



2023 & 2024

# Green bond impact report





# INTRODUCTION

## Arla's Sustainability Strategy

At Arla we believe that dairy is part of the solution to one of the most pressing issues of our time: to feed a growing population sustainably. Our products satisfy a range of nutritional needs across generations and continents with a constantly reduced environmental impact. Our journey to become the leading sustainable dairy company is guided by our comprehensive sustainability strategy, inspired by the UN Sustainable Development Goals. We are committed to making both the planet and people stronger.

In 2020, Arla launched a Sustainable Financing Framework backed by a Second Party Opinion provided by Sustainalytics. At the time the intention was for an imminent issue of a bond based on the Framework.

However, soon after the launch of the Framework the Covid-19 crisis emerged and changed the world, including the financial markets, immensely. The subsequent period led not only to markedly increasing credit spreads, but also removed the immediate need for bond issuance.

Accordingly, the first issue under the Framework, a 5-year green bond of SEK 1,500 million, was delayed until the spring 2021. Further to the bond issue under the Framework, Arla obtained its first Sustainability Linked RCF late 2021.

All investment proposals above EUR 500 thousand in Arla have to include an estimated CO<sub>2</sub>e impact, and investments with a positive climate impact will benefit from a shortened payback time.

Within the first four years of our green bond, we have managed to allocate the full proceeds over a widespread number of investments in all areas of the business and in several different countries. The main part of the allocated proceeds have so far been invested in eco-efficient, circular economy adapted products, production technologies and processes as well as Energy Efficient production and operations.

Investments in the eco-efficient category are primarily aimed at more eco-friendly packaging, as well as into our Product Life-Cycle Management system. The PLM system not only helps secure more sustainable future packaging, but also supports more sustainable work processes and choice of ingredients. Investments in the Energy Efficiency category focus on heat pumps and E-boilers, supporting the transition from natural gas to power.

This report includes investments up to and including 31st December 2024.



# OVERVIEW OF USE OF PROCEEDS FOR 2023 AND 2024

## ECO-EFFICIENT PRODUCTS, PROCESSES & PRODUCTION

0%

0 million EUR



## ENERGY EFFICIENCY

73%

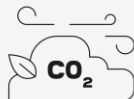
44.3 million EUR



## RENEWABLE ENERGY

24%

14.2 million EUR



## ENVIRONMENTALLY SUSTAINABLE MANAGEMENT

0%

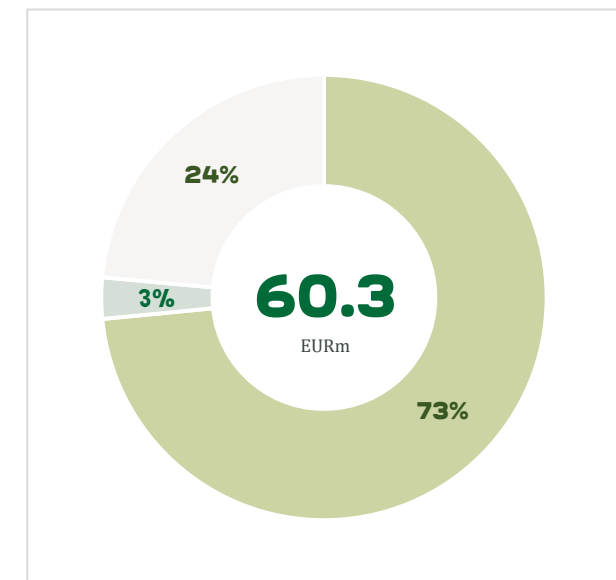
0 million EUR



## SUSTAINABLE WATER AND WASTEWATER MANAGEMENT

3%

1.8 million EUR



# OVERVIEW OF USE OF PROCEEDS TOTAL

## ECO-EFFICIENT PRODUCTS, PROCESSES & PRODUCTION

**28%**

47.4 million EUR

## ENERGY EFFICIENCY

**37%**

62 million EUR

## RENEWABLE ENERGY

**13%**

21.3 million EUR

## ENVIRONMENTALLY SUSTAINABLE MANAGEMENT

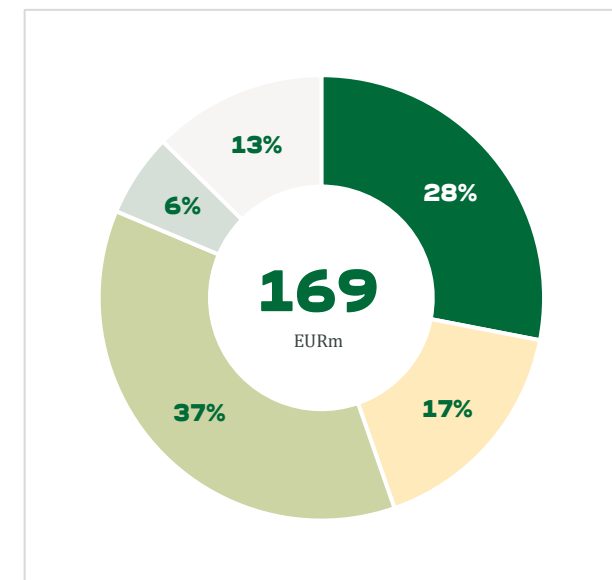
**17%**

28.1 million EUR

## SUSTAINABLE WATER AND WASTEWATER MANAGEMENT

**6%**

10.2 million EUR



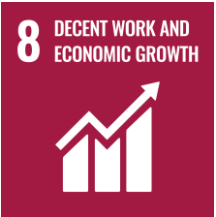
# ECO-EFFICIENT, CIRCULAR ECONOMY ADAPTED PRODUCTS, PRODUCTION TECHNOLOGIES AND PROCESSES NEW IN 2023 & 2024

ECO-EFFICIENT PRODUCTS,  
PROCESSES & PRODUCTION

0%

0 million EUR





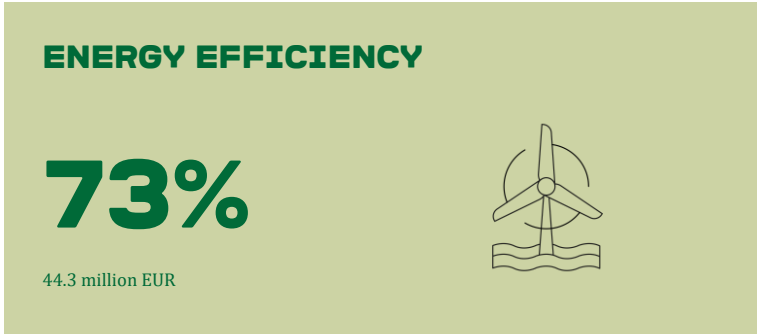
Investment description	Sustainability objective	Sustainability gain

# ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING AND NATURAL RESOURCES AND LAND USE NEW IN 2023 & 2024



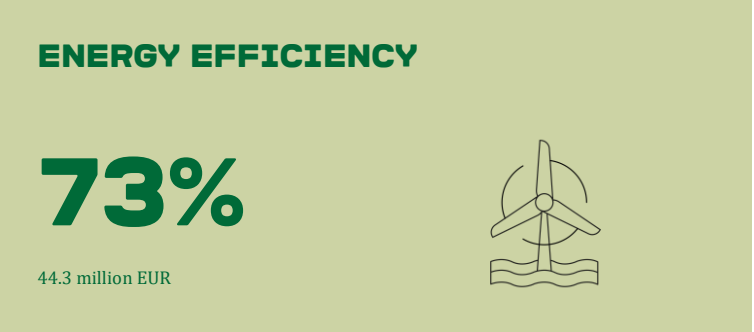
Investment description	Sustainability objective	Sustainability gain

# ENERGY EFFICIENCY NEW IN 2023 & 2024



Investment description	Sustainability objective	Sustainability gain
Heat Pump, Danmarks Protein	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 17.423 (Reduction)
Milk processing 2 Heat, Pronsfeld	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 5.879 (Reduction)
Heat Pump, HOCO	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 3.074 (Reduction)
Electric Boiler, Danmarks Protein	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 3.650 (Reduction)
Heat Pump, Akafa	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 740 (Reduction)
Hot Water Tower, Pronsfeld	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 2.685 (Reduction)

# ENERGY EFFICIENCY NEW IN 2023 & 2024



Investment description	Sustainability objective	Sustainability gain
Heat exchanger, E-Boiler & two pumps, Taulov	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 2.685 (Reduction)
Heat Pump & E-boiler, Kalmar Mejeri	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 317 (Reduction)
Heat Pump, Esbjerg	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 1.470 (Reduction)
CO2 Heat pump, Akafa	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 862 (Reduction)
E-boiler, Sipoo Dairy	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 6709 (Reduction)
Hot water circuit, Falkenberg	Reduce natural gas consumption	Run Rate Carbon Impact (tCO2e/year) 3126 (Reduction)



# SUSTAINABLE WATER AND WASTEWATER MANAGEMENT NEW IN 2023 & 2024

SUSTAINABLE WATER AND  
WASTEWATER MANAGEMENT

3%

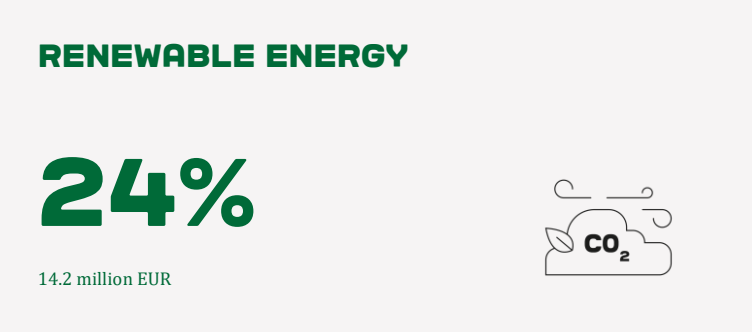
1.8 million EUR





Investment description	Sustainability objective	Sustainability gain
Expansion of Water plant at Danmarks Protein	Recycling facilities	Saving of water from currently 450m3/day to 900 m3/day

# RENEWABLE ENERGY NEW IN 2023 & 2024



Investment description	Sustainability objective	Sustainability gain
Biogas Facility in UK	Biogas Facility	Run Rate Carbon Impact (tCO2e/year) 9.186 – 10.056 (Reduction)

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