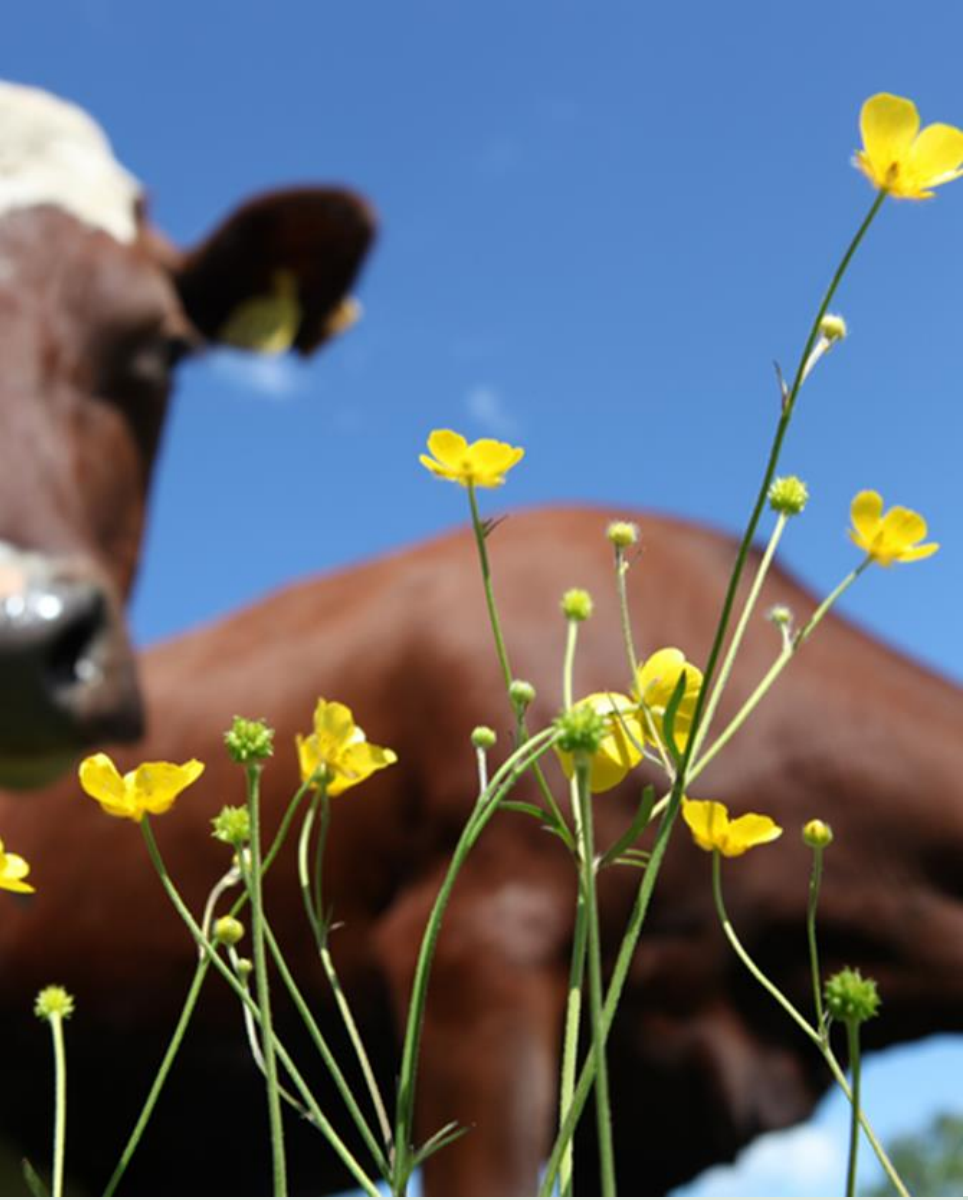
ORGANIC FOOD DAY

October 2022

Arla®



1. Short about Arla
2. Organic
3. Arla Sustainability work
4. Organic 2.0
5. Regenerative Farming Pilot Network

ABOUT ARLA

8,956
OWNERS

13.6 BL. KG.
MILK INTAKE

THE 4TH
LARGEST

20,600
COLLEAGUES

4 GLOBAL
BRANDS

11.2 BL. EURO
REVENUE

LARGEST ORGANIC
DAIRY PRODUCER
IN THE WORLD

ORGANIC

ARLA ORGANIC RANGE IN FINLAND.

ORGANIC MILK AND CREAM PRODUCED IN HÄMEENLINNA DAIRY.

CHEESE PRODUCED IN PORLAMMI DAIRY.

BIODIVERSITY AND CO2 CHECKS DONE ANNUALLY ON arla ORGANIC FARMS IN FINLAND.

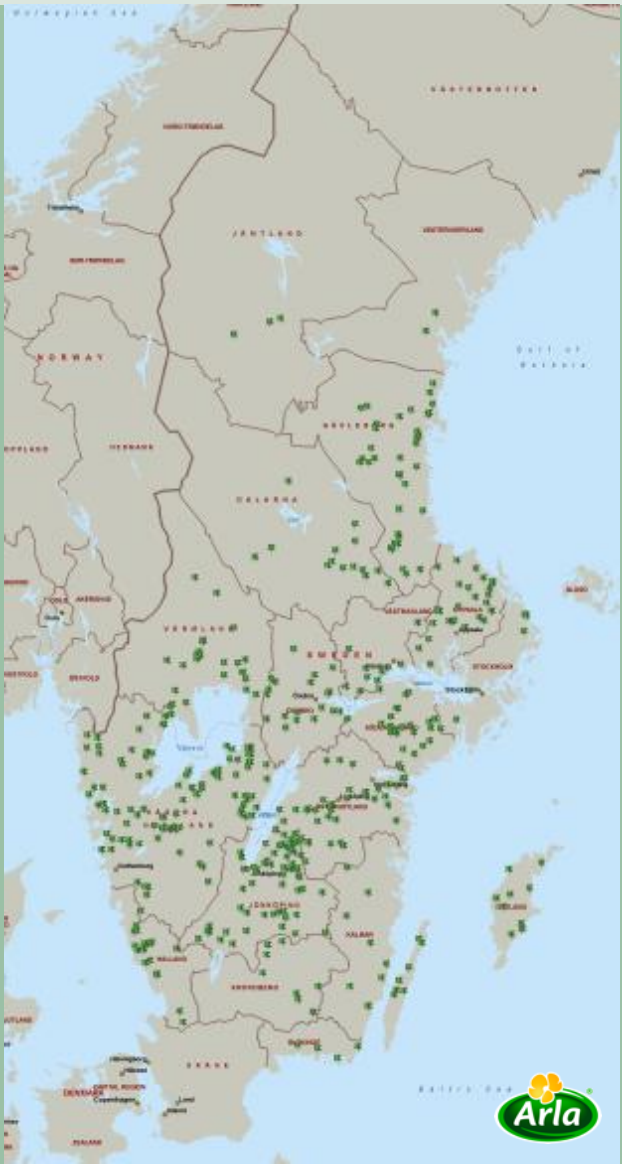
Arla Organic: Good for soil, cows and pollinators

- ❑ **We don’t use chemical pesticides and fertilizers.**
- ❑ **We work to contribute to biodiversity and measure biodiversity in the farms on a yearly basis.**
- ❑ **Our cows live untethered in cowsheds, graze during the summers and enjoy fresh grass as well as go outdoors in the winter when the weather allows and when they wish to do so.**
- ❑ **Grass plays a key role in feeding cows on organic farms and grass cultivation is a great way to promote soil carbon sequestration. Healthy soils is beneficial for crop growth**

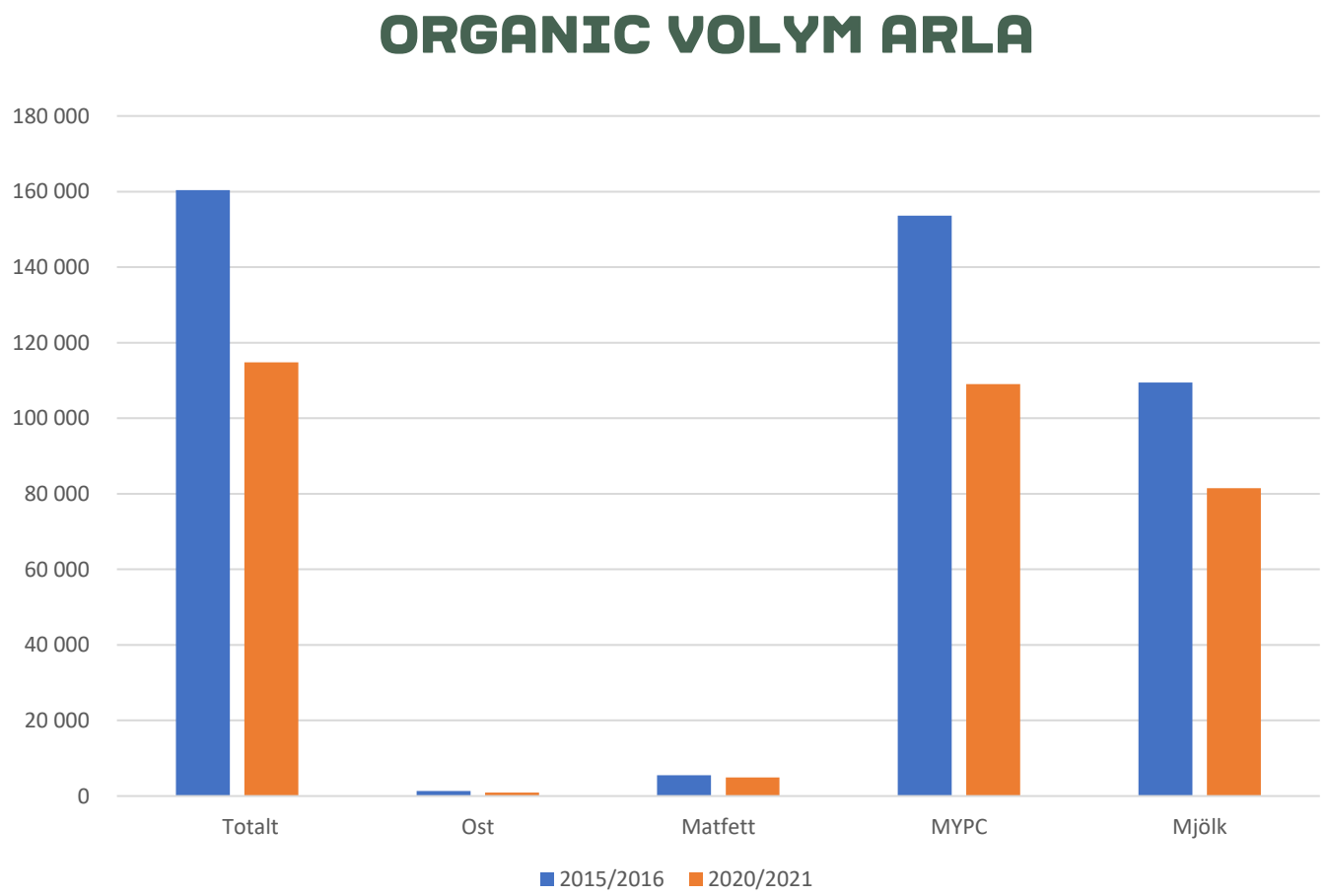
ARLA ORGANIC

- ✓ Arla is the world's largest producer of organic milk
- ✓ In Arla Sweden, the total organic weigh-in is about 17% of the total milk weigh-in
- ✓ In Arla Sweden, about 18% of the farms are organic
- ✓ In Sweden Arla has abut 390 organic farms
- ✓ From 2022, it is mandatory for Arla's organic farms to map bio diversity and soil health
- ✓ Investing in a new communication concept with media investments for organic
- ✓ New design of Arla organic products in 2022 and 2023: bio diversity & soil health
- ✓ Continued work with EKO campaigns, including EKO September (collaboration with Organic Sweden)

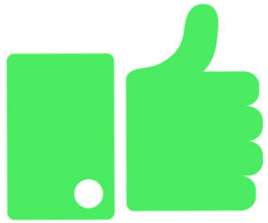
eko
I SAMSPEL MED JORD, KOR OCH BIN

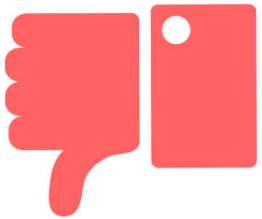


NEGATIV SALES DEVELOPMENT –28% PÅ 5 ÅR



NEW COMPETETION





NEW REALITY

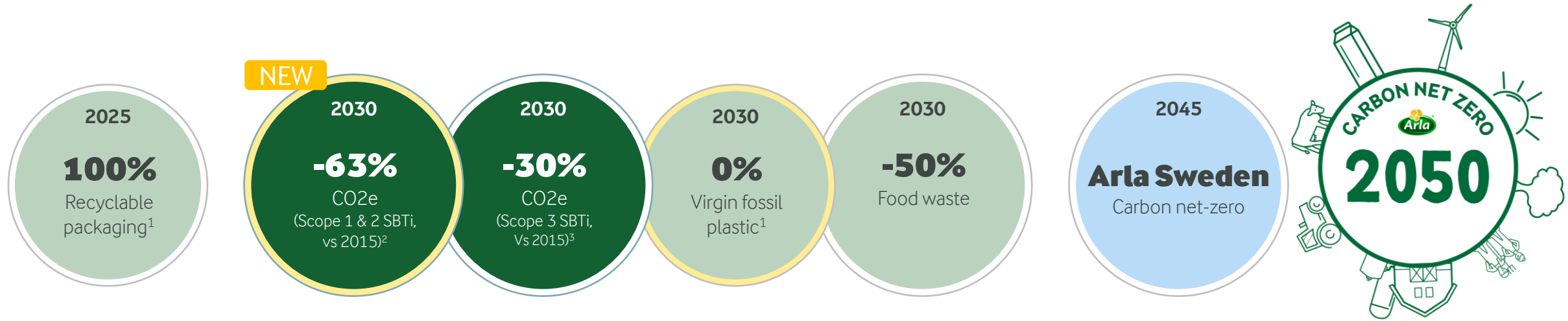
- Feed
- Electricity
- Fuel
- Interest

- Price increases

ARLA SUSTAINABILITY WORK

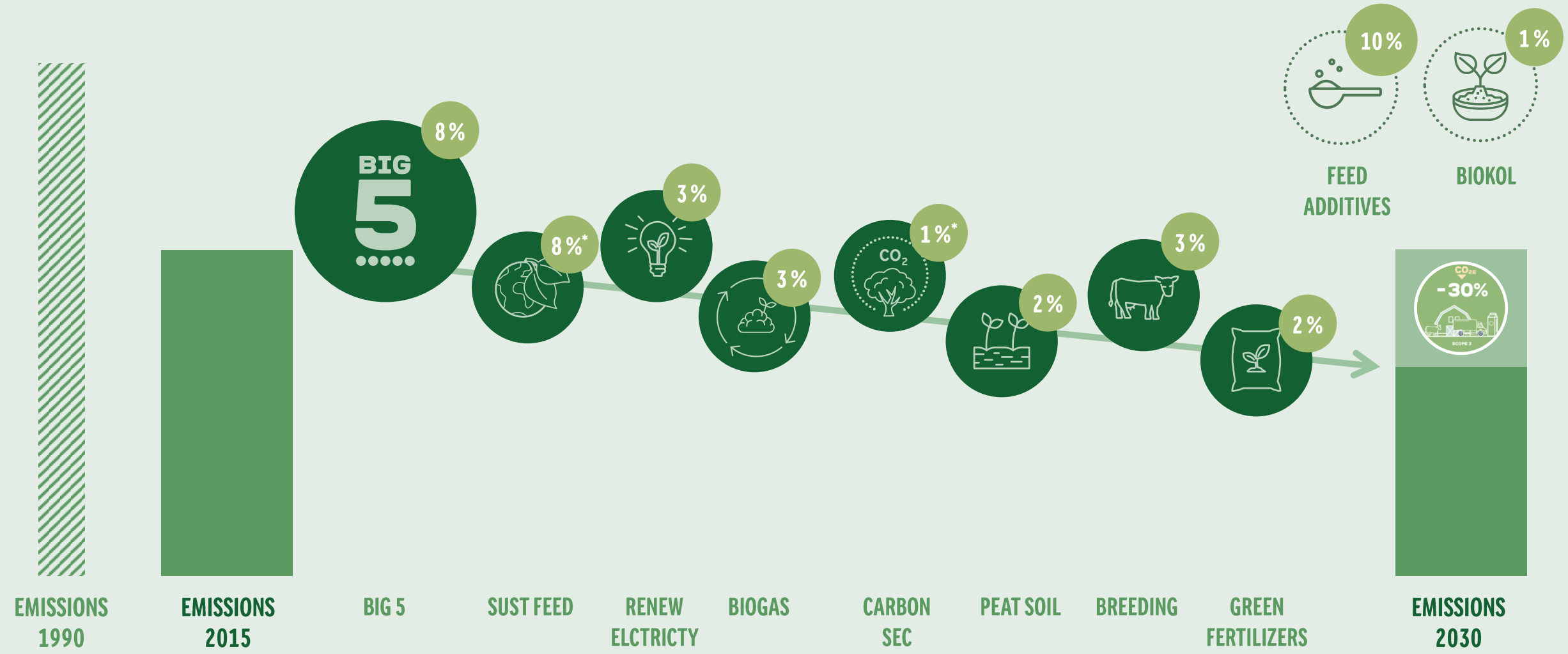
ARLA'S SUSTAINABILITY TARGETS

CO2e
Andra KPIer



1) For Arla's own brands 2) New 2030 targets to be committed (application pending – June 21) with: Scope 1+2 (Scope 1: *Emissions related to activities under our direct control, Scope 2:Indirect emissions caused by the energy we purchase)*: -63% absolute tonnes CO2e reduction in 2030 under the Science Based Targets (offsetting not permitted), 3) Scope 3 (*Indirect emissions from purchased goods and services*): -30% CO2e/kg raw milk or whey, 4) -50% internal waste in kg/kg raw material under Champions 12.3

ON FARM 30% REDUCTION



* Kräver att förändrad direkt markanvändning och kolinlagring ingår i det vetenskapsbaserade målet och att utgångsläget 2015 ska uppdateras därefter

CLIMATE CHECKS: THE PROCESS

Generating a fully validated data set for Arla to go on and accelerate carbon reductions at farm level

Farmers carry out annual **self-assessments,** consisting of more than 200 questions

Data is reported through Arlagården platform, and an **advisory visit** is planned

External climate advisors guide the farmers to **lower the carbon footprint** on farm

The resulting data will show the farm's **individual carbon footprint** (carbon dioxide, methane and nitrous oxide) **and KPIs**

5 FIVE LEVERS FOR ALL FARM TYPES TO REDUCE CO_2E AND ENHANCE ANIMAL WELFARE

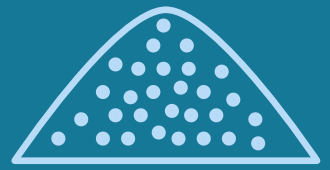
The climate checks show that these 5 main areas are driving forces that will make a difference

FEED EFFICIENCY

More milk per feed input

PROTEIN-EFFICIENCY

Reduce protein surplus in the feed ratio



ANIMAL ROBUSTNESS

Healthy cows with longer life expectancy

FERTILIZER USE

Precision to reduce excess nitrogen

LAND USE

Efficient use of land for milk production

FARM: PILOTS ON 3 OF THE BIG 5 LEVERS WILL HELP US UNDERSTAND AND SCALE IMPACT ACROSS FARMS

ON-FARM PILOTS

BIG 5

In 2022 we will start piloting 3/5 levers: **protein efficiency, animal robustness and feed efficiency**

Selected farms
from all areas and with different production systems to ensure representativeness

Advisory support
Each farm is different, so the advisor needs to tailor the lever to the farm's realities

Evaluation of results
and translation into comms material for advisors and farmers

Scale to all relevant farms
Learnings will be communicated and implemented at all relevant farms

PROJECT ORGANIC 2.0

ORG 2.0 – OVERWIEW

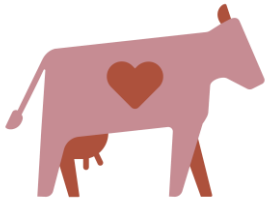
10 CRITERIA

BIODIVERSITY AND SOIL HEALTH

1. Biodiversity assessment
2. Biologic plan
3. Carbon soil assessment

CLIMATE

1. Renewable electricity
2. Climate check 2021
3. 30% reduction CO2 ‘28
4. Feed



ANIMAL WEALFARE

1. Grazing
2. Brushes
3. More space for cows
4. Cow and calf together

REGENERATIVE ORGANIC FARMING

Improve soil health | **Enhance biodiversity** | **Protect air & water quality** | **Enhance animal welfare**

Organic 2.0 criteria

Soil health
1. Carbon soil assessment
2. Implementation of minimum 5 scientifically proven soil health levers

Biodiversity
1. Biodiversity assessment
2. Implementation minimum 7 scientifically proven biodiversity levers

Animal welfare
1. Cow brushes

Climate
1. Perform annual climate checks
2. Forwarding the -30% carbon reduction commitment to 2028

BIODIVERSITY & SOIL HEALTH LEVERS

Section 1 Measures related to the production facilities/areas	Section 3 Landscape elements, small biotopes and habitats	Section 2 Natural areas	Section 4 General information	Section 5 Land Cultivation	Section 6 Other Soil measures
1. Flower strips 2. Beetle banks 3. Bird boxes 4. Bat boxes 5. Lark spots 6. Meadow Orchards 7. "Insect hotels" (artificial insect habitats) 8. Caves 9. Allow wildlife in barns/buildings	10. Veteran trees 11. Solitary trees 12. Standing dead trees 13. Flowering road verges 14. Hedgerows 15. Stone piles 16. Stone walls 17. Piles of branches/dead wood 18. Buffer strips 19. Unprofitable margins left unmanaged for biodiversity purposes (0.1 – 0.5 ha) 20. Allow wildflower areas around farm buildings 21. Discontinued mining fields/pits < 0,5 ha 22. Old, historical sites 23. Ponds <100 m2 24. Ponds 100 -10,000 m2 25. Other areas < 0,5 ha	26. Natural grassland 27. Water courses 28. Lakes > 1 ha 29. Unmanaged woodland 30. Shrubby areas	31. Endangered/rare/protected species on farm 32. Biodiversity advisory 33. Biodiversity schemes/programmes	34. Crop Diversity/Crop Rotation 35. Intercropping 36. Cover crops/catch crops/maximised ground cover 37. Increased grass share >40 pct 38. Improved grass diversity (> 7 species/varieties incl. herbs) 39. Improved grass age (> 3 years) 40. Rotational Grazing 41. Adaptive Multi-Paddock (AMP) grazing/holistic grazing 42. Mob grazing/cell grazing 43. Reduced tillage (Reduced ploughing depth/intensity) 44. No traffic on wet soil 45. Controlled traffic 46. Use of new technology to reduce compaction 47. Soil Sampling - Liming for optimal pH	48. Compost addition 49. Biochar 50. Bio-stimulants 51. No use of pesticides 52. Yearly soil workshop 53. Participating in farmer soil group 54. Online course/resources 55. Agroforestry/Silvopasture/grazing of production forest 56. Soil health indicators

BIODIVERSITY CATALOGUE

26 descriptions of levers to promote biodiversity

- Short descriptions of measures which have the potential to enhance biodiversity and are in principle **universally** and **globally** applicable.
- The descriptions contain between 600 and 700 words and additionally up to three pictures.
- The descriptions cover **33 levers** from **four focus areas**:
  - **Measures related to the production facilities and areas** like lark plots, meadow orchards
  - **Landscape elements, small biotopes and habitats** like trees, hedgerows, stone piles
  - **Natural areas** like natural grassland, water courses
  - **Others** like biodiversity advisory, participation in biodiversity programmes

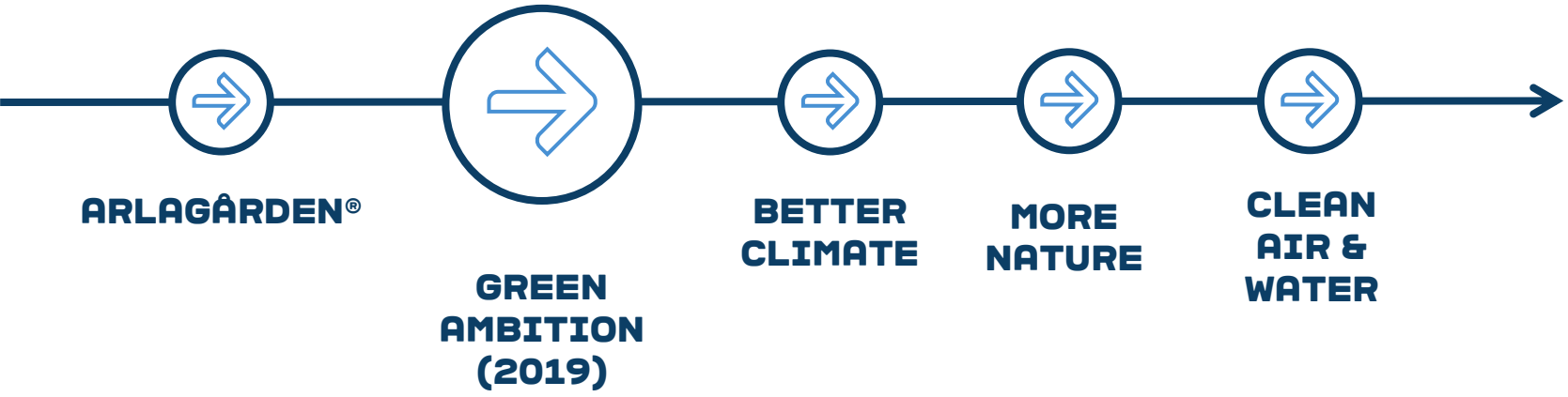
PILOT NETWORK - REGENERATIVE FARMING

WHAT IS REGENERATIVE FARMING?

SUPPORTING ARLA'S SUSTINABILITY JOURNEY

TAKING OUR NEXT STEPS

REGENERATIVE FARMING
A TOOL TO CONTINUE GREEN AMBITION AND COMMERCIALISATION



CO-OPERATIVE SPIRIT

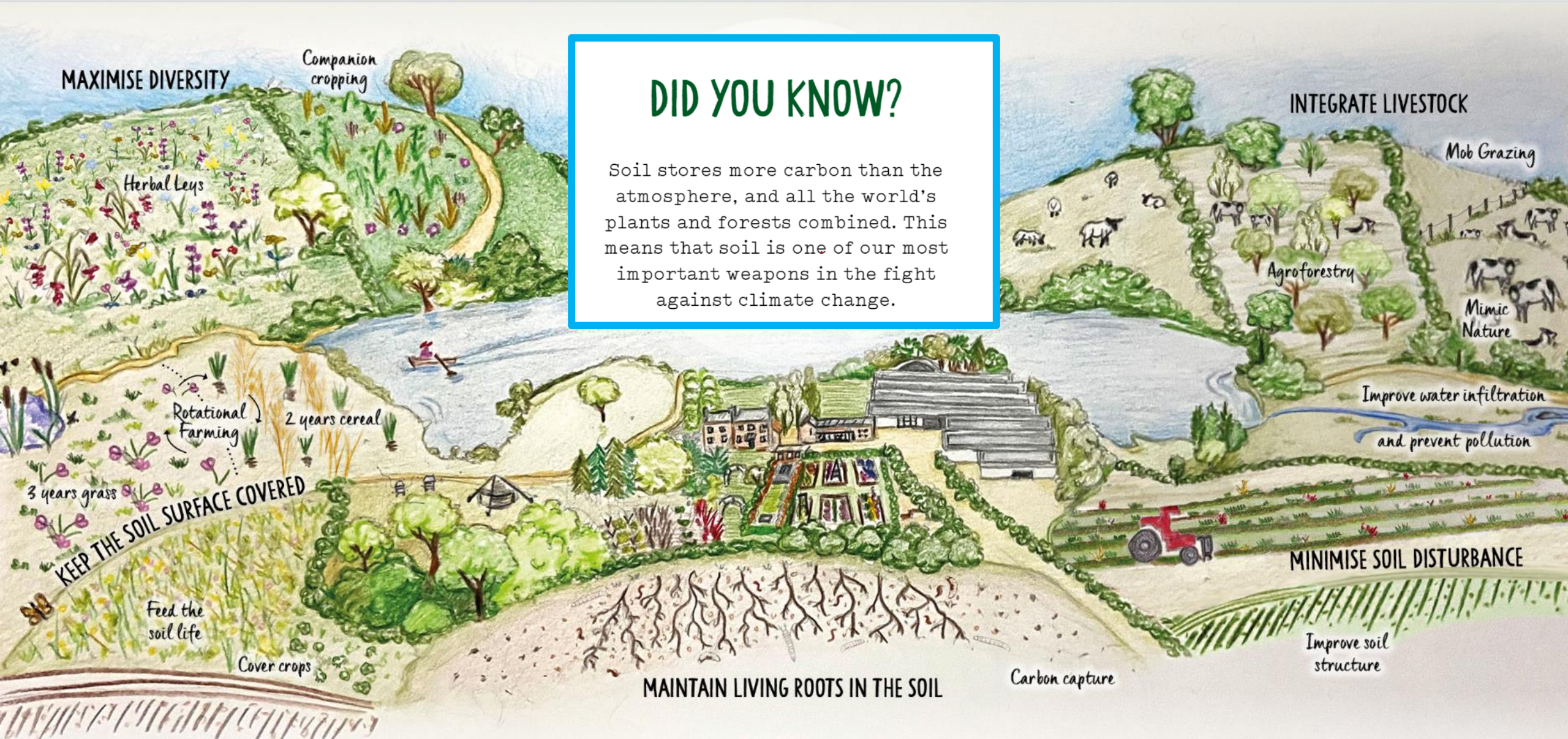
The cooperative spirit gives us power to make meaningful change — reducing our footprint as well as increasing our handprint

60,000 HANDS

6 MILLION HOOVES

TRACK 1 (REGEN)

TOOLS TO ENABLE ARLA'S GREEN AMBITION



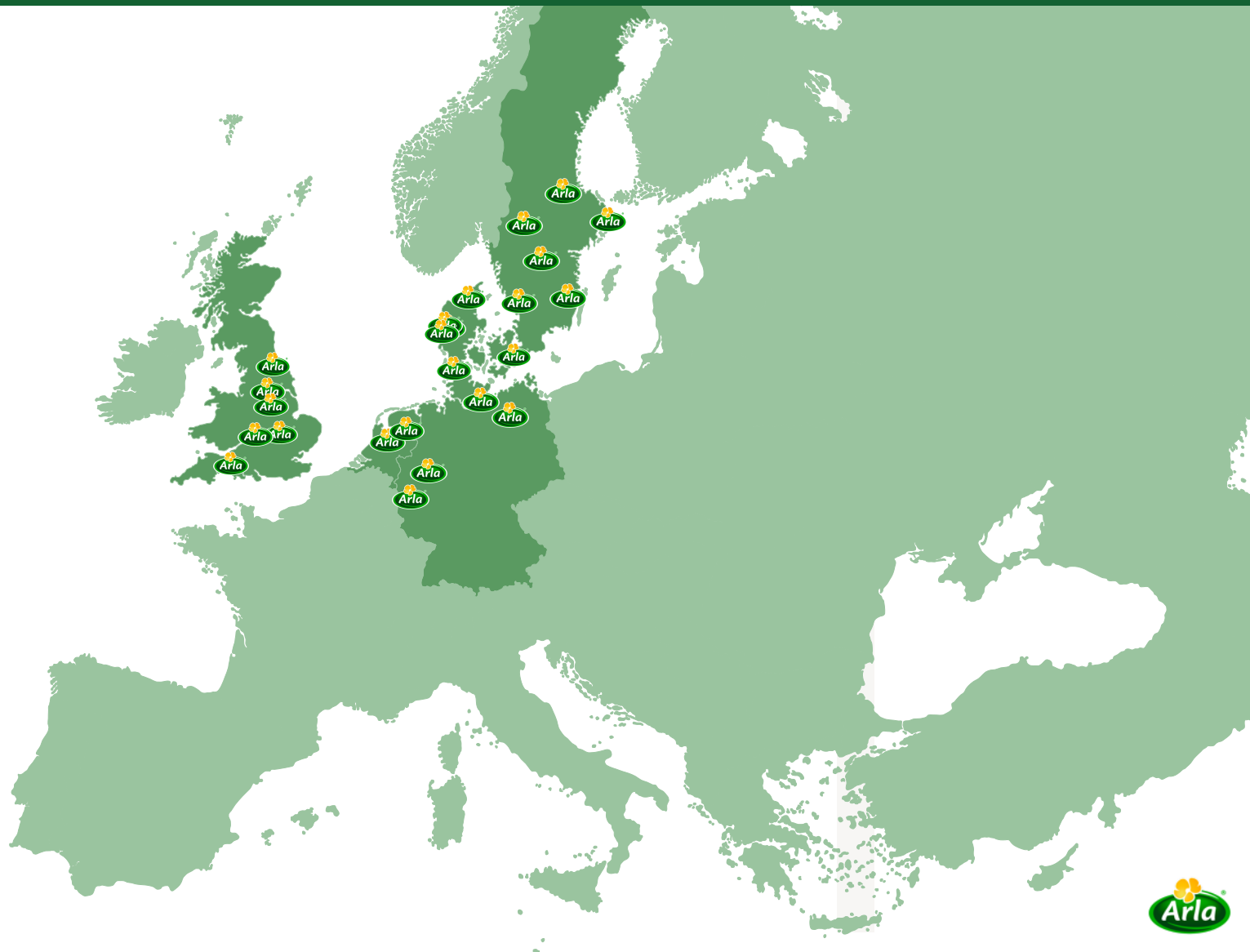
DID YOU KNOW?

Soil stores more carbon than the atmosphere, and all the world's plants and forests combined. This means that soil is one of our most important weapons in the fight against climate change.

ARLA PILOT FARM NETWORK
REGENERATIVE FARMING

PILOT FARM NETWORK

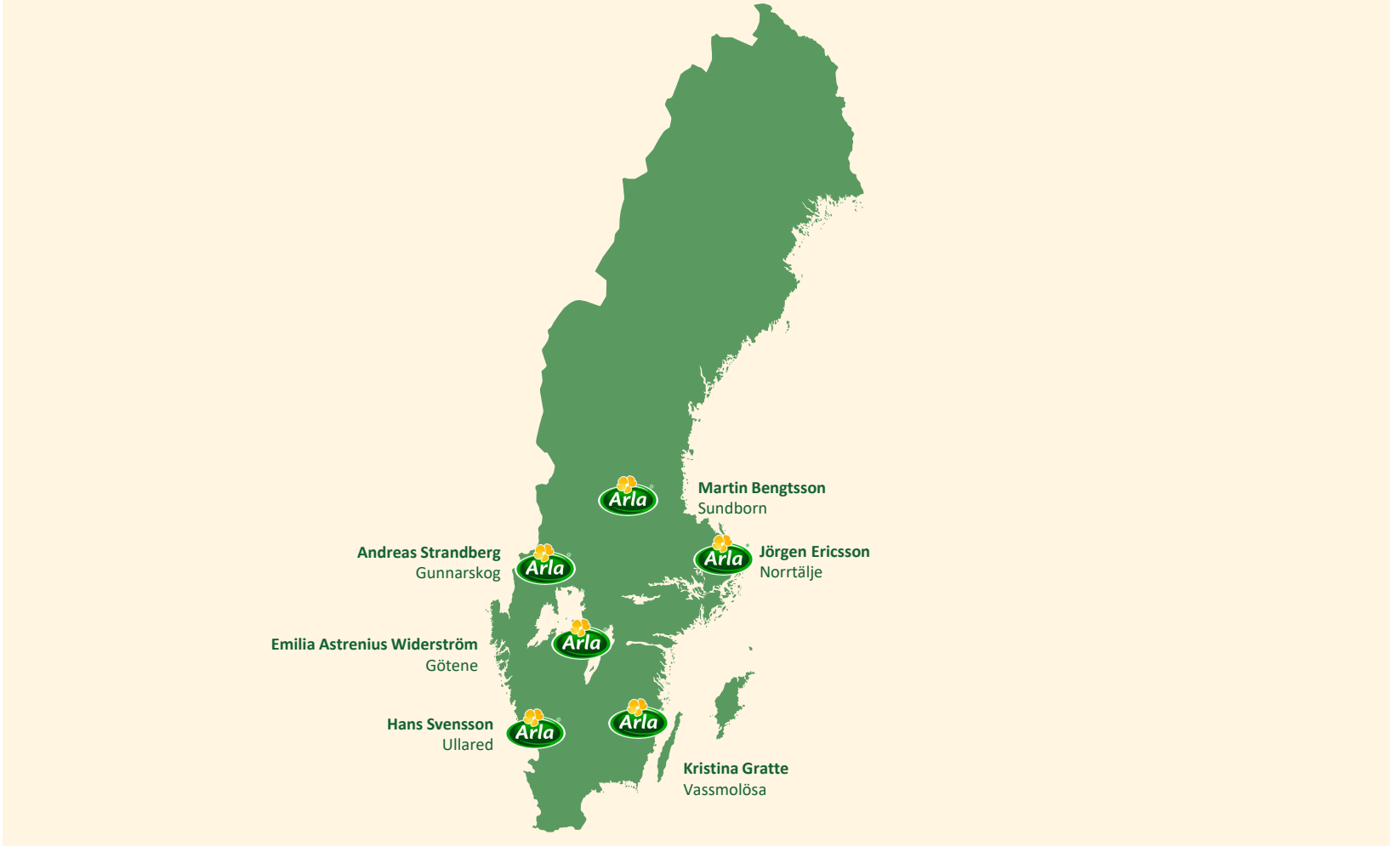
EUROPE



ARLA PILOT FARM NETWORK REGENERATIVE FARMING

PILOT FARM NETWORK

SWEDEN



THE NETWORK: SUPPORTING OWNERS TO PIONEER A REGENERATIVE APPROACH

GLOBAL TEAM

Jo Lawrence
Regen. Lead

Thomas Krober
Farm Programs
Senior Manager

Anna-Karin Modin-Edman
CSR
Senior Manager

Berit Janssen
Organic
Manager

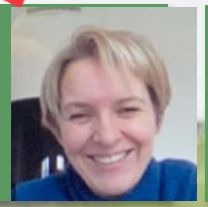
Christine Brokner
R&D Lead

FAI

EXTERNAL EXPERTS
RISE / SEGES / BSAG / THUNEN INSTITUTE

Johan Hedburg
Local Arla Lead

Kirsten Pedersen Due
Local Arla Lead



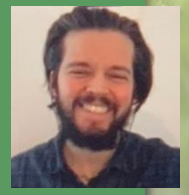
Sylvain Vaderheyden
Local Arla Lead

Lucy Jack
Local Arla Lead

Jon Orvendal
Local Expert

Janne Aalborg Nielsen
Local Expert

Stephan Bohm & Leon Bucher
Local Expert



Caroline Grindrod & Clare Hill
Local Expert

Industry Collaborations

Consult and collaborate widely with external organisations to ensure the programme remains aligned to current industry best thinking

C-Sequ · SAI Platform · op2b one planet · Copenhagen Business School · SEGES · RISE · Sustainable Food Trust

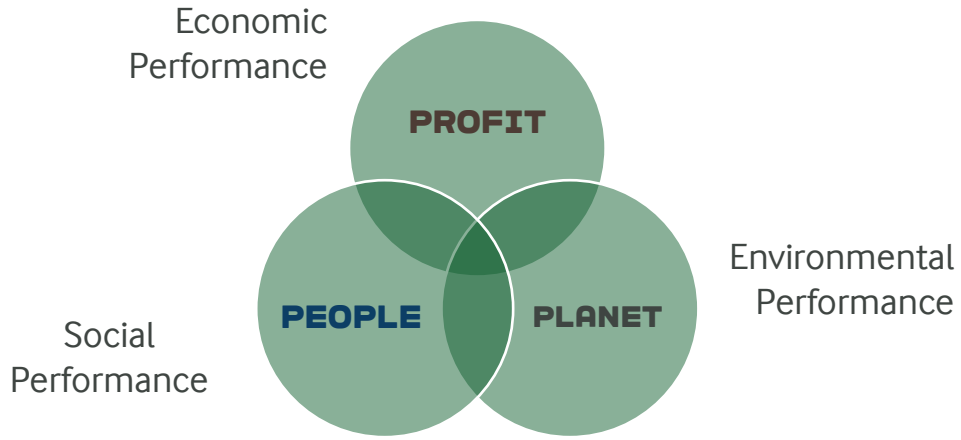
PILOT FARM HANDPRINT PLANS

Trialling Regenerative Practices

THE HANDPRINT

HANDPRINT PLAN

A working document that details the actions the farmer is going to take make steps towards farming more regeneratively



REGEN PILOTS | OVERALL MEASURES OF SUCCESS

- ✓ Data Proof Points *(what & how)*
- ✓ Soil Health *(practices for productive dairy)*
- ✓ Mindset *(motivating change)*
- ✓ Regenerative Outcomes *(to Scale)*

COMING UP.....

1

Soil Lab Assessments

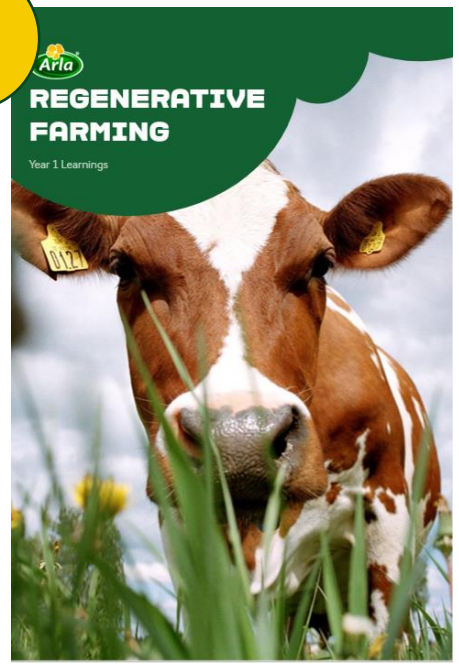
Soil Carbon
Mineral Analysis
Soil Biology

Ecological Outcome Measures

Ecosystem Process Survey
Farm Function Tests

Year 1 Data Analysis

2



Year 1 Summary Report (expect. end 2022)

3

Underpants Communications (+part 2 TBC)

**** PLEASE ASK FOR SUPPORT ON ASSETS FOR MEMBER MEETINGS ****

SNEAK PEAK....

THANK YOU!