



General statement on Arla Foods' position on palm oil

Arla Foods acts responsibly and we strive to make our products in the most sustainable way possible. Palm oil has many uses and benefits, and palm oil-based products and ingredients are used in some of the products produced by Arla, although quantities may vary over time.

Palm oil production can have an unjustifiable impact on the environment and society if not responsibly managed. Arla is committed to responsible and sustainable palm oil sourcing for the benefit of consumers, the environment, local communities, the business and its brands.

Arla's principles for the purchase of palm oil

- Arla's ambition is to buy only segregated, certified, and traceable palm oil products and ingredients.
- Arla has decided to buy RSPO (Round table on Sustainable Palm Oil)¹ credits for all palm oil that is not delivered according to a physical certified supply chain in the intervening time.
- Time frame, see below.

As a basic step, Arla only purchases palm oil from suppliers who are members of the RSPO and who source their raw material from producers who also are members of RSPO.

We require all our suppliers of palm oil to be progressing on certification of their plantations and mills, as well as refineries and processing plants. We expect them to report progress towards their goals in an annual communication of progress (ACOP).

Furthermore, we want to strengthen our commitment to work towards a more sustainably produced palm oil supply chain by including additional specific demands on the suppliers and their sub-suppliers. This includes demands of no deforestation, no new development on peat lands, achievement of full traceability to the mill including supplying group of plantations and respect for workers', local communities' and human rights. See also appendix.

We demand that our suppliers place the corresponding demands within their supply chains, including time bound plans and measurable milestones, in order that their suppliers also commit to sustainable palm oil production and supply chain.

We also encourage our suppliers to report publicly the environmental impact of their full supply chain and their progress to reduce and minimise GHG (Greenhouse Gas) emissions.

Arla's time frame

Arla will only use segregated certified palm oil-based products by the end of 2018.

If Arla, depending on lack of availability, cannot fulfil this commitment, the company has decided to buy palm oil products according to Mass Balance or buy RSPO credits for all palm oil that is not delivered according to a physical certified supply chain.

Arla request full compliance with additional criteria of no deforestation, not exploiting new peat land and with traceability to mill including supplying group of plantations by the end of 2018.

Suppliers of additives which use palm oil as an ingredient, will be expected to use only certified segregated palm oil by no later than the end of 2019.

¹ For more information about RSPO: <https://rspo.org/>
Statement palm oil – Sep 2019 – Latest revision Mar 2023. Next revision to be in 2025.



Monitoring and follow up

Procurement of palm oil follows Arla's general procurement management process.

Assessment of suppliers, monitoring of development, follow up and handling of deviations will be handled according to these processes.

Community rights, workers and human rights issues will be of special interest.

Arla's progress

Our progress on sourcing of palm oil is published in our annual report².

Due to increasing production in markets with lack of availability for segregated certified products, Arla continues practices to buy certified mass-balance palm oil products or RSPO credits.

Viby, March 2023

Arla Foods

Global Sustainability

² <https://www.arla.com/company/investor/annual-reports/>

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