



Arla Foods' Sourcing Policy for Palm

At Arla Foods, we are dedicated to producing food with consideration of the climate, nature and vulnerable communities. Palm products have 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. Production of palm products can have an unjustifiable impact on the environment and society if not managed in consideration to the environment and human rights.

Our efforts

To complement our efforts to reduce emissions, Arla sources palm products in accordance with the requirements set out in this policy to support environmental and social practices in palm supply chains.

With regards to palm products embedded in cattle feed used on Arla farms, we are currently working to achieve conversion-free supply chains.

Specifically, our efforts are focused on:

1. Sourcing palm 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 burning, including for replanting old plantations
3. No infringements on the rights of workers, indigenous peoples or vulnerable communities

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

Scope

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

The latest cut-off date for palm (and Arla's general group policy) is **31 December 2020**. Some volumes of palm 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 a November 2018 cut-off date applies to all RSPO-certified products. In such instances where earlier cut-off dates exist, these supersede Arla's group cut-off date.

Approach

Arla's approach to ensure all direct and indirect palm products are deforestation and conversion-free is to source either segregated, certified, and traceable palm products and ingredients where there is no deforestation and conversion risk.

Palm products within ingredients and cattle feed are considered deforestation and conversion-free if they meet one of the following criteria:

- RSPO¹ Identity Preserved or Segregated certified

¹ Round Table on Responsible Palm Oil (<https://rspo.org/>)



- confirmed as deforestation-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 Fronts²
- traced back to the origins and externally monitored and verified as deforestation and conversion-free, according to criteria outlined by the Accountability Framework initiative (AFI³)

Arla's overall approach is to support palm production which is transparent, traceable and as minimum aligned with the EU Deforestation Regulation (EUDR).

Arla is a member of RSPO and only purchases palm oil from suppliers who are also members of RSPO.

Although credits/book and claim models do not count towards DCF claims, Arla purchases RSPO credits to cover volumes of palm with an unknown risk of deforestation and conversion, including palm volumes embedded in cattle feed.

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 palm in their supply chains. In addition to Arla's other group policies relevant for suppliers, this includes:

- certification of plantations and mills, as well as refineries and processing plants, or verification of palm supply chain
- alignment on Arla's target and cut off dates
- for direct Arla suppliers, alignment with Arla's [Code of Conduct for Suppliers and Business 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 palm products 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.

Monitoring and follow up

Arla's procurement of palm follows our guidelines on Ethical 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 compliance to our approach of palm sourcing is shared publicly in our annual report⁴.

² WWF Deforestation Fronts 2021 report. Russia and China are considered high-risk primarily due to risk of re-export.

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

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



This policy is effective from September 2026 and replaces all previous versions. A new version of this policy will not be issued annually. The policy will instead be updated as necessary to reflect relevant changes.

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