



Arla Foods' Responsible Sourcing Policy for Fibre-based Material

Arla Foods (Arla) acts responsibly and strives to make our products in the most sustainable way possible. Arla is committed to sustainable sourcing of virgin forest fibre in our packaging materials, in energy production at sites and for other purposes, for the benefit of consumers and customers, the environment, local communities, the business and its brands.

Forest fibre plays an important part in Arla's production chain. Recycled fibres are used where possible, contributing to a more circular economy. Virgin forest fibre, if coming from responsibly managed sources, is a renewable and recyclable resource that can contribute to the fulfilment of several of the goals set up in Arla's long-term environmental strategy, including our [2030 science-based targets](#) and [sustainable packaging](#) goals.

Our commitments

To complement our efforts to reduce emissions, Arla commits to securing deforestation and conversion-free fibre supply chains with a target date of 31 December 2025. Specifically, we commit to:

1. No deforestation, conversion or degradation of natural forests, including High Carbon Stock forests
2. No development of High Conservation Value areas
3. No infringements on the rights of workers, indigenous peoples or vulnerable communities
4. No conversion of natural forests into forest plantations or any other land use

Please see Arla's group [Commitment to No Deforestation and No Conversion](#).

Scope

The scope of this sourcing statement includes forest fibre used all entities, operations, and geographies under Arla's management control, including:

- Packaging such as paper and carton, and other materials including forest fibre such as bio-based plastics used in packaging. The use of forest fibre in packaging material encompass both Arla-branded products, as well as manufacturing of private label products.
- Energy production purposes at sites in which Arla has management control, including wood-chips, wood-based pellets and other forest-fibre materials that can be used as biofuel in energy production.
- Other forest-fibre material, such as paper and carton used in displays and in-store material.
- Cut-off date: the latest cut-off date for fibre (and Arla's general group policy) is **31 December 2020**. Some volumes may be subject to earlier cut-off depending on their origins in compliance with regional or national legislations, certification requirements or pre-existing sector-wide cut-off dates. In such instances where earlier cut-off dates exist, these supersede Arla's group cut-off date.

Approach

Arla's approach to ensuring all fibre products are deforestation and conversion-free is to source fibre that is certified or verified, and traceable to where there is no deforestation and conversion risk.



We aim to use recycled packaging and fibre based product as much as possible. For the remaining use of virgin fibre and where 100% recycled solutions are not yet available on the market, Arla commits to sourcing certified or verified deforestation and conversion risk free materials.

Our aim is that forest fibre material should only be sourced from known areas where;

- Wood is harvested in compliance with all applicable laws
- High Conservation Value s are protected
- No deforestation and no degradation of natural forests including High Carbon Stock forests

Arla's overall ambition is to support transparent, and environmentally and socially responsible fibre production, over and above the incoming EU Deforestation Regulation (EUDR).

Arla's principles for suppliers

We expect our direct and indirect suppliers to uphold Arla's commitments to no deforestation or conversion within their supply chains. In addition to Arla's group policies relevant for suppliers, this includes:

- All fibre based products supplied to Arla must be FSC-certified¹
- The controlled wood used as part of the products must originate from low risk countries as defined by European Commission's EUDR country benchmarking list. Until this list is available, Arla refers to WWF's country risk profile²
- If FSC-certified products are not available, Arla also accepts products that are PEFC or SFI certified³. All materials sourced under PEFC or SFI certification, including the controlled wood, must originate from low risk countries as defined by European Union's Commission's country benchmarking list
- For direct suppliers, alignment with Arla's [Code of Conduct for Partners](#), including respect for workers, local communities and human rights

Arla also encourages suppliers to report publicly on progress, including the status of deforestation and conversion-free fibre within their own supply chains, as well as actions to reduce and mitigate greenhouse gas emissions. Where possible Arla aims to foster cross-supply chain collaboration to tackle deforestation and support fair and reasonable transformation of supply chains.

Monitoring and follow up

Arla's procurement of fibre based products follows our guidelines on [Responsible Sourcing](#). Supplier assessment, follow up and cases of non-compliance on human rights and deforestation issues will be handled according to these processes.

Grievance and remediation issues are handled seriously and respectfully. Any issues can raised through Arla's online [whistleblower portal](#).

Reporting on progress

Our progress on sourcing sustainably produced fibre products is shared publicly in our annual report⁴.

¹ FSC standards accepted: STD-40-003, STD-40-004, STD-40-004a, STD-40-005, STD-30-010, STD-40-007, STD-50-001

² WWF Deforestation Fronts 2021 report. Russia and China are considered high-risk primarily due to risk of re-export.

³ PEFC; ST 2002:2013, GD 2001:2014, ST 2001:2008

⁴ <https://www.arla.com/company/investor/annual-reports/>



This policy is effective from October 2023 and replaces all previous versions.

Arla Foods
Global Sustainability