



## Arla Foods' Responsible Sourcing Policy for Soy

At Arla Foods (Arla), we are dedicated to producing healthy, sustainable food in harmony with the climate, nature and vulnerable communities. Soy production can have a significant impact on the environment, and climate, in particular with deforestation and conversion of other natural ecosystems and biomes if not responsibly managed, therefore Arla is committed to source soy responsibly with the highest quality and transparency throughout our global supply chain.

Soy contains a high concentration of amino acids making it an efficient source of protein, therefore approximately two thirds of the world's soy is produced for livestock feed. Soy embedded in feed makes up the majority of the total soy in Arla's supply chain, though most of the cattle feed rations are produced on-farm meaning soy itself is a small proportion of the cows' diet.

Arla sources minor volumes of soy-based ingredients directly for use in some of Arla's own products.

### Our commitments

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

1. Sourcing soy that is not produced on land that has been deforested or converted from all other natural ecosystems, including natural woodlands, grasslands, swamps, peatlands, riparian areas and wetlands
2. No infringements on the rights of workers, indigenous peoples or vulnerable communities

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

### Scope

The scope of this no deforestation and no conversion policy includes indirect soy embedded in feed used by farmers that supply Arla, as well as ingredients which contain soy that Arla purchases directly. This covers all entities, operations, and geographies under Arla's management control.

The latest cut-off date for soy (and Arla's general group policy) is **31 December 2020**. Some volumes of soy may be subject to earlier cut-off dates depending on their origins in compliance with regional or national legislations, certification requirements or pre-existing sector-wide cut-off dates, for instance, the Amazon Soy Moratorium's sector-wide cut-off date is July 2008. In such instances where earlier cut-off dates exist, these supersede Arla's group cut-off date.

### Approach

Arla's approach is to ensure the origins of all direct and indirect soy products are not linked to deforestation and conversion. To reach our objectives, Arla preferably sources soy products that are certified through one of the certification schemes listed below. Arla will review and update this list on an annual basis as principles around deforestation and conversion-free soy develop.

- RTRS with segregated chain of custody
- ProTerra with Identity Preserved or Segregated chain of custody
- Donau Soja and Europe Soya with Identity Preserved or Segregated chain of custody



- ISCC, ISCC Plus with voluntary add-ons on environmental management and biodiversity and classified chemicals (202-01 and 202-02)

Alternatively, Arla accepts non-certified soy products that are:

- confirmed as deforestation and conversion-free when volumes can be traced to countries of origin that are not defined as high risk for both deforestation and conversion, according to WWF's Deforestation Fronts<sup>1</sup>
- traced back to production origins and externally monitored and verified as deforestation and conversion-free, according to criteria outlined by the Accountability Framework initiative (AFi<sup>2</sup>)

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

Arla refers to guidance on responsible soy criteria from The European Feed Manufacturers' Federation (FEFAC)'s Soy Sourcing Guidelines 2023<sup>3</sup>. In addition, Arla became a member of RTRS in 2010.

### **Arla's principles for suppliers**

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

- certification or verification of soy supply chain
- alignment on Arla's target and cut off dates
- for direct Arla 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 soy 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 conversion, and support fair and reasonable transformation of supply chains, for instance through Arla's sustainability incentive model.

### **Monitoring and follow up**

Arla's procurement of soy ingredients and feed 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 be raised through Arla's online [whistleblower portal](#).

### **Reporting on progress**

Our progress on sourcing sustainably produced soy and soy-based products is shared publicly in our annual report<sup>4</sup>.

<sup>1</sup> WWF Deforestation Fronts 2021 report. Russia and China are considered high-risk primarily due to risk of re-export.

<sup>2</sup> [https://accountability-framework.org/wp-content/uploads/2022/09/AFI-LUC-and-Emissions-Guidance-09\\_2022.pdf](https://accountability-framework.org/wp-content/uploads/2022/09/AFI-LUC-and-Emissions-Guidance-09_2022.pdf)

<sup>3</sup> [https://fefac.eu/wp-content/uploads/2023/07/Web\\_FEFAC-SSGuidelines\\_2023Final.pdf](https://fefac.eu/wp-content/uploads/2023/07/Web_FEFAC-SSGuidelines_2023Final.pdf)

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



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

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