



ARLA FOODS ANTI-BRIBERY POLICY

PURPOSE

It is our Policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all of our business dealings and relationships wherever we operate and to implementing and enforcing effective systems to counter bribery and corruption.

We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

The purpose of this Policy is to:

- set out our responsibilities, and those of others working for us, in observing and upholding our position on bribery and corruption; and
- provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.

RELEVANCE / OUR EMPLOYEES ROLE

Employees must take bribery and corruption very seriously. It is a criminal offence to offer, promise, give, request, or accept a Bribe. Individuals found guilty can be punished by imprisonment and/or a fine. As an employer and a principal represented by agents and other third parties, if we fail to prevent bribery we can face an unlimited fine, exclusion from tendering for public contracts, and damage to our reputation. We therefore treat our legal responsibilities with the utmost importance.

The Arla Group is committed to ethical behaviour and values. It is amongst its first priorities to continue to establish a culture that enhances the value of ethics and promote the individual responsibility, as defined in our Code of Conduct. All employees of Arla are expected to be familiar and comply with the Code of Conduct.

You must ensure that you read, understand and comply with this Policy and attend any related training as required.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

You must notify your line manager or HR business partner, your local legal contact or use the reporting procedure set out in our Grievance Policy as soon as possible if you believe or suspect that a conflict with this Policy has occurred or may occur in the future. By raising your concern, you enable us to assess the situation and take action. We do not tolerate retaliatory action taken against you for raising concerns in good faith.

If you are unsure about whether a particular act constitutes bribery or corruption or have any other query at all about this Policy and compliance with it, you should discuss the matter with your

line manager or any member of the legal team.

ROLES AND RESPONSIBILITIES

Arla's Responsibilities

Our Executive Management Team has overall responsibility for ensuring this Policy complies with our ethical obligations, and that all those under our control comply with it.

Our legal team has overall responsibility for ensuring this Policy complies with our legal obligations. The legal team also has primary and day-to-day responsibility for implementing this Policy, monitoring its use and effectiveness, and dealing with any queries about it. The legal team will always be involved as soon as bribery is reported, irrespective of the route that will be followed. Specific advice would include such issues as guidance on civil, internal and criminal responses, recovery of assets and contact with authorities, if relevant.

The management of a relevant function/entity must apply effective anti-bribery risk management that is achieved through the commitment, cooperation, and involvement of all employees in preventing, detecting, and responding to all instances of suspected bribery; are responsible for ensuring those reporting to them understand and comply with this Policy; must give adequate and regular training on it and secure that each employee knows how to act in case he/she is subjected to bribery or becomes aware of bribery. The management is also responsible for communicating to the applicable local country head of legal, all bribery allegations they are aware of, and coordinate investigations related to their function/entity, if the applicable country head of legal decides to hand over the handling process to the management.

HR is responsible for advising the management in relation to the people management strategies, individual employment histories, and issues relating to employment law, or equal opportunities. HR is always involved in suspicion of employee bribery and in other circumstances, as required.

The Ethics Line Committee (the ELC) – is an internal team acting with integrity and balancing the interests of the reporter, the reported person(s)/organisation/activities and interests of Arla when handling reports. The ELC includes representatives from Finance (Risk, Controls and Compliance), Legal, HR, Corporate Social Responsibility (CSR) and business zones. The ELC is independent from organisational structures and reports to the CEO.

As an efficient internal control system is the most effective in preventing anti-bribery, adequate controls and procedures must be established following the guidance from Risk, Controls and Compliance in a form of Minimum Compliance Requirements and relevant internal controls.

PRINCIPLES AND RULES

WHO

This Policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, or any other person associated with us, wherever located.

WHAT IS BRIBERY AND CORRUPTION?

DEFINITIONS

In this Policy:

“**we**” mean Arla Foods amba and all companies which it controls, and where the context requires refers more specifically to the relevant individual entity amongst them;

“**third party**” means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential customers, suppliers, distributors, business contacts, agents, advisors, politicians, political parties, and government and public bodies, including their own advisors, representatives and officials; and

“**Bribe**” means an offer, promise, gift or acceptance of any financial or other Benefit to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the Benefit.

“**Benefit**” includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract, or anything else of value (whether monetary, sentimental or otherwise). The higher the value of the Benefit, the greater the risk of it being deemed a Bribe.

“**Improper conduct**” means a person acts improperly where they act illegally, unethically, or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind.

“**Corruption**” means dishonest or fraudulent conduct by those in power, and typically involves bribery.

OFFENCES

You commit an offence by:

- offering, promising or giving a Bribe; or
- requesting, agreeing to receive, or accepting a Bribe.

You also commit a specific offence if you Bribe a foreign public official to obtain or retain a business advantage. Whilst the rules apply to recipients in both the public and private sector, the extent of lawful activity is smaller in relation to public employees.

We separately commit an offence if we fail to prevent any form of bribery by an associated person, which could be, not just an employee of ours but also our agent, subsidiary, contractor or one of their employees.

It is therefore **not acceptable** for you (or someone on your behalf) to:

- offer or give or promise to give a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- accept a payment, gift or hospitality from a third party that you know, or suspect is offered with the expectation that we will provide a business advantage for them or anyone else in return;
- offer, give or promise to give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;
- offer, give or accept a gift or hospitality to or from a third party that is unduly lavish or extravagant under the circumstances;
- offer, give or promise to give or accept a gift or hospitality to or from government officials or representatives, or politicians or political parties, without the prior approval of someone in

the legal team;

- threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this Policy; or
- engage in any other activity that might lead to a breach of this Policy.

It does not matter whether the recipient has actually been influenced in the performance of their duties by the Benefit in question; the issue is whether, from an objective point of view, the recipient could have been influenced by the Benefit.

FACILITATION PAYMENTS AND KICKBACKS

We do not make, and will not accept, facilitation payments or kickbacks of any kind.

Facilitation payments, also known as backhanders or grease payments, are typically small, unofficial payments (whether monetary or in the form of goods of any kind) made to secure or expedite a routine or necessary action (for example by a government official).

Kickbacks are typically payments made in return for a business favour or advantage (but in this directive the term does not include retrospective discounts or rebates given transparently and properly as part of a legitimate pricing agreement with customers).

You must avoid any activity that might lead to a facilitation payment or kickback being made or accepted by us or on our behalf, or that might suggest that such a payment will be made or accepted. If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment.

If you have any suspicions, concerns or queries regarding a payment, you should raise these with the legal team, your line manager or HR business partner, or by using the reporting procedure set out in our Grievance Policy. We can and will help you resist any pressure to engage in any activity relating to facilitation payments or kickbacks.

GIFTS AND HOSPITALITY

You may only offer, give or accept a gift or hospitality which is in any way connected to us in accordance with this Policy, the Third Party Gifts and Hospitality Guidelines and the Third Party Relations Policy.

Hospitality is the giving of or receiving entertainment and other intangible benefits whether with or without the giving party present, and includes attendance at events, participation in activities, travel, accommodation, and food and drink.

This Policy allows reasonable and appropriate gifts or hospitality given to or received from third parties for the purposes of:

- establishing or maintaining good business relationships;
- improving or maintaining our image or reputation; or
- marketing or presenting our products and/or services effectively.

The offering, giving and accepting of gifts and hospitality is allowed if the following requirements are met:

- it is not made with the intention of influencing us or a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;

- it is given in our name, not in your name and is given openly, not secretly;
- it does not include cash or a cash equivalent (such as gift certificates, gift cards, or vouchers);
- it is appropriate in the circumstances and not unduly lavish, taking account of the reason for it, its timing and its value; and
- it complies with the remainder of this Policy, the policies referred to above and any applicable local law.

Principles

Openness and transparency reduce the risk of activity constituting bribery. Therefore, if making any offer which may have a personal Benefit, it is preferable to do so to an intended recipient's organisation generally rather than to the intended recipient personally.

Third Party Expenses

Reimbursing a third party's expenses or accepting an offer to reimburse our expenses (for example, the costs of attending a business meeting) would not usually amount to bribery. However, a payment in excess of genuine and reasonable business expenses (such as the cost of an extended hotel stay or unduly lavish accommodation) is not acceptable. Expenses for items and at levels in accordance with our travel and expenses Policy would normally be considered reasonable.

Tenders

During a tender process or other ongoing business negotiations you should refrain completely from making or accepting offers to or from representatives of any organisation involved (including invitations to lavish meals). This is to avoid the suspicion of the recipient being unduly influenced in the process or negotiations.

Multiple Offers

Gifts or hospitality of a low value which would in isolation be acceptable may still constitute bribery when given as part of a series of similar gifts or alongside other separate gifts or hospitality. The aggregate effect of all gifts or hospitality involving the same organisation (including different individuals within the organisation) should be considered.

Value

All circumstances must be taken into account when determining the lawfulness of a hospitality event. The total value of the offer should be considered, including any ancillary aspects such as travel, meals and drinks. The lesser the degree of an event's business-related elements such as presentations or training in comparison to its leisure or entertainment aspects, the greater the risk of the hospitality constituting a Bribe.

As a general rule, you must never invite or pay for expenses related to partners, family members or other companions. Likewise, you must not accept offers from third parties to pay for expenses relating to your partner, family members or other companions. Hospitality may only be allowed on an infrequent basis and where it's natural to local custom for a partner etc. to attend. It must be approved as part of the annual plan or notified to your line manager and Legal in advance. It must be registered in the Gifts and hospitality register irrespective of value.

In addition, offers of gifts or hospitality which do not comply with any applicable law or this Policy must be declined as soon as possible and directly to the person making the offer.

We appreciate that practice varies between countries and regions and what may be normal and

unlikely to exert undue influence in one region may not be so in another. The intention behind the gift or hospitality should always be considered.

You must also comply with all relevant provisions of our travel and expenses Policy.

CHARITABLE DONATIONS AND POLITICAL CONTRIBUTIONS

We do not make contributions to political parties.

We only make charitable donations that are legal and ethical under local laws and practices.

Donations must be approved as part of the annual plan and approved by Head of Country. Bidding at auctions/raffle tickets is not allowed using Arla's money. Only in very rare circumstances can this be allowed, but the prize would have to be related to a commercial business opportunity and subject to prior approval from Head of Country and your local legal contact. The Charitable Donations Policy has more specific guidance.

MONITORING, REPORTING AND RECORD KEEPING

RECORD-KEEPING

We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

Details of all hospitality or gifts which are offered to you or which you intend to offer must be declared to your line manager. You must comply with any instructions of your line manager as to the offering or acceptance of hospitality and gifts.

GIFTS AND HOSPITALITY REGISTER

In addition, the following must be recorded by you on the gifts and hospitality register located on the anti-briber site.

- all individual gifts, whether offered, given or accepted, where the value is in excess of €150;
- multiple gifts offered, given or accepted to or from the same organisation at the same time or over any period of 12 months where the total value is in excess of €150;
- all hospitality offered, given or accepted (except for normal business lunches or evening meals with a value of less than €150 per head);
- normal business lunches and evening meals with a value in excess of €150 per head;
- all donations made on our behalf; and
- all offers of gifts or hospitality which have been declined.

The gifts and hospitality register will be maintained and subject to review by the legal team.

You must submit all expenses claims relating to gifts and hospitality to third parties in accordance with our Travel and Expenses policy and record the reason for the expenditure.

All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared with strict accuracy and completeness. Accounts must not be kept off-book to facilitate or conceal improper payments.

Whether a gift or hospitality should be accepted is independent of whether or not it should be recorded on the gifts and hospitality register. If the requirements of this directive are met a gift or hospitality may be accepted even though it must be recorded. Similarly, not having to

record a gift or hospitality does not mean that it can be accepted; the requirements of this directive relating to the acceptance of gifts and hospitality must still be met.

CONFLICTS OF INTEREST

A conflict of interest is usually understood as a clash between personal interests and professional duties or responsibilities as an employee of Arla Foods. Such a conflict occurs when a person has a vested interest, such as money, status, knowledge, relationships, or reputation which puts into question whether their actions, judgment, or decision-making can be unbiased.

Some examples of a conflict of interest could be:

- Procure goods or services from a relative, friend or from a company where you are co-owner;
- Hiring an unqualified family member or friend;
- Starting a business that competes with your full-time employer; or
- Sharing confidential company information with a competitor.

Conflicts of interest in general **must be** reported to the your line manager and the HR department for evaluation and appropriate action to be taken. In addition, employees and representatives must disclose any potential conflicts of interest that may arise from the acceptance or provision of Gifts and Hospitality.

PROTECTION

Individuals who refuse to accept or offer a Bribe, or who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We encourage openness and will support anyone who raises genuine concerns in good faith under this directive, even if they turn out to be mistaken.

We are committed to ensuring that no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the legal team immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our grievance procedure, or by contacting your local HR department.

REPORTING

Periodic reporting to the CEO, CFO, EMT and BoD (annually) is provided by the head of Legal, Treasury and M&A (LTMA). Additional reporting can be provided, if requested, or if the head of LTMA decides it is necessary. Apart from sanitised periodic reporting, a case-by-case assessment of information path upwards to be decided by head of LTMA and relevant finance director of the applicable country.

Management of relevant function/entity must apply effective bribery risk management that is achieved through the commitment, cooperation, and involvement of all employees in preventing, detecting, and responding to all instances of potential bribery.

TRAINING AND COMMUNICATION

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Training on this Policy forms part of the induction process for all individuals who work for us, and

regular training will be provided as necessary, including annual or bi-annual refresher training where relevant. If you have not had any training or would like any further training, you should contact the legal team.

Our zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

DEVIATIONS AND BREACHES

In addition to any personal liability at law, any employee who breaches this directive will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

We may terminate our relationship with other individuals and organisations working on our behalf if they breach this Policy.

POTENTIAL RISK SCENARIOS

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

- a) you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- b) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- c) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- d) a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- e) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- f) a third party requests an unexpected additional fee or commission to "facilitate" a service;
- g) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h) a third party requests that a payment is made to "overlook" potential legal violations;
- i) a third party requests that you provide employment or some other advantage to a friend or relative;
- j) you receive an invoice from a third party that appears to be non-standard or customised;
- k) a third party insists on the use of side letters or refuses to put terms agreed in writing;
- l) you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- m) a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;
- n) you are offered an unusually generous gift or offered lavish hospitality by a third party.