

Arla Foods Deutschland GmbH

Policy Statement in Accordance with the German Supply Chain Due Diligence Act (LkSG)

1. Mission Statement

We, Arla Foods Deutschland GmbH (“**Arla Foods**”), are committed to respecting human rights and protecting the environment. We acknowledge our responsibility toward people, animals, and the environment, as we are aware that our activities as a manufacturing company and participation in global supply and value chains may have potential adverse impacts on protected legal positions.

We believe that long-term business success is only possible if the impact of our own business activities as well as those of our suppliers appropriately considers the interests of people and the environment. Therefore, our goal is to strengthen human rights and environmental rights, prevent or proactively avoid their violation, minimize risks, and, where necessary, provide remediation.

With this policy statement, we present our strategy for protecting these rights and strengthening the fulfillment of human rights– and environment-related obligations within the company and in upstream supply chains. We commit to respecting all internationally recognized human and environmental rights and base our actions particularly on the following standards and guidelines:

- German Supply Chain Due Diligence Act (LkSG)
- Universal Declaration of Human Rights (UN)
- International Labour Organization (ILO) conventions and recommendations on labor and social standards
- UN Global Compact (UNGC) principles
- OECD Guidelines for Multinational Enterprises
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination Against Women
- UN Guiding Principles on Business and Human Rights
- European Convention on Human Rights and Fundamental Freedoms
- Minamata Convention on Mercury (10 October 2013)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (22 March 1989)

2. Principles and Guidelines for Employees, Suppliers, and Business Partners

These principles and guidelines are embedded throughout our company as part of an overarching compliance organization to inform and ensure adherence by employees and business partners. These include in particular:

- Arla Code of Conduct
- Code of Conduct for Suppliers and Business Partners
- Purchasing Policy
- Anti-Bribery Policy
- Anti-Fraud Policy
- Competition Law Policy
- Data Privacy Policy
- Grievance Policy
- Signature Rules and Powers of Attorney Policy
- Payment Policy

These policies form the backbone of risk management and compliance across the entire Arla Foods Group and help prevent violations. Arla Foods expects all employees and business partners to comply with applicable laws, regulations, and internationally recognized human and environmental rights standards.

Employees are expected to follow the guidelines set out in this policy statement as well as the Arla Code of Conduct in their daily decisions. Arla Foods requires suppliers to include the Code of Conduct for Suppliers and Business Partners as part of their contracts and to pass its standards on to their own suppliers. We also transparently document this at <https://www.arlafoods.de/ueber-uns/compliance/>.

3. Implementation of Risk Management in Our Supply Chains

To comply with the LkSG, we have established an appropriate risk management system. Risks were analyzed both abstractly and concretely, evaluated, and measures were implemented to identify, minimize, and prevent risks. This applies both to our own business operations and to our supply chains.

Relevant risks are identified, evaluated by probability and severity, and assigned to responsible departments. Suitable and appropriate preventive measures have been implemented for internal processes and supply chains to avoid human rights-related and environmental risks. Based on this, processes are aligned to raise awareness among employees, suppliers, and business partners. If potential violations occur, appropriate corrective measures are taken to minimize or eliminate harm.

4. Risk Analysis

A key component of our duty of care is having knowledge of potentially and actually adverse human rights and environmental risks and impacts of our entrepreneurial activities on people along the entire value chain. Through established processes, we identify and prioritize relevant human rights and environmental risk areas as well as potentially affected persons from our own business operations and direct business relationships. This includes, in particular, the analysis of human rights and environmental risks and impacts associated with all procured products and services. For this purpose, the company-wide risk and supplier management system is being expanded and supplemented with human rights- and environmental-related due diligence obligations. Where necessary (e.g., in the case of a supplier with increased risk), additional relevant processes and measures are initiated. Furthermore, this process is also carried out on an event-driven basis for Arla Foods' indirect business relationships.

The starting point of the risk analysis is always an abstract consideration of risks. In doing so, Arla Foods identifies, in particular, sector- and country-specific risks within its own business operations and on the supplier side. If an increased risk disposition is identified, the relevant human rights and environmental risks are examined and assessed in greater depth in a second step as part of a concrete risk analysis. Based on our risk analysis, we have determined that, with regard to our own business operations, water consumption and occupational health and safety may pose a risk, which we, however, continuously review and monitor through a series of measures. With regard to our direct suppliers, we have identified several sensitive areas (working hours, occupational health and safety, discrimination, water consumption), which we address appropriately within the framework of supplier management. The results of the risk analyses continuously feed into the entrepreneurial decision-making processes concerning internal business strategies as well as supplier selection and management. The risk analysis forms the basis for identifying appropriate objectives, prevention, and remedial measures. The risk analysis is repeated annually and on an event-driven basis and documented accordingly.

5. Preventive Measures

The guidelines listed in section 2 form the backbone of risk management and compliance and help prevent violations. Relevant employees are trained accordingly, and they have access to subject-matter experts (e.g., Legal, Risk & Compliance, CSR) who support them in applying these guidelines in practice.

6. Whistleblowing System and Complaints Procedure

According to Section 8 of the German Supply Chain Due Diligence Act (LkSG), a company must offer an adequate internal complaints procedure. For this purpose, Arla Foods has established a centralized complaints procedure that can be accessed online at any time, including by external third parties, via <https://arla.whistleblownetwork.net/frontpage>.

It enables the anonymous and confidential submission of complaints and reports and can also be reached via a local telephone number in more than 80 countries. The basis for the complaints system is the publicly accessible global grievance policy ("Grievance Policy"), which is attached to this document as an annex. The grievance policy is also available online:

<https://arla.whistleblownetwork.net/apppage;appPageName=Whistleblower%20policy>.

Arla Foods Deutschland GmbH also enables the submission of complaints and reports via the German website, which contains additional LkSG-relevant information:

<https://www.arlafoods.de/ueber-uns/compliance/>.

Alternatively, Arla Foods Deutschland GmbH offers the following channels for submitting reports and notifications under the LkSG: (i) by email to: Supplychainact@arlafoods.com; or (ii) by post to the following address: Arla Foods Deutschland GmbH, Legal & Compliance, Wahlerstr. 2, 40472 Düsseldorf.

Regardless of the channel used for submission, Arla Foods will process every submission without delay. Every whistleblower will receive an acknowledgment of receipt. Each report is handled confidentially by the independent Ethics Committee (ELC) at Arla Foods. As part of the review of the report, the ELC will contact the whistleblower to discuss the facts underlying the report.

The centralized complaints procedure must also be used as such in accordance with Section 8 LkSG, as it enables individuals to report human rights-related and environmental risks as well as violations of human rights-related or environmental obligations arising from the business activities of Arla Foods Deutschland GmbH in its own business operations or those of an immediate supplier. This includes, in particular, all legal positions protected under Section 2 LkSG. Whistleblowers are free to express any form of concern, including those cases mentioned in the Grievance Policy.

The confidentiality of submissions and the anonymity of whistleblowers are ensured. Regardless of the channel through which the complaint is received, the complaint will be documented, reviewed for admissibility, and subsequently investigated. Based on the results, effective measures will be identified, implemented, and monitored.

The effectiveness of the complaints procedure is reviewed regularly, but at least once a year, and further developed.

7. Remedial Measures

If we determine that our business activities contribute to potential or actual human rights violations or are indirectly connected to them, we strive to seek appropriate remedy through the responsible bodies. For this purpose, internal processes are further developed that define how to proceed when misconduct is uncovered and how appropriate remediation and compensation measures are determined within our own business operations as well as with direct and indirect suppliers.

If we identify a substantiated suspicion or concrete indication of possible human rights violations in our own business operations or at our suppliers, we will immediately define and implement measures. These range from stopping the harmful behavior, to preventive actions through training and audits, up to working towards appropriate remedy. The cooperation of the affected suppliers is a prerequisite for continued collaboration. Depending on the severity of the violation, Arla Foods reserves the right to take further steps, including the termination of the business relationship. In justified cases, authorities must also be notified.

8. Effectiveness Monitoring and Reporting

We view the implementation of human rights and environmental due diligence as a continuous development process. The effectiveness of the measures taken is analyzed annually and on an ad-hoc basis in order to account for current changes. We also report annually on our approach, our progress, and our commitments regarding human rights in the sustainability report of the Arla Foods Group (Arla Foods amba). In addition, we fulfill our reporting obligations under the German Supply Chain Due Diligence Act (LkSG) in accordance with the currently applicable guidance issued by the competent authority.

9. Responsibilities

The management of Arla Foods Deutschland GmbH is responsible for reviewing compliance with and implementation of our human rights due diligence obligations. For questions regarding this policy statement or human rights/environmental topics, please contact: supplychainact@arlafoods.com

For Arla Foods Deutschland GmbH:

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