

To: Danish Business Authority

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Complaint concerning Arla Foods amba's annual reporting

Complainant

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Respondent

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Re: Complaint about misleading and incorrect climate- and sustainability-related reporting in Arla Foods amba's annual reports for the years 2019-2024

1. Introduction

This complaint is submitted to request that the Danish Business Authority investigate the climate- and sustainability-related disclosures in Arla Foods amba's (hereafter "Arla") annual reports covering financial years 2019-2024. We have documented concerns that Arla's reporting on key items - specifically CO₂e emissions (Scope 3) and progress toward its climate targets - does not meet the requirements of the Danish Annual Accounts Act (AAA), notably § 99 a, the true-and-fair-view principle (§ 11) and the requirements for reliability and comparability (§ 12).

Our concern rests on analyses showing that Arla has changed its calculation methods and data foundation for Scope 3 emissions per kg of milk and whey since the original 2015 baseline year, without consistently and transparently adjusting that baseline in all of its reporting. This presents a false and misleading picture of the actual emission reductions, and hence of Arla's progress toward its stated 2030 climate goals. The Danish Business Authority is the primary supervisory authority for Arla's compliance with AAA § 99 a.

Compliance with § 99 a is essential because the provision is intended to ensure transparency about a company's environmental and broader sustainability impacts. The rules aim to give investors, partners and society at large access to essential, credible and comparable information about corporate sustainability practices, risks and objectives. Correct and comprehensive sustainability reporting is therefore a pre-condition for judging a company's real responsibility and future development.

It is thus crucial that the rules are observed and effectively enforced so that violations have consequences and a level playing field is created for companies that take their responsibilities seriously. Failure to enforce undermines the purpose of the law and erodes trust in sustainability reporting, thereby slowing the green transition.

2. Legal basis

This complaint is based primarily on the following provisions:

- **AAA § 99 a** – Requirement to disclose corporate social responsibility, including environmental and climate matters. The information must be true and not misleading.
- **AAA § 11 (general clause)** – The annual report must give a true and fair view of the company's assets and liabilities, financial position and results. This principle also applies to the management commentary, including the CSR disclosure.
- **AAA § 12 (fundamental assumptions and qualitative requirements)** – Information must be relevant, reliable, comparable and clear. The requirement for comparability over time is central to this complaint.

3. Specific grounds of complaint

3.1 Lack of consistency and transparency in establishing the CO₂e baseline and reported reductions (Scope 3)

Arla uses 2015 as the baseline year for its target of reducing Scope 3 emissions (CO₂e per kg of milk and whey) by 30 % by 2030. However, the data basis and calculation method for this 2015 baseline differ fundamentally from those applied in later years, **without**

1. adjusting the published baseline, and

2. clearly communicating the full significance of the methodological changes for comparability of the reported reductions.

The 2015 baseline is built on older, less precise national statistics from 2012, and the subsequent shift to more specific farm-level data and new emission factors - without a clear and consistent baseline adjustment - creates major uncertainty about Arla's real emission reductions since 2015. The reported percentage reductions therefore appear larger than they would with a consistent method, contrary to AAA § 11 (true and fair view) and § 12 (reliability and comparability).

A method in constant flux

Notes in Arla's annual reports show that the calculation method has been changed continuously without amending the 2015 baseline, including:

- **Annual Report 2024, p. 131:** "The base year for our SBTi target for Scope 3 is 2015. Different data types than in the base year are used to calculate progress toward the reduction target. The 2015 base year uses national statistical data for 2012, which were the best available data at that time. From 2016 onward, national statistics have gradually been replaced by data from climate measurements on Arla farms..."
- **Annual Report 2019, p. 123, note 1.1 (ESG):** Method changes in farm-level emission measurement and estimation have contributed to the reported Scope 3 reductions since 2015.
- **Annual Report 2022, p. 2 (five-year summary) and p. 131 (ESG notes):** A switch of emissions-factor provider (from Sphera to Quantis in 2022) is noted, stating: "Historic figures for 2015-2021 have not been adjusted."

Although Arla mentions the method changes, it does **not** spell out their impact. These remarks appear deep in the reports, whereas the headline CO₂ reductions are shown prominently.

Impact of the method change

Arla reports a sharp 6 % fall between 2015 and 2016 - almost half of the total reduction claimed for 2015-2024 - which largely reflects the method change rather than genuine reductions. In 2022 Arla told Swedish media it would look at adjusting the baseline; this has not happened.

Media coverage (Børsen and Finans, March 2025) cites experts who find the calculation misleading.

- *Anders Bjørn* (DTU): “They pretend to have done more for the climate than they actually have.”
- *Ole Høy Jakobsen* (Nordic Sustainability): “You must not reach your target by changing the data-collection method. The task is to cut real CO₂ in the world.”

3.2 Misleading communication of climate action and progress toward 2030

Arla states in its annual reports that it is “well on track” toward its 2030 climate goals. Yet Arla’s own historic performance shows that, at the current pace, it will **not** meet the 30 % Scope 3 reduction target by 2030 - especially once the baseline and method issues above are factored in.

When Arla claims it is “well on track” without addressing this gap or clarifying methodological uncertainties, the message is misleading under AAA § 99 a and the true-and-fair-view principle.

Arla’s statements

- **Annual Report 2024, p. 48:** 13 % reduction in CO₂e per kg milk and whey since 2015 (1.29 kg → 1.12 kg).
CEO *Peder Tuborgh* (p. 6): “We remain on the right path toward our 2030 CO₂e-reduction targets...”
- **Annual Report 2023, p. 42:** similar wording about being “well on track”.
- **Annual Report 2022, p. 8:** highlights a 2-percentage-point annual reduction and 9 % total relative to 2015.

Arla is not on track

A 13 % reduction over nine years equals 1.4 % per year. If that rate continues, Arla will achieve only about 22 % by 2030, reaching the 30 % mark around 2036. If reductions are calculated from 2016 (after the method shift), the drop is 8.2 % over eight years - 1 % per year - meaning the 30 % target would not be met until roughly 2046. Arla also aims for net-zero by 2050. These figures contradict the company’s upbeat messaging.

4. Breach of the legal basis

The points above indicate that Arla's climate reporting in the annual reports:

- Does **not** give a true and fair view (AAA § 11) of actual progress, due to inconsistent baselines and methods for Scope 3 emissions.
- Contains misleading information (AAA § 99 a and general principles) regarding progress toward the 2030 target.
- Lacks the transparency and comparability (AAA § 12) needed for stakeholders to assess real performance.

5. Request to the Danish Business Authority

Greenpeace Denmark therefore requests that the Authority:

1. Initiate an investigation of Arla's climate- and sustainability-related reporting in the annual reports 2019-2024, focusing on Scope 3 emissions, baseline setting and portrayal of target achievement.
2. Assess whether Arla's reporting meets AAA § 99 a and the principles of true and fair view (§ 11) as well as reliability and comparability (§ 12).
3. If warranted, order Arla to correct future reporting practices, ensuring:
 - Transparent, consistent baselines for CO₂e reductions, with full disclosure and, where relevant, adjustment for significant methodological and data changes, including their quantitative impact;
 - Presentation of climate efforts and target achievement fully supported by data based on consistent methods, giving a true picture of actual progress.
4. If the investigation finds significant and/or repeated violations, apply available sanctions under current law, including publication of review findings, fines for Arla and its management, and action against the auditor involved in the misleading reporting.

We have enclosed an annex summarising Arla's reported Scope 3 emissions per kg milk and whey for 2015-2024. Arla's annual reports can be accessed via the provided link.

We remain at the Authority's disposal for further information.

Kind regards,

Annex: Arla's reported Scope 3 emissions per kg milk and whey

Arla's annual reports present absolute figures (kg CO₂ per kg milk and whey) for 2015-2024, together with the relative reduction since 2015, giving the full time series of emissions for 2015-2024.

Development in Arlas scope 3 emissions pr. kg milk and whey

Year	Kg CO ₂ e	2015 baseline	2016 baseline
2015	1,29	0%	
2016	1,22	-6%	0%
2017	1,22	-6%	0%
2018	1,20	-8%	-2%
2019	1,21	-7%	-1%
2020	1,21	-7%	-1%
2021	1,20	-8%	-2%
2022	1,18	-9%	-3%
2023	1,14	-12%	-7%
2024	1,13	-13%	-8%

- Data for 2016-2020 are available in Annual Report 2020, p. 122.
- Data for 2020-2023 are available in Annual Report 2023, p. 40.
- Data for 2015 and 2024 appear in Annual Report 2024: 1.29 kg CO₂ (2015, p. 42)

and 1.12 kg CO₂ (2024, p. 48).

Based on the absolute reductions, the decline relative to 2016 has been calculated and is shown in the table above.