transference of fossil fuel assets to new owners.	Arla's Sustainability incentive model[376] awards four points to farmers who provide manure to produce biogas. Arla states to work with farmers on a roadmap 'to enable more farmers to be able to send their manure to be processed at current or new biogas plants'.[377] The company states that the biogas produced can be a source of renewable energy;[378] however, the use of biogas can lead to intensification and this new source of energy can indirectly support fossil fuel companies (see chapter 2). Arla's Sustainability incentive model provides five points for 'renewable electricity use'.	Partially met	
	The transition away from fossil fuels must be matched by a fully funded transition toward renewable energy.	Same assessment as above.	Partially met	
Aligning lobbying and advocacy	Non-state actors must align their external policy and engagement efforts, including membership in trade associations, to the goal of reducing global emissions by at least 50% by 2030 and reaching net zero by 2050. This means lobbying for positive climate action and not lobbying against it.	We could not find any information on Arla's corporate website or in its reports that suggests that the company is involved in external policy or engagement efforts to encourage positive climate action, either directly or through its membership in trade associations. On the contrary, Arla has a documented history of lobbying activities aimed at derailing EU legislation that could help to reduce emissions, including considerable financial outlays on lobbying. For more, see in chapter 3 of this report.	Not met	Not met
People and nature in the just transition	**Main recommendation:** As part of their net zero plans, businesses, cities and regions with material land-use emissions must achieve and maintain operations and supply chains that avoid the conversion of remaining natural ecosystems — eliminating deforestation and peatland loss by 2025 at the latest, and the conversion of other remaining natural ecosystems by 2030. **Detailed indicators that are relevant to Arla:** Businesses should invest in the protection and restoration of ecosystems beyond the emission reductions in their own operations and supply chains in order to achieve global net zero	Arla has a no-deforestation policy for the feed used on the farms within its supply chains. However, it appears to lack dates for ending the conversion of other natural ecosystems within its supply chains.[379] Arla acknowledges the importance of environmental protection and its website addresses ways in which dairy farms can contribute to the fight against climate change, but the projects found were generally within Arla's own supply chain.[380] [381] In addition, Arla's incentive model has been criticized by its own farmers for incentivising the use of monocultures, like soy, for feed, which is highly linked to deforestation (see chapter 2).	Not met	Not met

Recommendation	Indicator	Company Action	Assessment	Overall assessment
Increasing transparency and accountability	Non-state actors must annually disclose their greenhouse gas data, net zero targets and the plans for, and progress towards, meeting those targets, and other relevant information against their baseline along with comparable data to enable effective tracking of progress toward their net zero targets.	Arla publishes progress against its 2030 emission reduction target annually. It does not however, seem to provide clear figures to track progress against its net zero target.[382]	Partially met	Partially met
	Companies must report in a standardised, open format and via public platforms that feed into the UNFCCC Global Climate Action Portal to address data gaps, inconsistencies and inaccessibility that slow climate action	Arla data is included in the UNFCCC Global Climate Action Portal.[383]	Met	
	Non-state actors must have their reported emissions reductions verified by independent third parties. Special attention will be needed to build sufficient capacity in developing countries to verify emission reductions.	In its 2023 annual report,[384] Arla reports to have obtained 'reasonable assurance' on sustainability metrics such as energy and climate, food safety, animal welfare, accidents and certain employee-related metrics, through an assessment by Ernest & Young. One consideration regarding the accuracy of the assessment conducted by E&Y is the quality of the data provided by the company (see box 2 for more details).	Met	
Investing in just transitions	To achieve net zero globally, while also ensuring a just transition and sustainable development, there needs to be a new deal for development that includes financial institutions and multinational corporations working with governments, Multilateral Development Banks and Development Finance Institutions to consistently take more risk and set targets to greatly scale investments in the clean energy transition in developing countries. Financial institutions and multinational corporations should participate in developing country-led initiatives to decarbonise and provide renewable energy access, such as Just Energy Transition Partnerships (JETPs) or other country-level just transition frameworks. All businesses, including state-owned enterprises, with operations in developing countries should demonstrate how their net zero transition plans contribute to the economic development of regions where they are operating, including integrating just transition elements (e.g. skills development for vulnerable communities dependent on high-emitting industries), resilience and other developmental concerns, such as inequality, gender and energy access issues.	Arla utilises an internally-developed Sustainable Financing Framework with 'proceeds of the Green, Social and Sustainability Financing Instruments issued by Arla Foods amba [… to] be used to finance or re-finance Eligible Projects that have been evaluated and selected by Arla Foods amba in accordance with this Sustainable Financing Framework'.[385] Through it, the company 'supports the development of sustainable local dairy sectors in emerging markets' Projects selected for financing thus far are located in countries like Nigeria, Indonesia and China. The framework aims to define which projects are eligible according to their social and environmental benefits, such as sustainable farming infrastructure.[386] No information was found on how Arla implements its projects in developing countries.	Met Not met	Partially met

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