



Action plan

SOURCING SOY RESPONSIBLY

As part of Arla's work on [responsible sourcing](#), we have identified risk commodities from multiple sustainability perspectives. We mitigate the risks identified through sourcing statements where we pose additional requirements in addition to the [Code of Conduct for suppliers](#).

In [Arla's sourcing position on soy](#), we specify the requirements with regard to sourcing of soy for direct use, i.e. in ingredients, as well as to indirect use of soy, i.e. the soy used in feed on Arla cooperative owners' farms. The sourcing statement defines what standards we accept as credibly assuring responsibly produced soy, and that we purchase RTRS-credits to cover the use of non-certified volumes as a solution to contribute to market development.

For direct use of soy, Arla purchases ingredients manufactured from soy such as soy oil. We require our suppliers to live up to our own commitment as defined in our soy sourcing position when they are purchasing the soy to produce these products for us.

For indirect use of soy, we calculate the use of soy for each market in Arla based on best-available data on soy in dairy cow feed, subtract volumes of certified segregated soy on that market, and purchase RTRS-credits for the remaining volumes. Arla is taking the positive step of participating in a regional approach to create more demand for responsible soy by connecting producers through credit (term) contracts. These credits are facilitated by a RTRS Credits service provider. The purpose is to deliver direct impact in regions such as the Cerrado.

As part of this sourcing commitment, we transparently report on progress in our [corporate sustainability report](#). Since 2014, Arla has purchased RTRS-credits to cover the direct and indirect use of soy for volumes not already certified according to the standards ProTerra, organic or RTRS.

We track the soy use in each of the countries where Arla has owners. We can see a declining trend in soy use in Denmark and in most of the other countries.

In addition to contributing to more responsible production of soy at corporate level, Arla is engaging in national dialogues to contribute to more responsible sourcing of soy.

Examples:

- In Denmark, Arla engages in the [DK Alliance for Responsible Soy](#) and is also part of a Danish Protein Alliance in which we have participated in discussions and workshops about how to increase local protein supply in Denmark together with relevant local stakeholders. Arla has participated in and financially supported a project run by Aarhus University to develop of a process for extracting proteins from grass which can substitute imported soy. The project has developed technology, process description and business case for extracting the protein and leaving the grass pulp for the cows. The process is now being commercialized in big scale by industrial players in Denmark.
- In Sweden, Arla engages in the [Swedish Platform for Risk Commodities](#), working with industry peers and stakeholders to further improve responsible sourcing of soy to the Swedish market.

September 27, 2022