



Action Plan for Sourcing Soy

As part of Arla's work towards ethical sourcing, as well as our group [Policy on No Deforestation and No Conversion](#), we focus on key risk commodities where we can prioritise the greatest impact. We mitigate the risks identified through sourcing policies where we pose additional requirements in collaboration with the [Code of Conduct for Suppliers and Partners](#).

In Arla's [sourcing policy on soy](#), we specify the requirements with regard to sourcing of soy for direct use, i.e. in ingredients, as well as for indirect use of soy, i.e. the soy used in feed on Arla cooperative owners' farms. The sourcing policy defines what standards we accept as credibly assuring production of soy with consideration to human rights and the environment, including deforestation and conversion-free (DCF) soy, and Arla's approach for RTRS-credits.

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 standards as defined in our soy sourcing policy.

For indirect use of soy imbedded in animal feed, we calculate the volumes in each Arla market that are either segregated certified/verified deforestation and conversion-free or originating from low-risk countries as defined by WWF. For remaining volumes, Arla purchases RTRS-credits to contribute towards responsible soy production as a solution to contribute to market development. Arla is taking the positive step of participating in a regional approach with credits to create more demand for certified 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 impacted by deforestation, such as the Cerrado.

As part of these sourcing and DCF policies, we transparently report on progress in our Annual Report.

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. To further incentivise Arla farmer owners to reduce soy use or choose verified DCF soy, Arla included deforestation-free soy as a points lever within the [FarmAhead™ Incentive Model](#). This rewards farmers through the milk price for their efforts.

In addition to contributing to more transparency around production of soy at corporate level, Arla is engaging in national dialogues to collaborate and propel efforts both within and between supply chains. 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.
- In Sweden, Arla engages in the [Swedish Platform for Risk Commodities](#), working with industry peers and stakeholders to further improve transparency around sourcing of soy to the Swedish market.
- In the United Kingdom, Arla engages in the [UK Soy Manifesto](#), an industry collaboration to secure deforestation and conversion-free soy to the UK.

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