SECTION 172(1) STATEMENTS

Arla Foods Limited

Arla Foods UK PLC

Arla Foods UK Holding Limited

Arla Foods Ingredients Felinfach Limited

Arla Foods Ingredients Felinfach Holdings Limited

31 DECEMBER 2025

Arla Internal

Section 414CZA of the Companies Act 2006 ('CA 2006') requires qualifying companies to include a statement (a 'section 172(1) statement') in the strategic report for a financial year, which describes how the directors have had regard to the matters set out in section 172(1) of the act, while undertaking their duty to promote the success of the company. Section 426B of CA 2006 requires these section 172(1) statements to be published on a website maintained by or on behalf of the company.

The section 172(1) statements included in the annual reports of Arla Foods Limited ('AFL'), Arla Foods UK PLC, Arla Foods Holding UK Limited, Arla Foods Ingredients Felinfach Limited and Arla Foods Ingredients Felinfach Holdings Limited obtainable from Companies House are provided below. Each of these entities is referred to as 'the company' in their relevant sections. Minor changes to the wording of these extracts were required to ensure they remained clear on a standalone basis. These companies are wholly owned subsidiaries of Arla Foods amba (the 'group' or 'cooperative').

ARLA FOODS LIMITED

The directors consider they have performed their fiduciary duty, as stipulated under section 172 of CA 2006 in good faith to promote the success of the company for the benefit of its members.

Details of stakeholders, primary methods of engagement, why directors consider engagement to be important, issues raised by stakeholders and actions taken as a result of the engagement are detailed below.

They considered, amongst other matters:

- The likely consequences of any decision in the long-term;
- The interests of the company's employees;
- The need to foster the company's relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards and business conduct; and
- The need to act fairly as between members of the company.

The board has considered its key stakeholders and the methods of engagement with each of those stakeholders, at board level and across the business. It receives regular reports from management to enable it to monitor the quality and effectiveness of the arrangements for stakeholder engagement. Specific examples of the way in which the directors have performed their fiduciary duty are provided in the following section. The board completed training to ensure that in preparing proposals for board consideration, managers are aware of the section 172 requirements in director decision making, ensuring that directors have assurance that all relevant stakeholder interests and other relevant matters, are being set out for their consideration.

The board understands good governance includes maintaining clear, effective, meaningful relationship with all relevant stakeholders including our customers, our colleagues, our group owners, our farmer members, our suppliers and the communities and environments in which we operate. As a wholly owned subsidiary, the board is committed to ensuring the UK is aligned to the long-term vision and mission of the Arla Foods amba group; to seek out opportunities for growth, securing the highest value for the cooperative farmer owners' milk. The group mission is to achieve this collectively, which requires more alignment of performance management and planning, but also by sharing a common future vision. The group vision includes sustainability, aiming to reduce our negative impact on the world around us and increase our positive impact.

Primarily, through the involvement of Mark Boot and Mogens Kaspersen, the board retains a significant direct link of communication through the group Board of Directors (‘group BoD’), Board of Representatives (‘BoR’) and Corporate Finance. This indirect link to farmer owners contributes to the objective of the company to align with the group. Each company board member reports into a group based senior figure within their respective functions. The group consistently promotes engagement with all stakeholders and the group BoD is responsible for stakeholder engagement with all cooperative stakeholders.

The board maintains commitment to promoting an active, open and honest approach to interactions with the company’s stakeholder community, including interaction with government and industry bodies. Our relationship with the media is also one of openness, honesty and is proactive.

COLLEAGUES

We recognise people are our most valuable asset. Our success is dependent on their efforts and investment into our people creates a culture that allows our business to thrive.

WHY WE ENGAGE OUR COLLEAGUES

The board holds a strong belief that engaging with our people is of key importance to successfully implementing its long-term strategies, aligned with the group. Investing in our people is protecting our future and promoting our success. We want Arla to be a great, safe place for all our colleagues. Our people are our ambassadors, and our goal is for a proud and empowered workforce. Exciting our colleagues about the group Future26 strategy and improving employee engagement are essential business priorities for the company and group now and into the future.

HOW WE ENGAGE OUR COLLEAGUES

The group policies and practices are applied locally. Our commitment to development of people is achieved via the annual people calendar. Our colleagues set meaningful objectives and hold regular dialogue meetings throughout the year ensuring focus on the most appropriate development areas and personal growth. Ongoing dialogue between managers and teams throughout the year is proactively encouraged. Dialogue meetings are guided and structured in a way that achieves the best outcomes for all. Our dedicated people section of the intranet contains a vast amount of resources to support these activities.

Our annual colleague survey "barometer" gives our colleagues a voice within Arla. Barometer shapes the future direction of the company and group, creating strong foundations for future growth, and ensures continuous improvement by acting on the opinions of our people. Results sharing and action planning based on the outcome of barometer is built into the people calendar.

Barometer results have been communicated to the board and are viewed with importance in assessing levels of engagement, optimism and shaping the future to ensure opportunities for our people. Smaller, more regular "pulse" surveys are also utilised to engage with our colleagues, gain further insights, and help ensure positive actions are being delivered for the benefit of all colleagues.

Our dedicated UK employee handbook includes all our related policies, and is issued to all our new colleagues. If breaches of policy are observed, a whistleblower hotline is available for anonymous reporting.

The company is committed to continual investment in our relationship with our colleagues. We provide health & wellbeing initiatives, host an extensive mental health awareness week, continually champion the importance of wellbeing, provide access to a free-to- use wellbeing app "Thrive", continue to increase levels and lines of communication across the group and continue to invest in our facilities at all of our sites to continue ensuring secure working environments. Internal IT resources have been shaped and improved to encourage even further collaboration, sharing of best practices, engagement and celebration of successes.

The health and safety of our colleagues and contractors is of paramount importance and key to our success. Health & safety is constantly monitored via appropriate KPIs across sites. Safety and risk observations are encouraged to be logged by all colleagues, and will be acted on. Workshops are regularly held to encourage idea generation in respect of health & safety activities. A culture of best practice sharing and innovation continues to enhance our workplace going forward. Our "flexible working" policy remains well received, which enables our colleagues to work in a manner that suits their personal needs, ensuring the beneficial aspects of working from home are retained and through pre-agreed arrangements colleagues can be flexible in dividing work hours between home and office.

Meanwhile the UK Leadership Forum continued to drive UK strategy via the leadership community across the business. Key messages from these quarterly meetings are delivered to teams across the business. The forum discussed the Future26 strategy and associated business plans, considered local initiatives and developed ideas as a community. Members of the board routinely host and attend and input into the forums, as well as encourage inclusion in discussions.

Regular "Business & Talk" sessions continued, with the directors updating colleagues on the most significant recent developments in the business and introduce changes, with the UK Leadership Forum designed to support the implementation of these changes in a colleague inclusive manner. Interactivity with leadership at all levels of seniority is continually encouraged with plenty of opportunities for questions during or outside of sessions. Additionally, colleagues within each function will be included in group level functional updates occurring regularly. Group wide communications are also frequently hosted, and routinely include opportunity for an open Q&A.

The company publishes gender pay gap reporting externally on its website. The analysis and results of the reporting highlighted areas that informs our strategies with regards to gender pay equality. The publishing of this information is part of the board commitment to improving engagement with stakeholders.

In addition to our local initiatives, the group maintains a set of principles in relation to diversity and inclusion applicable on a global level. For example, colleagues dedicated to creating a more diverse and inclusive workplace maintain a global employee resource group, the Arla Diversity & Inclusion Network. Further information about the group approach to diversity and inclusion can be found in the group's consolidated annual report 2025.

Certain employee engagement requires the company to maintain an active and open relationship with workers unions. The company recognises Unite, USDAW and GMB for collective bargaining purposes. The company believes in the benefits of positive trade union relationships and we are working openly, honestly and constructively with our trade unions towards industry- leading relations and a successful business. The discussions and collaboration that we have with our trade unions influences the decisions that the board takes on future policies and strategy.

CUSTOMERS & CONSUMERS

The majority of our customer sales are to large UK based household name grocery retailers, both premium and value, who on sell to retail customers & consumers. Most of our customer sales are based on long- term relationships and long-term contractual agreements. We sell a mixture of branded and retailer own label products. Our food service channel including our Arla Pro® products, continues to be a high growth area for the company, with key relationships with large third party restaurants and coffeehouses continuing to develop. Our e-commerce and wholesale customer base makes up the remainder. Our consumers are the end users of our products and services and continued engagement remains at the forefront of our strategic decisions.

WHY WE ENGAGE OUR CUSTOMERS & CONSUMERS

Our customer relationships are vital to our business and growth. Maintaining strong relationships via transparency and openness, and understanding our customers' wants and needs informs our business decisions and priorities. We build trust with our customers through acting with integrity, honesty and promoting effective communication. Our customers are interested in our long-term trading position as they seek guarantee of supply and consistency of product and pricing. Our sustainability strategy is important to our customers who seek to identify and minimise the environmental impact of their supply chain. Our customers are interested in our safety standards and our compliance with regulations as it impacts their reputation and confidence in the supply chain.

Consumer needs define the group and company strategic decisions. Ensuring we identify and embrace changing trends, and respond in a timely and effective way, is key to our continued engagement with our consumers and ultimately our collective success.

HOW WE ENGAGE OUR CUSTOMERS & CONSUMERS

We maintain regular contact with all our customers at all levels within our business and across all channels. Dedicated managers are responsible for each customer relationship. Joint business plans are developed with key customers and we monitor progress. We monitor customer interactions, obtain regular feedback and analyse customer complaints. We conduct customer research to understand needs and wants of our customers and continually develop our capabilities to improve the customer performance. The group's consolidated annual report provides our customers with important perspective on the performance of the group as a whole and details on our overall strategy and business model. Our corporate website provides a wealth of important information on the activities of the group including UK specific activities.

We engage with our consumers through our digital channels such as our social media platforms, websites and e-commerce platforms. We perform extensive levels of consumer research to understand the needs of our consumers, and always have consumer needs in mind when making the important choices.

FARMER OWNERS & SUPPLIERS

The group is a farmer owned cooperative as described in the governance section of the company's annual report. Every farmer member has an investment in the cooperative. Our farmers are also our primary supplier of our biggest raw ingredient, milk, the largest part of our cost base.
Because our owners are also our key suppliers, earnings of the group go back to the owners in the form of the highest possible milk performance price, which includes retained capital for further investment and payments for total milk supplied.

WHY WE ENGAGE OUR FARMER OWNERS & SUPPLIERS

Our farmers are our owners and without them we would not exist.
The strategies of the group are defined by our farmers via the cooperative governance model. Being one of the most significant stakeholders, owners are interested in ensuring the company continues to fulfil its obligation to purchase every litre of milk produced by each and every member, at the same time paying an optimised performance price and maximising sustainable long term returns. Furthermore, our sustainability commitments and targets cover our whole value chain from the farm up, and are a key part of Future26. Therefore, we must continue to engage with our farmers to collaborate on reducing our overall carbon footprint via driving innovation across the dairy industry.

HOW WE ENGAGE OUR FARMER OWNERS & SUPPLIERS

Engagement with our farmers is achieved in a variety of ways.
Each farmer is assigned a dedicated agricultural manager who operates out of our dedicated Member Relations team. Contact levels depend on the needs of the farmers and vary between remote and physical visits. Regular meetings take place annually where each farmer is invited to discuss Arla in general and canvas views. Member services will also send text reminders and emails each month on certain topics such as latest milk prices and forecasts. The member service website is updated with latest news articles and gives our farmers another avenue to log concerns.

Engagement with our farmer owners is achieved through regular and transparent internal reporting of our financial performance through to the executive management team ('EMT'), group BoD and BoR. The company achieves this through our regular reporting to our group owners, who then relay this information to the farmers through the cooperative governance structure. When it comes to the supply of milk, we engage with our UK farmer members through our milk intake and the on-account milk price they receive, which represents the average payment farmer owners receive per kilogram of milk delivered during the settlement period. We engage with our farmers over sustainability matters, including via our industry leading Climate Check initiative and our Sustainability Incentive Model, to understand the status of the Arla on-farm carbon footprint and supporting farmers to action the key areas for improvement. Climate check data has been collected for the majority of our UK farmer members. The Arla UK 360 programme continues to bring vast benefits to our farmers. We continue to support the forging of stronger links between society and our farmers through initiatives such as Open Farm Sundays.

EXTERNAL SUPPLIERS

The board recognises the key role that our external suppliers of everything else excluding milk, play in ensuring the reliable delivery of products to our customers. All significant non-milk costs adhere to group policies including the selection of our suppliers, with the aim to only use approved suppliers. This ensures compliance with the Arla Code of Conduct, which gives confidence over our suppliers' practices. This all lends itself to more efficient relationships with our suppliers in terms of delivery, prompt payments and effective consolidation of ordering.

WHY WE ENGAGE OUR EXTERNAL SUPPLIERS

We want to be confident in the reliability and practices of the company's suppliers, ensuring our key supplier relationships are secure, with clear understanding of their needs and communication of ours. We require confidence in the compliance of our suppliers with evolving regulatory landscapes. We collaborate to understand the challenges our suppliers face and how we can work with them towards solutions. In an increasingly sustainability focused world, these collaborations are of growing importance.

HOW WE ENGAGE OUR EXTERNAL SUPPLIERS

We proactively manage our key supplier relationships and meet regularly, providing opportunity for strategic partners to voice challenges and understand ways we can collaborate towards solutions. We ensure expectations of suppliers are clear via Code of Conduct requirements. The group terms and conditions and payments policies are published on our website at www.arla.com/legal-information/payment-policy. The group procurement guidelines are followed by our procurement teams, prior to entering into supplier arrangements. The group Treasury function monitors the company's supplier creditors and invoice discounting is utilised where necessary. The board engages where necessary in matters of external suppliers, e.g. decisions choosing suppliers, or discussions of significant issues or disputes. Again, such matters form part of the regular market review meetings taking place involving the directors.

GOVERNMENT & INDUSTRY GROUPS

The board aims for an open and transparent dialogue with the regulatory and industry bodies we collaborate with. We aim to maintain public trust in our industry through raising industry standards, for example with regards to climate change. We pride ourselves on our transparent relationship with HMRC and on maintaining our low risk tax status over several years, most recently in 2024. Our group structure allows us to call on expertise on a global scale to ensure a valuable level of input is possible.

WHY WE ENGAGE WITH GOVERNMENT AND INDUSTRY GROUPS

We engage with government bodies and industry groups for many reasons, not least to ensure industry standards are constantly improved ensuring trust is maintained. We ensure our own practices are compliant with the most up to date operating legislation to provide our customers with a trust in our food safety and quality. We actively engage with tax authorities to ensure good tax governance and compliance with tax legislation. In recent years we engaged with government bodies regarding multiple key issues, including the impact of the pandemic on the dairy industry, continued impacts post Brexit, acceleration of the sustainability agenda, people talent shortages and retention in our industry.

HOW WE ENGAGE WITH GOVERNMENT AND INDUSTRY GROUPS

The board takes a proactive approach to engaging with government wherever possible. We collaborate with industry groups to provide input and perspectives from our business that leads to actions and decisions to continually improve the standards and practices in our industry.
Arla leaders have been actively supporting consumers and the industry via discussions with DEFRA, the Cabinet Office, HM Treasury, the Department for Transport and others to ensure the dairy industry is well represented and supporting wider impacting issues. We innovate with new policies that lead the way in terms of innovation. The board takes proactive steps to inform government tax authorities of our planned actions within the UK and maintains transparency of its activities. Our UK tax team is globally integrated to ensure transparent dialogues are maintained globally.
We approach our interactions with a view to minimise negative impacts that may occur due to changing policies.

EXTERNAL ENVIRONMENT

The company is committed to a societal ambition, recognising the important role we play in society, and using our responsibility to support stronger people. We achieve this through product innovation, inspiring healthy choices in diets, resulting in happier lives. Bringing affordable nutrition to low income consumers is central to our strategy. In addition, we continue to combat food poverty via our partnerships in the UK, supporting local charities through our donations and fundraising.

We are proud of our continued longstanding partnerships with FareShare and Magic Breakfast, which continue to scale every year. Another example is our annual participation in the ‘Mission Christmas’ scheme donating gifts at Christmas to Cash for Kids, a charity for disadvantaged children. The company is also an active supporter of Grocery Aid, a charity supporting the wider grocery industry on a national scale.

BOARD DECISION MAKING

The board has made numerous key decisions during the year, be it directly through its board meetings or via delegation to a committee. The board has remained mindful of the potential impacts on key stakeholders and factored their needs and concerns into all discussions and decision making in accordance with s172 of the Companies Act 2006. Not all stakeholders are impacted by all decisions. Some decisions may result in conflicting needs of stakeholders, and the board has ensured fairness in its decision making. The group also has involvement in decisions that carry material impact at group level.

ARLA FOODS UK PLC

The directors believe the company and its subsidiaries must effectively address and balance interests of all stakeholders, including shareholders, colleagues, farmers and third party suppliers, customers and consumers, government and industry groups, in order to fulfil the objective, shared with the group, to provide the Arla farmers the highest price possible for their milk, whilst creating opportunities for growth.

As a holding company, the company's success is primarily determined by the performance of its main subsidiary. The directors however recognise that their statutory duties are owed to the company and believe when making board decisions during the year ended 31 December 2025 that they have acted in a way that they consider, in good faith, would be most likely to promote the success of the company, having regard to those matters set out in section 172 of the CA 2006.

Group policies and procedures guided and informed the directors during the year, when considering the likely consequences in the long term of their decisions and the impact of the company and its subsidiaries' operations on the community and the environment. For example, the Arla Foods Code of Conduct sets out the principles for operating the business in a sustainable and responsible manner, including safeguarding and developing the group's strong reputation for how it conducts business. More details can be found in the 2025 group consolidated annual report, available from the investor section of the website at www.arla.com.

As the company has no employees, third party suppliers or customers, and only a single shareholder, the directors do not consider the factors listed in sections 172(1)(b) interests of employees, 172(1)(c) relationships with suppliers and customers, or 172(1)(f) the need to act fairly between members of the company, as relevant to the proper discharge of their duties pursuant to section 172 of the CA 2006 in respect of the company.

Major decisions, actions and considerations during the year include the following:

- approved the annual report and financial statements for the previous year.

ARLA FOODS HOLDING UK LIMITED

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Major decisions, actions and considerations during the year include the following:

- approved the annual report and financial statements for the previous year.

ARLA FOODS INGREDIENTS FELINFACH LIMITED

Section 172(1) of the CA 2006, requires the directors to act in the way considered, in good faith, that would be most likely to promote the success of the company for the benefit of its member, and in doing so have regard to various matters as described below.

As the company is a wholly owned subsidiary, the directors operate within the group's governance framework, however the directors recognise that their statutory duties are owed to the company. The Executive Board sets the overall course for the group, currently led by the Future28 strategy, with the objective to provide the group's farmer owners the highest price possible for their milk whilst creating opportunities for growth. The application of this strategy to the group's ingredients business ('AFI') is delegated to AFI management, which includes a number of the directors.

The likely consequences of any decision in the long term

The directors consider the long-term success and health of the company when they make decisions, including when approving continued capital investment in the business and developing the AFI-specific long-term strategy.

The interests of the company's employees

The directors support the group's strategic ambition to ensure fair and favourable working conditions for all employees, providing a safe, healthy and inclusive work environment that supports personal growth and development. This approach is guided by the group's commitment to respect human rights, promote diversity and inclusion, and uphold high health and safety standards.

The group undertakes an annual employee survey, as well as interim check-in surveys, to help understand how the connection between the business performance and employees can be improved. The results of these are reviewed by AFI management, with key themes identified and improvement actions undertaken. Group-wide employment policies are complied with by AFI management.

The need to foster the company's business relationships with suppliers, customers and others

The directors understand the central role that strong supplier relationships play in the success of the company. AFI management have regular contact with key suppliers, many of which have long-term supply contracts with the company. Group-wide purchasing policies are complied with by AFI management. The company's customers are predominantly other group AFI entities.

The impact of the company's operations on the community and the environment

The directors are responsible for the company's implementation of the group Future28 strategy, which is driven by the vision 'creating the future of dairy to bring health and inspiration to the world, naturally'. Milk, from which the company's products are derived, is one of the world's main sources of calcium, protein, and other nutrients, and national dietary guidelines around the world recommend dairy in moderate amounts as part of healthy diets.

Drive Feed Life is one of the four Future28 strategic pillars. Commitments include lowering carbon emissions through improved dairy farming practices, with the goal of leaving farms in a better condition for future generations. Group initiatives focus on biodiversity, reducing emissions and using resources responsibly, prioritising circularity and renewable energy to limit environmental impact. During 2025, Drive Feed Life was expanded beyond Actions for climate and nature with a new ambition of Actions for healthy food, a health strategy to create a lasting positive impact on people's health by enabling good food choices.

Specific measures taken by the company to improve energy efficiency are disclosed in the energy and carbon report section of the directors' report of the company’s annual report.

The desirability of the company maintaining a reputation for high standards of business conduct

The directors and wider AFI management are guided by the Arla Foods Code of Conduct. This sets out the principles for operating group entities in a sustainable and responsible manner, including safeguarding and developing the group's strong reputation for how it conducts business.

The need to act fairly as between members of the company

As the company only has a single shareholder, the directors do not consider the need to act fairly between members of the company as relevant to the proper discharge of their duties.

ARLA FOODS INGREDIENTS FELINFACH HOLDINGS LIMITED

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