



Arla Foods Inc. Modern Slavery Statement

This is the first report of Arla Foods Inc. (Arla Canada) and Arla Foods Amba under the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* for the financial year-ending December 31, 2023. It includes setting out the steps we've taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere or of goods we've imported into Canada.

This report also refers to Arla Foods amba¹, the parent company. This year Arla amba issues its eighth modern slavery² statement.

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About Arla - who are we?

Arla Foods is a global dairy cooperative, owned by farmers in 7 European countries (UK, DK, SE, DE, NL, LUX, BE), supplying milk and dairy products to customers and consumers around the world. More than 16,000 suppliers deliver to our multiple processing sites and offices across the world, where Arla employs approximately 21,300 colleagues. This briefly illustrates the extent and complexity of our business.

For further details about Arla click here: <https://www.arla.com/company/investor/annual-reports/>

We operate and sell our products globally. We not only provide food products but also a culture that endeavours to uphold internationally recognized human rights. This means that wherever we operate, we represent Arla's firm belief that the human rights of all people must be respected.

We endeavour to align ourselves with the OECD Guidelines for Multinational Enterprises as well as the United Nations Guiding Principles on Business and Human Rights.

¹ References in this report to "Arla", "our", "us" and "we" refer to each of the Arla entities covered by this report unless otherwise specified.

² References in this report to "modern slavery" include forced labour and child labour (as those terms are defined in Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act*).



Arla Foods in Canada

Arla Foods Inc. is a corporation headquartered in Concord, Ontario and wholly owned subsidiary of Arla Foods a.m.b.a in Denmark and has been in Canada since 1961.

Arla Foods Inc. is a supplier of specialty cheese, sourced from our parent production facilities in Europe, our own domestic production, and licensed Canadian production. Our Canadian production facilities are located in Concord and Atwood, Ontario. In addition to this, Arla Foods Inc. imports cheese from Italy and many other European countries as well as the United States of America.

Arla Foods a.m.b.a

Arla Foods a.m.b.a is a farmer owned cooperative headquartered in Denmark, with operations in over 30 different countries globally. Arla sources various types of materials in the form of ingredients, packaging materials, non-product related materials and services worldwide.

Our commitment and policies

We are committed to contributing to social, environmental and economically sustainable development. Arla's Code of Conduct 'Our Responsibility' is our foundation: it covers the 10 principles of the UN Global Compact and the UN initiative to promote ethical business practices. Together with Arla Foods Human Rights Policy ([link](#)) and other related policies, it helps guide our behaviour and is integral to every business decision made across our company.

We strive to embed our commitment to respect human rights in all business areas and processes and continue to work on implementing human rights due diligence processes, and to work with certain human rights impact assessments.

We do not support forced labour or human trafficking and are committed to acting with integrity and ethically in our corporate activities and supply chain. We specify our expectations to suppliers in our **Code of Conduct for Suppliers and Business Partners** ([link](#)). As a farmer-owned cooperative we also recognise that we need to help promote respect for human rights on our owners' farms, and we seek to engage with farmers and raise awareness.

Our principles

We acknowledge that no sector involved in the production or importation of goods is assumed to be completely free from forced labour and child labour risks. With respect to Arla Foods Inc. operations, we have reviewed the sectors, suppliers and contractors involved and have assessed the risk based on the relevant scope of services.

Specifically, in Arla Foods Inc. we determined that the risks are low. We monitor and ensure compliance with all relevant employment standards, labour laws, and health and safety legislation, as well as ensuring compliance to any and all updates to said legislation as they evolve. With respect to Arla supply chains, we communicate our expectations of compliance with our Code of Conduct for Suppliers and Business Partners.

Arla Foods a.m.b.a has conducted a due diligence process and identified where we have the highest risks, and prioritized impact assessments based on those areas, including a focus on our salient human rights risks.

We strive to source from and partner with reputable direct suppliers who must sign our Code of



Conduct for Suppliers and Business Partners and/or have their own Code of Conduct which aligns with ours. We may also audit certain suppliers and partners based on the risks we have identified during / prior to onboarding them.

It is important to us that we continuously strive to identify risks and areas for improvement and implement follow-up actions. We have a global modern slavery steering committee to formalize internal governance on modern slavery risks. We endeavour to implement and enforce effective systems and controls to help reduce the risk of forced labour, child labour and human trafficking in our activities and supply chains.

Further the principles include:

- Robust internal data checking processes in Arla Foods Inc. This includes checking of employee bank details and addresses to identify risk areas.
- Arla's farm quality assurance programme Arlagården®, which is compulsory for all members of the cooperative, aims to achieve a high level of compliance with through bi-annual self assessments. Arlagården® standards include a strong emphasis on the 'people' element on-farm including working environment, health and safety, accommodation and rest facilities.
- The 'people' standards in Arlagården® are assessed on-farm by third party auditors in all start-up and re-opening audits.
- Migrant worker colleagues in the Middle East retain their passports and identity documents, unless they sign a letter of consent if they want Arla to safekeep these.
- Continuing to bring awareness with our leaders and colleagues about modern slavery.
- As a selection criteria our procurement department asks new suppliers to provide a link to their Modern Slavery Statement and/or to sign our Code of Conduct for Suppliers and Business Partners.
- We aim to work with responsible purchasing practices and to review our direct supplier list annually and we may follow-up as appropriate to communicate the expectations in our Code of Conduct for Suppliers and Business Partners.
- Our confidential whistleblower service is open for all on our website.
- We train all relevant employees engaged in purchasing activities on purchasing compliance requirements.

Our expectations

We endeavour to respect human rights and reduce the risk of forced labour, child labour and human trafficking. We strive to work with business partners, including joint ventures, suppliers and contractors with the same values.

If any of our employees or anyone who has a business relationship with Arla identifies potential cases of forced labour and/or human trafficking within our business or supply chain, we have established procedures in place for reporting such concerns, including our confidential whistleblower service, or speaking to any member of the Management Team or Human Resources.

Responsible sourcing

As a leading global dairy company, we source goods and services around the world. Since 2000, Arla's procurement has been centralized to ensure common standards and practices, enabling us to take environmental, social and human rights responsibilities into consideration when selecting a supplier. All suppliers sourced by our procurement department are requested, as part of their contractual



agreement with us, to respect our Code of Conduct for Suppliers and Business Partners and/or we review their Code of Conduct to ensure it is aligned to ours.

The guidelines in our Code of Conduct for Suppliers and Business Partners encourages our suppliers to:

- Provide a safe and healthy working environment;
- Respect the rights of children and not engage in or tolerate the use of child labour;
- Not use forced labour and at a minimum comply with applicable laws and industry standards relating to working hours and minimum wages; and
- Respect international agreements on human rights.

Due diligence and audit of our supply chain

Arla has a global approach to supplier assurance and our preferred suppliers of key categories (ingredients, packaging, contract manufacturing, and selected services such as facility management) are required to complete a detailed supplier questionnaire covering quality, food safety and human rights standards, among other areas of importance. We have processes in place for audit and assessment of our preferred suppliers and take a risk-based approach to auditing of suppliers using location, sourcing category, and historical performance as some of the selection criteria. Based on supplier performance, annual spend, and/or potential risk or business impact, we may also reach out to certain direct suppliers to communicate our expectations regarding our Code of Conduct for Suppliers and Business Partners. Should we identify or become aware of any business relationships not adequately managing their potential or actual modern slavery risk, we may follow up and take further steps.

We endeavour to conduct considerate risk assessments of our operations and supply chain to identify potential areas of vulnerability to modern slavery (which typically includes an evaluation of direct suppliers, subcontractors, and our labour practices). We also collaborate with industry peers, non-governmental organizations and other organizations to share best practices, knowledge and resources, including related to supply chain management and responsible sourcing.

For employees that are onboarded by Arla Foods Inc., our typical process involves verification of their identity with government issued photo ID, and we may also conduct employment reference checks. For temporary agencies and contractors, our vendors are requested validate the same in accordance with our Code of Conduct for Suppliers and Business Partners and standard supplier agreements in addition to potentially providing other required documentation or insurance.

With respect to supplier due diligence, we have implemented a due diligence process for certain direct suppliers and subcontractors. This typically involves assessing their policies, practices, and adherence to local labour laws. Audits and inspections to help us work towards our goal of working with responsible suppliers are conducted as required, including on site assessments.

Arla training

Currently Arla provides general training with respect to Arla Code of Conduct and other relevant work standards as part of new hire onboarding, including the Whistleblower service. During the reporting period, this training did not directly engage with issues of forced labour or child labour but has helped us maintain our commitment to promoting a safe and respectful workplace for our employees.



Progress since the previous statement (Arla Foods amba)

The 'Right not to be subjected to slavery, servitude or forced labour (incl. child labour)' is identified as one of Arla's beliefs respecting human rights. During the year and past reporting period, we have maintained our global commitment to promoting human rights.

- We have reached out to certain key direct suppliers who had signed a previous version of our Code of Conduct for Suppliers (CoCS) and asked them to sign the updated version 3.0 of our Code of Conduct for Suppliers and Business Partners.
- We focused on suppliers with versions older than 2.0, and changed our processes so that suppliers with such old versions would be registered as not-accepted suppliers to Arla if they declined to sign the updated version 3.0.
- We have conducted human rights spot checks in West Africa, focusing *i.e.*, on the risk of recruitment fees, wages and working hours.

Grievance mechanisms

Arla values and respects honest and open communication, and employees and other stakeholders have the opportunity to raise questions and/or concerns through our confidential Whistleblower Service - 'EthicsLine' at arla.whistleblownetwork.net.

Remediation

As no such complaints have been received, there is nothing to report with respect to measures taken during the reporting period by Arla Foods Inc. to remediate (i) instances of any forced labour or child labour, or (ii) the loss of income to the most vulnerable families that result from any measure taken to eliminate the use of forced labour or child labour in Arla Foods Inc. activities and supply chains.

Canadian approval and attestation

This report was approved by the board of directors of Arla Foods amba as the joint report for Arla Foods amba and Arla Foods Inc. for the financial year ended December 31, 2023, pursuant to paragraph 11(4)(b)(ii) of the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

In accordance with the requirements of the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I attest for and on behalf of the board of directors of Arla Foods amba that I have reviewed the information contained in the report for the entities listed above. Based on the knowledge of the board of directors of Arla Foods amba, having exercised reasonable diligence, I attest for and on behalf of the board of directors of Arla Foods amba that the information in the report is true, accurate and complete in all material respects for the purposes of the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act*, for the reporting year listed above.

Peder Tuborgh
CEO, Arla Foods amba
May 30, 2024