



Arla Foods' Commitment to No Deforestation and No Conversion

Introduction

At Arla Foods (Arla), we are dedicated to producing healthy, sustainable food in harmony with the climate, nature and vulnerable communities. Arla strives to source and produce all products responsibly with the highest quality and transparency throughout our global supply chain.

The destruction of high-value natural environments due to the encroachment of agriculture is a global crisis that demands careful action and collaboration at all steps of the supply chain, with organisations big and small. We recognise that acting upon our supply chain is one of our most important levers in halting biodiversity loss and creating a positive impact on nature, the climate and people.

Arla therefore commits to securing deforestation and conversion free supply chains for our primary risk commodities (palm, soy and forest fibre) by 31 December 2025¹.

To set our no deforestation and no conversion commitments in line with guidance from the Science Based Targets initiative's Forest, Land & Agriculture standards (SBTi FLAG²), Arla follows the Accountability Framework initiative (AFI³) core principle 1 for Protection of forests and other natural ecosystems.

This document serves as Arla's overarching commitment to no deforestation and conversion. Specific details on how we work towards responsible supply chains for our primary risk commodities are outlined in our Responsible Sourcing Policies:

- [Palm](#)
- [Soy](#)
- [Fibre](#)

Arla's [Code of Conduct](#) for suppliers covers expectations on human rights, forced and child labour, equal opportunities, freedom of association, contractual agreements and a safe and healthy working environment.

Our Commitment

Arla commits to no deforestation of natural forests, including high carbon stock forests, as well as no conversion of other natural habitats as a result of primary risk commodities within our supply chain by 2025.

- Definitions: Arla refers to definitions set by the AFI, namely:
 - a) Deforestation⁴: "Loss of natural forest as a result of conversion to agriculture or other non-forest land use; conversion to a plantation; or severe or sustained degradation".
 - b) Conversion: "Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function".

¹ For palm used in feed Arla extends the target date for conversion-free palm to end of 2028. This refers solely to other types of non-forest ecosystem conversion

² <https://sciencebasedtargets.org/resources/files/FLAG-FAQ.pdf>

³ https://accountability-framework.org/wp-content/uploads/2022/09/AFI-LUC-and-Emissions-Guidance-09_2022.pdf

⁴ The Accountability Framework's definition of deforestation signifies "gross deforestation" of natural forest where "gross" is used in the sense of "total; aggregate; without deduction for reforestation or other offset"



Scope

Arla's commitment to no deforestation and conversion encompasses the following;

- **Commodities:** Arla's ultimate ambition is that none of our products are linked to deforestation or conversion. However, we are focusing on the most relevant risk commodities where we can make the greatest impact: products and derivatives of **palm, soy, and forest fibre** identified within our own production and operations, as well as **palm and soy** products used in cattle feed. These three commodities make up 99% of all Arla's analysed risk commodities (based on 2022 volumes), and have the highest priority and relevance for deforestation-free targets within our value chain.

Arla sources minor quantities of other risk commodities and we are working with suppliers to eventually halt all potential deforestation and conversion in our supply chain.

- **Operations:** all of Arla's operations in all geographies, including subsidiaries such as Arla Foods Ingredients, as well as Arla's cooperative owner farms. This includes contract manufacturers and partnerships where Arla has management control.
- **Suppliers:** all companies/partners/traders (referred to as suppliers) along our supply chain, both direct and indirect are included within this scope. Direct suppliers include those from where Arla sources ingredients for our operations, whereas indirect suppliers include upstream third-party suppliers, as well as parties supplying feed products to farms from where Arla sources milk.
- **Cut-off date:** the latest cut-off date at the group level is **31 December 2020**. Some commodities may be subject to earlier cut-off dates depending on the sourcing region, national legislations or certifications. These are outlined in our Responsible Sourcing Policies for palm, soy and fibre.

Our approach

At Arla we are designing an ambitious, multifaceted roadmap to transparently ensure that we are not only avoiding deforestation or conversion, but actively preventing it. Our approach consists of the following steps:

1. **Traceability & transparency:** we are documenting the origin of palm, soy and fibre used both on the farms and directly in Arla's production facilities to understand the level of risk to deforestation and conversion these are associated with. Our objective is to develop visibility and transparency to document that the production origin of raw materials as well as all supply chain intermediaries comply with our commitments.
2. **Engagement & collaboration:** Arla is a member of several organisations and roundtables to collaborate on greener supply chains, including the Roundtables on Responsible Palm Oil and Soy (RSPO⁵ and RTRS⁶), as well as the Danish Soy Alliance (Dansk Alliance for Ansvarlig Soja - Etiskhandel)⁷, the UK Soy Manifesto⁸, the UK Roundtable on Sustainable Soya⁹, the Swedish Risk Commodity Platform

⁵ Round Table on Responsible Palm Oil (<https://rspo.org/>)

⁶ Round Table on Responsible Soy (<https://responsiblesoy.org/>)

⁷ Danish Soy Alliance ([Dansk Alliance for Ansvarlig Soja - Etiskhandel](https://www.dansksoy.dk/))

⁸ UK Soy Manifesto (<https://www.uksoymanifesto.uk/>)

⁹ UK Roundtable on Sustainable Soya ([The UK Roundtable on Sustainable Soya - Efecsa](https://www.ukroundtableonsustainablesoya.org/))



(Svenska plattformen för riskgröder)¹⁰ and Germany's forum for more sustainable protein feed (FONEI)¹¹.

Good communication and team work within the wider dairy industry is key to achieving a deforestation and conversion-free future. Arla is engaging suppliers, feed associations and industry partners to find solutions and checks and balances that govern the commodities entering our supply chain.

Driving out deforestation and conversion from our supply chains will be a cycle of continuous learning. As such, fostering relationships of trust and collaboration requires transparent mechanisms for grievance and remediation issues to aid our deforestation-free commitments.

At the same time, Arla seeks to inspire change at the farm level by supporting farmers in their journey to eliminate risks of deforestation linked to feed consumed on farm.

3. Monitoring & reporting on progress: Arla is putting in place processes to collect data, verify and report on our commitment to no deforestation and conversion. Grievance and remediation issues are handled seriously and respectfully. Any issues can be raised through Arla's online [whistleblower portal](#).

Providing good, nutritious food with the lowest impact on nature is at the heart of what we do, and we know this comes with the highest level of trust and transparency at each step along the way. Therefore, Arla commits to reporting progress in our Annual Report on our journey to deliver deforestation and conversion-free dairy products.

Reporting on progress

Our progress on sourcing responsibly produced palm, soy and fibre products is shared publicly in our annual report¹².

This commitment is effective from October 2023.

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Global Sustainability

¹⁰ Swedish Risk Commodity Platform ([Svenska plattformen för riskgröder - ETI Sverige](#))

¹¹ FONEI (<https://www.eiweissforum.de/>)

¹² <https://www.arla.com/company/investor/annual-reports/>