



*Nurturing the future*

# Sustainability Report 2024



Important notice: This document constitutes a sustainability statement prepared for informational purposes and on a voluntary basis and should not be interpreted as falling strictly within the regulatory framework of the European CSRD Directive (Corporate Sustainability Reporting Directive).

# CONTENT

EDITORIAL	2	6. VIGILANCE PLAN 2024	80
1. PRESENTATION OF LACTALIS	4	6.1 Introduction	80
2. AN INTEGRATED APPROACH ENSURING THE SUSTAINABILITY OF THE COMPANY'S ACTIONS	8	6.2 Governance	80
2.1 Strategic pillars and outlook	9	6.3 Scope of the vigilance plan	80
2.2 Lactalis' business model	10	6.4 Stakeholder engagement	81
2.3 CSR vision and strategy: uniting around shared commitments	12	6.5 mapping of risks related to human rights, Health and Safety, and the environment	81
2.4 Main CSR challenges and risks	15	6.6 Regular assessment measures	85
2.5 Guaranteeing fair practices	17	6.7 Mitigating risks and preventing serious harm	88
2.6 Building a positive chain of responsibility with suppliers	19	6.8 Whistleblowing system	95
3. COMMITTING TO PEOPLE AND TERRITORIES	22	6.9 Monitoring measures and assessing their efficacy	95
3.1 Guaranteeing employee Health and Safety	23	6.10 Report on the 2024 vigilance plan	96
3.2 Making commitments to employees	25	7. METHODOLOGICAL NOTE	98
3.3 Strengthening rural communities	37	7.1 Organization of CSR reporting	98
4. OFFERING HEALTHY, TASTY AND ACCESSIBLE PRODUCTS	42	7.2 Time and geographical scope of reporting	98
4.1 Making food quality and safety an absolute priority	43	7.3 Reference framework	100
4.2 Promoting a healthy and balanced diet	48	7.4 Origin and consolidation of data	101
5. PROTECTING THE PLANET AND ITS RESOURCES	50	7.5 Data control and verification	104
5.1 Industrial environmental strategy	51	7.6 Comparability	104
5.2 Fighting climate change	53	8. CROSS-REFERENCE TABLES	105
5.3 Fighting against deforestation	63	8.1 Cross-reference table with the GRO standard	105
5.4 Reducing the water footprint of the group's products	68	8.2 Cross-reference table with the Sustainable Development Goals	108
5.5 Promoting the circular economy	69	9. VERIFICATION BY AN INDEPENDENT THIRD PARTY	109
5.6 Caring for animals all along our value chain	73		

# EDITORIAL



Dear readers,

At Lactalis, we firmly believe that dairy products will play a crucial role in sustainable food. For 90 years, we have been committed to offering healthy, tasty, and accessible products while caring for the planet and future generations.

Our vision of sustainable food is part of a global approach integrating environmental, social, and demographic issues, while remaining in line with the local realities of each territory of the 50 countries in which we operate, and innovating to meet consumer expectations. Dairy products have an essential role to play in diet of today and tomorrow, thanks to their many benefits and adaptability to all regions and desires. It is this belief that guides and embodies our purpose in action: nurturing the future!



**Dairy products have an essential role to play in diet of today and tomorrow, thanks to their many benefits and adaptability to all regions and desires.**

We face many challenges: global warming and its consequences are one of the most pressing. Our climate commitment is unequivocal: to cut emissions throughout our value chain (Scopes 1, 2, and 3) to help achieve global carbon neutrality by 2050. These environmental issues are not limited to climate. Water shortages and the risk of biodiversity collapse directly affect our agricultural ecosystems, prompting us to adopt more sustainable practices. This adaptability is essential to ensure the sustainability of our activity in response to the rise in extreme phenomena.

We are also committed to integrating sustainability into all stages of our production. Thus, animal welfare is a key issue for our partnering farmers. It is our responsibility to support them in a process of continuous improvement, aimed at gradually eliminating the most problematic practices and generalizing the implementation of the best. Training, audits,

and awareness-raising activities are deployed on farms to meet the targets that we have set collectively.

At the same time, consumers' expectations are changing: they are looking for products that are not only tasty and healthy, but also eco-designed. The packaging of dairy products is essential to preserve food safety and organoleptic quality. However, as a source of waste and pressure on natural resources, our role is to innovate to reduce their impact. We engage with our stakeholders to promote a circular economy for packaging and are taking action on three fronts: "right pack", aiming to reduce packaging without compromising product quality; better circularity with sustainable and recycled materials; and finally, raising consumer awareness to encourage the collection and recycling of packaging.

If I had to highlight one particularly significant event for 2024, it would undoubtedly be the validation of our climate roadmap by SBTi (Science-Based Targets Initiative). This would not have been possible without the energy and dedication of the Group's teams, who have mobilized to implement our ambition to reduce our emissions. A big thank you to them all! We are building a culture of profitable and responsible performance. A big thank you also to our many partners around the world. Together, we can ensure the sustainability of our model while preserving our planet's essential resources.

Looking to the future, we are determined to meet the challenges of tomorrow. Implementing our environmental roadmap with the same regularity and discipline while continuing to create profitable and responsible growth will be crucial. By offering products that respect local traditions and the environment, we are working towards a future where health, pleasure, and responsibility come together.

I hope you enjoy reading about our major achievements and the challenges we overcame along the way.

**Emmanuel Besnier,**  
CEO of Lactalis



**Agnès  
Baudet-Barbezant**

Group General Manager  
for Quality, CSR & Crisis  
Management

In 2024, we took meaningful steps toward a more concrete and tangible approach to sustainability. This progress was also the result of collective mobilization and commitment. And our work is bearing fruit, particularly on the main issues that structure our action such as the fight against global warming, the circularity of packaging, animal welfare, the promotion of inclusion and diversity.

One topic I am personally very attached to is the issues of inclusion and diversity. The first results are the fruit of the remarkable work carried out by our HR teams. In June 2024, we officially launched our DEI (Diversity, Equity, and Inclusion) initiative in all our countries. A training course has been designed to raise awareness among our employees about this issue. Empowerment and mentoring programs have also been launched in several countries, particularly in Brazil and Canada.

Regarding our commitment to climate action, I am particularly proud that our emissions reduction targets have been officially validated by the Science-Based Targets initiative (SBTi). It is a tremendous recognition of the passionate and collaborative work of our teams around the world. This validation encourages us to further accelerate our decarbonization, with already very concrete actions. In 2025, we will continue this momentum with major projects such as the installation of biomass boilers in Craon and Mayenne, which will enable an annual reduction of around 32,500 tons of CO<sub>2</sub>e.

Our Milk Supply teams stand out for their commitment: more than 5,000 carbon diagnostics were carried out with our partner farmers in 21 countries. These diagnostics strengthen our expertise, raise farmers' awareness, and enable the deployment of decarbonization plans on farms. To further develop this approach, we have integrated climate criteria into the milk remuneration paid to farmers, as in Sweden, the United Kingdom, and soon in France.

Our transition to circular packaging reached a milestone in 2024. I would like to highlight the collective commitment of our Purchasing, R&D, Quality, and CSR teams, as well as the countries, whose collaboration has been decisive. We have contributed to the development of two recycling channels: opaque PET bottles in Italy and PS Yogurt pots in France.

Faced with new regulations such as the CSRD and the PPWR, we are ready to intensify our efforts, rethink our indicators, and strengthen our internal and external cooperation to move ever closer to a circular economy.

Promotion of animal welfare continues to be a partners and employees priority, and I am delighted that all our dairy technicians have now been trained in this area. Since 2021, they have assessed more than 10,000 farms in 21 countries with regards to animal welfare, which equates to around 50% of our direct partnering farmers in these countries. Thanks to this long-term work, we achieved Tier 4 in the latest international BBFAW rankings; we are among the 20% most mature companies in terms of animal welfare. This ranking is a testament to our ongoing commitment to ensuring exemplary agricultural practices.

 **We are at a crossroads; the time has come to move from ambition to action. But it's not that easy, and it's thanks to courageous leaders that we will be able to put social and environmental issues at the heart of our model, to deliver profitable and responsible growth.**

We achieved these first steps thanks to our partners and many company employees who are passionate and concerned about contributing to a better future for next generations. I would like to sincerely thank them and assure them of my commitment to working alongside them to continue this dynamic and contribute to protecting our planet!

Our "Nurturing the future" mission comes into its own when economic performance and commitment to the planet and communities come together, because one cannot prosper sustainably without the other.

# 1. PRESENTATION OF LACTALIS



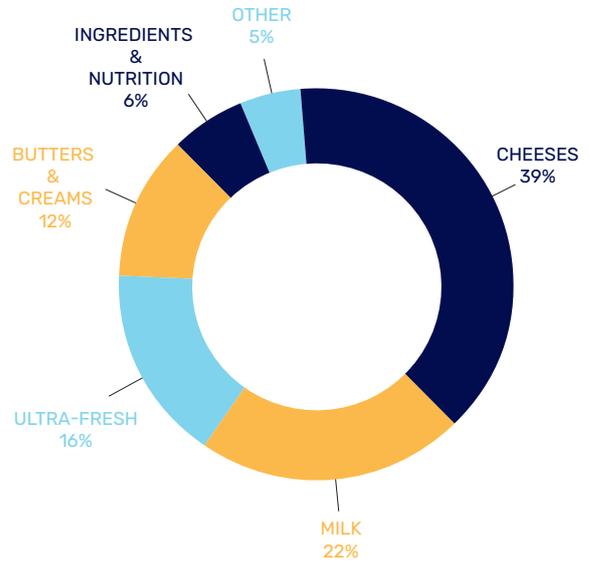
## 1. PRESENTATION OF LACTALIS

Created in 1933 by André Besnier in Laval, Lactalis has been a family business for three generations. Lactalis is developing its activities to respond to its mission: to offer healthy, tasty, and affordable products every day that bring us closer together. Driven by a passion for Dairy, Lactalis strives to cultivate dairy know-how all over the world, as well as a wide range of tastes and products with high nutritional value. Lactalis intends to preserve, promote, and share these with as many people as possible.

Lactalis has been developing dairy and cheese know-how since the company was founded, strengthening this expertise as it has grown. It offers consumers a wide range of dairy products in all categories: cheeses, fluid milk, yogurts, ultra-fresh dairy products, butters and creams, powdered formula and milk for infants and adults, clinical nutrition products, and dairy ingredients.

Lactalis collects more than 22.8 billion liters of raw milk per year from 400,000 farmers. Processing is carried out at 266 production sites located in 50 countries. Lactalis has 85,500 employees worldwide. Lactalis generated revenue of €30.3 billion in 2024.

### Breakdown of consolidated revenue by category



**30.3**  
billion in revenue

**22.8**  
billion liters  
of milk collected

**+2.8%**  
revenue growth

**85,500**  
employees



**No. 1**

- Global dairy company
- Global group in the cheese market
- Global group in butter and cream
- Global player in PDOs and raw milk cheeses



**No. 2**

- Global group in the ultra-fresh dairy products market
- Global group in the fluid milk market



**No. 9**

Global food company

### Breakdown of consolidated revenue by geographical area



### In 2024, Lactalis' activity was also marked by an acquisition

#### Sequeira & Sequeira

Founded in 1986, Sequeira & Sequeira was first a food wholesaler before expanding its activity in 1992 with the acquisition of Lactinios do Paiva. This cheese company specializes in the manufacture of reputable and high-quality cheeses, ranging from traditional pressed cheeses to fresh cheeses under the Paiva brand. In the 2000s, the development of wholesale activities in Mozambique and Cape Verde gave a new international dimension to Sequeira & Sequeira. This acquisition allowed Lactalis to develop its production and sales of local cheeses in Portugal, but also to complete its product offering.



1. PRESENTATION OF LACTALIS

Scorecard

Our areas of action	Indicator name	Targets	2023 Results	2024 Results	Progress	Contribution to the SDGs
<b>COMMITTING TO PEOPLE AND TERRITORIES</b>						
Promoting diversity	% of women in leadership positions	Aim for a balance in management positions by 2033	28.2%	<b>27.7%</b>		
<b>OFFERING HEALTHY, TASTY AND ACCESSIBLE PRODUCTS</b>						
Making food quality and safety an absolute priority	% of industrial activities certified according to at least of the 5 ISO 22000, FSSC 22000, IFS, BRC, and SQF standards	100% by 2026	85%	<b>88%</b>		
<b>PROTECTING THE PLANET AND ITS RESOURCES</b>						
Preserving biodiversity	% of volumes of virgin paper covered by a sustainable certification	100% by 2023	89.8%	<b>95.9%</b>		
	% of purchased volumes of palm oil and derivatives covered by a sustainable certification	100% by 2025	87%	<b>92%</b>		
Promoting the circular economy	Percentage of recycled material in our packaging	> 30%	31.3%	<b>32.3%</b>		
	Metric tons of PVC in packaging	Aim for elimination by 2025	616	<b>866</b>		
	% of packaging recyclable by design	Aim for 100% in 2025	83.8%	<b>82.8%</b>		
Caring for Animals all along our value chain	% of dairy technicians in the 21 pilot countries (1) regularly trained in animal welfare using the CowSignals® method (at least once every 3 years)	100% by 2024	79%	<b>97%</b>		
	% of direct annual volume of collected raw milk in the 11 pilot countries (2) coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method (at least once every 3 years)	100% by 2025	40%	<b>55%</b>		
	% of annual volume of purchased shell eggs worldwide coming from cage-free systems	100% by 2025	100%	<b>100%</b>		
	% of annual volume of purchased egg products worldwide coming from cage-free systems	100% by 2025	91.85%	<b>92.06%</b>		

1) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi subsidiary acquired in 2023), Spain, Sweden, the United Kingdom, and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries), Croatia, the Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland and Turkey  
 2) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi subsidiary acquired in 2023), Spain, Sweden, the United Kingdom, and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries)

## 2. AN INTEGRATED APPROACH ENSURING THE SUSTAINABILITY OF THE COMPANY'S ACTIONS



## 2.1 STRATEGIC PILLARS AND OUTLOOK

Lactalis seeks to offer the pleasure and nutritional benefits of dairy products to as many people as possible. The dairy sector also offers prospects for development around which Lactalis intends to mobilize its talent and stakeholders for profitable and responsible growth. These elements have structured the definition of Lactalis' corporate project for 2033, the 100th birthday of its creation. It is divided into four pillars: people, products, performance, and the planet.

### 2.1.1 CONSUMPTION OF DAIRY PRODUCTS AND WORLDWIDE

Dairy products enjoy a positive image around the world, particularly in emerging countries, where their consumption is essential to providing the population with essential nutrients at an affordable cost. The main categories each have their own image: nutrition and health for milk, pleasure and savoir-faire for cheese, and taste and enjoyment for chilled dairy products.

Lactalis remains convinced that dairy products are a fundamental part of a healthy and sustainable diet (for all ages), and that there is no plant-based nutritional alternative to dairy products. Lactalis believes that dairy and plant-based products are complementary, and each have their own place as part of a balanced diet.

### 2.1.2 GROWTH DRIVERS AND OPPORTUNITIES

The global dairy market has three main growth drivers over the medium and long term:

1. the increase in the world's population:

According to the United Nations, the dairy products market is expected to continue growing by an estimated 560 million people by 2033, thanks to the increase in the global population. 58% of this population will be in Africa and 21% in Asia.

By combining the increase in population and per capita consumption, the dairy products market will continue its dynamic in terms of volume, with an average annual increase of close to 2%, mainly in emerging countries (particularly India, Pakistan, Brazil, and African countries). Global milk production is therefore expected to grow by 1.5% per year over the next 10 years;

2. the increase in market value:

By 2033, the dairy products market is expected to increase in value by more than 4%. However, it is difficult to quantify the impact of current inflation levels on this valuation.

3. the emergence of new consumer trends:

The coming years will see the emergence of new consumer trends with growth in cheese, butter and ultra-fresh. These new trends are generated by significant changes in the structure of the population. In Europe for example, the growing proportion of seniors will require an expanded offering of adapted recipes to meet their needs for key nutrients. The increase in the number of singles and urban dwellers will change the offering and distribution channels.



## 2.2 LACTALIS' BUSINESS MODEL

### CREATING VALUE FOR ALL SINCE 1933, WITH A HANDS-ON APPROACH

#### »» NATURAL RESOURCES

##### Employees

Passionate women and men, recognized for their expertise, with a key role in rural development

**85,500 employees**

##### Iconic brands

A unique portfolio of iconic and historic international and local brands. Brands synonymous with quality, taste, pleasure, and sharing

**Over 250 brands**

**(of which 31 with revenue > €100 million)**

##### Purchased goods & services

A close relationship with our global and local suppliers and farmers

**22.8 billion liters of milk collected**

##### Natural resources

A resource use strategy based on the principles of sobriety, efficiency and transition

**266 production sites**

##### Operations & innovation

Robust quality processes. An industrial DNA preserving and transmitting world dairy cultures and know-how. Operations with local positive socio-economic impact. An innovation strategy for our consumers and to reduce our environmental impacts

**World leader in PDOs (38)**

##### Sales channels

An omni-channel sales strategy, sharing dairy cultures with local & export customers

##### Family shareholding

A family shareholding ensuring stability, an agile entrepreneurial spirit, and a long-term strategy

**100% of the shareholding held by the founding family**

#### »» MISSION

**A family company offering healthy, tasty, and accessible products that bring us closer together every day**



#### »» VALUES

##### Ambition

Setting higher goals in the daily management of the business, and continually developing one's professional and individual capabilities

##### Commitment

Showing true entrepreneurship, both individually and collectively. Being reliable, accountable, and loyal

##### Simplicity

Acting with transparency, pragmatism, and an open mind, while working effectively and being results-oriented

## AMBITION

### PROFITABLE AND RESPONSIBLE GROWTH



#### THE ECOSYSTEM AND SHARED VALUES

##### Employees

A safe, caring, and attractive working environment, a demanding health and safety policy, social dialogue, competitive salaries and benefits, and a talent development policy

##### Consumers & Customers

A Quality organization ensuring food safety. A wide range of healthy, tasty, and accessible dairy products, mostly made of milk. Helping consumers to adopt balanced diets worldwide via innovative sales channels and services

##### Industry

A leader engaged with national dairy federations to collectively develop qualitative and sustainable standards, and shape the future of our industry

##### Farmers

A close and mostly direct relationship with 400,000 farmers in 50 countries. Technical advice for a sustainable production of quality milk. 650+ intermediate milk collection centers in remote rural areas

##### Suppliers

A ripple effect on the activity of global and local suppliers through the Group's international operations, and the exploration of partnerships favorable to innovation

##### Environment

Resource-efficient processes, contributing to our mission to feed the world with sustainable nutrition



#### MAIN AMBITIONS

##### For our activities

Economically **profitable activities**, favoring a **continuous development** of our local communities and territories

##### For our employees

**Zero** workplace accidents

**Zero** occupational diseases

Managerial surveys in **50 countries**

**100% of our selected HR officers trained** in Lactalis Labor and Employee Relations Way

##### For our consumers

**100% of packaging** will bear waste management information by 2025 <sup>(1)</sup>

**100% of industrial activities** certified according to at least 1 of the 5 certificates (ISO 22000, FSSC 22000, IFS, BRC, SQF) by 2026

##### For our partners

Increased **dialogue** and **partnerships** with our stakeholders

##### For the Planet

**-46.2% of GHG emissions** <sup>(2)</sup> by 2030 (scopes 1 & 2)

**-30.3% of GHG emissions** by 2030 (Scope 3 FLAG) <sup>(3) (4)</sup>,

**73.8%** of our suppliers and customers <sup>(5)</sup> in terms of emissions with science-based climate targets by 2028 (non-FLAG Scope 3) <sup>(6)</sup>,

**Carbon Net Zero** by 2050 <sup>(7)</sup>

**Zero deforestation** by the end of 2025

100% of virgin paper covered by sustainable certification by the end of 2023 <sup>(1)</sup>

Using an eco-design tool for 100% of current and future packaging solutions for our pillar products and packaging for product innovations by 2025 <sup>(1)</sup>

Minimum **30% recycled materials** in our packaging <sup>(1)</sup>

Aim for the elimination of PVC in our packaging by 2025 <sup>(1)</sup>

Aim for **100% recyclable packaging** by design in 2025 <sup>(1)</sup>

Aim for **100% recyclable packaging** in practice in 2033 <sup>(8)</sup>

**100% of our direct milk volumes assessed** on animal welfare by 2025 in 11 pilot countries <sup>(9)</sup> and by 2027 in 10 additional countries <sup>(10)</sup>

**100% of our dairy technicians trained** in animal welfare by 2024 in the 11 pilot countries and the 10 additional countries

100% of volumes of eggs and egg products used in our recipes coming from cage free systems by the end of 2025

(1) Ambition on a set of 23 countries accounting for 85% of Lactalis Group revenue in 2019. All acquisitions from December 2019 excluded at this stage.

(2) Greenhouse gases.

(3) FLAG: Forest, Land & Agriculture.

(4) Commitment to 67% of Lactalis Scope 3 FLAG GHG emissions.

(5) Covering purchased goods and services, capital goods, fuel and energy activities, transport, and distribution, as well as the transformation of sold products.

(6) Commitment to 67% of Lactalis Scope 3 non-FLAG GHG emissions.

(7) Contribute to the achievement of carbon neutrality at Group level

(8) Ambition for countries with an Extended Producer Responsibility EPR scheme, amid a set of 23 countries accounting for 85% of Lactalis Group revenue in 2019. All acquisitions from December 2019 are excluded at this stage.

(9) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi subsidiary acquired in 2023), Spain, Sweden, the United Kingdom, and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries).

(10) Croatia, the Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland, and Turkey.

## 2.3 CSR VISION AND STRATEGY: UNITING AROUND SHARED COMMITMENTS

The Lactalis Group's CSR strategy is part of the company's strategy for profitable and responsible growth. Creating value for the company and its stakeholders is at the heart of this project, which should support the necessary transition of production and distribution systems.

For Lactalis, the specificities of dairy products enable them to be part of the solution for sustainable nutrition. Lactalis is thus working to reduce its impacts on the environment and the climate throughout its value chain. Its efforts, therefore, also cover water management, waste treatment and the resource use. As a leader in the dairy sector, Lactalis wishes to take advantage of its global positioning to accelerate this sectoral movement. The development of women and men, and the communities and regions in which the Group operates, are also key to the sustainability of its activities.

Lactalis' CSR Roadmap contains numerous topics and is based on the United Nations Sustainable Development Goals and the 10 fundamental principles of the Global Compact, of which Lactalis is a participant.

### OUR PURPOSE IN ACTION "NURTURING THE FUTURE"

On the Group's 90th anniversary, Lactalis unveiled its purpose in action of "Nurturing the future".

By setting this ambition for itself, Lactalis is clarifying the role it wants to play in the world. The company is opting to nurture a responsible future by committing to offering the best, locally sourced dairy products to help everyone grow.

Since 1933, Lactalis has made its choice of dairy products. Based on a pioneering intuition, the company decided to organize the collection of the milk, its processing, and its packaging, and created a reliable and efficient model that has enabled as many people as possible to enjoy the unparalleled benefits of dairy products.

By continuing to innovate from generation to generation, Lactalis has developed, refined, and shared its expert know-how to develop dairy traditions and bring into homes around the world, through a unique portfolio of brands, which is deeply rooted in the daily lives of consumers.

Faced with increasingly critical demographic, health, and environmental issues, Lactalis is convinced that dairy products have a role to play in current and future diets. As the world leader and leading expert, Lactalis has a responsibility to nurture the future.

### 2.3.1 CSR GOVERNANCE



## 2. AN INTEGRATED APPROACH ENSURING THE SUSTAINABILITY OF THE COMPANY'S ACTIONS

In accordance with its model based on the autonomy of its subsidiaries, Lactalis wishes to maintain a local CSR approach, mainly driven by field initiatives. However, in order to drive a convergence of efforts on shared challenges and achieve its ambitious objectives, Lactalis has developed a CSR governance at the level of the main links of its activities and decision-making bodies:

- **the CEO of Lactalis group** is the company's highest decision-making body on CSR strategy. He has been involved at all stages of the selection of priority sustainability matters (climate, packaging, animal welfare) and validates new issues for consideration and the strategy. He is updated on a monthly basis on the progress of projects and receives a comprehensive half-yearly update on the CSR strategy, in which the Chief Operating Officer is involved;
- **the Group Management Committee** is the company's second-highest decision-making body on the CSR strategy. It discusses and validates the strategy proposals for each issue. It is informed every six months of the implementation of the CSR roadmaps for each issue and the associated performance;
- **the General Manager for CSR, Quality and Crises management** reports directly to the CEO of Lactalis and is in charge of proposing a CSR strategy for Lactalis, in collaboration with the Group CSR Department.
- **the Group CSR Department:**
  - coordinates the implementation of the Group's CSR strategy and its update with the Expert services.
  - ensures the consistency of methods and reporting processes, the deployment of cross-functional tools and the monitoring of performance indicators,
  - coordinates the entire non-financial information and performance auditing process,
  - manages an international network of internal CSR officers,
  - ensures and develops dialogue and transparency with internal and external stakeholders. In particular, it is responsible for developing and facilitating an internal CSR culture, notably through training and the organization of events and webinars.

For each CSR issue, the Group's CSR Department leads or co-leads the Corporate working committees, which are often multifunctional. For each issue:

- **an operational working group** establishes forward-looking thinking and develops a proposal for strategy, policy, action plans and reporting methods, both at consolidated Group level and by country. It brings together members of the Group CSR Department and technical experts from other Expert services. In line with Lactalis' strong local roots, the working groups bring together technical experts from each country;
- **a Strategic Committee** discusses and validates these proposals and submits them to the Group Management Committee for approval. It is made up of the working group's coordinators, the CSR, Quality and Crisis management General Manager, and the General Managers of the Expert services involved.

In particular, Strategic Committees have been set up for the Group's priority issues: Climate, Responsible Packaging, Animal Welfare.

The Group CSR Department coordinates and leads an **international network** of CSR referents in the main countries and subsidiaries. 22 countries are represented in this network; they represent the bulk of the Lactalis Group's activities and its impact by issue<sup>(1)</sup>. The CSR referents are responsible locally for:

- establishing CSR governance involving the local General Manager and his or her Management Committee;
- developing a CSR strategy tailored to the local context and aligned with the group's commitments, in collaboration with the General Manager and the CODIR of the country or the division;
- coordinating the implementation of roadmaps by issue and the ensuring reporting;
- developing and facilitating an internal CSR culture.

1) These 22 countries represented 87% of Lactalis Group revenue in 2023.

### 2.3.3 STAKEHOLDERS

Lactalis maintains close, honest, and transparent dialogue with its stakeholders, an essential condition for the conduct of its activities and the achievement of its objectives. As such, Lactalis has involved them in the establishment of its materiality matrix.

Lactalis is committed to adapting to the new expectations of consumers, customers, employees, suppliers, and partnering farmers, as well as changes in the political and regulatory environment, and society in general. It thus intends to fully play its role as sector leader in the sustainable transition of food systems.

Stakeholder	Value created
<b>Employees</b>	Lactalis offers its employees a safe, caring, and attractive working environment, through a strict health & safety policy, social dialogue, competitive salaries and benefits, and a policy and actions to encourage the development of talent.
<b>Consumers</b>	Lactalis offers a wide range of healthy, tasty, and accessible dairy products, enabling everyone to enjoy their nutritional benefits. Dairy products are a major source of calcium, high-quality protein and a unique range of fatty acids, as well as vitamins and minerals. That is why dairy products are recommended by renowned institutions as part of a complete diet, such as the United Nations FAO through the “Rotterdam Declaration on Dairy Products” (2016).
<b>Customers</b>	The group’s omnichannel strategy, the multiplicity of its categories of dairy products, formats, and applications enables its mass-market, specialist retail, drive-through, food-service, e-commerce, and business-to-business customers to offer the nutritional benefits of dairy products to as many people as possible.
<b>Industry</b>	Lactalis is a major player in the global dairy sector. As such, in most of the countries in which it operates, it is involved in various federal working and consultation bodies (EDA - European Dairy Association, IDF - International Dairy Federation, etc.) that seek to develop demanding, qualitative, and sustainable production standards. Lactalis is committed to collectively preparing for the future of the industry.
<b>Farmers</b>	Lactalis works closely with around 400,000 partnering farmers in nearly 50 countries. They are their main suppliers of raw materials. By favoring a direct relationship, Lactalis supports them with technical advice in the development of quality production that is more respectful of the environment.
<b>Suppliers</b>	Lactalis participates in the development of its global and local suppliers through its international presence and explores partnerships that promote innovation.

## 2.4 MAIN CSR CHALLENGES AND RISKS

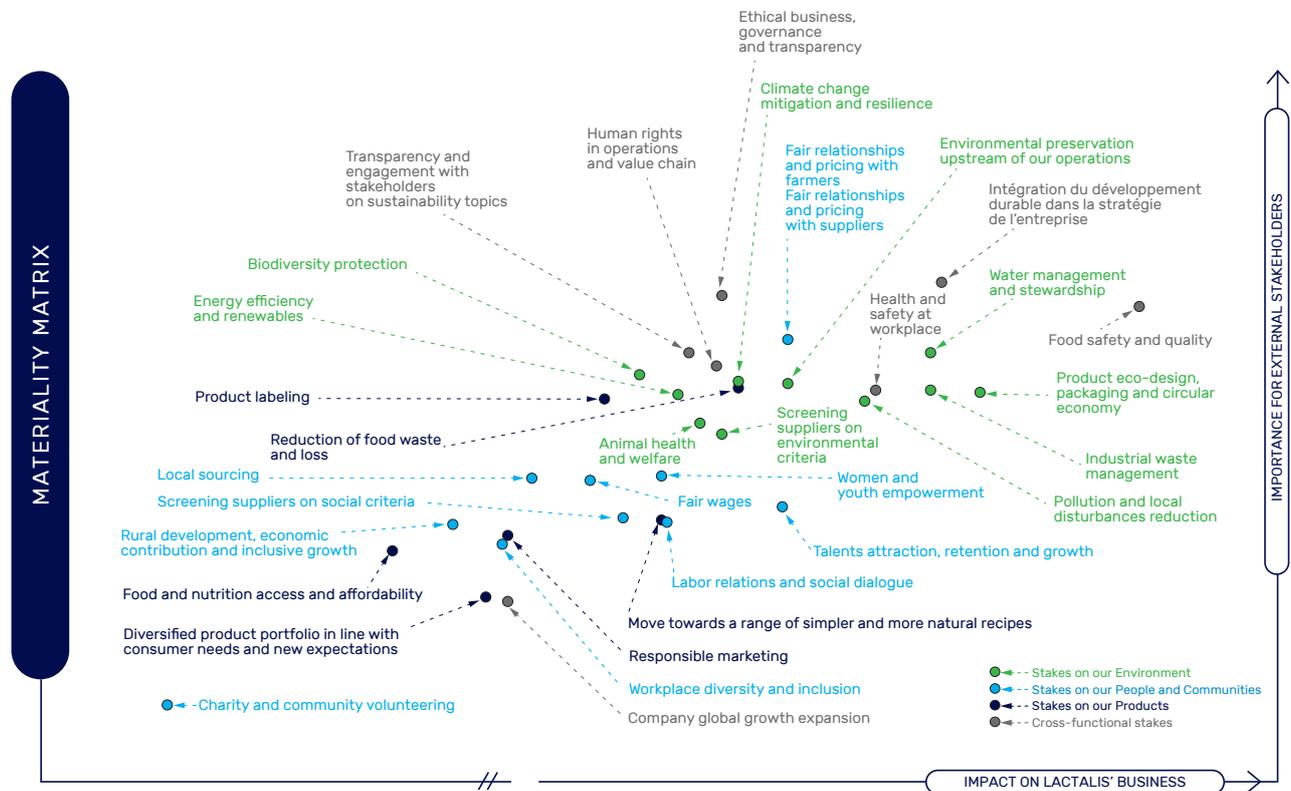
### 2.4.1 MATERIALITY MATRIX AND IDENTIFICATION OF THE MAIN CHALLENGES

To determine its CSR approach and strategy, Lactalis combines the risk analysis prepared by the Expert services (see section) and its materiality analysis. Lactalis wanted to build this approach with its stakeholders: in 2020, 175 internal (30%) and external (70%) stakeholders were consulted.

A broad range of partners had to rank the relative importance of a selection of 33 CSR topics, pointing at those on which the actions and commitments of Lactalis should have the most impact. The results were presented to the Group's Management Committee and were used to draft the Group's CSR Roadmap, based on three immediate priorities:

- climate and reducing the carbon footprint;
- the circular economy and responsible packaging;
- animal welfare.

#### Lactalis group materiality matrix



In 2023, Lactalis launched a project to update this matrix, via a double materiality study, in anticipation of future CSRD (Corporate Sustainability Reporting Directive) requests. Lactalis chose an external expert firm to assist with this project. This work made it possible to seek the opinions of the Group's internal and external stakeholders again in 2024.

**2.4.2 IDENTIFYING THE MAIN CSR RISKS**

The CSR risks related to the priority issues and those that could impact human rights and fundamental freedoms, personal Health and Safety, and the environment have been identified by the group's Expert services.

The main CSR risks are as follows:

Priority issues	Main CSR risks for Lactalis
<b>Health &amp; Safety</b>	<p>The Health and Safety of employees is recognized as a human right and is also part of the UN Sustainable Development Goals.</p> <p>Failure to protect Health and Safety at work would expose Lactalis to risks that could impact on its employees, its business, its results, and its reputation.</p>
<b>Human resources and social issues</b>	<p>The employees of the Lactalis group, through all their missions, contribute to the creation of value and the development of the company.</p> <p>In the Group's own activities, non-compliance with the Group's Human Resources policies could lead to situations of discrimination or non-respect of freedom of association.</p> <p>The preservation of human capital must be ensured through the implementation of a stimulating work environment, ongoing social dialogue and a significant investment in staff and skills development.</p> <p>Respect for the principles of diversity, equity and inclusion allows each employee to best express their skills and promotes personal development. These human resources elements are designed to maintain the Group's attractiveness and foster employee loyalty.</p> <p>In addition, through their supplies, players in the value chains of certain raw materials could resort to practices that violate human rights. This constitutes a risk for Lactalis that could impact on its suppliers, business, and/or reputation.</p>
<b>Food safety</b>	<p>Any breach of food safety can pose serious health risks to consumers.</p> <p>At each stage of product production, a failure to comply with hygiene standards or product health controls can have serious impacts on consumers and constitutes a significant risk for Lactalis.</p> <p>A food safety incident is thus likely to weaken consumer and customer confidence, generate legal risks and damage the reputation of the Group and its activities.</p>
<b>Water, energy, and GHG emissions (Scopes 1, 2, and 3)</b>	<p>The Group's activities may give rise to environmental risks, notably related to the use of water and energy. Water stress and climate change can impact the Group's entire value chain.</p> <p>Failure to address environmental issues related to water, energy, and direct and indirect greenhouse gas emissions could, therefore, present a risk to resource preservation, the necessary mitigation of global warming, the Group's growth, and also damage its reputation.</p>
<b>Responsible packaging and circular economy</b>	<p>Packaging is fundamental for preserving the strictest food quality and safety standards for dairy products, which are fragile by nature.</p> <p>The ways we produce and dispose of packaging result in the overconsumption of natural resources, threatening the environment and biodiversity.</p>
<b>Biodiversity and forests</b>	<p>The Lactalis Group's supplies of agricultural raw materials may be directly or indirectly linked to a risk of deforestation or the conversion of natural areas, having an unfavorable impact on biodiversity and ecosystems. A responsible purchasing policy and raising awareness among our upstream stakeholders must promote sustainable sourcing.</p>
<b>Safety and sustainability of upstream milk production methods</b>	<p>Milk is the key raw material for Lactalis' activities. While the safety of milk is a key factor in guaranteeing product quality and safety, the group's consumers and stakeholders are increasingly looking for guarantees of the sustainability of upstream processes. This focus is on practices that are more respectful of animal welfare and the environment. Lactalis can meet both market expectations and those of its stakeholders by developing technical advice for dairy farmers.</p> <p>Poor upstream dairy practices could have negative consequences on animal welfare, the environment, and consumer Health and Safety. They could also affect the company's reputation and results.</p>

## 2.5 GUARANTEEING FAIR PRACTICES

### DEFINITION

In an environment characterized by uncertainty and increasing risks of all kinds, corruption, anti-competitive practices, non-compliance with data protection and international economic sanctions affect companies, restrict free competition, and hamper economic development.

As a major player in the dairy industry, Lactalis has an important responsibility in conducting business properly and affirms its desire to act in accordance with the laws and regulations in force.

### GOVERNANCE

Within the General Management of Legal Affairs and Audit, the Group Compliance & Competition Department is responsible for developing a culture of trust and integrity within the group, a central foundation on which to build a responsible value chain. It also coordinates the deployment of the group's compliance programs.

A Group Compliance Committee, composed of representatives of the Legal Affairs and Audit Department, Audit, Risk and Compliance Department, and the Human Resources Department, has been set up to manage and investigate reports received through the whistleblowing system. Local committees have been set up within the subsidiaries to manage reports on a local basis in order to be closer to the business and to employees.

### POLICY AND ACTION PLANS

Lactalis has set up compliance programs relating to fair practices, the prevention of corruption, personal data protection, and the prevention of anti-competitive practices, as well as compliance with local and international regulations.

The policies (Lact@Policies and Lact@Rules), translated into many languages, apply to all Lactalis employees and, for some, to its commercial partners. They enable the dissemination of best practices and help establish good behavior.

These best practices are shared with employees through policies and procedures, but also through dedicated training and regular awareness-raising, particularly digital, and rolled out through an international network of Legal Directors in the subsidiaries.

For example, in **Spain**, Lactalis is continually working towards the highest standards of regulatory compliance and business ethics in its activities, and has obtained a number of certifications for its criminal compliance management systems, including:

- UNE 19601 Management System for Criminal Compliance (MSCC), guaranteeing the prevention of criminal offenses applicable to legal entities;
- ISO 37301 Compliance management systems, guaranteeing compliance with all criminal law regulations.

These certifications have been awarded to Grupo Lactalis Iberia, but also to Lactalis Puleva and Lactalis Forlasa.

In 2022, Lactalis launched its whistleblowing system ("Lact@lert"), which enables it to handle, in strict confidentiality thanks to a secure tool, all reports of possible violations of best practices, of the Group's internal rules and procedures or of applicable laws. This system has been updated in order to comply with the obligations of the European directive on the protection of whistleblowers.

In order to ensure the efficient processing of reports received through Lact@lert, the Group Compliance Committee receives and handles reports in a neutral and impartial manner. The Group Compliance Committee is covered by a strict confidentiality obligation and reports regularly to the Lactalis Group's management bodies.

RESULTS

## COMPLIANCE STATISTICS

### NUMBER OF ALERTS 2024\*

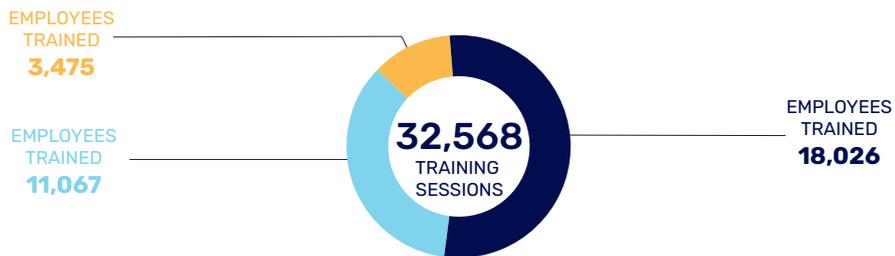


\* On a Lact@lert deployment covering 38 countries, which count for €26B in 2023 revenue

### NUMBER OF TRAININGS CARRIED OUT IN 2024\*



### TOTAL NUMBER OF TRAININGS 2020-2024\*



\* Mandatory digital training rolled out from 2020.

■ Anti-corruption ■ Personal data ■ Competition

## 2.6 BUILDING A POSITIVE CHAIN OF RESPONSIBILITY WITH SUPPLIERS

### DEFINITION

A transparent and responsible supply chain is essential to minimize the potential negative impacts of the Lactalis Group beyond its direct activities, both upstream and downstream. The complexity and interconnection of global and local value chains require the utmost vigilance to ensure compliance with the main principles of the Global Compact as well as ethical, social, environmental, and climatic requirements.

Lactalis is mobilizing its entire ecosystem, and its suppliers in particular, to meet these challenges. The Group is implementing a Responsible Purchasing Policy based on ethical, fair, and sustainable business relationships with its partners.

### GOVERNANCE

The Group Purchasing Department is in charge of the group's Purchasing policy and directly manages commercial relationships with Lactalis' global suppliers (except milk collection suppliers). In line with the purchasing strategy defined at Group level, the Area Purchasing Departments manage local suppliers of specific products and services. The Group Purchasing Department develops and deploys tools, methods, and training to ensure the performance, ethics, and sustainability of its activities.

The Responsible Purchasing Committee is responsible for the Group's cross-functional Responsible Purchasing Policy and for the consideration of the identified priority issues. For each issue, a steering committee, made up of purchasers and representatives from the Group CSR Department, proposes a policy and an action plan and monitors their implementation in the various countries. The proposals of these committees are presented, discussed, and approved by the Lactalis Group's Management Committee.

At the same time, the Group's Quality team works daily with the Group Purchasing team through the Purchasing Quality team and the Supplier Audit team to ensure that each supplier complies with the Group's Food Quality and Safety Policy.

### POLICY

The Responsible Purchasing Policy is a key lever of the Group's CSR approach. Lactalis strives to forge honest, fair and respectful relationships with its suppliers. The Group guarantees the equal treatment of existing and potential suppliers, as well as transparent and impartial selection processes based on explicit criteria.

Lactalis has formalized its Responsible Purchasing Policy through several documents:

1. the Supplier Code of Conduct.

Since 2022, Lactalis has been rolling out its Supplier Code of Conduct: this document aims to communicate Lactalis' vision and ambitions in terms of ethics and sustainability to all its suppliers (excluding dairy farmers), and is based on compliance with:

- the 10 principles of the United Nations Global Compact;
- the United Nations Universal Declaration of Human Rights;
- the conventions of the International Labour Organization;
- the OECD Guidelines for Multinational Enterprises.

The Supplier Code of Conduct applies to all supplier employees, agents, and subcontractors who interact with the Lactalis group on behalf of suppliers throughout the value chain.

The Supplier Code of Conduct details the conduct to be adopted with regard to the following topics:

- regulatory compliance;
- professional conduct;
- human rights employment practices;
- food quality and safety;
- the environment;
- animal welfare;
- protection of information.

This Code of Conduct is sent to suppliers, who are invited to familiarize themselves with it and adhere to these principles.

In the event of proven non-compliance by a supplier with these principles, Lactalis may decide to withdraw or delist the supplier.

A whistleblowing system is also open to third parties and reports can be made via the Group's website:

2. a Food Quality and Safety Charter for ingredients, dairy raw materials, and packaging: by signing this Charter, suppliers undertake to accept Lactalis audits for the purpose of validating and assessing food quality and safety criteria and follow-up audits;
3. policies in specific areas: climate action and deforestation policies, animal welfare, circularity of packaging, and palm oil-related policies underline Lactalis' commitments in each of these areas. To meet these commitments, the Group is building a CSR dialogue with the relevant suppliers. In its specifications, the Group is implementing more stringent requirements concerning the origin or certification of raw materials for certain purchasing categories.

Lactalis policies on each of these topics are described in the chapter 5. / Protecting the planet and its resources.

## ACTION PLAN

Lactalis ensures that its purchasing activities are carried out in compliance with strict ethical and professional standards: to this end, the Purchasing teams and all employees involved in trade relations with suppliers are regularly trained in these standards.

In terms of food quality and safety, a supplier questionnaire was prepared by in-house experts to address 17 topics. The Group implements measures to assess its suppliers: a dedicated team is responsible for auditing suppliers at Group level. The frequency of supplier audits depends on the criticality of suppliers, determined according to food safety criteria.

Corrective actions are requested for each instance of non-compliance identified during the audits. In the event of an unsatisfactory audit result, an action plan is defined and implemented by the supplier and is monitored by the Group Supplier Audit team.

Purchasing experts carried out a mapping of CSR risks related to Lactalis' supply chains. The environmental, social, and governance risks specific to its value chain were identified and assessed for all purchasing categories (except milk collection) according to:

- the significance of the risk for the product category;
- the level of risk management at Lactalis.

The level of risk was cross-referenced with the volume of purchases to determine the priority purchasing categories. For each priority purchasing category, the Group defines an action plan to assess and mitigate the risk identified.

- Following this risk analysis, the Group defined a work schedule for the most at-risk commodities. A strategy and an action plan were launched on animal welfare (shell eggs, egg products, and dairy ingredients), circularity, and the use of resources for packaging, as well as the fight against deforestation. On this last topic, in 2022, the Group set out an action plan on paper, cardboard, and palm oil to combat deforestation. This action plan was strengthened in 2023 to cover six priority commodities by 2025 (see section 5.3 / Fighting against deforestation).
- To build its approach to reducing greenhouse gas emissions related to non-agricultural suppliers, the Group wanted to start a process of supporting its main suppliers in their climate transition, in order to enable them to define science-based reduction targets. This approach, which will continue until the end of 2028, affects nearly 2,500 suppliers, who are among the largest contributors to Lactalis' emissions. The objective over the coming years is to strengthen dialogue with suppliers on the subject, in order to best support them in building their climate strategy 5.2.5 / Non-agricultural supply chain.
- In 2024, the Group implemented the Sedex platform to mitigate the environmental and social risks related to its suppliers. The mapping of priority global suppliers has been initiated and local teams have been trained to analyze local suppliers. In 2025, the Group will finalize the mapping of the main global suppliers and plans to work on defining concrete targets.



# 3. COMMITTING TO PEOPLE AND TERRITORIES



## 3.1 GUARANTEEING EMPLOYEE HEALTH AND SAFETY

### DEFINITION

Lactalis, a global group employing nearly 85,500 people, prioritizes the health and safety of its employees, contingent workers, and subcontractors. This commitment extends to all its working environments: industrial, logistics, commercial, research, and distribution sites. The Lactalis Group's vision is clear: to guarantee optimal working conditions while aiming for an ambitious goal of zero workplace accidents and zero occupational diseases.

### GOVERNANCE

Health and safety management at Lactalis is based on a solid governance framework:

- **Health and Safety Committee:** this committee, made up of the Group's main executives, meets quarterly. It defines policies and strategies, guarantees the necessary resources, and oversees the implementation of action plans;
- **Global network:** health and safety professionals are deployed in the main production sites to share best practices and coordinate efforts at local, regional, and global levels;
- **Priority to strategic countries:** in 2030, the Group plans to have a Health and Safety Manager in the 25 priority countries as well as at all sites with more than 100 employees.

A significant change in 2024 concerns the attachment of the Lactalis Group Health and Safety Department to a new department with a Risk Management vision. This integration reinforces the importance given to risk management at all levels of the company and allows a better integration of Health and Safety in the Group's overall strategy. In addition to organizational aspects, this new governance strengthens our ability to anticipate security challenges and respond to them in a proactive and coordinated manner.

### POLICY

The Group's Health and Safety Policy defines its ambition to achieve zero workplace accidents and occupational diseases. In order to achieve this ambition, Lactalis is committed to:

#### Main objectives:

- **continuous risk reduction** through regular assessments and continuous improvement of the systems in place;
- **strengthening the Health and Safety culture** through training, innovative tools, and exemplary managerial practices;
- **compliance with international standards** and local regulations in the areas of operation.

### The 12 Golden Rules

Deployed in 2022, these fundamental rules apply to all employees, service providers, and partners. They encourage:

1. immediate intervention as soon as a risk is identified;
2. the suspension of hazardous work until the risk is fully controlled;
3. individual and collective responsibility for shared security.

In 2024, an e-learning module was rolled out at the Group level to communicate our 12 Golden Rules and enable employees to adopt them.

### ACTION PLAN

To achieve its vision, Lactalis established an ambitious roadmap in 2025, extended until 2030, structured around four major pillars:

#### Pillar 1: Health and Safety Organization

- **Health and Safety Management System:** strengthen our existing Health and Safety management system by integrating a Risk Management approach.
- **Skills development:** adapted training courses for all employees, at all levels, by creating learning pathways intended to promote the emergence of talent in Health and Safety, but also to integrate best practices into all of the Group's operations.
- **Managerial leadership:** training of managers to promote safe and exemplary behavior.

#### Pillar 2: People Safety

Employee engagement:

- awareness-raising and adoption of preventive behaviors;
- behavioral safety program extended to other areas outside France.

Reduction of specific risks:

- **machinery:** compliance and treatment of risks related to industrial equipment;
- **chemical products:** deployment of appropriate measures to limit hazardous exposures;
- **explosive atmospheres (ATEX):** strengthening of protocols to prevent incidents related to high-risk areas.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

#### Pillar 3: Property safety audits.

- **Risk assessment:** improve the quality of risk assessments and generalize compliance with Group's reference framework with a systematic self-assessment process.
- **Reduction of our level of exposure:** support for our industrial sites and warehouses with a fire/explosion risk reduction approach by integrating the Group's reference framework. This commitment is also reflected in investments aimed at securing our sites in order to reduce our level of exposure.

#### Pillar 4: Data Management

- **Digitization:** implementation of a data collection tool. Based on this first building block, a reporting tool was deployed to make the data more reliable and to manage our results indicators.

In June 2024, as part of a workshop bringing together Health and Safety coordinators from more than 30 countries, a new trajectory was mapped to enable the Group to achieve its ambitions.

#### RESULTS

Lactalis has a target of reducing accidents by 15% per year. The benchmark indicator monitored monthly by Lactalis is the FR2, based on the following definition:

$$FR_2 = \frac{\text{Number of accidents with and without lost time (employees and temporary workers)}}{\text{Number of hours worked (employees and temporary workers)}} \times 10^6$$

In order to achieve this target, each level of management defines an annual frequency rate (FR2) reduction target of between -5% and -20% depending on the FR2 observed within their scope.

This target is applied to the employee FR1, which measures the accident with lost time frequency rate among the Group's employees.

	2023	2024
Workplace accidents with lost time frequency rate for employees (FR1 employees)	7.97	7.83
Workplace accidents with and without lost time frequency rate for employees and temporary workers (FR2)	11.7	10.8
Severity rate for employees	0.43	0.45

Lactalis continues to accelerate its efforts to:

- **digitize and innovate:** as part of the digitization project initiated in 2024, a new building block will be deployed in 2025 to digitize our business processes aimed at ensuring standardization of our practices and managing our resource indicators;
- **involving stakeholders:** strengthened collaboration with local partners to ensure safe workplaces;
- **improve communication:** celebrations, sharing of experiences via tools such as "FLASH Accident" (an accident analysis sheet that allows feedback from such an event to be shared).

With a policy focused on prevention, empowerment, and innovation, Lactalis is committed to a safe working environment that respects the health and safety of its employees.

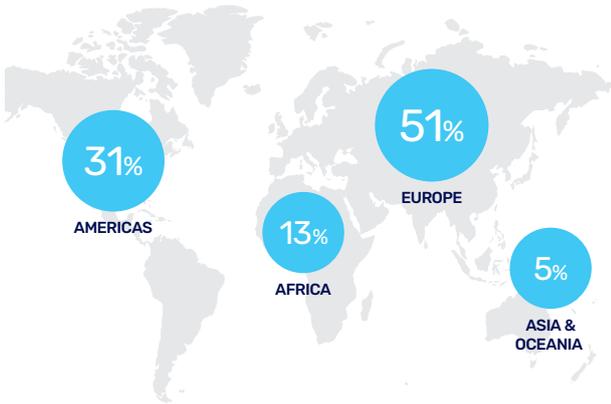


## 3.2 MAKING COMMITMENTS TO EMPLOYEES

### 3.2.1 LACTALIS EMPLOYEES

#### BREAKDOWN OF THE GROUP'S WORKFORCE IN 2024

In 2024, the Group had nearly 85,500 employees.



The breakdown of the workforce in the various geographical areas is as follows over the last years:

	2023	2024
Europe	48%	51%
Americas	27%	31%
Africa	13%	13%
Asia-Oceania	12%	5%

#### GOVERNANCE

Lactalis' Human Resources Department is made up of a central department, then functional departments within the regions, countries, and divisions.

The Human Resources General Manager leads a central team at Group level, who report directly to him/her:

A Human Resources Management Committee composed of the central Human Resources Department and a certain number of international operational and functional HRDs is in charge of validating all human resources policies and actions, and then deciding how and when to roll them out Group-wide. This committee meets approximately every two to three months.

The deployment of the policies and actions, part of Group HR Strategy, is then carried out at the level of the regions, countries, and divisions, with the support of the central HR team where required.

#### POLICY AND ACTION PLANS

Lactalis aims to achieve profitable and responsible growth. To achieve this objective, the group's Management Committee has defined a new strategy for the 2023-2033 period. This strategy is based on four pillars that are key issues for the company: people, products, performance, and the planet. Each of these pillars includes priorities for action to achieve the growth objectives by 2033.

The first pillar of this strategy gives priority to current and future employees. They are the foundation of our performance and success, and it is thanks to them that Lactalis will be able to achieve its ambitions.

By 2033, Lactalis wants to accelerate and improve its human resources policy through the following objectives:

- promoting employee engagement;
- protecting know-how and developing the leadership model;
- preserving the "Lactalis way of doing business" (maintaining responsibilities assigned to local managers, finance, and management control, which are two separate functions);
- retaining and increasing the number of resources in key functions to support the company's growth;
- developing employer attractiveness;
- developing a strategy to improve the diversity of our teams.

In this context, the Human Resources Management Committee, in conjunction with the General Management of the areas, has set priority targets for each year. The 2024 targets were as follows:

- implement action plans to improve the employee engagement rate measured in the Managerial survey;
- locally deploy the "WaW" (Well-being at Work) program by implementing concrete initiatives that improve working conditions and promote a better work-life balance;
- maintain the internal promotion rate at 70%;
- integrate the Lactalis leadership model into annual employee reviews;
- roll out the Group's Diversity, Equity, and Inclusion policy in all countries in which Lactalis operates;
- reach 27,000 learners in the Learning Factory and implement the onboarding module for all new employees;
- continue to implement the Social Risk Assessment methodology in new countries.

### 3.2.2 RETAINING AND DEVELOPING TALENT

#### DEFINITION

The attraction, retention, and development of talent are based on the deployment of the Lactalis Employer Brand, through the #LactalisExperience program, the measurement of employee engagement, a training program for each employee, and the individual monitoring of each employee by their manager.

#### Employer Brand

The exposure of the Employer Brand which is based on the Group's strengths and successes increases the attractiveness of Lactalis.

The Employer Brand was implemented in 2020 and is based on three strong pillars:

- History;
- Passion;
- Expertise.

It highlights the Group's identity, its DNA, and therefore what makes Lactalis a unique employer.

The Employer Brand also helps to boost the Group's visibility (organization of events and recruitment days, partnerships with schools, new websites, use of social media and specialized platforms, etc.). It is an important lever for attractiveness and reflects externally what Lactalis is and what it can offer.

The Employer Brand highlights the following elements:

- joining Lactalis means joining a family group that has an international presence and a strong local presence;
- joining Lactalis also means sharing great moments with teams who are passionate about their profession, recognized for their expertise;
- joining Lactalis is an opportunity for individuals to learn and grow in their roles every day. It is also an opportunity to be part of a dynamic and continuous improvement and to benefit from a personalized career path, made possible thanks to the sustained growth that the Group is experiencing, as well as the diversity of its Expert services and its geographical locations.

The group's aim is to recruit the right number of new talented individuals in order to ensure the constant and sustainable development of its activities, while ensuring that its dairy expertise is passed on.

#### Relations with Schools

In France, the Relations with Schools Department is a support function of the company, whose purpose is to support the French divisions in the sourcing and pre-recruitment of interns, work-study students, and young graduates in order to support Lactalis' development and growth.

To carry out these missions, its role is to:

- coordinate, manage, and lead relationships with 20 target schools and their students;
- effectively pre-recruit future talents, drawing on the Employer Brand;
- work collaboratively with the target schools to define actions to ensure recruitment needs;
- unite and involve Expert services Managers.

In 2024, in **France**, nearly 110 initiatives were carried out in collaboration with partner schools and with the support of business experts, ranging from participation in fora and job dating events, to testimonials from business experts, active visits to industrial sites with students from the Institut Agro de Rennes, and challenge events in schools such as the "Best Recruiter" challenge with KEDGE Business School students specializing in HR, and the "Societal and environmental challenges of a Group plant" challenge with ENSAIA students.

In 2024, this strong presence in schools enabled Lactalis to have 1,000 work-study students and 381 interns in its French workforce.

The successful integration of young interns and work-study students who join the company is one of the keys to the success of the pre-recruitment policy. It is carried out through a short and direct recruitment process as well as visibility regarding the HR policy and career paths, particularly during their induction day (organized two to three times a year). In France in 2024, these elements, combined with managerial support, made it possible to hire 45% of interns and work-study students with a Bac+5 level at the end of their internship or work-study period.

#### Employee integration

The quality of the welcome afforded to new employees is also crucial to Lactalis' attractiveness.

New employees are supported by their Manager and Human Resources Manager through a personalized induction program. The objective of this course is to understand the company's values, to familiarize themselves with what the various departments do, and to establish a network of contacts and knowledge within Lactalis. The formalized induction program takes place in two stages: a collective welcome and/or a personalized welcome.

In **France**, all interns and work-study students are welcomed collectively for one day, and all managers are welcomed collectively for 1.5 days at the Lactalis head office in Laval. This allows them to learn more about the company and its history, through meetings and manager presentations, a visit to the Cité du Lait®, the company's museum that tells the story of the dairy industry, and a visit to a production site. It also gives them the opportunity to build a network within the company.

Collective onboarding sessions are also held in Laval for Group employees working in subsidiaries outside France. This allows them to discover the French roots of the company and the central support services.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

#### Employee engagement

Since 2021, Lactalis' employees have been invited to participate in a Managerial survey rolled out at the Group level to measure their level of engagement and success, and thus identify areas for improvement requiring action plans. Employees were asked about issues common to all of the company's employees, such as:

- engagement;
- respect and recognition;
- management;
- security;
- career development;
- their vision of the company's strategy;
- the working environment;
- diversity and inclusion, the measurement of which has been strengthened since 2023 by adding new questions on these topics;
- issues specific to each country or subsidiary.

Between 2023 and 2024, 97.3% of the Group's employees were asked to respond to the Lactalis Managerial survey.

Employees are interviewed every two years. This allows for the implementation of short-term action plans to improve well-being at work; the results of the following Managerial survey allow for the measurement of the effectiveness of these action plans. This is a strong signal of Lactalis' desire to place human capital at the heart of its strategic thinking and direction.

#### Leadership model

The Lactalis leadership model was established in 2021 by collecting the views of Lactalis leaders from the Management Committee, the Human Resources Board and focus groups organized in 15 countries with the General Managers and Expert services Managers, so as to take into account the intercultural diversity of Lactalis while respecting its fundamental values.

This new leadership model is composed of four pillars and 16 associated key behaviors:

1. caring: focusing on people and sustainable development;
2. sharing: collaborating and promoting diversity;
3. daring: driving growth with courage and ambition;
4. inspiring: shaping our future together.

This leadership model was rolled out in 2023 through workshops held in all group subsidiaries.

To support the deployment of this leadership model, a digital training course consisting of five digital modules dedicated to the leadership model was offered to everyone on the Lactalis digital training platform: the Learning Factory. A challenge for the implementation of these training courses was launched: in total, more than 65,387 training courses were completed, with 17,000 employees being made more aware and 11,500 employees having completed the five training modules.

In 2023, this new leadership model was incorporated into the HR recruitment, onboarding, performance assessment, and training processes. The Human Resources departments have supported all managers in bringing this model to life in the field on a daily basis and have helped them to develop their individual and collective leadership. Since 2024, this leadership model has been included in the annual individual employee reviews.

#### Internal promotion

Internal promotion is one of the key elements of Lactalis' Human Resources policy.

Internal mobility contributes to the company's growth dynamic. In France, an internal job offer platform called Lactajob has been created. This platform allows each employee to find out about the opportunities that exist within the company and strengthens internal mobility.

The Lactalis supports the internal mobility of employees through training. In France, logistical and financial support is also offered for internal transfers involving relocation.

Internal mobility promotes synergy between departments, enables the personal and professional development of employees and extends their internal network.

#### Career development

Lactalis has made the career development of its employees a priority. Mobility can be horizontal, vertical, or geographical.

Lactalis has set up a process of annual individual interviews between employees and their Managers in order to take stock of their development wishes and set targets for the year. Assessment campaigns are generally carried out by way of a tool deployed at the company level (Lactalent) for managers. In 2024, 16,265 managers carried out this assessment with their n+1. This tool makes it possible to support employees in their professional development and to prepare for internal changes, any international transfers and career development within Lactalis. Management reviews are then conducted in all countries to establish changes with Managers and succession plans.

In each geographical area, programs to promote career development have been initiated:

In **Australia**, vertical and horizontal career paths, including between Expert services, have been created by identifying more than 270 positions and their associated key technical and managerial skills. To facilitate access to all, an internal application has been created. These career maps help promote internal promotion, improve talent retention, and raise awareness of future needs.

In **Northern Europe**, a development program known as the Talents Passport was created for industrial management controllers. The objective is to provide structure and standardize the management controller profession in the region's various countries by creating a common training course consisting of a positioning grid, a development matrix, an action plan grid, and a list of resources to build the action plan.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

The **Lactalis Southern Europe region** has developed the "ERASMUS" program, which offers employees short-term mobility assignments (up to six months) from one country to another within the region. The purpose of these missions is to transfer knowledge and share best practices between the region's countries and to accelerate employees' professional development by preparing them for new functions.

#### Training

The development of skills within Lactalis mainly involves internal promotion and the organization of tailored skills development plans. Among the training courses organized, training provided by in-house trainers is particularly valued because it facilitates the transmission of knowledge and know-how.

At international level, Lactalis has created four training courses:

- **the Industrial Academy** aims to train the Site Managers of tomorrow. Since 2016, 20 classes covering 300 employees from 120 sites in 46 countries have been trained in the Lactalis industrial culture; This solid training course has now been running for eight years;
- **the Maintenance Academy** aims to develop and support Maintenance Managers so that they can be key players in performance. The first Maintenance Academy was launched in 2022, and since then, there have been five cohorts representing 72 employees from 13 countries and 46 plants;
- **the Cheese Academy** aims to cement cheesemaking know-how. It was created in 2018. Since then, there have been six cohorts representing 98 participants (production manager, operations manager, or plant manager) from 40 sites across 25 countries. In 2023, internal North American trainers were specially trained to deploy the Cheese Academy in the United States and Canada in partnership with the University of Madison in Wisconsin, United States, which allows participants to benefit from hands-on training at the University.

This local deployment of Lactalis academies continued with Brazil in 2024. The identification of local professionals and trainers makes it possible to provide the training course in the language of the country in question;

- **the Quality Academy** is a new international training course created in 2024. The first cohort brought together 27 factory quality managers from 18 countries.

Other training programs are being rolled out to meet the company's needs. To date, employees from 75 countries have participated in training courses on industrial, marketing, finance, trade, and management topics.

Finally, "On-the-job training" aims to transfer know-how between plants in a specific way to support changes such as the implementation of a new line or new technology.

The sharing and dissemination of internal know-how, the development of the leadership model, and the preparation of employees for future positions within the company also involve internal trainers, who are excellent Lactalis ambassadors.

This is why the Group's Training Department has supported areas and countries with specific programs to teach internal trainers (remote learning and digital training).

These combined global and local efforts, as well as the increased deployment of training initiatives led by internal trainers, meant that 1,906 internal trainers were on board in 2024.

In 2024, Lactalis continued to develop its digital training. In a scope of 77 countries, 23,000 employees logged onto the Lactalis Learning Factory (digital training platform), completing 118,000 hours of training or more than 5 hours of training per connected employee. They completed 110,000 training sessions (compared to 92,584 in 2023).

This platform offers 334 training modules to learners, of which 59 were created in 2024. Some modules are available in 14 different languages. To improve the accessibility of training in different countries, 200 training translations were carried out in 2024 in collaboration with the operational teams of different Expert services in the countries.

The Learning Factory offers training modules on:

- the Lactalis culture (the group's values, the leadership model, onboarding of new employees);
- Lactalis' know-how in various fields such as facility management, supply chain, quality, and hygiene;
- the "Essentials": language courses, MS Office, and mandatory modules relating to compliance, for example;
- personal development such as "developing leadership skills," "performance feedback" and teamwork.

In 2024, a digital training challenge on Diversity, Equity, and Inclusion was offered to learners: it consisted of a first module explaining the Group's Diversity, Equity, and Inclusion policy, and five thematic modules on inclusive leadership, gender equality, cultures and origins, intergenerational skills, and disability.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

13,000 employees completed at least one of the six modules, and 6,700 employees completed all modules. 56,200 courses were completed. Learners appreciated the program and reported noticing the positive impacts of this training program on their daily work environment by making it more inclusive (90% among respondents to the internal survey). This challenge resulted in the drawing of six winners: employees who had completed all the modules, coming from all continents, were invited to discover France, the Lactalis headquarters and to meet the Group's leaders.

The Learning Factory makes training easily accessible to as many people as possible and helps to develop the learning organization culture. It also supports local needs as it allows for the creation of specific local digital training modules, thanks to a community of 100 digital training creators in ten countries.

In 2024, the Learning Factory tested a new interface offering easier access to digital training for factory employees. 2,000 employees from six countries took part in the test. This new interface will make it possible to start rolling out digital training in factories, facilitating access to the skills essential for growth and operational excellence.

Talent development also involves supporting the employability of young people; Lactalis supports the use of work-study programs and has created its own Lactalis Campus for training in the mastery of dairy technologies. The first cohort was trained in October 2021.

Between now and 2025, the company will continuously increase dedicated training budgets.

#### RESULTS

	2023	2024
Engagement rate	66%	68%
Percentage of leadership positions recruited through internal promotion	69%	69%
Resignation rate	10.9%	10.2%



### 3.2.3 PROMOTING DIVERSITY

#### DEFINITION

At Lactalis, the variety of employee profiles reflects the diversity of the company as a whole. Lactalis is keen to recognize and promote all talents, regardless of their gender, disability, age, family situation, social or cultural origin, religion, sexual orientation, or political or trade union opinion.

Fairness requires the fair application of HR policies and processes, taking individual needs into account.

Inclusion refers to the experience of employees in the workplace and how they feel valued for who they are, their skills, and the experience they bring.

The diversity of the profiles and skills of our employees is one of the keys to the group's success and development.

#### POLICY, ACTION PLAN, AND RESULTS

Since its creation and in all of its countries of operation, Lactalis endeavors to reflect and integrate diversity and social integration, and to comply with local regulations.

In 2021, diversity and inclusion were identified as priorities of the Group's Long-Term HR Plan, and the Lactalis leadership model incorporated the following behavior: at Lactalis, "We collaborate and promote diversity." Finally, these themes have been placed at the heart of the HR strategy.

Lactalis' Human Resources Department, in partnership with the HR Board and Group CSR Department, is responsible for formalizing the Group's commitments and for developing and sharing a Diversity, Equity, and Inclusion action plan. As such, a working group made up of internal experts works with external specialists to understand the contexts of the various countries in which the Lactalis group operates. An external benchmark as well as an internal benchmark (actions and commitments already carried out in the Group's subsidiaries), followed by discussions with the local HR departments and members of the Executive Committee, made it possible to establish a Diversity, Equity, and Inclusion policy.

In 2023, the Lactalis' Executive Committee was made aware and a Diversity, Equity and Inclusion Policy was drawn up and signed by the Chief Operating Officer to cement Lactalis' commitments.

In June 2024, this policy was officially rolled out at Group level. This policy is based on two pillars (gender equality and inclusion) and eight concrete commitments for which the Diversity, Equity, and Inclusion working group is responsible for defining and proposing concrete actions:

1. the integration, development, and promotion of diverse talents;
2. the equity of human resources management processes, in particular recruitment, retention, promotion, compensation, and access to training;
3. promoting inclusive behaviors through team training and awareness raising;
4. diversity at all hierarchical levels;
5. measuring the perception of Diversity, Equity, and Inclusion through engagement surveys;
6. facilitating and coordinating the approach via a network of Diversity, Equity, and Inclusion ambassadors;
7. progress indicators;
8. communication of this approach to the Group's stakeholders.

In the subsidiaries, several initiatives to promote diversity have already been implemented, such as in Canada, Sweden, South Africa, and Brazil, where diversity policies are being deployed.



**Alice  
Jeannes**

International HR  
Project Manager



**The key lies in the commitment of each employee and the collective desire to change our practices and culture.**

**How will you measure the impact of the launch of the DEI policy and its appropriation by the various countries and employees?**

**A.J.:** Concerning the professional equality pillar between women and men, we want to strive for a balance in management positions by 2033. The diversity of our teams is a major factor in promoting innovation and performance.

Six training modules, part of a global challenge, were accessible to all our employees upon the launch of our DEI policy. As part of the inclusion pillar, we aim to train 100% of our employees in Diversity, Equity, and Inclusion from 2024. We closely monitor these KPIs. In addition, we have also committed to measuring the perception of diversity, equity, and inclusion in our managerial surveys, which we have been doing since 2023.

**What are the next challenges and next steps for Lactalis regarding the deployment of the DEI policy?**

**A.J.:** After having communicated, raised awareness and trained in 2024, we want 2025 to be a year of concrete achievements. We will continue to train our teams in inclusive recruitment. We will intensify our succession efforts, ensuring that diversity and inclusion are integrated into talent development and career management processes. Another key objective is to create a real community around DEI, with a network of ambassadors to share the best local practices. One of our major challenges remains to sustainably change the Company's culture, so that it is fully inclusive at all levels, in all functions and in all countries.

The DEI approach is a long-term project. Although we have reached a significant milestone, there is still some way to go. The key lies in the commitment of each employee and the collective desire to change our practices and culture.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

#### Gender equality

Lactalis firmly believes that the company’s performance is linked to the plurality of profiles that make it up. As a result, Lactalis is determined to maintain its efforts in terms of professional diversity at all levels.

Lactalis is committed to offering the same opportunities and career development to men and women. Internally, Lactalis monitors a key performance indicator on the proportion of women in leadership positions.

The company is continuing its efforts in terms of gender equality in all countries. In France, the result of the gender equality index is published each year. Lactalis France obtained a result of 90/100 for 2024.

An online reporting platform in the event of non-compliance with non-discrimination laws and regulations is accessible to all.

In **France**, the rules of procedure establish the rules on Health and Safety and disciplinary measures and reiterate the legal provisions covering sexual harassment and the prevention of sexism. The rules of procedure are displayed at all sites in France. All French sites, regardless of their size, have two “sexist actions” officers (one employee representative and one management representative).

In **Algeria**, the creation of the “LIHA” network enables a community of women to meet and engage in discussions within the company. Short training programs are offered to the women of the production teams, responding to the needs they have expressed. In addition, the “future leaders of Célia” program makes women aware of the possibilities for development within the Company, particularly in management positions.

In **Spain**, all HR and CSR staff received face-to-face training on bias. In addition, staff training on gender issues and the prevention of sexual harassment was organized.

	Base year 2020	2023	2024
Percentage of women in leadership positions	20.6%	28.2%	27.7%

#### Youth training and employment

Lactalis works to promote the employment of young people and develops partnerships with training institutions.

For instance, in **France**, since 2002, as part of the I<sup>2</sup>FA program in partnership with the École Supérieure des Agricultures (ESA), foreign students follow a work-study program for two and a half years. Since 2002, 232 students from 36 countries have joined the I<sup>2</sup>FA program.

During the practical part of the course, students gain in-depth experience at two different industrial sites in France, enabling them to acquire significant skills in two different dairy technologies before returning to their country of origin to take up positions of responsibility within local teams in the areas of production, quality, R&D and milk collection.

This partnership helps to develop the talent of tomorrow and to perpetuate the Group’s development strategy.

In addition, the training enables these young employees to acquire Lactalis’ values, culture, and know-how from the start of their career.

Since 2021, nearly 270 learners have successfully joined the apprenticeship training courses offered for the positions of the sector manager and industrial engineer at Lactalis. These programs enable learners to develop essential professional skills at Lactalis, such as sales techniques, management, and, of course, dairy and cheese processing. Lactalis internal trainers lead more than two thirds of these training courses, thus ensuring that they transfer their expertise in a way that is adapted to the specific Expert service.

In January 2024, Lactalis opened its brand-new Campus. This space will play a central role in welcoming not only apprentices, but also all Group employees who come to receive lifelong learning training.

The Campus is now a powerful lever in Lactalis’ development policy for all our employees. In 2024, 2,500 employees completed 57,000 hours of training at the Lactalis Campus.

Finally, in 2023, Lactalis renewed the agreement on the Management of Jobs and Career Paths in France, which boosts employees’ employability by supporting their professional ambitions throughout their careers.

#### Disability

Lactalis is committed to welcoming, onboarding, and job retention of employees with disabilities. Policies and action plans are adapted at national level.

In France, for example, the group has had a disability agreement in place since 2010 and is working on the following issues:

- preserving jobs and hiring people with disabilities;
- adapting workstations and providing assistance via individual devices (hearing aids, adapted shoes, ergonomic seats);

### 3. COMMITTING TO PEOPLE AND TERRITORIES

- raising awareness and training: the group's production sites organize awareness-raising actions for all over several days to combat disability-related prejudices;
- working with adapted establishments that welcome workers with disabilities;
- individual support measures: reduced working hours, return to work assistance, etc.

Every year in **France**, the Group participates in the DuoDays initiative: this involves creating duos made up of people with disabilities and company employees who volunteer for a day to share information about the company and specific professions. On the occasion of the European Week for the

Employment of People with Disabilities, several French sites and headquarters welcomed employees of ESAT (an external structure that allows people with disabilities to work) in order to sell products they had made with Lactalis employees.

In **Brazil**, as part of the "Plural" approach to promote diversity and inclusion within the Company, a "SOMOS +" affinity group made up of volunteer employees from the various plants in the country organizes monthly meetings to give a voice to employees with disabilities and establish action plans to improve the accessibility of plants and access to employment for people with disabilities within Lactalis. This affinity group also organizes events, such as a collective awareness raising on what disability, autism, and the difficulties faced by employees with disabilities are.

#### 3.2.4 IMPROVING WELL-BEING AT WORK-BEING

##### DEFINITION

Lactalis is developing a global and local approach to well-being at work in order to ensure that the pillars of the national well-being at work policy are consistent with the expectations of its local employees and the cultural sensitivities in the various countries where it operates.

##### APPROACH

Lactalis is in favor of sharing or even replicating certain social innovations that have proven successful in one or more countries.

In **France**, as part of a national agreement on Well-Being at Work and Working Conditions, each operational division must define its own roadmap for well-being at work. The Human Resources teams ensure that the well-being at work policy is in line with employee expectations at a local level, as expressed in particular through the Managerial survey. Each year, more than 1,200 actions relating to Well-Being at Work are carried out and, a national Well-Being at Work award ceremony is organized to enable each winning site to highlight its achievements and share its best practices. In 2024, the Vitré dairy received the special jury award for its approach and initiatives aimed at increasing its attractiveness and notoriety: films highlighting its Expert services and expertise, a recruitment campaign on urban billboards, and reflections on improving work organizations.

An international working group has been created to define a Group approach called Well-being at Work (WaW), to promote initiatives and share innovative ideas in this area. The aim of these actions is to attract new talent and also to retain employees based on the needs they have expressed in the managerial surveys.

Inspired by the Well-Being at Work approach in France, this working group has defined its WaW approach through six themes:

- working safely and protecting well-being (physical and mental);
- being in an environment conducive to quality work;
- optimized organization of work: working hours planned to ensure a good work/life balance;
- finding a source of motivation at one's work;
- developing skills and progressing within the company: ensuring employability and the ability to develop;
- living together at work: managerial relations and those between colleagues.

A Group process has been developed to share and reward certain initiatives. Thus, at the beginning of each year, the executive management of the countries, with the support of the HR departments, is invited to define the priority theme(s) to be worked on. Actions are then carried out throughout the year in the countries, and some of these actions are rewarded with Well-Being at Work Awards.

- In 2024, the Vallet site in **France** won the gold medal with a new work organization allowing workers to choose to work in 3 × 8 shifts (morning, afternoon, or night, in 2 × 8 shifts (morning or afternoon), or always with the same schedule (morning or night). This initiative has significantly reduced staff turnover and made it easier to recruit.
- **India** received the silver medal for the distribution of helmets to more than 1,000 employees of the sales and milk collection teams traveling by motorbike in a country where wearing helmets is not a common practice.
- Lastly, **Spain** received the bronze medal for creating a mobile application linked to the payroll system that allows employees to request a salary advance.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

The first theme of Well-Being at Work is to work safely and preserve physical and mental health. In this context, numerous preventive actions in public health have been organized. Thus, to raise employee awareness of cardiovascular risks, which are the leading cause of death among women in France, the Primevère brand marketed by the Butters & Cremes division in France has partnered with the Women's Cardiovascular Healthcare Foundation. As part of this partnership, the **Butters & Cremes division** organized an information and prevention day for employees entitled "Take care of your heart."

The day was punctuated by two actions:

- a "60 minutes to save your heart" lecture led by the co-founders of the foundation, Thierry Drilhon and Claire Mounier-Vehier, cardiologists at the University Hospital of Lille;
- a screening process supervised by healthcare professionals (doctors, occupational nurses, dieticians) to identify employees' cardiovascular risk factors.

In total, 120 employees attended the lecture and 54 employees were screened, including five who were referred to a specialist doctor due to identified risks.





**Yvanie Delorme**

International HR Project Manager

**What lessons were learned from the first international Well-being at Work “WaW” awards?**

**Y.D.:** Improving Well-being at Work is an issue in all the countries where the Group operates. Before the development of this international approach, countries addressed this issue locally. Certain themes are addressed in all countries, such as health and safety, with numerous initiatives to preserve mental health.

This international approach allows countries to share best practices and adapt them to their local challenges.

**According to what procedure and on what criteria were the winners chosen for 2024?**

**Y. D.:** The actions carried out within the countries are communicated the following year to the Region’s HRDs, who each select three actions from three different countries and submit them to the vote of the international WaW committee. Composed of members of the HR Board, the committee chooses three medal winners for the year from these 18 actions.

The members of the HR Board vote for the projects according to the number of employees impacted by the projects, their innovative aspect, their impact on performance, the ease of implementation, and the possibility of duplicating them in other countries. They are sensitive to initiatives that improve working conditions, particularly for employees in our plants and logistics sites.

**Will the “WaW” approach continue?**

**Y. D.:** Of course! This approach is intended to continue and scale up. In 2025, six trophies will be awarded for each of the themes.

**3.2.5 PROMOTING SOCIAL DIALOGUE**

**DEFINITION**

Lactalis aims to establish simple, regular, and local social dialogue in order to guarantee effective, pragmatic actions tailored to the Group’s challenges and the needs of its employees.

**POLICY AND ACTION PLANS**

The company’s social dialogue policy is based on the following three pillars:

- encouraging simple, regular, and local social dialogue between Senior Management, Human Resources, and employees;
- respecting the freedom of association of its employees and ensuring a constant and constructive dialogue with employee representative bodies, regardless of their legal form in the countries in which the Group is present;
- respecting the right to form unions and participate in collective bargaining and conclude fair and binding agreements with the unions as early as possible, in order to ensure a significant improvement in the working conditions of employees.

**Lactalis Labor and Employee Relations Way**

On the basis of these pillars, the Labor Relations Department deploys Group-wide training on its labor relations model entitled “Lactalis Labor and Employee Relations Way.” It is intended for members of the Human Resources departments and can also be followed by all Managers.

**Social dialogue bodies**

The company’s subsidiaries are invited to set up social dialogue bodies in compliance with local regulations. In addition, a European Social Dialogue Body was set up in 2019 and represents 16 of the group’s countries. The aim of this body is to share quantitative information on the Group, the levels of activity in each product universe, and the Group’s medium- and long-term strategic areas of development. This body represented 44% of the Group’s employees in 2024.

Since its creation, the European Social Dialogue Body has met every year. In 2024, the meeting was held at the Lactalis head office in Laval.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

#### Assessment of social dialogue risks

The Group Labor Relations Department set up an international working group with 10 countries to identify the main issues concerning industrial relations and to assess the quality of social dialogue at a local level, with a methodology for assessing social risks being established. Each week, through site visits, it aims to identify and resolve specific social irritants on warehouses and site shop floors, i.e. risks related in particular to social dialogue and employee relations. Social

irritants can be related to social dialogue, well-being at work or Health and Safety, for example. These irritants are then shared collectively by the site management team and then prioritized and addressed.

In 2022, three pilot sites tested this methodology, which has been rolled out since 2023 in around thirty plants and warehouses located in 10 countries on five continents. The method will continue to be rolled out in 2025.

#### RESULTS

	Base year 2020	2023	2024	Ambition
Percentage of target Human Resources teams trained in the Social Dialogue Model	39.6%	67.0%	70.5%	100%

#### 3.2.6 OFFERING COMPETITIVE COMPENSATION AND BENEFITS

##### DEFINITION

Lactalis ensures that it offers competitive compensation packages to attract and retain talent.

##### POLICY

The company's compensation policy ensures that the compensation packages offered are in line with the local market median.

The company's executives receive fixed compensation supplemented by an annual variable component: the annual variable compensation rewards collective and individual performance with regard to two types of objectives:

- economic, based on Lactalis' performance;
  - employee performance, defined with the direct Manager of each employee.
- In **France**, employees also benefit from incentives and profit sharing.

### 3.3 STRENGTHENING RURAL COMMUNITIES

#### 3.3.1 DEVELOPING RELATIONSHIPS WITH FARMERS

##### DEFINITION

The FAO classifies milk as the third most produced agricultural raw material in the world, coming from nearly 150 million farms and generating around 240 million direct and indirect jobs, mainly in rural areas.

Lactalis is the world's second largest collector, collecting around 23 billion liters of raw milk per year in around 50 countries and in partnership with some 400,000 farmers.

Although there are a multitude of situations depending on the countries in which the group operates, there are three main types of collection relationship between Lactalis and the farmers:

- Direct collection, the approach favored by the group: Lactalis enters into direct, individual contracts with each farmer. Collections are made at each farm, and farmers receive regular visits from their Lactalis dairy technician, who can provide advice and technical recommendations to help them develop their business. This organization allows Lactalis to work closely with farmers. This approach exists in many countries. This is the case in France, for example, but with a specific feature: the majority of dairy farmers are grouped together in producer organizations in order to negotiate milk prices and contract terms;
- Indirect collection: Lactalis does not enter into contracts directly with individual farmers but with intermediary organizations, which may be private companies or agricultural cooperatives. In this type of arrangement, the

volumes purchased, the quality criteria and the prices are discussed with the intermediary organization and not with each individual farmer. This is the case, for example, in Germany and Sweden;

- Market purchasing: In some countries, the collection of milk is centralized by local authorities. In these situations, Lactalis does not strictly speaking collect the milk but buys the quantities necessary for its activities on a "market," at a given price. This is notably the case in Canada. In this type of arrangement, Lactalis endeavors to maintain relations with farmers through regular discussions with their representatives.

About the transportation of milk between farms (or milk collection centers, see below) and Lactalis sites, this can be done based on two main methods, regardless of the type of collection relationship between Lactalis and the farmers:

- Internally: the trucks are owned by Lactalis and the dairy drivers are group employees. This method is, for example, used in France and Spain;
- Externally: Lactalis uses third-party transportation companies. In rare cases, the transportation may be provided by the farmers themselves, such as in the United States for instance, where some farmers have their own trucks.

Finally, Lactalis has a network of more than 650 milk collection centers which allow it to collect milk from farmers in the most isolated areas, helping it to boost local economies and societies.



### ACTION PLAN

Several actions enable Lactalis to develop close relationships with the farmers who supply the milk the group processes daily:

#### Providing technical support to farmers

Lactalis aims to develop its support policy for farmers. As a world leader in dairy, Lactalis has a responsibility to develop its business activities, while implementing an organizational principle that makes it possible to meet the objectives of sustainability and profitability.

Thus, the group notably supports farmers through training and technical days. For example:

- In **Brazil**, Lactalis regularly organizes field days and training for farmers in its five different milk collection regions; on average, 10 days are organized per year and per region. These technical days are planned according to the demand in each region, and topics are chosen according to the needs of farmers. Meetings generally take place on farms;
- In **France**, **Germany**, the **United Kingdom** and **Italy**, the group regularly offers training to farmers, primarily to enhance their skills in terms of animal welfare and carbon footprint.

In addition to providing technical skills, these various training courses, whether online or preferably face-to-face, are a way of creating links between farmers. Discussions between peers are a lever for creating farming communities and a vector of social ties in rural areas.

In 2025, as part of its climate strategy, Lactalis plans to implement pilot farms in several countries in which the group operates; it will be an opportunity to organize more training courses, technical days and to strengthen the sharing of best practices among farmers.

#### Strengthening the bond and providing a perspective for the future

Lactalis recognizes the importance of cultivating mutual understanding with the stakeholders in its supply chain.

Therefore, in order to promote dialogue with farmers and to strengthen the proximity between Lactalis and its partnering farmers, several actions are implemented. For example, in many countries such as in **France**, the **United Kingdom**, **Australia** and the **United States**:

- Information meetings are organized at least once a year to discuss various topics such as milk economics and volumes aspects as well as CSR related topics;
- The group sends monthly newsletters to its partnering farmers in order to provide technical information related to the economic situation, the milk price, new regulations or CSR;
- Lactalis factory visits are regularly organized for the farmers.

#### Promoting the profession of dairy farmer and contributing to its attractiveness

Lactalis strives to promote the profession of farmer, both in its communications with producers themselves, as well as with the general public. For example:

- In **France**, Lactalis highlights the best practices of certain farmers directly on its Producers portal or in the quarterly magazine "Rencontres", distributed to all farmers delivering milk to Lactalis in the country;
- In **Australia**, the **United States** and **France**, the group is regularly launching communication campaigns for the general public highlighting Lactalis partnering farmers, their daily work and achievements, throughout videos or interviews published for example on the social media.

#### Contributing to the renewal of generations of farmers: recruiting and supporting young people

Ensuring that new generations of farmers are coming through is an important issue for Lactalis in a context marked by the decline in milk collection in several countries, and the falling attractiveness of the profession of dairy farmer. In this context:

- In the **United Kingdom**, Lactalis offers a technical support to young farmers to ensure that they are provided with tools and sufficient technical assistance when they start their profession. The group also connects the young farmers with existing farmers in order that they are offered technical advice and some mentoring.
- In **France**, Lactalis proposes support to farmers during the set-up phase by allocating volumes of milk to be produced according to the proposed projects. Young farmers can also benefit from price reductions on agricultural supplies and equipment, and technical support from Lactalis dairy technicians.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

#### LAUNCH OF THE “MILK ACADEMY” IN CROATIA

In 2024, in Croatia, Lactalis (Dukat) launched its « Milk Academy » training program for its partnering farmers and its dairy technicians. The objective is to enhance the technical knowledge of farmers and technicians, improve economic efficiency of dairy farms, increase the quantity and quality of milk produced, while promoting animal welfare and implementing environmental protection measures within the farms.

Despite favorable geographical and climatic conditions, Croatia ranks last among European Union countries in terms of dairy self-sufficiency. Since 2009, milk production has continuously declined, currently covering only around 40% of national needs<sup>1)</sup>. The “Milk Academy” was created by Lactalis to provide solutions to this significant challenge.

During the first edition of the “Milk Academy” (year 2024/2025), eight large and medium-sized Lactalis dairy partnering farms as well as all the group’s dairy technicians in Croatia are participating in the training. It is organized into five modules, including classroom sessions and on-farm workshops. Various topics are covered such as feeding and health of dairy cows, milking technologies, reproduction, forage production and preparation.

Throughout the training, participating dairy farms are regularly assessed to monitor progress and the initial results have already shown an increase in milk production as well as an improvement in the financial results of the farms.



#### 3.3.2 SUPPORTING OUR LOCAL COMMUNITIES

##### DEFINITION

Lactalis wishes, through all its activities, to contribute to the economic and social development of the local communities and territories in which it operates. Local communities can be very diverse, characterized by a common geographical region. They can be composed of employees, consumers and customers, partnering farmers, local government authorities, suppliers, associations, and local academic and medical bodies.

Through dialogue with and special attention paid to local communities, Lactalis strives to understand their concerns and needs in order to establish long-term relationships of trust. It is through concrete actions of solidarity, adapted to the local socio-economic context, that Lactalis and its subsidiaries are committed to improving the quality of life and well-being of the various local communities. Lactalis is aware of its role in local communities and seeks to have a positive impact on them.

##### ACTION PLAN

Solidarity actions are carried out all over the world, locally and in the various functions of the company at the free initiative of the countries, regions and Group divisions, with encouragement and support from the latter.

In 2024, the Group’s actions were focused on the following issues:

##### Developing our regions

- In **Quebec (Canada)**, some cities often lack financial support to develop their local initiatives, leaving many projects unfinished. To remedy this constraint, Lactalis **Canada’s** “P’tit Québec” brand launched the “P’tits Projets pas si P’tits” (“Not so little, little projects”) initiative to provide financial assistance to these cities. Launched four years ago, the initiative continues to grow, with an increasingly positive impact. Since the program’s launch, CA \$220,000 has been allocated to the cities of Sainte-Rose-du-Nord, Sainte-Aurélie, Sainte-Edwidge, and Delson. These funds have made it possible to renovate and improve various community spaces such as schools, parks, and libraries. In 2024, the project resulted in the renovation and creation of a new community space in the basement of the Delson Church.
- In **India**, many villages lack access to drinking water, which leads to health problems related to water-borne diseases. To remedy this, Lactalis, in partnership with the Y4D Foundation, launched a program to install purification systems. These systems provide high-quality water managed by local communities. The initiative aims to improve the health and autonomy of communities with potential access for more than 35,000 premises. The first system was installed in December 2024, and 18 more systems are currently being installed.

1) According to the “Croatian Bureau of Statistics” and the “Croatiastočar” association.

### 3. COMMITTING TO PEOPLE AND TERRITORIES

#### Fighting against food insecurity and social isolation

- In **France**, the Lactel Foundation was created in 2019 following the following observation: 24% of children do not eat breakfast every morning. The foundation aims to help families adopt healthy eating habits, with a focus on breakfast. It promotes the importance of a balanced breakfast, supports edutainment projects and participates in national events. The foundation also informs the public via social networks and press conferences, and conducts studies to better understand the needs of French families. In 2024, 48,130 people benefited from the foundation's actions.
  - In **Scotland**, the "Galloway" brand of Lactalis supports Scottish communities through the Gathering project. Since 2022, and in partnership with FareShare, the largest charity in the **United Kingdom**, Lactalis has been fighting food insecurity and social isolation. In 2024, the Group supported 22 local communities, helped 2,530 people overcome isolation and distributed 92,500 meals.
  - Lactalis **France** has been committed to Restos du Cœur since 2020 through the financial support of four Ateliers Chantiers d'Insertion Cuisines "Kitchen job integration workshops") (ACI) and, recently, four Restos du Cœur Roving Center projects. As part of the Restos du Cœur national collection campaign, the French Lactalis sites and volunteer employees organize food and hygiene product collections during March each year. This mobilization made it possible to collect a total of 1.7 metric tons of food and hygiene products in 2024. These donations were supplemented by voluntary contributions representing more than 2.9 tons of additional donations.
- Through the renewal of its sponsorship partnership, Lactalis provides financial support to the Restos du Cœur for the creation of four mobile shopping centers, including trucks for the distribution of food aid to disadvantaged people in rural areas. This partnership with the Restos du Cœur enables Lactalis to consolidate its commitment to the regions and its ambition to participate in their social and economic development. In 2024, Lactalis France strengthened its partnership by also offering the association in-kind support through more than €500,000 in product donations.
- As part of Lactalis **Canada's** Black Diamond brand partnership with Food Banks Canada, more than 15,000 kg of cheese was delivered to food banks in New Brunswick, Prince Edward Island, Newfoundland, Quebec, Ontario, Manitoba, Alberta, Saskatchewan and British Columbia. As part of this initiative, Lactalis **Canada** donated CAD \$75,000 in in-kind products and financial support to help increase the amount of fresh food distributed by food banks across Canada.
  - In **Australia**, Lactalis donated 480 liters of long-life milk to the Micah Projects association. These parcels were included in Christmas baskets and crisis parcels, providing essential support to vulnerable Australians during the holiday season. Micah Projects is an association that fights against homelessness, domestic violence, mental illness, and poverty.
  - In the **United States**, Lactalis employees donated more than 450 kg of food to FeedMore WNY's Rock Out Hunger drive.





**Gianmarco Tamaro**

*Corporate Communication and Sustainability Manager*  
- Lactalis Italy

- development and spread in 21 schools (middle and elementary) in Italy of a training module called "Emotional Cooking". This was carried out in collaboration with Nutrimente and VIK School, to promote greater emotional awareness and sensitivity among the new generations through the theme of food, exploring how food choices influence psychological well-being;
- 3<sup>rd</sup> edition of the Coscienza di Zeta, the project carried out at the Bodoni high school in Parma, involved two classes of students who, in 4 sessions, discussed gender stereotypes with the support of expert trainers from Albero della Vita, increasing their cultural awareness on the topic.

**Could you tell us about the Disractive program launched by Lactalis Italy in 2024?**

**G.T.:** The Disractive program by Lactalis Italy was launched in 2024 with the aim of addressing and mitigating conditions of fragility and discomfort, promoting social inclusion. It represents a concrete commitment by Lactalis to improve the quality of life of people living in our local communities, in line with our commitment to nurture the future by supporting our territories.

Several initiatives have been carried out within the program:

- activation of a partnership with Insuperabili, a sports club that promotes football for people with disabilities. As part of the collaboration, the following is planned: funding of 50 scholarships to cover the cost of a sports season for 50 Insuperabili athletes, realization of a roadshow in 4 schools with the aim of raising awareness of disability issues and promoting integration, teamwork, and fair play, 1 day of commercial training for 10 Insuperabili athletes by Van Selling Galbani to support them in selling merchandise, donation of a truck for selling merchandise (2025);
- participation of over 70 Lactalis runners in the Milan Relay Marathon in support of Dynamo Camp. The participation of our colleagues allowed us to donate approximately €6,000 from the marathon registration fees;

◀◀ **It represents a concrete commitment by Lactalis to improve the quality of life of people living in our local communities, in line with our commitment to nurture the future by supporting our territories.**



## 4. OFFERING HEALTHY, TASTY AND ACCESSIBLE PRODUCTS



## 4.1 MAKING FOOD QUALITY AND SAFETY AN ABSOLUTE PRIORITY

### DEFINITION

At Lactalis, Food Quality and Safety are an absolute priority. The company is committed to:

- producing and distributing products that comply with applicable international and local regulations and standards;
- striving for excellence without ever compromising on the safety, compliance, and quality of its products and services in all the countries in which it operates.

With this in mind, a clear "Act for Quality" strategy has been defined and rolled out across all group sites.

Lactalis' teams use all of their expertise to obtain and strengthen consumer confidence by defining fundamental principles of Food Quality and Safety on a global scale and applying them locally.

### GOVERNANCE

The Food Quality and Safety Policy is led by the Quality, CSR, and Crisis General Manager, a member of the Group's Management Committee who reports to the CEO, and by the General Managers of the Group's subsidiaries.

Each subsidiary General Manager is responsible for ensuring that the products sold comply with the regulations in force and the standards set by Lactalis. At the presentation of annual quality reports at the beginning of each year, the General Managers commit to meeting the specific objectives and action plans rolled out in the divisions and support services.

All members of the Management Committees for each Division, in particular the Quality Directors of the countries or areas, the Site Directors and the Quality managers of the sites and Departments, are responsible for the operational implementation and monitoring of the Group's Food Quality and Safety Policy as well as the standards set by Lactalis, at all levels of the company.

The Group's Food Quality and Safety Department, led by the Group's Quality, CSR, and Crisis General Manager, and member of the Management Committee, reporting to the CEO, develops the Food Quality and Safety strategy and defines Lactalis' policy in this area. It maintains a high level of expertise in all aspects of Food Quality and Safety, establishes Lactalis' standards in these areas and assesses the compliance and overall effectiveness of the system. This Department is responsible for the Group's quality methods and works closely with the network of local Quality Directors and Quality Managers.

### POLICY

"Act for Quality, because we care" is the Food Quality and Safety Policy defined by a team of Quality Directors from a range of backgrounds and geographical areas, who are involved in different product categories.

The company has defined a clear ambition: at Lactalis, Food Quality and Safety are an absolute priority.

Quality must be a shared mindset for all of us at all times. It is recognized by everyone: customers, consumers, employees, and partners (suppliers, authorities, etc.)

The Food Quality and Safety Policy within Lactalis covers the entire process and value chain, from product design to product purchasing, supply, production, storage, and marketing, including the relationship with consumers.

It applies to all subsidiaries, production sites, storage, and research and development centers, and covers all products.

This policy, developed in 2022, is characterized by continuity: pursue what is working well and accelerate other topics. It is based on four clear and crucial pillars to meet the vision: "Offering healthy, tasty and accessible products which bring people together, to consumers all over the world."

## 4. OFFERING HEALTHY, TASTY AND ACCESSIBLE PRODUCTS

The Quality Policy is also based on four mindsets that embody the attitudes and behaviors that we seek to promote in order to strengthen the Quality culture:



The commitments in terms of Food Quality and Safety were also revised in 2022 and have been approved by Lactalis' CEO. These commitments aim to:

1. guarantee safe products that comply with current regulations and standards;
2. offer tasty products that consumers prefer. Design and improve our products to always meet their expectations in terms of taste and nutritional benefits, and thereby contribute to internal and external growth;
3. be efficient and strive for excellence. Implement performance and continuous improvement processes across all operations, to offer our consumers the best quality at the best price;
4. encourage everyone (our employees and our partners) to enhance their expertise and leadership, to feel responsible, to work as a team, and to collaborate to achieve our food safety and quality objectives.

The Lactalis standards, which describe the operating methods and monitor scientific progress and regulatory changes, are aligned with the FSSC 22000 and ISO 22000 food quality and safety management systems and are backed by a risk analysis.



**ACTION PLAN AND RESULTS**

**Ensuring that products are safe and compliant**

Through its various sites, rigorous control and analysis plans are deployed to verify product compliance in two crucial areas: food safety and product regularity.

Lactalis implements a food safety management system at its industrial sites that complies with GFSI standards and is based on the ISO 22000, FSSC 22000, IFS, BRC, or SQF standards.

The sites are regularly audited, internally and by independent third parties. Lactalis has developed risk anticipation and management programs as well as internal and external laboratory management programs.

The Quality Department keeps the analysis of the Group's food quality and safety risks up to date, taking into account emerging and proven hazards, their assessment, and management through the Scientific Monitoring Department.

Lactalis has developed risk anticipation and management programs as well as internal and external laboratory management programs. This process covers all inputs, production processes, and finished products.

The list of resulting hazards is kept up to date at Group level and communicated to production sites.

At the sites, hazard analyses and risk assessments are carried out using the HACCP method: each site is required to adapt the list of hazards regularly updated by Lactalis based on site-specific characteristics and local specificities and requests, and to put in place a prevention plan and a control plan.

Lactalis regularly assesses the performance of its production sites:

- internally: at Group level, a team of experts is responsible for supporting the sites through consulting and training to develop expertise and quality audits. These audits are carried out in accordance with Group standards and can be specific to a given theme if necessary;
- externally: via independent third parties based on GFSI-type food safety standards. Lactalis has set itself the objective of certifying all its production sites GFSI or ISO 22000 by 2026.

The share of industrial activities certified according to GFSI standards or to ISO 22000 has been increasing steadily over the past three years.

	Base year 2020	2023	2024	Target
Percentage of industrial activities certified according to at least 1 of 5 certifications: ISO 22000, FSSC 22000, IFS, BRC, SQF.	81%	85%	<b>88%</b>	100% in 2026

**Offering consumers tasty products**

Lactalis aims to provide healthy, tasty, and accessible products: the objective is to design and constantly improve products in terms of taste and nutritional benefits so that they become consumers' preferred products.

We place great emphasis on listening to customers and consumers to innovate and improve products. Before launching a product on the market, numerous checks are carried out to guarantee that it is of a high quality in comparison with our competitors. The taste, smell, and texture of our flagship products and those available in competitive markets are regularly assessed through consumer tests, assessments by experts, and internal panels composed of qualified and trained tasters.

Employees are the Group's product ambassadors! In 2022, Lactalis launched the Passion for Taste - La Passion du Goût program: knowing how to taste a product. Through tastings, live sessions, online, or via a module on the internal training platform, the company continues to develop knowledge of our products among all employees.



Lactalis has implemented a "Passion for Taste" training program for all employees, which is currently being rolled out worldwide; this training aims to cultivate consumer confidence and preference.

Also, our e-learning module "Knowing how to taste a product," which aims to develop product culture among employees so that everyone acts on a daily basis for the trust and preference of our consumers, continues to be deployed: 4,261 employees have completed this digital module since its launch in 2022.

In 2024, 182 employees took part in face-to-face "Passion for Taste" training sessions conducted by teams of experts.

In 2024, 76% of our core products were monitored by an expert panel trained in tasting techniques by product category, compared to 68% in 2023.

### FOCUS ON PRODUCT AWARDS

In 2024, a large number of medals were awarded to reward the passion and expertise of Lactalis employees:

- the 2024 Concours Général Agricole awarded 49 medals to the teams of Lactalis' dairies and cheese factories in various categories: cheese, butter, and cream. 17 gold medals, 26 silver medals, and 6 bronze medals.
- at the Lyon International Competition, many products were awarded prizes, with Lactalis winning 26 gold medals and 11 silver medals. With a special mention for the Petit Saint-Faron, made at the Fromagerie de Meaux Saint-Faron, which received the coveted "Best Cheese in the World" award with a score of 98/100.



### Being efficient and striving for excellence

Lactalis implements monitoring indicators that enable continuous improvement. To this end, Lactalis is working to implement management tools that are connected to production sites. The aim of this project is to facilitate and strengthen the effectiveness of the quality process and to make the reporting of information to the Group more reliable.

Throughout the value chain, from the moment of receipt of raw materials to delivery to the store, Lactalis carries out a multitude of quality controls and tastings.

By measuring real-time quality, reviewing results, setting targets, and performing internal audits, Lactalis identifies discrepancies and eliminates defects to ensure a product of consistent and high quality.

In 2023, the new electronic document management system was launched. This new tool was designed to facilitate access to information for all and to easily monitor changes over time.

At the end of 2024, 2,717 people had an active status on Lactadoc, and 12,577 documents were hosted there.



### Strengthening expertise and leadership, and developing the quality culture

#### Expertise

A major challenge is to ensure the maintenance and sharing of know-how and expertise across all Group production sites. Several initiatives have been launched on the theme of training to strengthen quality expertise and Leadership.

#### Leadership

Four pillars of Quality Leadership are defined, with training courses deployed to the community of Quality Directors:

- act as a single team;
- speak with one voice;
- influence and engage;
- challenge the status quo and think outside the box;

#### Quality culture

Food quality and safety are built by applying Lactalis standards and the behaviors and mindset of employees, at all times and everywhere. The culture of food quality and safety is developed and strengthened:

- by ensuring the awareness-raising and training of employees and partners;
- by providing them with the means to succeed;
- by communicating openly and clearly;
- by engaging management and Managers.

In 2022, Lactalis launched an employee information and awareness-raising campaign on its "Act for Quality, because we care" strategy. In 2024, Lactalis continued to roll out its Quality Policy across all its sites, through several actions:

- the launch was accompanied by an interview with the Group Operations Director, as well as the General Manager for Quality, CSR, and Crisis Management. This interview was circulated to all sites to strengthen the participation of everyone, including the Group's management;
- the policy has been translated into all local languages, so that it is understood by all employees. Posters are put up on all sites to ensure visibility. The "Act for Quality" program is an excellent opportunity used by countries to address and strengthen the basics, and to develop the Quality culture. Results can be improved through employee commitment to quality-related activities;
- in November 2024, World Quality Week was celebrated through activities led by the Quality Managers of each site, as well as a quality event rolled out by the central quality teams. Various webinars were also deployed to the quality community.



**Elsa Desroisiers**

Training project manager

**In June 2024, Lactalis rolled out the “Quality Academy”, a Quality expertise program. Can you tell us more about this project?**

**E.D.:** The “Quality Academy” was born out of a crucial need: to provide quality managers with the tools and knowledge necessary to excel in their role and understand their environment. With the implementation of the new quality policy, it is essential to effectively disseminate the Lactalis culture and methods. This program was developed through a two-year collaboration involving Quality Directors, Industrial Directors, and the Quality - Human Resources project team. We also called on Lactalis experts to share their knowledge and expertise. The objective is to enable each quality manager to contribute fully to the performance of their plant.

**Can you describe the training course?**

**E.D.:** The training is spread over one year and includes four weeks of intensive sessions led by Lactalis’ quality experts or external stakeholders. The first week takes place in Laval, at the head office, where participants learn about the Lactalis culture, the “Cité du Lait”, and the Group’s expectations regarding their role and responsibilities. The following three weeks take place in different plants in the selected area. These plants cover all of Lactalis’ key product categories (cheese, milk, powder, and fresh products).

Each training week includes a plant visit focused on a Quality theme (e.g., production variability, traceability). The training encompasses both technical and soft skills, while stressing the importance of the network building.

At the same time, each participant must work on an optimization project in their original plant, which they must present to a multidisciplinary jury during the last week.

**It is essential to effectively disseminate the Lactalis culture and methods.**



## 4.2 PROMOTING A HEALTHY AND BALANCED DIET

### DEFINITION

Since its beginning in Laval in 1933, Lactalis has been driven by a passion for Dairy products and the deep conviction that they belong to a healthy and balanced diet. Lactalis also believes that pleasure is a fundamental driver of maintaining a balanced diet in the long term.

Eating well starts with choosing quality products and ingredients that people enjoy cooking and sharing. Lactalis is committed to combining taste and nutritional requirements in the development of its recipes. Lactalis' teams constantly seek the right balance between the taste, simplicity, and nutritional composition of products, particularly in terms of fat, sugar, and salt.

Lactalis believes that a balanced diet should not only avoid fatty acids, sugar, or salt, but also cover the need for essential nutrients, while taking into account the place, role, and nature of each food and ingredient in dietary recommendations. Thus, the portion and frequency of consumption of each food or ingredient play a determining role in dietary balance, because it is the final nutritional composition of the plate that counts and fully justifies the place of dairy products and fats in the diet.

Lactalis considers that education in good eating habits is crucial to achieve a balanced diet. As such, the Group's brands make consumers aware of the importance of eating a balanced and varied diet through regular meals, ideally shared with the family, as numerous studies have demonstrated the positive impact of such practices.

### GOVERNANCE

The Group's nutritional policy is designed, monitored, and adapted by the Strategic Nutrition Committee, made up of internal experts representing the main Expert services concerned: Manufacturing and R&D, Nutrition, Purchasing, Quality and CSR, Marketing, Regulatory Compliance, and Communication. These works imply regular interactions with a network of Lactalis internal experts based in the countries in which the company operates.

This Committee proposes strategies and action plans, as well as procedures, methodologies, and tools for their successful implementation. The Committee's proposals are submitted to the Group's Management Committee.

### POLICY

Lactalis intends to contribute to the promotion of human health in accordance with the United Nations 2030 Agenda for Sustainable Development. This commitment drives Lactalis teams every day through four guiding principles.

### Close monitoring of added sugar and salt content

Lactalis bases its policy on recommendations by the World Health Organization (WHO). Fresh dairy products and flavored milks are Lactalis' main sweetened products; Lactalis, therefore, pays close attention to the added sugar content of these two families of products, with the establishment of internal recommendations for some of their subcategories.

As far as salt (sodium) is concerned, it plays an essential role in the processing of cheeses beyond the organoleptic aspect: microbiological and enzymatic stability of the product, etc. Thus, cheeses can contain varying levels of salt depending on their type, and consumers can adapt their consumption according to their sodium needs. As the production process does not involve fermentation, processed cheeses have a greater variety of salt levels that can be optimized and are subject to specific internal recommendations.

### Offering consumers products with simple and understandable recipes

Demand for simple products and recipes continues to grow, supported by changing consumer expectations, the call to consume less "processed" foods, and the influence of food rating and comparison tools (apps). Consumers are looking for unprocessed recipes with short, natural, and understandable lists of ingredients, without additives. As dairy products are mainly composed of milk and cream, most often processed according to traditional methods, they very often meet these expectations. Lactalis works to simplify some of its most sophisticated recipes where possible, thus adopting a reasoned approach to its choice and use of additives.

### Promoting clear nutritional information and raising awareness of the importance of portion sizes

Lactalis promotes clear, comprehensive, and easily understandable information on its products. It participates in the work of sectoral trade federations in order to improve existing standards, for example, within the European Union during consultations on the evolution of the INCO Regulation on consumer information on food items.

Lactalis is also convinced that raising consumer awareness of portion sizes is a necessary way to help them adopt a balanced, healthy, long-term diet. This is why we encourage the widespread use of portion indications on our products.

In order to give consumers access to more information on the composition or use of its products, Lactalis packaging also contains contact information for its consumer services.

### Promoting the place of dairy products in a sustainable and balanced diet

Dairy products are a major source of high-quality calcium and protein, provide a unique range of fatty acids and contribute to our vitamin and mineral intake. This nutritional value fully justifies their place in many international dietary recommendations.

**ACTION PLAN**

**Added sugars and salt**

In order to improve and monitor changes in the composition of added sugars, Lactalis has established internal recommendations for each category of sweet dairy products, adapted in particular from the Rayner table, on the basis of total sugar content per 100 g or 100 ml. These categories are flavored milks, ultra-fresh products, and dairy desserts. Lactalis has set up regular monitoring of the compliance of its branded products with these recommendations.

Lactalis, starting from the principle that it is important, from an early age, not to accustom children to sweet tastes, ensures that, in addition to efforts to reduce sugar, the use of sweeteners in these products is considered on an exceptional basis and without increasing the intensity of the sweetness.

Lactalis has also established internal recommendations on the use of salt in its processed cheese recipes (except for recipes based solely on the use of blue cheese, Parmesan, Grana Padano since they are saltier and do not comply with the classic limits set).

As with sugar, compliance with these recommendations is regularly monitored.

**Simpler recipes**

Since 2019, Lactalis has established an internal classification of additives based on published lists and taking into account the requirements of its customers. Lactalis teams, particularly in the R&D and Marketing Departments, are working on the gradual elimination of a selection of priority additives to be removed. This work contributes to the improvement and simplification of recipes. Changes in the residual volume of products containing at least one priority additive are monitored annually for branded products.

**Consumer information**

Lactalis is responsible for providing consumers with comprehensive and accurate nutritional information through the systematic labeling of nutritional values. When there is insufficient space on the packaging or when the distribution network does not allow it, Lactalis ensures that this nutritional information is made available to the consumer, for example, in digital form.

Lactalis believes that portion size is one of the keys to achieving a balanced diet. In order to help consumers adopt healthy eating habits, Lactalis is committed to providing information on portion sizes for its products.

The portion size can be simply indicated by the recommended quantity based on the analysis of national recommendations and according to the possibilities offered by local regulations. Lactalis also aims to help consumers put these portion sizes into practice by translating them, where possible, into product units (example: 32g = 2 slices of processed cheese), kitchen measurements (25g = 1 dessert spoon) or any other graphic representation that facilitates access to the recommended "dosage", or ideally through a cutting mark on the packaging.

**The place and role of dairy products in a balanced diet**

Lactalis is a firm believer in the importance of dairy products in a balanced diet, due to their nutritional value and accessibility. As such, Lactalis promotes the moderate and mindful consumption of dairy products. In particular, Lactalis is committed to promoting the nutritional importance of dairy products and the positive impacts of the sector in meeting the challenges of transitioning global food systems. Lactalis' contribution notably takes the form of the following actions and initiatives:

- contributing directly to the discussions and actions of dairy associations;
- promoting internal communication to raise employee awareness and develop the dairy culture;
- raising awareness and explaining to its customers the importance of dairy products in a balanced diet.

In addition, Lactalis continues to develop a culture of taste among all its employees. Lactalis launched the Passion for Taste program, see section 4.1/ Making food quality and safety an absolute priority.

**RESULTS**

	<b>2023</b>	<b>2024</b>
Percentage of volumes in line with internal sugar recommendations for ultra-fresh and milk categories*	86%	<b>88%</b>
Percentage of volumes in line with internal salt recommendations for processed cheese categories*	66%	<b>78%</b>

\* Data relating to a scope representing 89% of brand revenue.

**Monitoring the removal of ingredients to be eliminated as a priority:**

The 2024 usage levels of "priority" ingredients considered on an individual basis are all less than 1% of the monitored volume. The overall volume for 2024 concerned by the use of these priority ingredients to be withdrawn is slightly down compared to 2023.

## 5. PROTECTING THE PLANET AND ITS RESOURCES



## 5.1 INDUSTRIAL ENVIRONMENTAL STRATEGY

### DEFINITION

As a world leader in dairy products, Lactalis intends to fulfill its mission to contribute to healthy and tasty food while preserving natural resources and biodiversity for future generations. In accordance with its corporate culture and model, the Group bases the environmental strategy of its industrial operations on a local approach, based on the principle that local solutions are the most appropriate to meet direct environmental challenges. To structure these approaches in dialogue with its stakeholders, and to respond to the diversity of profiles, cultures, and industrial histories of its sites, the Group shares guiding principles and methods.

### GOVERNANCE

The Group Energy and Environment Department is responsible for defining the best practices, policies, procedures, training, and awareness-raising actions relating to environmental management. It is also in charge of the deployment of management systems, reporting methods and protocols, internal audits, and external certifications (e.g., ISO 14001).

The Energy and Environment Department also has a network of Environment and/or Energy officers and coordinators in the Group's countries, regions, and/or divisions who report to it functionally. This network of Environment coordinators enables the effective deployment of the best approved practices at Group level.

A third level of responsibility, through the Environment and Energy coordinators at the industrial sites, is more specifically responsible for the day-to-day management of the action plans implemented and the necessary feedback at Group level.

### POLICY AND ACTION PLANS

The food industry has a significant impact on the environment. At the industrial site level, its main impacts are as follows:

- water consumption;
- discharges into water and soil;
- air emissions (including CO<sub>2</sub> emissions);
- energy consumption;
- waste production;
- the extraction of natural resources.

Based on this observation, Lactalis formalized its environmental policy in 2022. It is based on the following issues:

- regulatory compliance and implementation of environmental management systems;
- the management of all water, in a context of resource scarcity in certain areas, and best practices for the management, handling, and storage of potentially polluting products;

- air emissions, with a particular focus on CO<sub>2</sub> emissions and their impact on global warming;
- control of consumption and the energy transition;
- protection of populations with regard to the use of hazardous products, the inspection and maintenance of industrial equipment, as well as noise and odor pollution;
- resources via waste management and soil protection.

In addition to the formalization of the Group's environmental policy, the Energy and Environment Department has drawn up four action plans, which have been rolled out from 2022, designed to improve Lactalis' environmental impacts over the next 10 years. Two additional plans were added in 2023, and a seventh in 2024. These plans are as follows:

1. plan relating to technological resources through the implementation of the necessary modernization of Lactalis utilities and infrastructure to bring them into compliance with regulatory changes and reduce the risk to an acceptable level;
2. plan relating to the increase in the skills available at the sites to maintain a level of operational control of the Group's environmental or energy utilities;
3. plan relating to the deployment, at all of the group's industrial sites, of harmonized operational control tools and an environmental management system based on ISO 14001, with three levels of commitments depending on site size: external site-by-site certification, certifiable management system, environmental fundamentals;
4. plan for the gradual reduction of greenhouse gas emissions from the Group's industrial and logistics activities (Scopes 1 and 2).
5. plan to address the scarcity of water resources and develop water sobriety and/or reuse plans through appropriate treatment;
6. training plan and deployment of best practices to ensure the energy efficiency of our processes and the energy efficiency of utilities;
7. plan to analyze, reduce, and manage the risk of explosion related to our activities.

### Focus on risk management

The Group's Energy & Environment Department coordinates the analysis of environmental risks for the Group. The following priority facilities have been identified with regard to environmental risks:

- boilers;
- refrigeration facilities;
- wastewater treatment plants.

## 5. PROTECTING THE PLANET AND ITS RESOURCES



The Group Energy and Environment Department assesses the criticality of equipment using a multi-criterion matrix. The level of criticality derived from the matrix enables the group to determine its environmental action plan. Environmental action plans are defined with local teams.

The assessment of the group's environmental risks supplements:

- the assessment of regulatory compliance required by local regulations;
- the environmental analysis carried out at sites where an Environmental Management System is in place (e.g., ISO 14001).

The Group Energy and Environment Department carries out environmental or energy diagnostics at the sites. The purpose of these audits is to monitor the application of Lactalis' environmental policy and environmental management procedures, as well as compliance with regulatory requirements.

The Group Energy and Environment Department has developed several dedicated internal diagnostic standards, for example, thermal or cooling diagnostics, or wastewater treatment plant diagnostics.

### Focus on environmental and energy training

Lactalis provides and develops a training offer adapted to the experts in charge of these subjects. Training on environmental regulations and responsibility is available. Training on wastewater analysis and wastewater treatment plant operations is also offered. Training on the deployment of environmental management systems and internal audits is also available.

Awareness-raising training on good energy practices is provided, and their international deployment is underway. Training in the best energy utility operations is available and is being rolled out.

### Focus on waste management

Through its environmental policy, the Group aims to ensure that the quantities of waste generated are reduced as much as possible, sorted at the source, and recycled through sustainable channels where they exist and, at the very least, are authorized by local administrative services. The Group is also committed to handling, storing, and sorting waste under appropriate conditions to ensure environmental protection.

Lactalis' commitment also covers the resources used to manage waste: they must be subject to regular inspections, measures, and corrective actions. The amount of waste generated by the industrial sites is reported by the Group.

The company has defined action plans aimed at reducing the amount of waste associated with packaging and promoting its recyclability (see section 5.5 / Promoting the circular economy).

### Focus on the environmental management system

Lactalis deploys an environmental management system on all sites processing more than 100,000 liters of milk equivalent per day (representing 70% of industrial sites) in order to assess and reduce the environmental impact of its activities. As such, the production sites formalize their responsibility and their environmental commitments, supplemented by quantified targets defined locally. The implementation of this system is verified annually by an internal audit for ISO 14001-certified sites.

In addition, Lactalis has set its targets for ISO 14001 certification:

- 98.7% of industrial sites subject to the IED Directive (Industrial Emission Directive) in Europe have been ISO 14001-certified since the end of 2023; The Xertigny site in France is no longer included in this target due to its scheduled closure. The Riom site is in the process of being certified;
- sites processing the equivalent of more than 300,000 liters of milk per day, excluding Europe, will be ISO 14001 certified by the end of 14001, in line with the strategy validated by the Group's Industrial Department.

This dual objective concerns 42% of the Group's industrial sites worldwide.

To optimize environmental reporting, the Group deploys a reporting tool at all of its production sites.

## RESULTS

	<b>2024</b>
Percentage of production sites ISO 14001 certified among IED sites (at 12/31/2024)	<b>98.7%</b>
Number of environmental trainings provided in France	<b>4</b>

In 2024, 68 internal environmental audits were carried out, and two sites obtained the ISO 14001 certification (the date of the certificate as proof). 37 IED sites were already ISO 14001 certified before the launch of the Group's global approach in 2021.

To date, 94 of the Group's plants are ISO 14001 certified.

## 5.2 FIGHTING CLIMATE CHANGE

### 5.2.1 GENERAL APPROACH

#### DEFINITION

Climate action and Lactalis' adaptation of its activities to this new paradigm have been identified as a priority of its CSR strategy.

The food and beverage sector, along with its upstream agricultural component, is considered a key player when it comes to bringing positive solutions to cut greenhouse gas emissions (GHG) and increase the resilience of production systems throughout the value chain. As one of the world's leading agrifood companies and a leader in the dairy sector, Lactalis intends to use its size as a lever for climate action: identifying partners and solutions that have proven their worth locally and helping them expand internationally to accelerate the transition to less carbon-intensive production models.

#### GOVERNANCE

In order to achieve the ambitions of its Climate roadmap, Lactalis has set up a Climate Committee, made up of internal experts from the main Departments affected by the issue (Industry, Transport and Logistics, Milk Supply, Purchasing, Equipment, and CSR). This work also implies regular interactions with a network of Lactalis internal experts based in the countries in which it operates. This Committee proposes strategies and action plans, as well as procedures, methodologies, and tools for their successful implementation.

The Committee's proposals are submitted to a Strategic Climate Committee composed of Department Directors and Managers, as well as members of the Lactalis Group Management Committee. These are then presented, discussed, and approved by the Group's Management Committee and CEO.

The Group CSR team is responsible for coordinating the Group's climate reporting, calculating the Group's GHG emissions, and ensuring, in close collaboration with the relevant internal experts at Group level, that the roadmaps of the various countries and business units are aligned with the Company's climate commitments.



POLICY

**THE SCIENCE-BASED TARGETS INITIATIVE VALIDATES LACTALIS CLIMATE ROADMAP**

Created in 2015, the Science-Based Targets initiative (SBTi) encourages companies to set science-based greenhouse gas emission reduction targets to fight climate change effectively.

In 2022, Lactalis signed a letter of commitment to align its greenhouse gas emission reduction roadmap with the recommendations of the Science-Based Targets initiative (SBTi). The framework set by the SBTi complies with the scientific recommendations of the Paris Agreement to limit the increase in global temperatures to +1.5°C compared to pre-industrial levels.

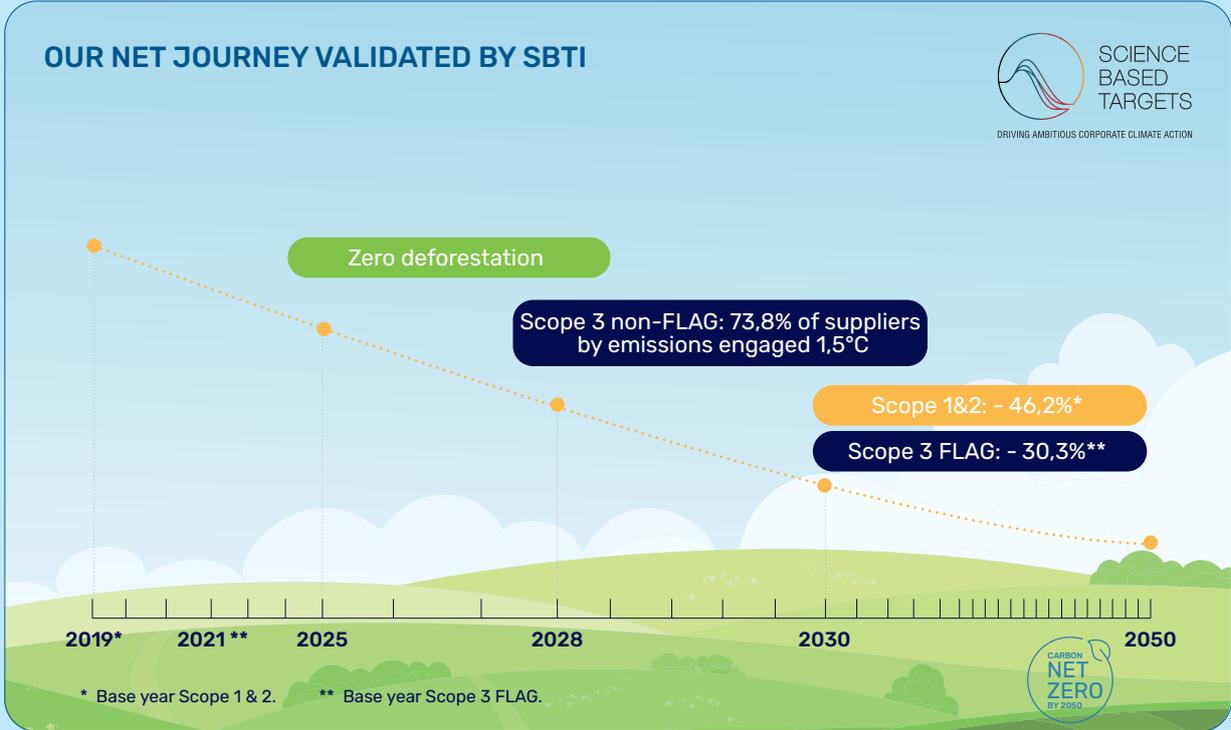
In July 2024, the SBTi officially validated Lactalis' GHG reduction targets, contributing to the international recognition of the Group's approach.

In order to achieve its Net Zero ambition by 2050, the Group is committed to the following targets:

1. reduce greenhouse gas emissions from the Group's activities (scopes 1 and 2):

- reduce the Group's absolute scope 1 and 2 GHG emissions by 46.2% by 2030 (from a 2019 base year);
2. lead the way in terms of decarbonization across the group's value chain (scope 3):
    - reduce the Group's absolute scope 3 FLAG GHG emissions<sup>(1)</sup> by 30.3% by 2030 (from a 2021 base year)<sup>(2)</sup> ,
    - ensure that 73.8% of its suppliers and customers<sup>(3)</sup> by emissions have science-based targets by 2028<sup>(4)</sup> ;
  3. no deforestation across the Group's entire value chain by the end of 2025.

These intermediate targets will help guide Lactalis' progress towards the target of net-zero emissions, thus enabling it to contribute to achieving carbon neutrality on a global scale. They will also make it possible to initiate actions now aimed at achieving the long-term roadmap. Combined, these actions will also boost the company's climate resilience.

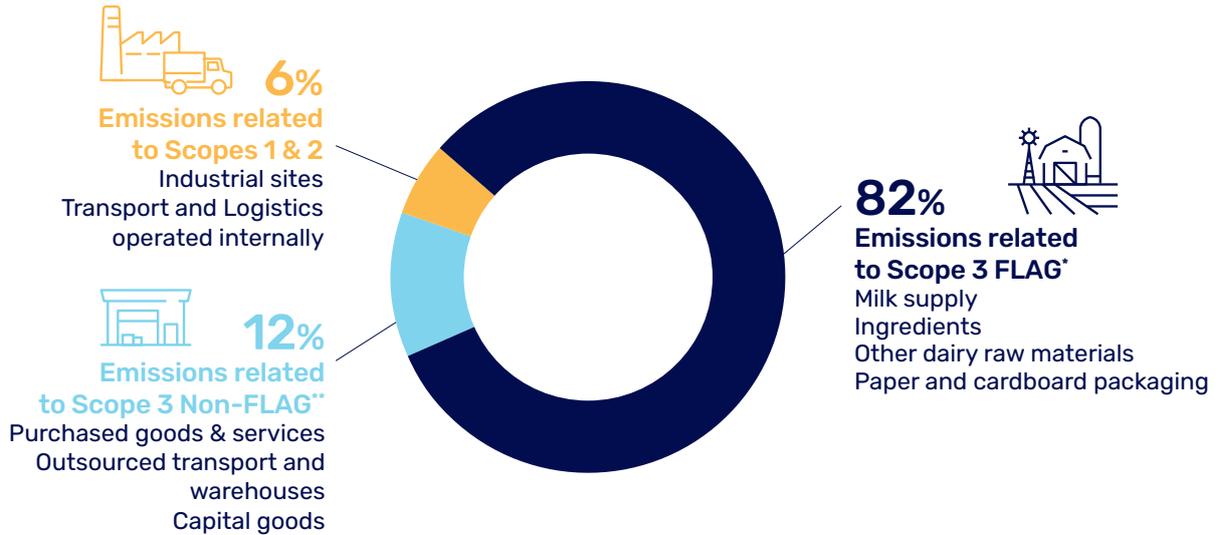


1) FLAG: Forest, Land & Agriculture.  
 2) Commitment to 67% of Lactalis Scope 3 FLAG GHG emissions.  
 3) Covering purchased goods and services, capital goods, fuel and energy activities, transport and distribution, as well as the transformation of sold products.  
 4) Commitment to 67% of Lactalis Scope 3 non-FLAG GHG emissions.

**ACTION PLAN**

Lactalis measures its greenhouse gas emissions using the GHG Protocol method. This assessment concerns the entire Group. The Group's greenhouse gas emissions break down as follows:

**BREAKDOWN OF GREENHOUSE GAS EMISSIONS CALCULATED ACCORDING TO THE GHG PROTOCOL METHODOLOGY**



\* FLAG emissions = all emissions related to forestry, land and agriculture.  
 \*\* Non-FLAG emissions = all other types of emissions (industry, energy, etc.).

With 94% of the Group's greenhouse gas emissions, Scope 3 is the company's most important item. Within this Scope 3, the so-called FLAG emissions are the most significant (82% of the Group's carbon footprint) and approximately 95% come from the Group's milk supply production (i.e., the production of milk by partnering farmers of Lactalis upstream of its activities).

Scope 3 non-FLAG emissions account for around 12% of the Group's carbon footprint, mainly broken down into the following emissions categories:

- purchases of goods and services, which account for 43% of the Group's Scope 3 non-FLAG emissions;
- capital goods, which represent nearly 18%;
- transport and distribution upstream of the value chain, which account for approximately 14%;
- activities related to fuel and energy, which account for 11%.

Lactalis focuses primarily on measuring its emissions from its industrial and logistics activities in scopes 1 and 2 in its largest subsidiaries (see 7. / Methodological note). As such, the Group's various entities have access to their emissions reports for scopes 1 and 2, and use these figures to build their climate roadmap in order to implement the Group's commitments on a local scale. Then, in 2023, the Group adopted a similar approach for its Scope 3 FLAG emissions. Lactalis is now continuing this work of specifying the measurement of its emissions on the rest of the value chain (Scope 3 non-FLAG), in order to enable the Group's various entities to have access to their local carbon footprint in the short term (Scopes 1, 2, and 3 combined).

All relevant teams and internal experts have been brought on board to achieve these climate objectives. The main countries and divisions establish roadmaps in collaboration with the central expert departments, taking into account their local context and opportunities. These roadmaps are then regularly reviewed and improved.

## 5. PROTECTING THE PLANET AND ITS RESOURCES

Through its Research and Development activities, and the partnerships forged with experts such as universities, the Group anticipates new regulations, new technologies in the fields of livestock feed, storage and cooling technologies for milk, innovative packaging, etc. These efforts enable the Group to better meet the expectations of its stakeholders, and in particular its customers and consumers.



As such, Lactalis has been supporting the Pathways to Dairy Net Zero initiative for three years. This initiative brings together dairy farms of all sizes and types, as well as organizations from across the dairy supply chain. Launched in September 2021 during Climate Week, this growing movement is dedicated

to reducing greenhouse gas emissions from dairy products over the next 30 years.



In addition to the Group, Lactalis' international subsidiaries are also involved in climate initiatives to accelerate the response to climate change. This is the case for **Lactalis USA**, which joined the Dairy Methane Action Alliance (DMAA) at the end of 2023. This coalition, launched during COP 28, aims

to stimulate actions to reduce methane emissions from the dairy sector. To help them in this process, signatories receive technical assistance from the Environmental Defense Fund and other non-industrial partners via the coalition. The DMAA also aims to serve as more of a collective voice vis-à-vis policymakers, investors, and standards bodies to develop frameworks and practices that better support action on methane. In this context, in 2024, Lactalis USA measured and published the results of its 2023 methane emissions linked to its upstream dairy sector. The reduction plan associated with these emissions has also been drawn up, with a view to its publication in 2025. Lastly, Lactalis USA took part in workshops organized throughout the year by the DMAA, on topics such as technical solutions to reduce methane emissions, their financing, and their planning.

### RESULTS

The Group monitors the evolution of its emissions for Scopes 1 and 2 (presented in accordance with the market-based method), in line with its SBTi targets:

	2023*	2024
Scope 1 greenhouse gas emissions from industrial sites, warehouses, and vehicle fleet ( <i>tCO<sub>2</sub>eq</i> )	1,378,045	1,350,567
Scope 1 biogenic emissions from industrial sites, warehouses, and vehicle fleet ( <i>tCO<sub>2</sub>eq</i> )	356,798	346,880
Scope 2 greenhouse gas emissions from industrial sites, warehouses, and vehicle fleet ( <i>tCO<sub>2</sub>eq</i> )	576,739	572,014

\* The emissions for 2023 have been recalculated on the same reporting scope as those of 2024 in order to be comparable (see methodological note).

### 5.2.2 INDUSTRIAL SITES AND ADJOINING WAREHOUSES

#### ACTION PLAN AND RESULTS

Scopes 1 and 2 emissions from industrial sites and their warehouses, as well as from logistics, represent 6% of Lactalis' carbon footprint.

The climate action roadmap for industrial sites and their warehouses is based on the short- and long-term areas for action proposed by the Group.

The Group implements an energy management policy based on three principles: sobriety, efficiency, and transition to low-carbon energies.

Lactalis' main areas of work in relation to this plan are as follows:

- reducing energy consumption by implementing equipment and processes and by deploying energy recovery systems in all their forms;
- recovery of energy losses from energy transformation processes (electricity, gas, heat, cooling) in order to use them for other applications;
- increasing the proportion of renewable energies (particularly solar and biomass) in the energy mix;
- implementing on-site conversion projects according to Lactalis' expected performance and objectives.

In terms of decarbonization, the sites must therefore study the possibilities of implementing the following actions, in order of priority:

- improving our operational efficiency through the implementation of best practices in both production and storage;
- transition to less carbon-intensive energy sources that emit fewer particles;
- promoting the transition to renewable energy sources by investing in renewable energy production equipment on-site or through the implementation of partnerships for the production of renewable energy on- or off-site.

Various decarbonization projects have thus been implemented within the Group, such as:

- Biomass boilers: in 2023, Lactalis decided to purchase two biomass boilers in **Craon and Mayenne**, the installation of which began in 2024. Their commissioning is scheduled for the first half of 2025 and should allow an annual reduction of around 32,500 tCO<sub>2</sub>e.

At the same time, studies are continuing for additional biomass boilers in France and Spain;

- Photovoltaic panels: in 2024, photovoltaic panels were installed at several Group sites, such as Villarobledo, Guadalajara and Mollerussa in **Spain**, Landeira in **Portugal**, Volos in **Greece**, Catania and Piana di Monte Verna in **Italy**, and Walhorn in **Belgium**, for an expected reduction of around 3,700 tCO<sub>2</sub>e/year.

Additional installations are being set up in **Croatia, Italy, Turkey, and India**, and will be commissioned in 2025.

Lastly, studies are also underway at the Group's sites in **South Africa, Australia, India, Turkey, and the United States**, in order to assess the opportunity to install new photovoltaic installations.

	2023	2024
Energy consumption (kWh LHV/kg finished products)	0.80	<b>0.83</b>

The reporting scope changed between 2023 and 2024: it concerned 26 countries in 2023 and 28 countries in 2024 (see 7. / Methodological note).



### 5.2.3 TRANSPORT AND LOGISTICS

#### ACTION PLAN AND RESULTS

Transport and storage activities are omnipresent in the company's value chain, from the collection of milk at the farm to the last-mile delivery to customers. The teams in charge of logistics are working on a daily basis to reduce the carbon footprint of these activities by optimizing truck loading and delivery frequencies, reducing distances traveled, and encouraging the use of alternative fuels.

As part of Lactalis' commitment to climate action, the teams in charge of vehicle fleets and transport activities deploy roadmaps to cut the greenhouse gas emissions of their activities. To this end, Lactalis has identified four pillars for action:

- driving: sharing of best practices, training in eco-driving, etc.;
- fuel: use of alternative fuels (including fleet electrification), electric pumps, dual-energy refrigeration units, etc. ;
- vehicles: modernization of the vehicle fleet, speed limiters, automatic engine shutdown, etc.;
- transport flows: transport plan (including delivery frequencies), reduction of empty kilometers, on-board telematics, etc.

In 2024, the teams in charge of the supply chain continued to implement various actions aimed at cutting the emissions associated with the Group's vehicle fleet:

- development of multimodal transport: since 2020, **Lactalis Canada** has launched an inter-modal program for the long-distance transport of goods from Eastern to Western Canada, aiming to convert nearly 70% of its road transport to rail transport. Since its launch, this initiative has cut the carbon emissions associated with these transport flows by nearly 30% compared to 2019. An initiative that is equivalent to removing 3,000 trucks from the road each year. **Lactalis Slovenia** also initiated a similar approach in 2024 aimed at transferring part of its road transport to rail transport. This initiative resulted in a reduction of around 8 tCO<sub>2</sub>e per month in 2024;
- optimizing transport flows: this type of project is an integral part of the daily life of logistics professionals. In 2024, the logistics teams in **Australia** worked to improve their transport network between Bendigo and Rowville, which enabled better load optimization and reduced fuel consumption; the estimated gain following the implementation of this project is nearly 440 tCO<sub>2</sub>e/year. In the **Czech Republic**, dairy transport between Klatovy and Kunin was internalized through the investment in trucks with a larger capacity. This action reduced the number of journeys made and the associated fuel consumption; the expected reduction is estimated at nearly 35 tCO<sub>2</sub>e/year.



**Paolo Savini**

General Manager  
Supply Chain,  
Purchasing and IT



**We have set up a network of more than 120 Expert services and country relays, which allows us to stay connected to local realities.**

**The Supply Chain Department collaborates with several Expert services and operates in more than 50 countries. How do you manage these complexities to ensure a consistent approach on a global scale?**

**P.S.:** This is one of our biggest challenges. Each country has its specificities in terms of infrastructure, regulations, and availability of technologies. To address this, we have set up a network of more than 120 Expert services and country relays, which allows us to stay connected to local realities. These relays are essential for adapting our initiatives to local contexts while maintaining a global vision.

In order to remain competitive, we constantly monitor and re-evaluate our roadmaps every six months to ensure that they remain aligned with each country's regulatory and technological developments. It is a collaborative work that allows us to make a constant progress.

**Between 2019 and 2023, you reduced your emissions by 7%. What were the levers to achieve this result?**

**P.S.:** Achieving a 7% reduction in our emissions between 2019 and 2023 was the result of a strategy based on several areas of action. One of the first elements was the optimization of transport flows. By adjusting our route plans and filling rates, we have not only reduced our emissions but also improved our operational efficiency. In Turkey, we managed to reduce CO<sub>2</sub>e emissions by 30% by optimizing the loading of our trucks.

We are also investing in alternative fuels. For example, in France, we deployed XTL, an innovative fuel made from food waste. This project will enable us to reduce France's emissions by nearly 30,000 metric tons of CO<sub>2</sub>e in 2025.

Finally, another lever for decarbonization was eco-driving training for our drivers. This initiative has enabled us to reduce our fuel consumption by an average of 5%.

**What are the next steps for the Supply Chain Department in achieving the climate targets validated by the Science-Based Targets initiative (SBTi)?**

**P.S.:** Our target for 2025 is to involve our suppliers more in our climate approach. By 2028, 73.8% of our suppliers will have to have climate targets validated by the SBTi. This represents more than 550 transport and warehousing suppliers. To achieve this, we began to initiate dialogue in order to establish a framework, give meaning to our approach, and engage them. For three years now, we have been discussing feasible collaborative actions with them to decarbonize our activities through joint efforts.

## 5.2.4 MILK SUPPLY

### ACTION PLAN AND RESULTS

Milk supply (i.e. milk production by Lactalis partnering farmers upstream of its activities), is the group's largest source of GHG emissions, accounting for around 80% of its total carbon footprint and around 95% of its scope 3 FLAG emissions. It is therefore a key part of the group's value chain in the fight against climate change and Lactalis is actively working with its partnering farms to reduce GHG emissions at dairy farm level.

#### Development of climate roadmaps for Lactalis' milk supply (2024-2030)

Since 2023, Lactalis has developed roadmaps for reducing the GHG emissions associated with its milk supply in 11 pilot countries<sup>(1)</sup>, representing around 70% of its total raw milk collection worldwide. Each roadmap covers the period 2024-2030 and includes concrete projects aimed at reducing GHG emissions at farm level.

The Lactalis milk supply teams in these 11 countries have played a crucial role in developing these roadmaps, ensuring that they are both ambitious and technically feasible.

First, in 2021, they have measured the carbon footprint of a representative sample of nearly 700 partnering farms. This sample was determined using a sampling methodology set up with the help of experts from Wageningen University in the Netherlands. Carbon footprint measurements were mainly carried out using the Cool Farm Tool (CFT) carbon assessment tool. Developed by the Cool Farm Alliance (CFA), a science-led,

not-for-profit membership organisation (comprising companies, NGOs and universities), this tool is internationally recognised and already used by tens of thousands of users in 150 countries. It calculates the carbon footprint of each farm using the International Dairy Federation (IDF) method and numerous input data (volume of milk produced, composition of the dairy herd, grazing time, practices in terms of feeding and manure management, energy consumption, etc.). Since 2021, Lactalis has been an active member of the CFA, contributing to the development of the CFT within the CFA's Dairy and Beef Working Group.

In a second phase, the results of these first 700 carbon assessments were analysed in detail by the milk supply teams to identify the main sources of GHG emissions and the potential levers to reduce them at farm level, which ultimately led to the definition of climate roadmaps for Lactalis' milk supply.

Since 2024, as described in more detail below, these roadmaps have been implemented in the 11 pilot countries; they include common actions applicable to all the countries, such as on-farm carbon assessments and training of dairy technicians, as well as specific projects depending on the context of each country.

In 2025, the group plans to define similar roadmaps for 10 additional countries<sup>(2)</sup>, based on around 500 carbon assessments performed in these countries in 2023.



1) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi business unit acquired in 2023), Spain, Sweden, the United Kingdom, and the United States (Lactalis American Group and Lactalis US Yogurt business units).  
 2) Croatia, Czech Republic, Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland, Türkiye.

**On-farm carbon assessment of partnering farms to monitor progress and raise climate change awareness**

Lactalis believes that one of the first steps in raising farmers' awareness of climate change is to measure their carbon footprint. That's why, in 2024, the group continued and widely extended carbon assessments, in particular using the Cool Farm Tool. Lactalis dairy technicians assessed around 4,400 direct<sup>(1)</sup> farmers in the 11 pilot countries (i.e. 31% of the direct farms in these countries) and around 750 direct farmers in the 10 additional countries (i.e. 21% of the direct farms in these countries).

In 2025, the group plans to assess around 33% of the direct farms in the 11 pilot countries and 25% of the direct farms in the 10 additional countries.

**Training of dairy technicians on climate change**

Lactalis dairy technicians, whose daily work includes providing technical support to the group partnering farms, have a key role to play in the fight against climate change. In 2024, Lactalis therefore developed a climate training programme specifically for them, consisting of three digital modules and an on-farm workshop.

By the end of 2025, the aim is to have all technicians in 21 countries (the 11 pilot countries and the 10 additional countries mentioned above) trained in this climate training programme, so that they can provide farmers with the best possible support in reducing their carbon footprint.

**Supporting partnering farmers to reduce carbon footprint at farm level**

In addition to on-farm carbon assessments and technician training, Lactalis has implemented in 2024 several specific projects to support its partnering farmers in reducing their carbon footprint:

**Technical support**

Once the on-farm carbon footprints have been measured, Lactalis aims to provide farmers with technical advice to help them implement concrete mitigation actions. This technical advice can be provided to the farmers through different formats. For example:

- In several countries, such as the **United Kingdom, Germany, Sweden** and **Italy**, Lactalis has organised dedicated workshops and/or webinars for farmers on reducing on-farm carbon footprint. These sessions were

well attended and have been positively received by the farmers. Specifically, in Italy, 3 training sessions were offered to farmers on breeding for lower methane emissions, herd management and feeding management (152 farmers attended in these training sessions, i.e. around 20% of Lactalis direct partnering farmers in Italy). In the **United Kingdom**, 3 in person meetings were organised on carbon audit trends and optimising feed efficiency on farm (in total, 58 farmers attended in these meetings, i.e. 53% of Lactalis direct partnering farmers in the United Kingdom);

- In **Italy**, since 2022, Lactalis has launched a major project to provide all its partnering farmers with an IT tool (Lact@Farm): a "live" digital platform that can connect existing data (such as herd management, feeding and crop practices) with the volumes of milk daily produced. All this data are compared, analysed and then validated to collect the data needed to measure the carbon footprint of the farm (using Cool Farm Tool) and to calculate key sustainability indicators (KSI) that can be weekly monitored. The result is a decision support system (DSS) that helps farmers optimise their practices and ultimately reduce their carbon footprint. As none of the tools available on the market met the needs of both Lactalis and Italian farmers, the group partnered with the start-up xFarm to develop its own tool. At the end of 2024, around 10% of Lactalis partnering farmers in Italy were using Lact@Farm powered by xFarm.

In addition to technical advice, Lactalis offers its partnering farmers products and equipment to help them reduce their carbon footprint through its agricultural supplies and equipment sales services (calorie-recovery water heaters, pre-cooling systems, feed with optimal omega-3 content, etc.). Farmers benefit from competitive prices, payment facilities, and personalised technical support from the group's dairy technicians. For example:

- In **France**, Lactalis is working with the company Valorex to promote flax-rich feed products, particularly as part of the Eco-Methane initiative. Flax improves the omega 3 technical index of the dairy herd's ration. It helps to improve the zootechnical performance of the animals (animal health and milk production) and to reduce the herd's greenhouse gas emissions. As part of the Eco-Methane initiative, the milk of farmers using flax-rich feed is analysed monthly. Then, using a mathematical model, the results of these analyses are used to estimate the animals' enteric methane emissions. In 2024, 119 Lactalis partnering farmers in France were involved in the Eco-Methane initiative.

1) A farm supplying raw milk to Lactalis is considered as "direct" if a) There is an individual contract between Lactalis and the Farm Manager and/or b) Lactalis can propose to the Farm Manager individually, a plan to improve his farming practices, without having obtained a prior formal agreement of any third party (e.g. a cooperative). Otherwise, the farm is considered as "indirect" (including farms supplying milk to Lactalis via "brokers").

## 5. PROTECTING THE PLANET AND ITS RESOURCES

### Financial support

In addition to technical support, several initiatives have been implemented by the group to reward farmers for their climate change actions:

- In **Sweden**, Lactalis (Skånemejerier) has introduced a new sustainability incentive model at the end of 2023, which was fully implemented in 2024. A part of the milk price paid by Lactalis is now linked to farmers' actions on climate, animal welfare and biodiversity. The purpose of this sustainability payment is to create economic incentives for dairy farmers to increase the farm's positive impact on animals, climate and nature, and to reduce the negative impact. The model has been developed in close collaboration with representatives of the supplier cooperative Skånemejerier Ekonomisk Förening. A list of on-farm actions in six different focus areas is defined and each action gives a number of points. The more points the dairy farmer receives, the higher their compensation is;
- In **Germany**, in close collaboration with a major client of Lactalis, partnering farmers in the Alpine area receive a financial incentive to reduce their carbon footprint since 2021. As part of a sustainability program, good carbon footprint results (in kg of CO<sub>2</sub> equivalent / kg of milk) are rewarded with a yearly bonus;
- In the **United Kingdom**, Lactalis has introduced a new sustainability payment from January 2024 for farmers who meet 4 related qualifying criteria. Specifically, to receive this payment, the farmers need to (i) complete a carbon audit at least every 3 years, (ii) agree that their vet shares details of antibiotic use with Lactalis annually, (iii) share their herd health plans and health performance information with Lactalis annually, and (iv) have at least one representative from each farm participate in at least one Lactalis activity every 6 months (e.g.: training course, webinar, etc.);
- In **France**, Lactalis (Lactel) provides financial support to farmers to plant hedges that contribute to carbon sequestration. This initiative was launched in 2019 and concerns all organic farmers who supply Lactel. To date, more than 50,000 trees have been planted on 136 farms since the project was launched. This initiative has been continued and strengthened in 2024: Lactel has partnered with an external expert in agroforestry to provide technical support to farmers (in addition to the existing financial support). In addition, Lactalis intends to introduce a new

CSR premium for French farmers from March 2025 to encourage progress in animal welfare, carbon footprint reduction and biodiversity conservation. The outlines of this new CSR premium have been discussed with farmer representatives at the end of 2024;

- In the **United States**, Lactalis (Stonyfield) has partnered with the National Fish and Wildlife Foundation (NFWF) to obtain a \$10 million grant from the USDA<sup>1)</sup> to fund climate-smart manure management projects on dairy farms in Vermont. Vermont is a key sourcing region for Stonyfield's organic milk supply, representing approximately roughly half of its milk volume. The projects funded with this grant are expected to reduce GHG emissions from manure (primarily methane) on participating farms by 30% on average as well as to have co-benefits (including water quality, soil health, and biodiversity). The grant was awarded to NFWF by the USDA in November 2023, and NFWF and Stonyfield worked with USDA in 2024 to prepare plans for farm enrolment, setting a goal to enrol 15 Lactalis partnering farms in 2025.

### Collaborating with stakeholders to improve scientific knowledge and develop innovations to reduce carbon footprint at farm level

- In the **United States**, Lactalis (Stonyfield) has been leading a project for several years to measure soil carbon baselines on farms in their direct supply. Lactalis worked with a research partner (The Soil Inventory Project, TSIP) to complete intensive soil sampling on over 5,000 acres (approximately 2,000 hectares) in their supply. The sample results have been combined with management history data to support modelling a soil carbon baseline and field GHG emissions through a partnership with Regrow. This combined approach of sampling and modelling could help to improve Lactalis' milk emission factor, identify practices with a measurable impact on either increasing soil carbon sequestration or reducing field nitrous oxide emissions and support Lactalis in developing an incentive program to compensate farmers for adopting new practices. However, at this stage, more research is needed to strengthen the connection between pasture and hayland management practices and soil carbon. That's why, in 2025, Stonyfield, TSIP and the Foundation for Food and Agriculture Research will host a convening of researchers from the region to identify shared research priorities that will enable the development of better guidance for farmers on improving soil carbon storage in pasture and hayland;

1) In the context of the Regional Conservation Partnership Program (RCPP) from the United States Department of Agriculture (USDA).

## 5. PROTECTING THE PLANET AND ITS RESOURCES

- In **Spain**, in 2024, Lactalis signed an agreement with the Zaidín experimental station of the CSIC (Spanish National Research Council) in Granada to carry out a study and identify new solutions to reduce GHG emissions at farm level. In 2025, CSIC technicians will analyse the results of around 600 on-farm carbon assessments carried out by Lactalis in Spain between 2021 and 2024, identifying the stages and processes that generate the most GHG emissions and potential levers for reduction. Following this initial analysis, 16 Lactalis partnering farms will be selected for environmental pilot projects with three main objectives: reducing on-farm GHG emissions by 2030, implementing sustainable farm management practices and improving energy efficiency and resource management on farms. In addition, Lactalis dairy technicians and participating farmers will take part in a training programme on sustainable practices and efficient resource management, with a particular focus on dairy cattle nutrition to reduce the carbon footprint;
- At corporate level, Lactalis has been working since 2023 with experts from Wageningen University (based in the Netherlands) to assess solutions to reduce GHG emissions at farm level (e.g. feed additives, manure additives, probiotics, etc.). Innovative solutions can play a major role in reducing the carbon footprint of dairy farms and Lactalis is already experimenting some of them. However, more and more solutions are emerging, and they are not all at the same stage of maturity. The objective of the partnership with Wageningen University is to increase Lactalis' knowledge of the solutions available and to determine which of them should be tested further (for effectiveness, potential side effects, etc.) and which have sufficient scientific support to be implemented in the short term.

### A NEW PILOT PROJECT HAS BEEN LAUNCHED IN FRANCE, COMBINING TECHNICAL AND FINANCIAL SUPPORT FOR FARMERS

In close collaboration with a major client, Lactalis has launched a pilot project in 2024 to provide technical and financial support to around 200 French farmers to reduce their carbon footprint. The overall objective is to reduce the carbon footprint of the pool of farms by at least 20% by the end of 2029 by focusing on optimisation practices (e.g. reducing the age at first calving, improving feed efficiency, etc.).

As a first step, a detailed carbon audit will be performed on each farm to identify the main sources of GHG emissions and develop a tailor-made action plan for each farmer.

Then, for 6 years, Lactalis dairy technicians will provide technical support to help farmers implement their action plans, and each farm will receive a financial compensation for this work.



### 5.2.5 NON-AGRICULTURAL SUPPLY CHAIN

#### ACTION PLAN AND RESULTS

Scope 3 non-FLAG emissions from the Group's non-agricultural supply chain represent nearly 12% of Lactalis' GHG emissions. They cover various activities, from the purchase of packaging and industrial equipment to outsourced transport and storage services. The suppliers associated with these activities play an essential role for Lactalis in building a more sustainable and resilient supply chain.

This is why, in 2024, the Group wanted to start a process of supporting its main non-agricultural suppliers in their climate transition, in order to enable them to define science-based reduction targets. Nearly 2,500 suppliers, who are among Lactalis' largest contributors in terms of emissions, are affected by this approach, which will continue until the end of 2028.

In order to best support these suppliers, Lactalis has set up a specific working group on the topic, composed of CSR, purchasing, equipment, and transport & logistics teams. This working group develops proposals for action plans, methodologies, and tools to ensure the proper implementation of this new approach.

In 2024, the Group set up a collaborative platform to facilitate exchanges with suppliers as part of this approach. This new tool will be rolled out to internal teams and presented to the suppliers concerned during the first half of 2025.

At the same time, a personalized support program is being developed to effectively support the Group's suppliers in each stage of their climate change approach.

## 5.3 FIGHTING AGAINST DEFORESTATION

### DEFINITION

Forest is an essential ecosystem that offers a multitude of environmental, economic, and societal services. This ecosystem helps to maintain biodiversity, regulate the climate, and produce clean air. It is an essential agent for water and soil purification, as well as for the retention and replenishment of water resources. Currently, forests are disappearing and degrading at an alarming rate across the globe.

Depending on the region, multiple factors cause deforestation. However, agriculture remains the main driver of deforestation on a global scale. Almost 40% of deforestation in the world is linked to agricultural production, in particular the cultivation of soybeans, palm oil, cocoa, coffee, wood-based products, and cattle farming.

For the smooth running of its operations, Lactalis depends not only on the services that forests can provide, but also on the supply of these raw materials. Thus, the protection of forests is imperative to ensure the long-term success of the company.

### GOVERNANCE

Lactalis has incorporated the fight against deforestation into its Climate strategy. This approach aims to maintain the Group's alignment with the evolution of the SBTi framework, and in particular the publication in 2022 of the "Forest, Land and Agriculture Science-Based Target Setting Guidance" (FLAG), which provides a standard for setting climate targets for companies in land-intensive sectors.

The implementation of this policy is overseen by the CSR Department, which works in close collaboration with the Purchasing and Milk Supply Departments.

### POLICY

In 2023, Lactalis published its Forest Policy. The Group is committed to ending deforestation caused by the use of the main agricultural raw materials associated with forest area loss, namely soybeans, palm oil, virgin paper, firewood, coffee, and cocoa, by the end of 2025. This Policy covers the entire Lactalis value chain, i.e., both the direct and indirect impact of the Group.

The direct impact covers the energy and ingredients purchased and then used in agri-food products and agricultural supplies manufactured by the company. In these categories, Lactalis works with its suppliers to fight deforestation and achieve three major commitments<sup>(1)</sup>:

- 100% of cocoa, palm oil, and coffee will be traced to ensure that they do not contribute to deforestation, or that they will be certified according to a defined list of credible standards by the end of 2025;
- 100% of firewood and paper/cardboard will come from plantations dated prior to December 31, 2020, by the end of 2025;

- 100% of the soybean and palm oil used in agri-supply products will be subject to a contractual clause including a no-deforestation clause, or will be traced to ensure that they do not contribute to deforestation or be certified according to a defined list of credible standards by the end of 2025.

The indirect impact covers agricultural raw materials potentially associated with deforestation and used by the company's partnering farmers in animal feed rations. Lactalis collects milk in around 50 countries from some 400,000 farmers. The company, therefore, wanted to define a different approach to its upstream dairy sector:

- Lactalis will work with its partnering farmers to encourage them to source from selected feed manufacturers or to purchase certified feed by the end of 2025;

### ACTION PLAN AND RESULTS

The implementation of the Lactalis Forest Policy is based on the following pillars:

- identifying the exposure of Lactalis activities to the commodities most at risk of deforestation;
- covering volumes consumed by direct purchases and agricultural supplies, through advanced traceability or certificates guaranteeing that they come from a production area that already had this function before December 31, 2020;
- raising awareness among stakeholders, and in particular suppliers and partnering farmers, of the potential impacts of untracked volumes;
- assessing the exposure of partnering farmers to deforestation through soybeans and palm oil in animal feed;
- dialogue with non-governmental organizations and other pre-competitive platforms to improve the collective identification of volumes at risk of deforestation/conversion.

In accordance with its transparency approach, Lactalis annually publishes its progress on the fight against deforestation through the RSPO Annual Communication on Progress (ACOP).

Prior to the publication of its Forest Policy, Lactalis had already committed to the fight against deforestation, and had made commitments on three commodities: paper pulp (paper/cardboard packaging), soybeans (and derivatives), and palm oil (and derivatives).

Since 2023, Lactalis has been involved in a conservation program in Indonesia, in partnership with public and private stakeholders. This program aims to support the development of local communities while protecting HCV (high conservation value) and HCS (high carbon stock) forests, and reducing greenhouse gas emissions through the protection of forests and peatlands.

1) These commitments are excluding Egypt, ingredients of ingredients unless specified and co-manufacturing on the behalf of Lactalis at this stage

5. PROTECTING THE PLANET AND ITS RESOURCES

**Paper**

The commitment on virgin paper is part of the Company's Packaging Policy (see 5.5.1 / Improving packaging solutions). Thus, to reduce the risk of deforestation related to its paper and cardboard packaging supply chain, Lactalis has committed to ensuring that 100% of its purchases of virgin paper for its packaging are certified as responsibly sourced by the end of 2023.

Indicator	Base year 2019	2023	2024	Target
Percentage of volumes of virgin cardboard covered by a sustainable certification	81%	89.8%	95.9%	100% by the end of 2023

These results reflect the efforts made by the teams to have all supplies certified during 2024. The Group aims to reach 100% by the end of 2025.





**Sandra Benjilani**

Head of CSR  
Lactalis France

### In 2024, Lactalis France renewed its partnership with the NGO Earthworm to contribute to the fight against deforestation. Why?

**S.B.:** • Around 85% of the soybeans produced worldwide are used in animal feed. Unfortunately, the expansion of this crop leads to the conversion of natural ecosystems such as forests, savannas, and grasslands. Deforestation contributes significantly to the erosion of biodiversity and global warming.

Due to the place of soy in animal feed, but also the use of ingredients such as wood, cocoa, coffee, and palm oil, Lactalis France is naturally committed to the fight against deforestation through a Zero deforestation objective by the end of 2025.



Earthworm Foundation is a non-profit organization driven by the desire to positively impact people's relationships with nature. The NGO supports economic players to make supply chains more resilient and responsible. Since 2022, they have been supporting us on these topics.

### What concrete actions has Lactalis France put in place to combat deforestation?

**S.B.:** The first step was to carry out a risk mapping of our supply chain. Then, we strengthened traceability with our tier-one suppliers (contractual clauses, code of conduct, etc.) and identified certification bodies (RSPO for palm oil, PEFC and/or FSC for paper).

With regard to soy in particular, we are raising awareness among our dairy producers about the importance of the source of the soybeans via our "Culture Lait" program.

To go further, Lactalis France has committed to cover the entire soy footprint linked to its French milk supply by importing Brazilian soy verified as having a low risk of deforestation and conversion. Indeed, Lactalis France has partnered with the trader Louis Dreyfus Company and the NGO Earthworm to import cargoes of soybeans analyzed according to the Zero Deforestation or Conversion (ZOC) methodology. The analysis focuses on Brazilian soybeans because they represent 60% of French supplies. The country is at risk of deforestation of the Amazon and conversion of the Cerrado (the second-largest plant biome in Brazil after the Amazon rainforest).

### Why did Lactalis France become a signatory of the Soybean Manifesto this year?

**S.B.:** The French Soybean Manifesto is a collective commitment of the market to unite in the fight against deforestation from imported soybeans. Today, it mobilizes around thirty French players with manufacturers, distributors, and NGOs, and is supported by the French Ministry for the Ecological Transition. Earthworm Foundation was mandated by the signatories to ensure the implementation of the commitments through working groups.

In line with its commitment to the ZOC program, in 2024, Lactalis France became a signatory of the Soybean Manifesto, particularly alongside its retailer customers, such as Groupement Les Mousquetaires, Lidl, Auchan, Carrefour, E.Leclerc, U Enseignes, Sysco France, and Metro.



### Soybeans

Soybean products used in animal feed may be linked to a risk of deforestation. Since 2021, the Group has been working in partnership with the NGO Earthworm Foundation to determine its actual exposure to the risks of deforestation related to animal feed, using an assessment tool. This tool estimates the volumes of products derived from soybeans (and palm) used in feed rations for dairy cows in 11 of the Group's largest milk collection countries. With the Earthworm Foundation, Lactalis also measures the traceability of these flows.

For example, in **France**, Lactalis continued its participation in 2024 (initiated in 2021) in the industrial working group coordinated by the Earthworm Foundation. This forum aims to roll out the concept of "responsible animal feed" in France by supporting demand for "ZDC" (Zero Deforestation-Conversion) soybeans, and by shifting livestock sectors towards greater protein autonomy. In 2024, Lactalis France continued this partnership by financing the implementation of the ZDC methodology to import ZDC soybeans by cargo ship into France, thanks to the following four steps:

- collect traceability information from the importer and its suppliers to trace the origin of the flow of soybeans from the cargo ship to the production areas;
- assess the risk of deforestation/conversion associated with the volumes of soybeans. The assessment is carried out at two levels: the municipalities where production takes place, and then the farms if the municipalities are at risk. This assessment is made possible thanks to satellite imagery data provided by Agrosatelite, and is done throughout the supply chain, including in mixing areas;
- check the consistency of the information in order to assess the risk for all the soybeans contained in the cargo;
- propose a risk management action plan. The analysis of flows makes it possible to highlight the improvements required, for example, in terms of traceability or the management of non-compliance.

## 5. PROTECTING THE PLANET AND ITS RESOURCES

### Palm oil

Lactalis is determined to purchase volumes of palm oil and derivatives that are traceable and covered by RSPO Mass Balance or Segregated certifications. Lactalis has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2010, and is continually expanding the coverage of its certifications.

The Group has defined a roadmap to achieve RSPO certification for its palm oil volumes. This certification guarantees the absence of deforestation, the preservation of peatlands, the protection of human rights, and decent remuneration for plantation workers. Lactalis has set itself the following targets<sup>(1)</sup>

- 100% of the palm oil and derivative products purchased by Lactalis in Europe and by SANULAC will be RSPO Segregated certified by December 2023;
- 100% of the palm oil and derivative products purchased will be RSPO Mass Balance or Segregated certified by December 2025;
- 100% of the palm oil and derivative products purchased will be traceable back to the mill by December 2025;
- 100% of direct palm oil suppliers will be RSPO certified by December 2025;

- 100% of direct palm oil suppliers will have completed at least a Sedex self-assessment by December 2025;
- a hotline will be available by 2026. This will make it possible to collect and process reports of practices in the Group's palm oil (and derivatives) value chain that are in breach of workers' rights and the rights of local communities, as well as those that are harmful to the environment;
- Lactalis will participate in at least one initiative to support small palm farms each year (starting in 2023);
- Lactalis will participate in at least one initiative to support reforestation each year (starting in 2023).

In 2024, Lactalis renewed its participation in the Sungai Linau (SLP) Landscape and Livelihood Conservation Program in Indonesia, via the Proforest association. This program improves the village's means of subsistence while protecting forests and reducing CO<sub>2</sub> emissions from deforestation.

Lactalis is gradually changing its sourcing of ingredients from palm oil and its derivatives in accordance with its targets. This has enabled it to make significant progress towards the objective of 100% of palm oil and derivatives covered by sustainable certification by 2025<sup>(2)</sup>.

	Base year 2020	2023	2024	Target
Percentage of purchased volumes of palm oil and derivatives covered by sustainable certification	39%	87%	92%	100% by 2025



1) For all ingredients containing palm oil and derivatives labeled as fats used for finished products intended for human and animal consumption manufactured by Lactalis and used for indirect products subcontracted for SANULAC, excluding Egypt and other subcontractors at this stage. All acquisitions since December 2020 are excluded at this stage.  
 2) See methodological note.

## 5.4 REDUCING THE WATER FOOTPRINT OF THE GROUP'S PRODUCTS

### DEFINITION

From the production of milk on farms to the downstream management of industrial effluents, including on-site cleaning activities, water management is a strategic focus for Lactalis. The preservation of resources in terms of quantity and quality aims to guarantee business continuity, the quality and safety of the food produced, as well as respect for the needs of local communities and the protection of ecosystems. The impact of climate change requires a specific approach for facilities under significant water stress.

### POLICY

Water is central to the industrial process on the Group's sites. It is used:

- in cleaning operations, given the public health challenges, Lactalis applies hygiene protocols to all equipment that comes into contact with raw materials and consumable products;
- on a small scale, in the manufacturing process (brines, reconstitution of dried ingredients), and in the production of steam to feed the boilers that provide the heat necessary for pasteurization.

As a result, water is one of the five pillars of Lactalis' industrial environmental policy, which sets out the following goals:

- preserve water resources;
- separate, integrate, and monitor rainwater, wastewater, and sewage networks;
- deploy sufficient means of event containment to treat or contain potentially contaminated water or rainwater;
- do not degrade the quality of the receiving environment, regardless of the type of wastewater discharge or treatment;
- handle, store, and use potentially polluting products under appropriate conditions to ensure environmental protection;
- carry out regular inspections, measurements, and corrective actions on the implemented resources.

### ACTION PLAN

#### Optimization of water consumption at production sites

While food safety standards are the same in all countries in which Lactalis operates, optimizing the use of water is a differentiated area for progress, depending on the nature of the finished products and the geographical area.

Generally speaking, the company manages water consumption and discharge at its sites in accordance with the ratios established for each major dairy Expert service, in line with its industrial culture of raw material management.

The majority of water consumption is attributable to the cleaning of equipment, far ahead of the production of steam to feed the boilers, which is essential for the pasteurization operation, or the manufacturing process itself, which uses water as a raw material in the brines required for preserving products and for reconstituting dried ingredients.

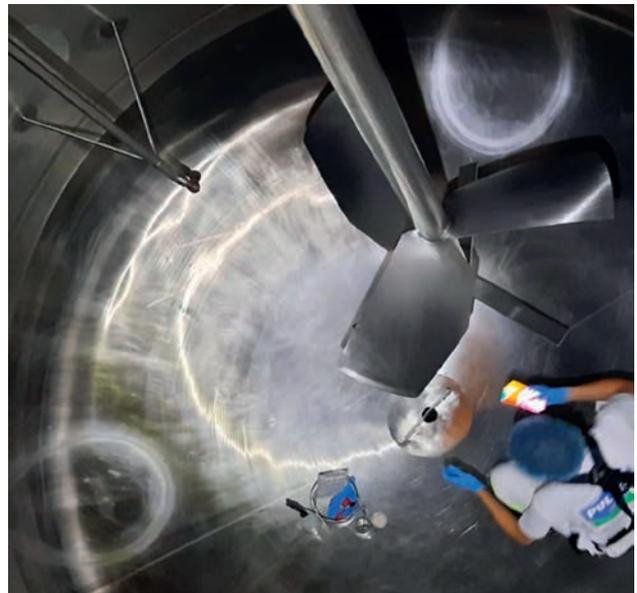
The company thus ensures the implementation of actions focusing in particular on the efficiency of washing cycles and the preventive maintenance of equipment by deploying best practices in all the countries in which it operates. Among these actions, Lactalis calls for the segregation of water uses so as to be able to use different qualities of the resource, notably to enable the recovery of duly treated "cow water" in the cleaning of certain equipment.

Lactalis is also exploring new technologies in order to diversify the range of solutions used, and in particular, the recycling of wastewater by osmosis, in countries suffering from drought or water scarcity (e.g. South Africa, India).

#### Industrial wastewater management

Wastewater from cleaning, loaded with organic matter, can have an impact on the natural ecosystem and cannot be discharged into the environment without appropriate prior treatment.

Some of this water can be part of a virtuous circular economy by being recovered in the form of spreading. To achieve this, Lactalis has set up its own wastewater treatment plants that meet demanding treatment standards, enabling it to return the resource to the environment without any negative impact. In light of this challenge, the implementation of high-performance tools and employee training is a major pillar of the company policy, and considerable investments are made in this area.



### RESULTS

	2023	2024
Water withdrawal (L/kg finished products)	5.89	6.06
Wastewater discharge (L/kg finished products)	5.63	5.83

## 5.5 PROMOTING THE CIRCULAR ECONOMY

### 5.5.1 IMPROVING PACKAGING SOLUTIONS

#### DEFINITION

Dairy products are fragile by nature. Packaging has essential functionalities, such as preserving the nutritional quality and taste of products, food safety, as well as the convenience of use for consumers.

However, packaging can represent a major source of waste. The ways we produce and dispose of packaging can also result in the overconsumption of our planet's scarce natural resources, threatening the environment and biodiversity.

Consequently, in all its geographical areas of operation, Lactalis engages in dialogue with its stakeholders in order to raise awareness and promote innovative solutions for a circular economy for packaging.

#### GOVERNANCE

The Group's Packaging Policy is designed, monitored, and adapted by the Responsible Packaging & Circular Economy Committee. It is composed of internal experts from the most affected departments: R&D, Purchasing, Marketing, Regulatory, and CSR. This work involves regular interactions with a network of internal experts based at the Group's production sites. This Committee proposes strategies and action plans, as well as procedures, methodologies, and tools for their successful implementation.

The Committee's proposals are submitted to a Responsible Packaging & Circular Economy Strategic Committee composed of Directors or Managers of Departments, as well as members of the Group's Management Committee. They are then proposed, discussed, and approved by Lactalis' Group Management Committee.

In the countries, the implementation of packaging innovation or renovation projects is led by local working groups responsible for verifying the technical and economic feasibility and implementing the changes. These projects are subject to approval by the Senior Management of each division.

#### POLICY

The Group's Packaging Policy aims to continue to offer quality products to consumers through innovation and continuous improvement to find the "Right Packaging". At each stage of the development and use of packaging, and wherever possible in the supply chain, the company's main objective is to ensure better circularity.

In its efforts to "close the loop," Lactalis has broadened its approach by engaging with all stakeholders through awareness-raising action and partnerships. This approach also makes it possible to better anticipate future regulations.

The Packaging Policy is divided into three pillars:

1. the "Right Packaging": the group seeks the appropriate balance between its desire to reduce packaging and the need to guarantee the preservation, quality, and practicality of products when designing packaging;
2. improved circularity: Lactalis ensures that its packaging is made from safe and sustainable materials, so that it forms part of a circularity approach. The company, therefore, gives priority to the right intensity by removing obstacles to the circularity of packaging and incorporating more recycled materials.
3. raising consumer awareness and creating partnerships to close the loop: Lactalis makes its internal and external stakeholders aware of the collective challenge of circularity.



## 5. PROTECTING THE PLANET AND ITS RESOURCES

As part of its Packaging Policy, Lactalis has made the following commitments<sup>1)</sup>:

- 100% of current and future packaging solutions for our pillar products and packaging for product innovations will be analyzed using an eco-design tool by 2025;
- at least 30% recycled materials in our packaging;
- ensure the recyclability of the Group's product packaging through two ambitions:
  - aim to 100% recyclable packaging by design by 2025,
  - aim to 100% recyclable in practice in 2033 for countries with an Extended Producer Responsibility (EPR) system;
- 100% virgin paper covered by a sustainable certification by the end of 2023;
- aim to eliminate PVC from the Group's product packaging by 2025;
- 100% of the new packaging graphics for Lactalis' brands to carry information on waste management from 2022, and 100% of packaging to carry information on waste management by 2025;
- set up an information module on Lactalis' Packaging Policy to raise employee awareness;
- promote events such as Global Recycling Day and World Cleanup Day to raise awareness among group employees and stakeholders about waste management.



### ACTION PLAN

Lactalis is rolling out an action plan on the three pillars of its Packaging Policy:

#### The "Right Packaging"

The Group screens the various packaging options using an eco-design tool to develop and select the "Right Packaging".

Lactalis reduces all unnecessary packaging components that do not contribute to consumer comfort or logistics, and minimizes packaging intensity by reducing the packaging materials used per product.

For instance:

- in **France**, the elimination of plastic lids on cheese trays saved 71 metric tons of plastic in 2024;
- in the **Czech Republic**, the reduction in the weight of cardboard boxes used to transport mozzarella-type cheeses made it possible to use 200 kg less cardboard in 2024;
- in **Canada**, the weight of drinkable yogurt bottles has been reduced, saving 147 metric tons of plastic in 2024.

#### Better circularity

In order to promote circularity, the teams select packaging materials by analyzing their production methods, their transformation, and their certifications.

Lactalis seeks to avoid packaging materials that disrupt local sorting and recycling channels, and is developing the use of recycled materials in its packaging. The company aims to guarantee the recyclability of packaging wherever it is sold and to increase the proportion of packaging effectively recycled "in practice" in accordance with existing local programs.

For instance, in 2024:

- in the **United States**, the change to mono-material packaging for some baby pouches, coupled with the lighter cap, has increased recyclability and reduced the weight of packaging placed on the market by 24 metric tons per year.
- in **Italy**, the change of material for a mozzarella-type cheese packaging made it possible to obtain 15 metric tons of recyclable packaging per year.

#### Educating consumers and partnering to close the loop

Lactalis engages in dialogue with consumers by offering clear and innovative sorting instructions for its products.

- In **France**, a "yellow top" operation on milk bottles is helping to raise consumer awareness about sorting their bottles into the correct bin (the sorting bin in France is also yellow).

1) Commitments covering 23 of the Group's countries, representing 85% of revenue: France, Canada, Italy, USA, Brazil, Spain, Australia, Turkey, Germany, Sweden, United Kingdom, South Africa, Romania, Russia, Poland, Switzerland, Belgium, Croatia, Portugal, Netherlands, Czech Republic, Slovenia, Ukraine. Revenue reference year: 2019. All acquisitions since December 2019 excluded at this stage. For own brands and private labels for primary, secondary and tertiary packaging, excluding pallets.

## 5. PROTECTING THE PLANET AND ITS RESOURCES

The Group is also involved in local collective projects and platforms to develop sorting and recycling channels through three consortia in **France**:

- the PS25 consortium, made up of several companies in the dairy sector. This consortium has enabled the creation of a polystyrene (PS) recycling channel, and Lactalis continues to participate in its development, in particular through a campaign to encourage trash sorting;
- the FLEX 25 consortium, made up of several companies in the agri-food sector. It aims to develop recycling solutions for flexible PE, PP, and PO packaging by 2025 and to return to food packaging that meets traceability requirements by 2030;

- the PET 25 consortium, which unites several agri-food companies around the objective of encouraging the development of new rigid, sealed or unsealed packaging technologies. A study phase is underway for the creation of an industrial sector for the recycling of PET household packaging by 2025.

In **Italy**, Lactalis participated in the project to develop a recycling channel for opaque white PET, which allows the integration of recycled materials into its new milk bottles. The subsidiary is now operational, and the Group uses the material from this sector to manufacture new milk bottles (integration of 50% opaque white rPET).

### INTERNATIONAL MOBILIZATION AT WORLD CLEANUP DAY 2024

Through its Packaging policy, Lactalis is committed to raising employee awareness of the collective challenge of circularity. Since 2020, Lactalis has invited its employees to participate in the "World CleanUp Day", launched by the NGO "Let's do it! ".

In 2024, the operation was a great success with the participation of new countries such as Mexico, Chile, Moldova, Kazakhstan, Uzbekistan, and North Macedonia.

In total, **2,855 employees** and their families in **38 countries** took part and collected **38** metric tons of waste. In France, this event also raised employee awareness of waste through workshops led by internal experts and visits to sorting centers.



RESULTS

	Base year 2019	2023	2024	Target
Percentage of recycled materials in our packaging	30%	31.3%	32.3%	> 30%
Metric tons of PVC in our packaging	926	616	866	Aiming for elimination by 2025
Percentage of our packaging recyclable by design	83.2%	83.8%	82.8%	Aim for 100% in 2025

5.5.2 COMBATING FOOD WASTE

DEFINITION

Reducing food loss and waste addresses three issues:

- environmental: on a global scale, this is a major emitter of greenhouse gases, due in part to the energy required to produce, process, preserve, package, and transport food. It also wastes natural resources and water;
- economic: reducing costs and increasing revenues through the recovery of by-products and food waste are the levers of our resilience;
- ethical and social: food waste is all the more unacceptable in a global context where a significant portion of the population is struggling to feed itself.

Thus, reducing food loss and waste are key levers to achieve the United Nations Sustainable Development Goals by 2030 and contribute to the Paris Agreement targets on climate action.

ACTION PLAN

Lactalis is committed to an approach aiming for food loss and waste reduction through several projects led by its subsidiaries or brands, with a view to:

- reducing domestic food waste by working on product shelf life and consumer information;
- optimizing packaging to guarantee product shelf life and freshness, and reduce food waste;
- improving the efficiency of production facilities to minimize food loss and the recovery of food by product;

- employee training on technologies to reduce waste production, guarantee product freshness, and balance supply and demand forecasts to avoid waste;
- the donation of food products to charities or employees.

Several subsidiaries have implemented projects to reduce food waste. For instance:

- in **Croatia**, Lactalis (Dukat) set up the *Don't waste food* project to encourage citizens to reduce their waste and improve practices throughout the value chain. Several initiatives have been launched:
  - creation of a website bringing together educational content and advice applicable on a day-to-day basis,
  - communication campaign on social networks and radio,
  - educational workshops and interactive quizzes for adults and schools.

In 2024, *Don't Waste Food* was the largest food waste management project in Croatia. It has received prestigious local and regional awards, thus strengthening its position as a key player in the fight against food loss and waste;

- in the **United States**, Lactalis (Lactalis US Yogurt) has deployed Spoiler Alert, a software program that helps companies find buyers for products that are approaching their expiration date. This software replaces the manual process for processing products with a short date, improving the recovery of these products by 338% in 2024;
- in **Spain**, internal donation points have been set up in Lactalis offices for products approaching their expiration date, an initiative that is part of a larger project on waste reduction in the Group's offices, *Lactagreen*. In 2024, the Spanish team had more than 21 ambassadors to carry out these initiatives and raise employee awareness.

## 5.6 CARING FOR ANIMALS ALL ALONG OUR VALUE CHAIN

### DEFINITION

As the world’s leading dairy group, Lactalis pays special attention to all the animals in its supply chain, in particular to the approximately five million dairy animals (cows, buffalos, sheep and goats) producing the milk the group processes daily.

Lactalis fully recognises and respects them as sentient beings, capable of feeling emotions, that deserve both physical and mental health: contributing to their welfare is a responsibility for Lactalis.

Moreover, animal welfare is a cornerstone for the sustainability of the group’s activities. Indeed, there is a close link between animal welfare and milk production. For example, a cow needs sufficient access to food and water, sufficient bedding space, good hygiene, etc. to produce high quality milk. Therefore, ensuring animal welfare is part of the daily work of the employees managing Lactalis milk supply, as well as that of the group’s partnering farmers.

### GOVERNANCE

Animal welfare governance is organised at three main levels:

- The Board of Directors is responsible for the successful implementation of the Lactalis Animal Welfare Policy;
- The Animal Welfare Committee is in charge of proposing the policy to the Board of Directors, monitoring the actions and the results, and steering common actions. It is composed of Lactalis internal Corporate experts from the most relevant departments (CSR, Milk Supply and Purchasing). Its work implies regular interactions with a network of Lactalis internal experts based in the group active countries;
- Regarding cow’s milk, the Country Milk Supply Departments are in charge of implementing actions and reporting

(actions and results) to the Animal Welfare Committee. Each Country Milk Supply Department is composed of a Milk Supply Director, a Milk Supply CSR Referent as well as dairy technicians in most cases. Regarding eggs and dairy ingredients, global and local buyers are in charge of implementing the group’s animal welfare policy. They also report to the Animal Welfare Committee.

### POLICY

Lactalis has published its animal welfare policy. The group aims to apply this policy to all the animals in its supply chain, regardless of the related finished product. The version in force concerns three main products of animal origin in the group’s supply chain: raw milk (dairy cows and calves), dairy ingredients (dairy cows and calves) and shell eggs and egg products (laying hens) used as ingredients.

#### Raw milk (dairy cows and calves)

The group has made five main commitments concerning raw cow’s milk:

#### 1. Ensuring that all its partnering farms are not responsible of any acts of animal cruelty and comply with local and international regulations

Lactalis has zero tolerance regarding animal cruelty and illegal practices. In order to strengthen the internal management of animal mistreatment cases, the group has identified two opportunities for improvement in the medium term:

- Training all employees in contact with partnering farms on animal cruelty avoidance;
- Formalising an internal procedure to clearly address situations where a Lactalis partnering farm is identified as having engaged in animal cruelty and/or illegal practices.



**2. Enrolling direct partnering farms<sup>(1)</sup> (and indirect ones where possible) in a process of continuous improvement, phasing out the most problematic practices and implementing the best ones**

This continuous improvement process is mainly based on:

- Awareness-raising and training actions for both partnering farms and Lactalis dairy technicians;
- A Lactalis Animal Welfare Assessment Program to identify the areas of improvement of each farm and to recommend the most relevant improvements actions. This program is based on farm assessments every three years, based on measurable criteria to assess compliance with the internationally recognised "Five Freedoms" of animal welfare.

As a first step, the group has initially focused its efforts on its direct volumes<sup>(2)</sup> in 11 pilot countries<sup>(3)</sup> (representing around 43% of its total raw milk collection worldwide) and on 10 animal welfare topics. Specifically, within these 11 pilot countries, the group has committed to:

- Training 100% of its dairy technicians in animal welfare best practices by the end of 2023, through the internationally recognised CowSignals® training programme;
- Assessing 100% of its direct volumes by the end of 2025;
- Prioritising its work on the following sensitive topics: tethering, bedding space, calves in groups, access to pasture, effective species-specific environmental enrichment, growth hormones, antibiotics, disbudding/dehorning, tail docking and animal derived proteins in feed.

In 2024, Lactalis has extended its efforts to its direct volumes in 10 additional countries<sup>(4)</sup> (representing around 11% of its total raw milk collection worldwide). Specifically, within these 10 additional countries, the group has committed to:

- Training 100% of its dairy technicians in animal welfare best practices by the end of 2024, through the internationally recognised CowSignals® training programme;
- Assessing 100% of its direct volumes by the end of 2027;
- Prioritising its work on the same sensitive topics listed above.

**3. Advocating for the implementation, deployment and reinforcement of ambitious national animal welfare standards**

The group is engaged to contributing to the development of ambitious national animal welfare standards and regulations. Its objectives are as follows:

- Concerning the direct partnering farms, the group aims to collaborate with governments, international organisations, professional federations, industry and other stakeholders to work collectively on some animal welfare issues;
- Concerning the indirect partnering farms where the group does not have the possibility to implement the Lactalis Animal Welfare Assessment Program, the aim is that all of them are covered by ambitious national standards and/or regulations.

Since 2021, the group has been an associate partner of the Welfare Quality Network, which contributes, on a scientific basis, to the development of international animal welfare standards.

**4. Collaborating with its stakeholders to improve scientific knowledge and develop innovations on animal welfare**

As farm practices change and stakeholders' expectations grow, there is a need to improve scientific knowledge of animal welfare and develop new solutions that are adapted to the different production systems.

That is why the group is committed to supporting and participating in research and development projects to improve animal welfare.

**5. Reporting publicly and annually on its actions and progress**

The group is committed to having transparent communication on the fulfilment of the four commitments described above. Each year, the group publishes a Lactalis Animal Welfare Progress Report.

1) A farm supplying raw milk to Lactalis is considered as "direct" if a) There is an individual contract between Lactalis and the Farm Manager and/or b) Lactalis can propose to the Farm Manager individually, a plan to improve his farming practices, without having obtained a prior formal agreement of any third party (e.g. a cooperative). Otherwise, the farm is considered as "indirect" (including farms supplying milk to Lactalis via "brokers").  
 2) A volume of collected raw milk is considered as "direct" when coming from a "direct" farm (see previous note). Otherwise, the volume is considered as "indirect" (including volumes coming from "brokers" and "spot milk").  
 3) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi business unit acquired in 2023), Spain, Sweden, United Kingdom and United States of America (Lactalis American Group and Lactalis US Yogurt business units).  
 4) Croatia, Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland, Türkiye.

## 5. PROTECTING THE PLANET AND ITS RESOURCES

### Dairy ingredients (dairy cows and calves)

Regarding dairy ingredients other than raw milk (e.g. milk powder), the group's "animal welfare" approach is part of its Responsible Purchasing Policy overseen by the Group Purchasing Department.

In the context of this policy, Lactalis' dairy ingredients suppliers must adhere to two documents:

- The Supplier Code of Conduct, which details the conduct to be adopted with regard to various topics, including animal welfare. This Code of Conduct is sent to suppliers, who are invited to familiarise themselves with it and adhere to these principles. In the event of non-compliance, if the supplier does not implement effective corrective actions, Lactalis may decide to withdraw or discontinue its relationship with the supplier;
- A Food Quality and Safety Charter for ingredients, dairy raw materials and packaging. By signing this charter, suppliers undertake to accept Lactalis audits for validation, assessment and follow-up purposes.

### Shell eggs and egg products (laying hens)

The group uses shell eggs and egg products as ingredients in some recipes, especially in dairy desserts.

Like for dairy ingredients, the group's "animal welfare" approach on shell eggs and egg products is part of its Responsible Purchasing Policy overseen by the Group Purchasing Department.

In concrete terms, the group has set the following commitments for its sourcing of shell eggs and egg products used as ingredients<sup>(1)</sup>:

- In the European Union, the group has committed to stop purchasing of shell eggs and egg products coming from caged systems ("Code 3") from 2021;
- At global level, the group will stop purchasing shell eggs and egg products coming from caged systems ("Code 3") by the end of 2025.

### ACTION PLAN AND RESULTS

#### Raw milk (dairy cows and calves)

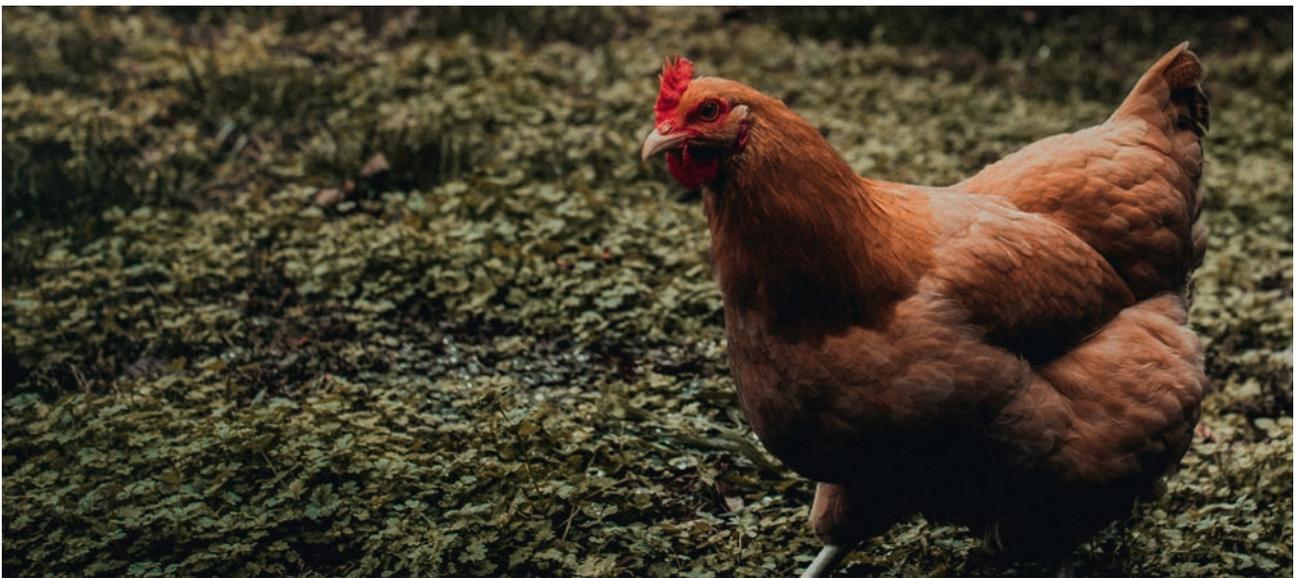
In 2024, the group has focused its efforts on implementing its Animal Welfare Policy in the 21 countries mentioned above.

#### • Training of dairy technicians on animal welfare

In collaboration with the CowSignals® Training Company (based in the Netherlands), Lactalis has set up a one-and-a-half day training programme for its dairy technicians since 2023. This programme combines a digital module, a classroom session and a workshop on a dairy farm with a CowSignals® Master (internal or external expert). It is refreshed every 3 years.

In 2024, approximately 50 dairy technicians received the CowSignals® training, bringing the total number of technicians trained to around 240 since the initiative was launched. As planned, all the dairy technicians in the 21 countries have now been trained in CowSignals®<sup>(2)</sup>.

Wherever possible, Lactalis prefers to use internal CowSignals® Masters rather than external CowSignals® Masters. This is the best way to provide CowSignals® training to all the group's dairy technicians around the world, in local languages. So, in 2024, 8 Lactalis employees went to the CowSignals® training centre in the Netherlands and received 4 days of CowSignals® Master training. As licensed CowSignals® Masters, 24 Lactalis employees in total are now official trainers.



1) Excluding purchases of eggs and egg products used by R&D departments.

2) Except for a few technicians who were absent at the time of training and will be trained in 2025.

## 5. PROTECTING THE PLANET AND ITS RESOURCES

### • Assessment of direct partnering farms on animal welfare

Since 2021, Lactalis has launched a group initiative to assess the animal welfare of dairy cows and calves in its direct volumes. As there is no single international standard in this area, the group has developed an internal assessment method. This method is inspired from recognised assessment protocols and programmes such as the Welfare Quality Assessment Protocol for cattle and has been discussed with international NGOs specialising in animal welfare. It is based on an on-farm visit lasting 2 to 3 hours, during which a Lactalis dairy technician trained for this purpose (or, in rare cases, an external service provider commissioned by Lactalis and trained for this purpose) collects and analyses around 100 data points. It includes measurable criteria assessing the respect of the "Five Freedoms" for animal welfare.

In 2024, assessments were continued in the 11 pilot countries: around 4,400 direct farms were assessed according to the Lactalis internal assessment method, bringing the total number of farms assessed between 2023 and 2024 to around 7,600, i.e. 54% of the direct farms in these countries. This figure is slightly below the group's expectations in terms of its Animal Welfare Policy (internal target at 66%), but Lactalis is confident in its ability to achieve its commitment to evaluate 100% of direct volumes in the 11 pilot countries by the end of 2025.

In parallel, the 10 additional countries listed above have been added to the approach since 2023. In 2024, 750 direct partnering farms were assessed, representing around 21% of the direct farms in these 10 countries.

### • Assessment of indirect partnering farms on animal welfare

Regarding its indirect volumes, Lactalis aims to ensure that the animal welfare of dairy cows and calves is regularly assessed, as a minimum, according to ambitious national standards. To this end, the group is using two main levers: on the one hand, it is advocating for ambitious national standards and, on the other, where national standards are less demanding than the group's expectations, it is engaging discussions with its suppliers of indirect volumes (mainly cooperatives) with a view to deploying the Lactalis internal assessment method.

In general, at the end of 2024, 61% of Lactalis' indirect volumes in the 21 countries (representing around 35% of its

total raw milk collection worldwide) are regularly assessed for animal welfare according to the Lactalis internal assessment method or an ambitious national standard.

### • Awareness-raising and training of partnering farms on animal welfare

Lactalis Country Milk Supply Departments regularly carry out various animal welfare awareness-raising and/or training actions for partnering farms, regarding both direct and indirect volumes. These actions can take many different forms and cover the various sensitive topics relating to the welfare of dairy cows and calves.

In 2024, the following actions can be cited as examples:

- Technical sheets and guides on good animal welfare practices were produced and distributed to the farmers in several countries, for example on calf disbudding in **Australia** and **Spain** and on selective dry cow therapy, bedding space and access to pasture in **France**;
- Training courses were organised in **Brazil** (12 field days led by an external expert on rearing calves in groups, good practices for disbudding and antibiotic use reduction - 426 farmers trained), in **France** (5 sessions led by vets on good practices for disbudding - 57 farmers trained) and in the **United Kingdom** (3 CowSignals® workshops - 26 farmers trained);
- In **Slovenia**, the group organised the second edition of its "Best Barn / Naj Hlev" animal welfare competition to raise awareness on the topic among farmers and the general public. A dedicated website was developed by Lactalis Slovenia ("Ljubljanske mlekarne") to collect farmer's applications, and a jury of external and internal experts was set up. The jury shortlisted 8 finalists and visited them in person. It then awarded two prizes: "Best barn" and "Best sustainable barn". At the same time, video reportages were filmed on the 8 finalist farms, and members of the public were invited to vote for the "Champion of the people". The award ceremony was an opportunity for Lactalis Slovenia to organise a major event on animal welfare. It was introduced by the General Manager of Lactalis in Slovenia, brought together more than 130 representatives of farmers and cooperatives, and received significant media coverage.



## 5. PROTECTING THE PLANET AND ITS RESOURCES

### • Publication of the annual Lactalis Animal Welfare Progress Report

In accordance with one of the commitments of its Animal Welfare Policy, the group published its second progress report on animal welfare in 2024 (Lactalis Group Animal Welfare 2022 Progress Report). This report provides an overview of the average performances of the direct farms in the 11 pilot countries, based on around thirty key performance indicators.

The group plans to publish the 2023 and 2024 progress reports in 2025. Moreover, an IT tool is currently being developed to speed up the processing of the data collected during the on-farm assessments, so that these annual reports can be published more quickly.

	2023	2024	Target
Percentage of dairy technicians in the 21 countries regularly trained in animal welfare using the CowSignals® method (at least once every 3 years)	79%	97%	100%
Percentage of <b>direct</b> annual volume of collected raw milk in the <b>11 pilot countries</b> coming from partnering farms regularly assessed on animal welfare, according to <b>the Lactalis internal assessment method</b> (at least once every 3 years)	40%	55%	100% by 2025
Percentage of <b>direct</b> annual volume of collected raw milk in the <b>11 pilot countries</b> coming from partnering farms regularly assessed on animal welfare, according to <b>the Lactalis internal assessment method or an ambitious national standard*</b> (at least once every 3 years)	61%	75%	100% by 2025
Percentage of <b>direct</b> annual volume of collected raw milk in the <b>10 additional countries</b> coming from partnering farms regularly assessed on animal welfare, according to <b>the Lactalis internal assessment method</b> (at least once every 3 years)	19%	41%	100% by 2027
Percentage of <b>direct</b> annual volume of collected raw milk in the <b>10 additional countries</b> coming from partnering farms regularly assessed on animal welfare, according to <b>the Lactalis internal assessment method or an ambitious national standard*</b> (at least once every 3 years)	45%	60%	100% by 2027
Percentage of <b>indirect</b> annual volume of collected raw milk in the <b>21 countries</b> coming from partnering farms regularly assessed on animal welfare, according to <b>the Lactalis internal assessment method or an ambitious national standard*</b> (at least once every 3 years).	59%	61%	/

\* National standards considered ambitious in terms of animal welfare for dairy cows and calves: ProAction (Canada), Charte des Bonnes Pratiques d'Élevage version 2022 (France), QM-Milch (Germany), ClassyFarm system (Italy), Certificado Welfair (Spain, Portugal), Red Tractor Assurance scheme (United Kingdom), FARM program (United States), Keten Kwaliteit Melk-programma protocol (The Netherlands). Given that the Swiss directives ("Directives techniques concernant la protection des animaux chez les Bovins") objectively enforce ambitious animal welfare standards, Swiss farms are also considered as regularly assessed on animal welfare.

## 5. PROTECTING THE PLANET AND ITS RESOURCES

### Shell eggs and egg products (laying hens)

For several years now, Lactalis' global and local buyers have been engaged in discussions with suppliers of eggs and egg products used as ingredients by the group to ensure that all volumes purchased come from cage-free systems.

In the European Union, this is already the case for 100% of the volumes.

At a global level, work is still in ongoing. In 2024, progress has been made in Australia (all the volumes have been converted since May 2024) and trials have been carried out in Türkiye to study the feasibility of conversion; Lactalis teams have assessed the reliability of supply of cage-free egg products, their microbiology, and their packaging. The group now plans to continue its efforts with a view to converting the remaining volumes of cage eggs by the end of 2025, particularly in Brazil, Türkiye and for the Marie-Morin Canada business unit acquired by Lactalis in 2023.

	2023	2024	Target
Percentage of annual volume of purchased <b>shell eggs</b> in the <b>EU</b> coming from cage-free systems	100%	100%	100%
Percentage of annual volume of purchased <b>egg products</b> in the <b>EU</b> coming from cage-free systems	100%	100%	100%
Percentage of annual volume of purchased <b>shell eggs worldwide*</b> coming from cage-free systems	100%	100%	100% by the end of 2025
Percentage of annual volume of purchased <b>egg products worldwide*</b> coming from cage-free systems	91.85%	92.06%	100% by the end of 2025

\* Excluding the Marie-Morin Canada business unit acquired in 2023.

### SHEEP AND GOAT WELFARE

Although cow's milk accounts for around 99% of Lactalis' global raw milk collection, the group also collects sheep's and goat's milk in a few countries (including France, Spain, Greece, and Italy), for which it is also developing policies and actions to promote animal welfare.

For example, in **France**, which accounts for around 73% of the volume of sheep's and goat's milk collected by Lactalis worldwide, animal welfare is an integral part of the "Culture Lait" initiative.

"Culture Lait" means milk culture. It is the name of Lactalis France's CSR approach to its milk supply. It aims to ensure sustainable milk production and is based on four key principles: respecting animals, preserving nature, guaranteeing quality, and strengthening the relationship with farmers. Originally developed for cow's milk, this continuous improvement approach has gradually been extended to sheep's and goat's milk.

In 2024, Lactalis France has carried out several actions to promote the welfare of sheep and goats:

- Regarding sheep, Lactalis has formalised and officially launched its "Culture Lait Brebis" initiative since 2023. As part of this initiative, Lactalis aims to assess all its partnering farms on animal welfare by the end of 2030. This assessment will be based on national guidelines and tools ("France Brebis Laitière" charter and "Cmoubiene" project) and on a specific Lactalis grid. In 2025, Lactalis will train all its sheep technicians to carry out animal welfare assessments so that they can conduct them on the farms from the second half of the year;
- Regarding goats, Lactalis has developed a diagnostic grid for animal welfare and milk quality. This grid was discussed with partnering farmers and an NGO specialising in animal welfare. Goat technicians were trained to carry out the diagnostics and an IT tool was developed for this purpose. In 2024, 53 diagnostics were carried out, representing around 20% of Lactalis' goat partnering farms. The aim is to reach 100% of goat farms by the end of 2026.



# 6. VIGILANCE PLAN 2024

## 6.1 INTRODUCTION

Created in 1933 by André Besnier in Laval, Lactalis has been a family business for three generations. Lactalis has been developing dairy and cheese know-how since the company was founded, strengthening this expertise as it has grown. It offers consumers a wide range of dairy products in all categories: cheeses, fluid milk, yogurts, chilled dairy products, butter and cream, powdered formula and milk for infants and adults, clinical nutrition products, and dairy ingredients.

As a major player in the dairy industry, Lactalis has an important responsibility for the proper conduct of business and affirms its desire to act in compliance with the laws and regulations in force, and in particular the law of March 27, 2017, on the duty of care of parent companies.

## 6.2 GOVERNANCE

The vigilance plan is defined and coordinated by a working group in charge of vigilance, comprising the CSR, Quality, and Crisis Management Department and the Legal Affairs and Audit Department (including the Compliance & Competition Service). Lactalis works on vigilance in collaboration with various company departments, including Group Purchasing, Milk Supply, Energy & Environment, Health & Safety, Food Quality & Safety, and Human Resources, among others.

Operationally, vigilance is governed at two levels:

- the central functions, such as the Health & Safety Department, the Energy & Environment Department, the Human Resources Department, the Food Quality & Safety Department, and the Milk Supply Department, as well as the

Group Purchasing Department, are, with the CSR team and Compliance and Competition team, responsible for:

- the mapping of risks related to human rights, Health and Safety, and the environment,
- the definition of due diligence and risk assessment actions,
- monitoring vigilance in their activities;
- the countries and divisions oversee the roll-out of the vigilance plan at the local level.

The Group Compliance Committee oversees the management of alerts arising from the whistle-blowing system put in place within the Group.

## 6.3 SCOPE OF THE VIGILANCE PLAN

All Lactalis group companies must implement this vigilance plan.

Lactalis identifies risks and prevents any serious violation of human rights and fundamental freedoms, human Health and Safety, or the environment that could result from:

- its activities or those of its subsidiaries;
- the activities of its suppliers;
- the activities of its subcontractors.

## 6.4 STAKEHOLDER ENGAGEMENT

Lactalis is committed to collectively preparing the future of the dairy sector and its supply chains, in a spirit of co-construction and dialogue with stakeholders.

In most of the countries where Lactalis operates, the company is a member of various federations, professional organizations, and consultancy bodies (e.g., ANIA - French national association of food Industries, ATLA - Association de la transformation laitière française, EDA - European Dairy Association, IDF - International Dairy Federation), aiming to develop demanding, qualitative, and sustainable production standards.

Maintaining close, honest, and transparent dialogue with stakeholders is essential to the conduct of the group's activities and the achievement of its objectives. Lactalis maintains frequent dialogue with:

- employees, employee representative bodies, and trade union representatives;
- consumers;
- customers;
- federations, associations, and NGOs;
- farmers;
- suppliers.

## 6.5 MAPPING OF RISKS RELATED TO HUMAN RIGHTS, HEALTH AND SAFETY, AND THE ENVIRONMENT

### 6.5.1 IDENTIFICATION AND PRIORITIZATION OF CSR RISKS

Lactalis has identified the risks related to human rights and fundamental freedoms, the Health and Safety of people, and the environment in the course of its activities.

The methodology used incorporates:

- international standards and guidelines (GRI, ISO 26000);
- a study of CSR matters in the food and dairy sector;
- the expectations expressed in the CSR questionnaires received by Lactalis;

- the materiality analysis conducted in 2020: Lactalis carried out a vast consultation campaign with more than 175 internal and external stakeholders in 14 of its largest countries to obtain their views on the main impacts of the Group's activities (see section 2.4 / Main CSR challenges and risks).

Following the materiality analysis, a prioritization of the issues according to the group's impact and maturity levels was prepared internally, which made it possible to define the priority issues.

## 6. VIGILANCE PLAN 2024

The CSR risks related to the priority issues that could impact human rights and fundamental freedoms, the Health and Safety of people, and the environment are as follows:

Priority issue	Identification of risks related to human rights, health & safety, and the environment.
<b>Health &amp; Safety</b>	<p>The Health and Safety of employees is recognized as a human right and is also part of the UN Sustainable Development Goals.</p> <p>Negligence on the part of the company in terms of health &amp; safety support at work could result in occupational injuries or diseases for employees or external workers.</p>
<b>Human resources and social issues</b>	<p>In the Group's own activities, non-compliance with the Group's Human Resources policies could lead to situations of discrimination or non-respect of freedom of association.</p> <p>Through their supplies, players in the value chains of certain raw materials could resort to practices that violate human rights.</p>
<b>Food safety</b>	<p>Any breach of food safety can present serious health risks to consumers.</p> <p>At each stage of product production, failure to comply with hygiene standards or product health controls can have serious impacts on consumers.</p>
<b>Water, energy, and GHG emissions (Scopes 1, 2, and 3)</b>	<p>The Group's activities may give rise to environmental risks, notably related to the use of water and energy.</p> <p>Failure to address environmental issues related to water, energy, and greenhouse gas emissions could therefore present a risk to the preservation of resources and the necessary mitigation of global warming.</p>
<b>Responsible packaging and circular economy</b>	<p>Packaging is fundamental for preserving the strictest food quality and safety standards for dairy products, which are fragile by nature. The ways we produce and dispose of packaging result in the over-consumption of natural resources, threatening the environment and biodiversity.</p>
<b>Biodiversity and forests</b>	<p>The Group's supplies of agricultural raw materials may be directly or indirectly linked to a risk of deforestation or the conversion of natural areas, having an unfavorable impact on biodiversity and ecosystems.</p>
<b>Safety and sustainability of upstream milk production methods</b>	<p>Milk is the key raw material for Lactalis' activities. While the safety of milk is a key factor in guaranteeing product quality and safety, the Group's consumers and stakeholders are increasingly looking for guarantees of the sustainability of upstream processes. This focus is on practices that are more respectful of animal welfare and the environment. Lactalis can meet both market expectations and those of its stakeholders by developing technical advice for dairy farmers.</p> <p>Poor upstream dairy practices could have negative consequences on animal welfare, the environment, and consumer health and safety. They could also affect the company's reputation and results.</p>

## 6.5.2 OPERATIONAL CSR RISK MAPPING

The identification of the Group's CSR risks in terms of human rights and fundamental freedoms, Health & Safety, and the environment is broken down into various operational risk mappings.

### MAPPING OF SOCIAL AND HEALTH & SAFETY RISKS WITHIN THE GROUP'S ACTIVITIES

The Group Health & Safety Department has identified and maintains a list of Health & Safety risks, based on the Group's expertise and common to all countries. Lactalis has also defined a risk analysis methodology. Wherever Lactalis operates, this risk analysis is a golden rule.

In addition, the Group's Health & Safety Department has defined a mapping of its Health & Safety risks. This mapping covers the assessment of site risks based on accident results and the results of the Group's Health & Safety audits. This assessment system is then used to define the group's annual Health & Safety audit plan and priority actions. The risk mapping is regularly updated.

With regard to social risks, the Group Labor Relations Department has implemented a three-part methodology to:

- identify the main issues concerning labor relations;
- assess the quality of social dialogue locally;
- identify social irritants in workshops in production sites and warehouses. Social irritants can be related to social dialogue, social relations, well-being at work, or Health and Safety, for example. These irritants are then shared collectively by the site's Management Committee and then prioritized and addressed.

This occupational risk assessment method has been rolled out in around 30 sites in 10 countries and will continue to be rolled out in 2025.

### FOOD SAFETY RISK MAPPING

Food safety risks can be microbiological, chemical, physical, or allergen-related.

The Group Quality Department updates the analysis of the Group's food quality and safety risks.

It maps the level of criticality of sites according to:

- the results of quality audits;
- the rate of consumer complaints;
- laboratory analysis results;
- product withdrawals or recalls.

At the sites, hazard analyses and risk assessments are carried out using the HACCP method: the list of hazards is kept up to date at group level through scientific monitoring and communicated to the production sites. Each site is required to adapt this list of hazards based on site-specific characteristics and local requirements and specificities.

The likelihood of occurrence and the severity rate are assessed for each identified hazard, and the severity rate is mapped on each site.

### MAPPING OF ENVIRONMENTAL RISKS WITHIN THE GROUP'S ACTIVITIES

The Group's Energy & Environment Department analyzes Lactalis' environmental risks. The following priority facilities have been identified with regard to environmental risks:

- boilers;
- refrigeration facilities;
- wastewater treatment plants.

For these facilities, the Group's Energy & Environment Department regularly assesses and updates the following criteria: facility capacity, age, compliance, and the frequency and severity levels of risks related to the facility. Each criterion is assessed according to a rating system created by Lactalis, which enables the creation of a criticality matrix.

The level of criticality derived from the matrix enables the group to determine its environmental action plan. Environmental action plans are defined with local teams.

The assessment of the group's environmental risks supplements:

- the assessment of regulatory compliance required by local regulations;
- the environmental analysis carried out on sites where an environmental management system is in place (e.g., ISO 14001).

### SUPPLY CHAIN RISK MAPPING (EXCLUDING MILK SUPPLY)

Following the identification of the group's CSR risks, Lactalis carried out a CSR risk mapping dedicated to its supply chains.

The environmental, social, and governance risks specific to its upstream value chain, excluding milk supply, were assessed by internal experts for all purchasing categories.

6. VIGILANCE PLAN 2024

The following table describes the environmental, social, and governance risks assessed for each category of purchasing:

<b>Risk category</b>	<b>Risks</b>	<b>Description of CSR risks</b>
Environmental risk	GHG emissions	Risks related to greenhouse gas emissions (volume and intensity), directly (Scope 1) or indirectly (Scopes 2 and 3)
Environmental risk	Other air emissions	Risks related to emissions of other greenhouse gases: nitrogen oxides (NOx), sulfur oxides (SOx), and other significant atmospheric emissions
Environmental risk	Biodiversity and living natural resources	Risks related to the significant impacts of activities, products, and services on biodiversity, the preservation of habitats and ecosystems, and the livelihoods of local populations
Environmental risk	Land use	Risks related to land acquisition, restrictions on land use, and the involuntary displacement or forced eviction of local populations
Environmental risk	Water and liquid waste	Risks related to the volumes of water consumption and discharges
Environmental risk	Industrial waste	Risks related to industrial waste management: transportation, disposal methods, recycling, and traceability
Environmental risk	Fossil materials/resources	Risks related to packaging (non-renewable)
Environmental risk	Non-recycled materials/waste	Risks related to the disposal of packaging (non-recyclable)
Environmental risk	Materials/recycling constraints	Risks related to the disposal of packaging (constraints on recycling channels and processes)
Environmental risk	Chemical pollution	Risks related to the use of chemical products and their potential impact on the environment
Environmental risk	Pesticides	Risks related to the use of pesticides, product formulations, compliance with restrictions and prohibitions, compliance with use protocols and monitoring documents, potential residues in products (human health) or in the environment (environmental health)
Environmental risk	Animal welfare	Risks related to animal husbandry practices (hygiene, health and pain, food, comfort, ability to express natural behaviors)
Social and governance risks	Business ethics	Risks related to corruption, anti-competition practices, antitrust, tax management, non-transparency, or money laundering
Social and governance risks	Human rights	Risks related to freedom of association and collective bargaining, child labor, forced or compulsory labor, rights of indigenous peoples, and discrimination
Social and governance risks	Food safety	Risks related to the assessment of the impacts of product and service categories on Health and Safety, as well as traceability
Social and governance risks	Working conditions	Risks related to working conditions throughout the supply chain and subcontractors
Social and governance risks	Health & Safety	Risks related to the Health and Safety of people throughout the supply chain and subcontractors
Other	Regulatory constraints	Risks related to future CSR regulations that could impact on the goods or services purchased

When a risk is identified for a category of purchases, it is rated according to several criteria:

- significance of the risk for the product category;
- level of risk management at Lactalis.

The final risk rating corresponds to the sum of the scores obtained for each criterion. The final rating of the purchasing category is the sum of its risk ratings.

The level of risk was cross-referenced with the volume of purchases to determine the priority purchasing categories. For each priority purchasing category, Lactalis defines an action plan to assess and mitigate the risk identified.

Since the end of 2023, Lactalis has been an active member of the Sedex (Supplier Ethical Data Exchange) platform. In 2024, the mapping of priority global suppliers was initiated, and local teams were trained to analyze local suppliers.

In the specific case of the environmental risk related to biodiversity and living natural resources, Lactalis has assessed the risks related to deforestation. For this, a risk analysis method based on three criteria was implemented, in accordance with the method recommended by the IUCN Biodiversity Guidelines:

- the severity of the risk: some crops are more at risk of being planted on deforested plots (soybeans, oil palm, etc.).

To assess this criterion, Lactalis refers to reports from NGOs such as WWF as well as studies commissioned by government bodies such as CST Forêt (Comité Scientifique et Technique Forêt), for example:

- the scope of the risk, corresponding to the quantity of each commodity used by Lactalis;

To assess this criterion, Lactalis uses the volumes purchased directly and conducts surveys and assessments with suppliers to better understand its value chain;

- the degree of control determined according to the number of players between the Group's supplier and the commodity producer.

This risk analysis made it possible to determine the Group's action plan in terms of deforestation.

### RISK MAPPING FOR MILK SUPPLY

For milk supply, Lactalis has mapped the risks related to:

- animal welfare;
- greenhouse gas emissions;
- and deforestation.

Using the assessment results of dairy farms in 21 countries, this mapping serves as a basis for the construction of animal welfare, climate and deforestation action plans, both at the global level (for example, generalization of farm assessments on animal welfare, climate and deforestation), and at the level of the group's various countries, which includes the main risks related to their national sector.

## 6.6 REGULAR ASSESSMENT MEASURES

### 6.6.1 CSR ASSESSMENT MEASURES FOR THE GROUP AND ITS SUBSIDIARIES

Annual Group CSR reporting is carried out, and audits are conducted each year by an independent third party to verify the fairness and reliability of the Group's consolidated data.

These KPIs (Key Performance Indicators) are presented in Chapters 1 to 5 of this document.

The KPIs related to the Group's vigilance plan are listed in section 6.10.1 / Summary of vigilance indicators.

### 6.6.2 SOCIAL AND HEALTH & SAFETY RISK ASSESSMENT MEASURES WITHIN THE GROUP'S ACTIVITIES

The Human Resources and Group Health & Safety teams have set up specific reports to assess the performance of the Group and its subsidiaries on social issues.

Other assessment mechanisms are deployed within the group:

### SOCIAL AUDITS AND HEALTH & SAFETY AUDITS

At the request of its customers, Lactalis may appoint independent and accredited third parties to carry out SMETA audits (Sedex Members Ethical Trade Audit) at its sites. During these audits, the management of Health and Safety at work and respect for human rights are assessed, and corrective measures can be defined.

Health & Safety audits are carried out by the Group Health & Safety Department on the sites and in warehouses. For these audits, the Group Health & Safety Department has developed a reference framework detailing the minimum Health & Safety requirements, combined with an internal audit grid. This reference framework and the assessment tools are being redesigned and will be based on the principles of ISO 45001. These new standards will be rolled out in the Group from 2025.

The purpose of these audits is to verify the implementation of the Group Health & Safety policy, occupational Health and Safety procedures, best practices, and compliance with regulatory requirements.

As part of the internal audits conducted within the Group, the Group Audit Department verifies the reliability of the social and Health & Safety information transmitted by the entities and refers it to the relevant Expert services.

## SOCIAL RELATIONS ASSESSMENT

The Group Social Relations Department has set up a three-part methodology to identify the main issues concerning labor relations, to assess the quality of social dialogue locally, and to identify social irritants on the shop floors of production sites and warehouses.

Between 2022 and 2024, this occupational risk assessment method was rolled out in around 30 sites in 10 countries and will continue to be rolled out in 2025.

On these sites, weekly field visits by site management are organized to identify social irritants in warehouses and on-site shop floors. Social irritants can be related to social dialogue, well-being at work, or Health and Safety, for example. Irritants are then shared by the site's Management Committee, prioritized, and resolved (see section 3.2.5 / Promoting social dialogue).

## EMPLOYEE SURVEYS

An engagement survey is conducted every two years in each country in which Lactalis operates. This enables Lactalis to identify levers for improvement and to feed them into action plans relating in particular to well-being at work at the level of each production site, warehouse, and country.

### 6.6.3 FOOD SAFETY AND RISK ASSESSMENT MEASURES

Good manufacturing practices are the most important prerequisites for food safety. Good practices in terms of hygiene, zoning, cleaning, allergen management, pest control, and food handling contribute significantly to the elimination of hazards relating to pathogens, chemicals, foreign bodies, allergens, and even forgery and terrorism. All these potential hazards must be included in the HACCP study of each site.

Lactalis has developed its own food safety management systems in addition to those it implements based on the ISO 22000, FSSC 22000, IFS, BRC, or SQF standards.

At group level, an internal team of experts is responsible for carrying out regular assessments by supporting the sites through advice, training, and quality audits, according to Lactalis' specific methodologies.

The sites are audited and prioritized according to their performance and criticality. These audits are carried out in accordance with the Group's food safety standards and can be specific to a given theme, if necessary.

At the group's sites, control and analysis plans are implemented to verify the compliance of products with regard to health, safety, and product regularity.

In addition, internal audits targeting industrial entities are carried out regularly in accordance with the annual audit plan.

The aim of these audits, among other things, is to ensure the level of control and compliance of processes related to food safety as well as the proper application of the rules and recommendations issued by the Expert services.

External audits are also carried out by certification offices to ensure compliance with ISO 22000, FSSC 22000, IFS, BRC, or SQF standards.

### 6.6.4 ENVIRONMENTAL RISK ASSESSMENT MEASURES WITHIN THE GROUP'S ACTIVITIES

#### ENVIRONMENTAL AUDITS

At the request of its customers, Lactalis carries out SMETA audits on the Health & Safety, labor law, environment, and business ethics pillars on its production sites. As part of these audits, an independent auditor assesses the site's environmental management process.

In addition, the Group Energy and Environment Department conducts environmental audits on sites processing more than 100,000 liters of equivalent milk per day (representing 70% of industrial sites). The purpose of these audits is to monitor the application of the group's environmental policy and environmental management procedures, as well as compliance with regulatory requirements. The Group Energy and Environment Department has developed several dedicated internal audit standards, for example, energy audits or audits of wastewater treatment plants.

In addition, the group has set itself targets for ISO 14001 certification:

- 100% of Group sites subject to the Industrial Emission Directive (IED) in Europe were ISO 14001 certified by the end of 2023;
- sites processing the equivalent of more than 300,000 liters of milk per day, excluding Europe, will be ISO 14001 certified, in line with the strategy validated by the Group's Industrial Department.

#### ASSESSMENT OF GREENHOUSE GAS EMISSIONS

Lactalis measures its greenhouse gas emissions using the GHG Protocol method. Lactalis focuses primarily on measuring its emissions from its industrial and logistics activities in scopes 1 and 2 in its largest subsidiaries (see 7. / Methodological note).

#### ASSESSMENT OF THE IMPACTS OF PACKAGING

The main environmental impacts of packaging are linked to their production (resources and transformation processes) and their end-of-life disposal.

To assess and limit the impact of its packaging on the environment, in 2023, Lactalis launched an eco-design tool for packaging, with the aim of assessing 100% of its current and future packaging solutions for its core products and packaging solutions for its product innovations by 2025<sup>(1)</sup>. This tool will incorporate lifecycle assessment methodologies.

### 6.6.5 RISK ASSESSMENT MEASURES WITHIN THE SUPPLY CHAIN

#### ASSESSMENT MEASURES FOR SUPPLIERS EXCLUDING MILK SUPPLY

A supplier questionnaire was developed by internal experts and addresses several topics, including:

- fluid/environment/waste and energy management;
- supplier management;
- security;
- ethics.

Lactalis implements measures to assess its suppliers: a dedicated team is responsible for auditing suppliers at the Group level. The frequency of supplier audits depends on the criticality of suppliers, determined according to food safety criteria.

Corrective actions are requested for each instance of non-compliance identified during the audits. In the event of an unsatisfactory audit result, an action plan is defined and implemented by the supplier and is monitored by the Group Supplier Audit team.

To make its supply chain resilient (excluding milk supply), Lactalis has undertaken a process of supporting its main suppliers in their climate transition, in order to enable them to define science-based reduction targets. The monitoring of this commitment involves an annual questionnaire to assess the progress of approximately 2,500 suppliers on Climate. This questionnaire enables Lactalis to gradually specify the greenhouse gas emissions related to its purchases, but also to assess whether the supplier's carbon trajectory is aligned with the Group's trajectory.

#### ASSESSMENT FOR MILK SUPPLY

In addition to implementing the reference frameworks developed by the local inter-professional and sectoral organizations of which it is a member, Lactalis has developed the following initiatives in 21 countries<sup>(2)</sup>, representing almost 90% of its total global raw milk collection:

#### • Assessment of direct partnering farms on animal welfare

Since 2021, Lactalis has launched a Group initiative to assess the animal welfare of dairy cows and calves in its direct volumes. As there is no single international standard in this area, the group has developed an internal assessment method. This method is inspired by recognized assessment protocols and programs such as the Welfare Quality Assessment Protocol for cattle, and was discussed with international NGOs specializing in animal welfare. It is based on an on-farm visit lasting 2 to 3 hours, during which a Lactalis technician trained for this purpose (or, in rare cases, an external service provider commissioned by Lactalis and trained for this purpose) collects and analyzes approximately 100 data points. It includes measurable criteria assessing the respect of the "Five Freedoms" for animal welfare (see Section 5.6 / Caring for animals all along our value chain).

#### • Assessment of indirect partnering farms on animal welfare.

Regarding its indirect volumes, Lactalis aims to ensure that the animal welfare of dairy cows and calves is regularly assessed, as a minimum, according to ambitious national standards. To this end, the group has called upon two main levers: firstly, advocacy actions in favor of ambitious national standards and secondly, when national standards are lower than the group's expectations, discussions with its suppliers for indirect volumes (mainly cooperatives) in order to deploy the Lactalis internal assessment method (see Section 5.6 / Caring for animals all along our value chain).

#### • Climate assessments for direct partnering farms

Since 2021, the Lactalis Milk Supply teams have been mobilized to measure the carbon footprint of direct partnering farms. Carbon footprint measurements are mainly carried out using the carbon diagnostic tool called Cool Farm Tool (CFT). This tool was developed by the Cool Farm Alliance (CFA), a non-profit scientific organization made up of companies, NGOs, and universities, and is internationally recognized and already used by tens of thousands of users in 150 countries. It calculates the carbon footprint of each farm using the International Dairy Federation (IDF) method and numerous input data (volume of milk produced, composition of the dairy herd, grazing time, practices in terms of feeding and manure management, energy consumption, etc.). Since 2021, Lactalis has been an active member of the CFA, contributing to the development of the CFT within the CFA's Dairy and Beef Working Group (see Section 5.2.4 / Milk supply).

#### • Deforestation assessments for direct partnering farms

The animal welfare assessments described above also include criteria to measure a farm's risk of exposure to deforestation related to soybeans and palm oil derivatives that may be present in livestock feed.

1) Ambition for 23 countries, which represented 85% of the Lactalis Group's production volume in 2019. All acquisitions since December 2019 excluded at this stage.

2) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi subsidiary acquired in 2023), Spain, Sweden, the United Kingdom and the United States (Lactalis American Group and Lactalis US Yogurt subsidiaries), Croatia, the Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland and Turkey.

## 6.7 MITIGATING RISKS AND PREVENTING SERIOUS HARM

Lactalis is a signatory of the United Nations Global Compact. Lactalis respects and promotes these 10 principles.

Lactalis has established policies and processes to exercise its duty of care in all its activities. These policies and processes define the Group's guidelines for the prevention of serious risks to human rights, Health & Safety, and the environment.

### 6.7.1 MEASURES TO MITIGATE AND PREVENT SOCIAL RISKS

#### RULES OF PROCEDURE

In France, the rules of procedure establish the rules on Health & Safety and disciplinary measures and reiterate the legal provisions covering sexual harassment and the prevention of sexism. The rules of procedure are displayed at all sites in France.

#### SOCIAL DIALOGUE

Lactalis encourages continuous, simple, and close dialogue with employees and union representatives. To contribute to the quality of social relations within all Group entities, Lactalis has developed an internal training course on its approach to social dialogue, the "Lactalis Labor and Employees Relations Way," currently being rolled out to local Human Resources Managers.

The group's subsidiaries are invited to set up social dialogue bodies in compliance with local regulations. In addition, a European Social Dialogue Body was set up in 2019 and represents 16 of the group's countries. The aim of this body is to share quantitative information on Lactalis, the levels of activity in each product universe, and the group's medium- and long-term strategic areas of development.

In addition, Lactalis is working on a social risk assessment project that aims to improve social dialogue through weekly site visits and on-site meetings. Since 2022, this method has been rolled out on 30 sites and warehouses located in 10 countries. The method will continue to be rolled out in 2025.

#### Promoting diversity

In June 2024, the Group's Diversity, Equity, and Inclusion policy, established by the Group's Human Resources Department, was officially rolled out. This policy is based on two pillars (gender equality and inclusion) and eight concrete commitments for which the Group Human Resources Department is responsible for defining and proposing concrete actions:

1. the integration, development, and promotion of diverse talents;
2. the equity of human resources management processes, in particular recruitment, retention, promotion, compensation, and access to training;

3. promoting inclusive behaviors through team training and awareness-raising;
4. diversity at all hierarchical levels;
5. measuring the perception of Diversity, Equity, and Inclusion through engagement surveys;
6. facilitating and coordinating the approach via a network of Diversity, Equity, and Inclusion ambassadors;
7. progress indicators;
8. communication of this approach to the Group's stakeholders.

Lactalis aims to train 100% of its employees in Diversity, Equity, and Inclusion from 2024 onwards. To this end, a digital training challenge on Diversity, Equity, and Inclusion was rolled out worldwide in 2024. Composed of a first module explaining Lactalis' Diversity, Equity, and Inclusion Policy, and five thematic modules on inclusive leadership, gender equality, cultures and origins, intergenerational skills, and disability, this challenge enabled large-scale training of employees on the issues of Diversity, Equity, and Inclusion.

In addition, Lactalis has been measuring the perception of diversity, equity, and inclusion using managerial surveys since 2023.

An awareness-raising workshop for internal teams was developed by the central HR teams: Lactalis DE&I experience.

In the subsidiaries, several initiatives to promote diversity have already been implemented, such as in Canada, Sweden, South Africa, Slovenia, and Brazil, where diversity policies are being deployed.

#### Gender equality

Lactalis is committed to offering the same opportunities and career development to men and women.

Lactalis' objective is to strive for a balance in management positions by 2033. A key performance indicator on the proportion of women in leadership positions is monitored.

An online reporting platform in the event of non-compliance with non-discrimination laws and regulations is accessible to all.

#### Youth training and employment

Lactalis works to promote the employment of young people and develops partnerships with training institutions.

Lactalis provides special support to its younger employees through training and work-study programs.

For instance, in France, since 2002, as part of the I2FA program in partnership with the École Supérieure des Agricultures (ESA), foreign students from 36 different countries follow a work-study program for two years, which enables them to access positions of responsibility within Lactalis' local teams.

In 2021, Lactalis set up a Lactalis Apprenticeship Training Center (CFA) focused on the dairy industry.

**Disability**

Lactalis invests in the reception, integration, and job retention of employees with disabilities. Policies and action plans are adapted at a national level.

In France, for example, Lactalis has had a Disability agreement in place since 2010 and is working on the following issues:

- preserving jobs and hiring people with disabilities;
- adapting workstations and providing assistance via individual devices (hearing aids, adapted shoes, ergonomic seats);
- raising awareness and training: the group's production sites organize awareness-raising actions for all over several days to combat disability-related prejudices;
- working with adapted establishments that welcome workers with disabilities;
- individual support measures: reduced working hours, return to work assistance, etc.

Other initiatives are rolled out by the Group's subsidiaries in the countries in which they operate (see section 3.2.3 / Promoting diversity).

**SOCIAL SECURITY COVERAGE**

Lactalis has drawn up guidelines enabling its subsidiaries to implement local health and life insurance, and retirement measures.

**WELL-BEING AT WORK**

Lactalis is developing a global and local approach to well-being at work in order to ensure that the pillars of the national well-being at work policy are consistent with the expectations of its local employees and the cultural sensitivities in the various countries in which it operates.

Lactalis is also in favor of sharing or even replicating certain social innovations that have proven successful in one or more countries.

In France, Lactalis has a national agreement on well-being at work: each operational division must define its own well-being at work policy in accordance with the framework set out in the agreement. Best practices implemented in the divisions are shared and recognized through awards. The human resources teams ensure that the well-being at work policy is in line with the employee expectations at a local level. In France, some employee representatives of the Health and Safety Commission (within the Social and Economic Committee) are trained as psychological risk officers.

Inspired by the well-being at work approach in France, an international Well-being at Work approach was rolled out in 2024 through six themes:

- working safely and protecting well-being (physical and mental);
- being in an environment conducive to quality work;
- optimized organization of work: working hours planned to ensure a good work/life balance;
- finding a source of motivation at one's work;
- developing skills and progressing within the company: ensuring employability and the ability to develop;
- living together at work: managerial relations and those between colleagues.

A Group process has been developed to share and reward certain local initiatives with international Well-being at Work Awards.

**6.7.2 MEASURES TO MITIGATE AND PREVENT HEALTH & SAFETY RISKS**

For several years, Lactalis has implemented a risk management approach related to Health & Safety. Since 2022, the Group has adopted a Health & Safety policy in the form of a charter in the various countries where Lactalis operates. On an operational level, the company has also formalized a roadmap to meet its ambitions. In 2024, this roadmap was updated to enable Lactalis to plan for the 2025-2030 period.

For all its employees, Lactalis is committed to a preventive approach that includes the analysis, treatment, and reduction of Health & Safety risks. This approach is based on three interdependent areas:

- the behavioral pillar is an innovative approach aimed at encouraging employees to adopt preventive behaviors for themselves and their colleagues and to increase their vigilance. This approach relies on managerial leadership and the active participation of all employees. The effectiveness of the approach depends on action plans that can be quickly activated and managed;
- the organizational pillar to ensure that risks are managed, supported, and controlled thanks to a robust management system as well as skills development. This also includes the implementation of a framework, rules, and, in particular, the Group's 12 Golden Rules;
- the technical pillar covers specific risks that Lactalis wishes to reduce and control. This involves investments to reduce the exposure of teams to machine risks, for example.

This results in the following health and safety improvement plan:

- strengthen the health and safety knowledge, skills, and capabilities of all employees;
- help all managers to lead by example in health and safety, and encourage employees to express themselves and get involved in the safety program;
- accelerate transformation through digitalization, data analysis, and innovation promotion at the local level to increase the maturity of health and safety programs;
- develop and implement effective controls for high-risk activities and maintain a safe workplace for all;
- have a positive impact on all stakeholders through effective communication.

The Group Health & Safety Department coordinates a network of country and division Managers and ensures the establishment of a Health & Safety Committee at each management level.

The network of country and division Health & Safety Managers is responsible for conducting regular audits, ensuring the proper implementation of actions to ensure compliance with local regulations and Lactalis standards by each of the sites within their scope, in particular by following the recommendations made following group audits.

Any site with more than 100 employees must have a full-time Health & Safety Manager. In addition, the Group's top 25 countries must have a national Health & Safety Manager.

The Health & Safety Managers are responsible for monitoring the group's Health & Safety audit action plans: every six months, the updated action plan is communicated to the Group's Health & Safety team. They are also responsible for monitoring the corrective action plans of the SMETA audits, if necessary.

The scores of the Health & Safety audits and the accident results are reported monthly and annually and are presented to the Group's Executive Committee. Sites where no accidents have occurred are rewarded and may display a certificate issued by the Group's Health & Safety Department.

To raise employee awareness, Lactalis organizes an international health and safety week on a different theme each year, based on the day defined by the International Labour Organization.

In France, Lactalis has an internal occupational health team responsible for assessing and preventing risks related to employee health.

### 6.7.3 FOOD SAFETY RISK MITIGATION AND PREVENTION MEASURES

Lactalis has set up and rolled out a Quality Policy within the group, which carries a unified vision and formalizes a shared commitment among all employees worldwide.

The Lactalis Quality Policy is based on four main pillars:

1. guarantee healthy and safe products that comply with current regulations and standards;
2. design and improve products to meet the evolving and multiple expectations of consumers in terms of taste, nutritional benefits, respect for the environment, at all stages of life;
3. be efficient and strive for excellence through performance and continuous improvement processes, deployed across all group operations to offer consumers the best value for money;
4. encourage everyone to commit to continuing to develop their expertise, to feel responsible, to work as a team, and to collaborate to achieve food safety and quality objectives.

Food safety is the Group's primary concern. Each product must comply with all applicable laws and regulations of the country where it is manufactured and marketed.

In order to guarantee a holistic vision in the management of the safety risk of its products, Lactalis ties together a number of prevention measures:

- the implementation of a quality organization at the head office and at the level of operational entities. These different levels of organization are responsible for defining, implementing, and updating health safety management plans as well as the operational monitoring of quality action plans;
- the definition of robust standards;
- the strengthening of quality control processes at each stage of production, from the collection of milk to the distribution of finished products;
- staff training and awareness;
- regular assessment of raw material suppliers;
- regulatory monitoring and adherence to voluntary compliance processes.

By implementing these measures, Lactalis boosts consumer confidence in the quality and safety of its products.

See Section 4.1 / Making food quality and safety an absolute priority for more information.

### 6.7.4 MEASURES TO MITIGATE AND PREVENT THE ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

Lactalis has disseminated and published its policies and detailed its objectives and ambitions on its priority sustainability matters in terms of environmental protection:

- animal welfare;
- greenhouse gas emissions;
- the fight against deforestation;
- packaging circularity.

These policies, as well as the policy on the use of palm oil, can be consulted on the Lactalis intranet and website.

## REDUCING THE ENVIRONMENTAL IMPACT AND CARBON FOOTPRINT OF THE GROUP'S ACTIVITIES

To reduce the environmental impact of its activities, Lactalis considers the entire life cycle of its products.

The Group's industrial environmental policy defines the principles to be followed at the Group's sites.

These principles are as follows:

- compliance with regulations;
- water management;
- atmospheric emissions, with particular attention paid to greenhouse gas emissions and their impact on global warming;
- protecting populations against industrial environmental risks;
- resource management, waste reduction, and soil pollution prevention.

The Group's Energy and Environment Department defines and updates the group's environmental procedures and is responsible for providing training on best practices.

A network of Environmental officers is in place in major countries to roll out the group's environmental policy. A reporting tool enables changes in environmental KPIs to be monitored and the implementation of action plans.

### Reduction of atmospheric emissions

In early 2022, Lactalis committed to setting targets for reducing its greenhouse gas emissions aligned with the recommendations of the Science-Based Targets initiative (SBTi). The framework set by this initiative complies with the scientific recommendations of the Paris Agreement to limit the increase in global temperatures to +1.5°C compared to pre-industrial levels. Lactalis is thus working to contribute to achieving carbon neutrality on a global scale by 2050.

In order to achieve its Net Zero ambition by 2050, the Group is committed to the following targets:

1. reduce greenhouse gas emissions from the Group's activities (scopes 1 and 2):
  - cut the Group's Scopes 1 and 2 greenhouse gas emissions by at least 46.2% by 2030 (base year 2019);
2. lead the way in terms of decarbonization across the group's value chain (scope 3):
  - cut the Group's Scope 3 FLAG absolute greenhouse gas emissions<sup>(1)</sup> by 30.3% by 2030 (reference year 2021)<sup>(2)</sup> ;
  - ensure that 73.8% of our suppliers and customers<sup>(3)</sup> in terms of emissions have science-based climate targets by 2028<sup>(4)</sup> ;
3. end deforestation across the Group's entire value chain by the end of 2025.

1) FLAG: *Forest, Land & Agriculture* .

2) Commitment to 67% of Lactalis Scope 3 FLAG GHG emissions.

3) Covering purchased goods and services, capital goods, fuel and energy activities, transport and distribution, as well as the transformation of sold products.

4) Commitment to 67% of Lactalis Scope 3 non-FLAG GHG emissions.

The Group's Climate Policy is public and can be accessed from the Group's website.

### Energy efficiency and renewable energies

To limit the impact of its industrial activities on the environment and the climate, Lactalis has an energy management policy based on three principles: energy sobriety, energy efficiency, and transition to low-carbon energy sources. Lactalis is increasingly integrating renewable energies (particularly solar and biomass) into its energy mix and encourages its sites to implement conversion projects according to the group's expected performance and objectives.

### Water management

Lactalis implements actions focusing in particular on the efficiency of washing cycles and the preventive maintenance of equipment by deploying best practices in all the countries in which it operates. Among these actions, Lactalis calls for the segregation of water uses so as to optimize the use of this resource.

Lactalis is also exploring new technologies in order to diversify the range of solutions it uses, and, in particular, the recycling of wastewater by osmosis, in countries suffering from drought or water scarcity.

### Reduction of industrial pollution, waste, and preservation of resources

Lactalis is working on the substitution of certain hazardous substances and the reduction and recovery of waste in the form of composting and methanization of sewage sludge, and the prevention of soil pollution and its treatment.

Through its industrial environmental policy, the Group undertakes to ensure that the quantities of waste generated are reduced as much as possible, sorted at the source, and recycled through sustainable channels where they exist and, at the very least, are authorized by local administrative services. The Group is also committed to handling, storing, and sorting waste under appropriate conditions to ensure environmental protection.

### Training dedicated to the environment and energy.

Lactalis provides and develops a training offer adapted to the experts in charge of these subjects. Training on environmental regulations and responsibility is also available.

## PACKAGING OPTIMIZATION AND WASTE REDUCTION

For years, packaging has been used for its emblematic values and seen as a symbol of protection and convenience for consumers. Today, they are a major source of waste.

Packaging is fundamental to maintaining the strictest food quality and safety standards applicable to dairy products. Indeed, dairy products are fragile by nature. Packaging makes it possible to offer all the nutritional benefits of dairy products to as many people as possible.

Lactalis favors the circularity of packaging and the integration of recycled materials. When these areas for improvement reach their limits, Lactalis has developed action plans to achieve the following targets <sup>(1)</sup>:

- 100% of current and future packaging solutions for pillar products and packaging for product innovations screened using an eco-design tool by 2025;
- reduce unnecessary packaging components that do not meet the specifications established for each solution;
- minimize packaging intensity by optimizing the quantities of packaging materials;
- increase the quantity of recycled material included in our packaging, at the Group level;
- ensure the recyclability of packaging through two ambitions:
  - move towards 100% recyclable packaging by design by 2025;
  - aim for 100% recyclable packaging in practice for countries with an Extended Producer Responsibility scheme;
- ensure 100% of the virgin paper used is covered by a certification by the end of 2023 <sup>(2)</sup>;
- elimination of PVC in packaging by 2025 <sup>(3)</sup>.

Lactalis raises awareness among its internal and external stakeholders about the issue of the circular economy. In this context, the Lactalis Group's ambitions are as follows:

- integrate waste management information in 100% of new graphics from 2022 and on 100% of packaging by 2025 <sup>(4)</sup>;
- develop an information module on the Lactalis Packaging Policy so that employees can become ambassadors at the Group level;
- promote events such as "World Cleanup Day" at the group level;
- partner and engage with local collective platforms and projects to develop sorting and recycling systems.

The Group's Packaging Policy is public and can be accessed from the Group's website.

## 6.7.5 RISK MITIGATION AND PREVENTION MEASURES WITHIN THE SUPPLY CHAIN

### SUPPLIER CODE OF CONDUCT (EXCLUDING MILK SUPPLY)

The Lactalis Supplier Code of Conduct aims to communicate Lactalis' vision and ambitions to all its suppliers (excluding dairy farmers) and sets out the principles to be followed in order to establish ethical, fair, and sustainable relationships.

The Lactalis Supplier Code of Conduct is based on compliance with:

- the 10 principles of the United Nations Global Compact;
- the United Nations Universal Declaration of Human Rights;
- the conventions of the International Labour Organization;
- the OECD Guidelines for Multinational Companies.

This Code of Conduct is sent to suppliers, who are invited to familiarize themselves with it and adhere to its principles. In the event of non-compliance with these principles by a supplier, Lactalis may decide to withdraw or discontinue its relationship with them.

Lactalis also rolls out a Food Quality and Security Charter for ingredients, raw dairy materials, and packaging: by signing this charter, suppliers undertake to accept Lactalis audits for the purpose of validating and assessing food quality and safety criteria, and follow-up audits.

### CLIMATE ACTION

#### Milk supply

With milk supply accounting for more than 95% of the Group's total Scope 3 FLAG carbon footprint, Lactalis is actively working with its partnering farmers to cut GHG emissions at the dairy farm level.

Since 2023, Lactalis has implemented roadmaps to cut GHG emissions associated with milk supply in 11 pilot countries <sup>(5)</sup>, representing approximately 70% of its global raw milk collection. Each roadmap covers the 2024-2030 period and includes concrete projects to cut GHG emissions at a dairy farm level. Lactalis' Milk Supply teams in the 11 countries have played a major role in defining these roadmaps, ensuring that they are both ambitious and technically feasible.

1) Ambition on a set of 23 countries accounting for 85% of Lactalis Group revenue in 2019. All acquisitions since December 2019 are excluded at this stage.

2) Ambition on a set of 23 countries accounting for 85% of Lactalis Group revenue in 2019. All acquisitions since December 2019 are excluded at this stage.

3) Ambition on a set of 23 countries accounting for 85% of Lactalis Group revenue in 2019. All acquisitions since December 2019 are excluded at this stage.

4) Ambition on a set of 23 countries accounting for 85% of Lactalis Group revenue in 2019. All acquisitions since December 2019 are excluded at this stage.

5) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi subsidiary acquired in 2023), Spain, Sweden, the United Kingdom and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries).

Since 2024, these roadmaps have been implemented in the 11 countries; they include common actions to all countries, such as carbon assessments and the training of dairy technicians, but also specific projects depending on the context of each country (see section 5.2.4 / Milk supply).

In addition, the group plans to define similar roadmaps for 10 additional countries<sup>(1)</sup>, based on around 500 carbon assessments performed in these countries in 2023.

**Non-agricultural supply chain**

With regard to suppliers, excluding dairy farmers (Scope 3 non-FLAG), Lactalis assesses the maturity of its suppliers that contribute the most in terms of climate emissions, but also the alignment of their climate trajectory with the Group's trajectory via an annual questionnaire (see section 5.2.5 / Non-agricultural supply chain).

**FIGHT AGAINST DEFORESTATION**

Lactalis is committed to putting an end to deforestation caused by the use of the main agricultural raw materials associated with the loss of forest areas, i.e., soybeans, palm oil, virgin paper, firewood, coffee, and cocoa.

The approach to implementing the Lactalis Forest Policy is based on the following areas:

- identifying the exposure of Lactalis activities to the commodities most at risk of deforestation;
- covering volumes consumed by direct purchases and agricultural supplies, through advanced traceability or certificates guaranteeing that they come from a production area that already had this function before December 31, 2020;
- raising awareness among stakeholders, and in particular suppliers and partnering farmers, of the potential impacts of untracked volumes;
- assessing the exposure of partnering farmers to deforestation through soybeans and palm oil in animal feed;
- dialogue with non-governmental organizations and other pre-competitive platforms to improve the collective identification of volumes at risk of deforestation/conversion.

The Group's Forest Policy is public and can be accessed from the Lactalis' website (see 5.3 / Fighting against deforestation).

**Palm oil and derivatives**

Lactalis is determined to purchase volumes of palm oil and derivatives that are traceable and covered by RSPO Mass Balance or Segregated certifications. Lactalis has been a member of the Round Table on Sustainable Palm Oil (RSPO) since 2010 and is continually expanding the coverage of its certifications.

Lactalis has defined a roadmap to achieve RSPO certification for its palm oil volumes. This certification guarantees the absence of deforestation, the preservation of peatlands, the protection of human rights, and decent remuneration for plantation workers. Lactalis has set itself the following targets<sup>(2)</sup>:

- 100% of the palm oil and derivative products purchased will be RSPO Segregated certified by the end of 2025;
- 100% of the palm oil and derivative products purchased will be traceable back to the mill by the end of 2025;
- 100% of direct palm oil suppliers will have completed at least a Sedex self-assessment by the end of 2025;
- a hotline will be available by 2026. This will make it possible to collect and process reports of practices in the Group's palm oil (and derivatives) value chain that are in breach of workers' rights and the rights of local communities, as well as those that are harmful to the environment;
- Lactalis will participate in at least one initiative to support small palm farms each year, starting in 2023;

The Group's Palm Oil Policy is public and can be accessed from Lactalis' website.

**Paper and cardboard**

To reduce the risk of deforestation related to its paper and cardboard packaging supply chain, Lactalis has committed to ensuring that 100% of its purchases of virgin paper for its packaging are certified as responsibly sourced.

**Animal feed**

In 2021, Lactalis signed a partnership with the Earthworm Foundation to determine its actual exposure to the risks of deforestation related to animal feed using an assessment tool. This tool will make it possible to estimate the volumes of products derived from soybeans and palm used in feed rations for dairy cows in 11 of the group's largest milk collection countries. With the Earthworm Foundation, Lactalis also measures the traceability of these flows.

In Sweden, Lactalis also took part in the Soy Dialogue Initiative to adopt a soybean traceability process: 100% of the soybeans used by Swedish farmers will be certified sustainable (RTRS or ProTerra) and will not come from any biodiversity reserve affected by deforestation.

1) Croatia, the Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland and Turkey.  
 2) For all ingredients containing palm oil and derivatives labeled as fats used for finished products intended for human and animal consumption manufactured by Lactalis and designed as indirect products co-manufactured by SANULAC, excluding Egypt and other co-manufacturers at this stage. All acquisitions since December 2020 excluded at this stage.

## ANIMAL WELFARE

Lactalis has published its animal welfare policy. The group aims to apply it to all animals in its supply chain, regardless of the associated finished product. The version currently in force concerns three products of animal origin in the group's supply chain: raw milk (dairy cows and calves), dairy ingredients (dairy cows and calves), and shell eggs and egg products used as ingredients (laying hens).

The group's animal welfare policy is public and can be accessed on Lactalis' website [5.6 / Caring for animals all along our value chain](#).

### Raw milk (dairy cows and calves)

The group has made five main commitments concerning raw cow's milk:

1. ensuring that all its partnering farms are not responsible for any acts of animal cruelty and comply with local and international regulations;
2. enrolling direct partnering farms <sup>(1)</sup> (and indirect ones where possible) in a process of continuous improvement, phasing out the most problematic practices, and implementing the best ones;
3. advocating for the implementation, deployment, and reinforcement of ambitious national animal welfare standards;
4. collaborating with its stakeholders to improve scientific knowledge and develop innovations on animal welfare;
5. reporting publicly and annually on its actions and progress.

Initially, the group focused its efforts on its direct volumes in 11 pilot countries <sup>(2)</sup> (representing approximately 43% of its global raw milk collection) and on 10 animal welfare topics. Specifically, within these 11 pilot countries, the Group is committed to:

- training 100% of its dairy technicians in animal welfare best practices by the end of 2023, through the internationally recognized CowSignals® training program;
- assessing 100% of direct volumes by the end of 2025;
- prioritizing its work on the following sensitive topics: tethering, bedding space, calves in groups, access to pasture, effective species-specific environmental enrichment, growth hormones, antibiotics, disbudding/dehorning, tail docking, and animal-derived proteins in feed;

In 2024, Lactalis extended its efforts to its direct volumes in 10 additional countries <sup>(3)</sup> (representing approximately 11% of its worldwide raw milk collection). Specifically, within these 10 countries, the group is committed to:

- training 100% of its dairy technicians in animal welfare best practices by the end of 2024, through the internationally recognized CowSignals® training program;
- assessing 100% of direct volumes by the end of 2027;
- prioritizing its work on the same key topics listed above.

### Dairy ingredients (dairy cows and calves)

Regarding dairy ingredients other than raw milk (e.g., milk powder), the group's "animal welfare" approach is part of its Responsible Purchasing Policy overseen by the Group's Purchasing Department.

In the context of this policy, Lactalis' dairy ingredients suppliers must adhere to two documents:

- the Supplier Code of Conduct, which details the conduct to be adopted with regard to various topics, including animal welfare. This Code of Conduct is sent to suppliers, who are invited to familiarize themselves with it and adhere to its principles. In the event of non-compliance of a supplier with these principles, Lactalis may decide to withdraw or discontinue its relationship with them;
- a Food Quality and Safety Charter for ingredients, dairy raw materials, and packaging. By signing this charter, suppliers undertake to accept Lactalis audits for validation, assessment, and follow-up purposes.

### Shell eggs and egg products (laying hens)

The Group uses shell eggs and egg products as ingredients in some of its recipes, and its dairy desserts in particular.

Like for dairy ingredients, the Group's "animal welfare" approach on shell eggs and egg products is part of its Responsible Purchasing Policy, overseen by the Group's Purchasing Department.

In concrete terms, the Group has set the following commitments for its sourcing of shell eggs and egg products used as ingredients <sup>(4)</sup>:

- in the European Union, the group has committed to stop purchasing of shell eggs and egg products coming from caged systems ("Code 3") since 2021;
- at global level, the group will stop purchasing shell eggs and egg products coming from caged systems ("Code 3") by the end of 2025.

1) A farm supplying raw milk to Lactalis is considered as "direct" if a) there is an individual contract between Lactalis and the Farm Manager and/or b) Lactalis can propose to the Farm Manager, individually, a plan to improve their farming practices without having obtained the prior formal agreement of any third party (e.g. a cooperative). In all other cases, the farm is considered as "indirect" (this includes, in particular, farms delivering milk to Lactalis *via* brokers).

2) Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi subsidiary acquired in 2023), Spain, Sweden, the United Kingdom and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries).

3) Croatia, the Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland and Turkey.

4) Excluding purchases of eggs and egg products used by R&D departments.

## 6.8 WHISTLEBLOWING SYSTEM

The Lactalis reporting platform (“Lact@lert”) enables employees and external stakeholders to report any situation that is against the law through a secure platform: violation of human rights, fundamental freedoms, occupational Health and Safety, the environment, food safety, and hygiene rules, among others.

These reports are collected directly by the Group Compliance Committee, which examines them in a strictly confidential manner, in accordance with its rules of procedure.

The reporting platform is available on Lactalis' website and at the following address:

<https://www.bkms-system.com/Lactalis>

## 6.9 MONITORING MEASURES AND ASSESSING THEIR EFFICACY

Lactalis deploys the Vigilance Plan in each group subsidiary.

As stated previously, Lactalis has set up a dedicated reporting and monitoring process for the various vigilance-related issues.

The Group's CSR Department maintains a CSR dashboard that details the sustainability performance of the operating divisions using KPIs on three priority topics for Lactalis (climate, animal welfare, packaging), as well as palm oil. The CSR dashboard also assesses the construction and alignment of national roadmaps with the group's objectives. It is presented every year to the Group's Management Committee.

In addition to the CSR dashboard, Lactalis monitors KPIs to assess the effectiveness of the measures. These KPIs are presented to the Strategic Committee in charge of vigilance and are also included in the vigilance plan report.

Thanks to the governance in place (see Section 6.2 / Governance), the Strategic Vigilance Committee will monitor the effectiveness of actions and may request adjustments if necessary.

## 6.10 REPORT ON THE 2024 VIGILANCE PLAN

### 6.10.1 SUMMARY OF VIGILANCE INDICATORS

Lactalis has set up a dedicated reporting and monitoring process for the various issues related to its duty of care. The central Departments carry out awareness-raising and support work with the group's various subsidiaries to ensure that vigilance measures are understood, applied, and monitored throughout Lactalis.

Below are the indicators for 2024 relating to risks identified by Lactalis in the context of the implementation of the vigilance plan in the Group's activities and with regard to its suppliers:

Issue	Indicators*	2023	2024
<b>Health and Safety within the Group's activities</b>	Number of personal Health and Safety audits carried out	9	4
	Percentage of women in leadership positions	28.2%	27.7%
<b>Social issues within the Group's activities</b>	Percentage of target Human Resources teams trained in the Social Dialogue Model	67.0%	70.5%
	Number of Group Quality audits	103	84
<b>Food safety and quality</b>	Number of advisory visits	62	118
	Percentage of industrial activities certified according to at least 1 of the 5 ISO 22000, FSSC 22000, IFS, BRC, SQF certificates	85%	88%
<b>Issues related to suppliers and subcontractors</b>	Percentage of purchased volumes of palm oil and derivatives covered by sustainable certification	87%	92%
	Number of suppliers audited by the Lactalis Supplier Audit team	343	333
	Number of subcontractors audited by the Lactalis Supplier Audit team	160	112
<b>Animal welfare</b>	Percentage of direct annual volume of collected raw milk in the 11 pilot countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years)	61%	75%
	Percentage of direct annual volume of collected raw milk in the 10 additional countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years)	45%	60%
	Percentage of indirect annual volume of collected raw milk in the 21 countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years)	59%	61%
	Percentage of annual volume of purchased shell eggs worldwide coming from cage-free systems	100%	100%
	Percentage of annual volume of purchased egg products worldwide coming from cage-free systems	91.85%	92.06%
<b>Packaging circularity</b>	Percentage of volumes of virgin cardboard covered by a sustainable certification	89.8%	95.9%
	Percentage of recycled material in our packaging	31.3%	32.3%
	Metric tons of PVC in our packaging	616	866
	Percentage of packaging recyclable by design	83.8%	82.8%
<b>Environmental issues within the group's activities</b>	Number of internal environmental site audits carried out	57	68

\* See the methodological note for comments regarding the scope of the indicators.

6.10.2 SUMMARY OF ACTIONS IMPLEMENTED IN 2024

Type of risk concerned	Summary of alerts and actions to implement the vigilance plan in 2024
<b>Health Safety</b>	<p>Lactalis has reviewed its Food Quality and Safety strategy “Act For Quality, because we care.”</p> <p>Lactalis has launched an employee information and awareness campaign based on this strategy.</p> <p>At the same time, the group’s withdrawal and recall procedures, pathogen plans, and internal documentation are constantly evolving to meet changes in regulatory requirements.</p>
<b>Human Rights</b>	<p>Lactalis has developed a project to promote social dialogue on 30 sites in 10 countries.</p> <p>The Group’s Diversity, Equity, and Inclusion Policy was signed by the Chief Operating Officer, thus formalizing Lactalis’ commitments. It was rolled out in all the Group’s countries, and employee training was carried out on a large scale via a digital training challenge on Diversity, Equity and Inclusion: 13,000 employees completed at least one of the six modules, and 6,700 employees completed all modules.</p> <p>Lactalis has a human rights risk management tool for its activities and the activities of its value chain.</p>
<b>Health and safety</b>	<p>Lactalis monitors the implementation of Health &amp; Safety action plans in all countries is working on the deployment of a reporting tool for Health &amp; Safety indicators and continues to raise awareness.</p> <p>In addition, Lactalis took part in World Health and Safety Day, during which many subsidiaries held events.</p>
<b>Environment</b>	<p>The Lactalis climate roadmap was validated by SBTi in July 2024.</p> <p>With regard to the Industrial Environment section, Lactalis is continuing to implement environmental action plans in all countries and is strengthening its environmental reporting using a dedicated tool (see Section 5. / Protecting the planet and its resources).</p> <p>Regarding its milk supply, in 2024, the Group continued and widely extended carbon assessments, in particular using the Cool Farm Tool. Lactalis’ dairy technicians assessed around 4,400 farmers in the 11 pilot countries (representing around 31% of the direct farms in these countries) and around 750 farmers in the 10 additional countries (representing 21% of farms in these countries). In addition, Lactalis has implemented several concrete projects to support its partnering farmers in reducing their carbon footprint through technical support, financial support, and Research and development (see 5.2.4 / Milk supply).</p>
<b>Responsible purchasing and biodiversity</b>	<p>Lactalis continued to roll out the Supplier Code of Conduct.</p> <p>The company has included in its 2024 action plan the use of a risk management tool related to Human Rights, the environment, health, safety, and ethics for its suppliers.</p> <p>Lactalis has included in its 2024 action plan the use of a CSR risk management tool related to its value chain.</p>
<b>Animal welfare</b>	<p>As part of its partnership with CowSignals®, an organization specializing in animal welfare training, Lactalis has trained 50 dairy technicians, bringing the total number of technicians trained to around 240 since the launch of the approach (i.e., 97 % of dairy technicians in 21 countries).</p> <p>In the field, assessments of direct partnering farms on animal welfare using the Lactalis internal method were continued in the 21 countries: around 4,400 direct farmers were assessed in the 11 pilot countries (i.e., 31% of direct farms in these countries) and around 750 direct farmers were assessed in the 10 additional countries (i.e., 21% of direct farms in these countries).</p> <p>Various awareness-raising and/or training activities for farmers on animal welfare have been carried out by Lactalis’s Country Milk Supply Department, for both direct and indirect volumes, particularly the publication of technical guides and the organization of face-to-face or online training.</p> <p>Lactalis has published its second progress report on animal welfare (2022 data).</p> <p>Regarding the supply of shell eggs and egg products, Lactalis continued its work with its suppliers to ensure that all volumes purchased come from cage free systems by the end of 2025. Progress has been made in Australia (all volumes have been converted since May 2024), and trials have been carried out in Türkiye to study the feasibility of the conversion (see 5.6 / Caring for animals all along our value chain).</p>
<b>Packaging circularity</b>	<p>Lactalis has continued to implement its roadmaps for the implementation of the packaging policy in 21 priority countries (Russia and Ukraine left the initial scope of the 23 countries). At the same time, an eco-design tool for packaging has been selected and is being rolled out internationally to teams trained in its use.</p> <p>At the same time, Lactalis has worked on strengthening its packaging reporting process and on a digital training module to make the Packaging Policy known to all employees. This training will be available in 2025.</p> <p>Numerous projects to improve the recyclability of packaging and reduce packaging have been carried out (see Section 5. / Protecting the planet and its resources).</p> <p>Lactalis organized the World Cleanup Day 2024 event to raise employee awareness of waste management: 2,855 employees in 38 countries took part and collected more than 38 metric tons of waste.</p>

# 7. METHODOLOGICAL NOTE

## 7.1 ORGANIZATION OF CSR REPORTING

The Group CSR team is in charge of the annual CSR reporting. It relies on:

- the central technical services (Purchasing, Quality, Milk Supply, Energy and Environment, Supply Chain, Human Resources, Health & Safety, Nutritional Marketing and Compliance);
- CSR referents in the group's various entities, who are responsible for distributing CSR reporting instructions and sharing the best country practices.

The CSR team and the central technical services prepare and update KPI sheets, which are distributed to all employees in charge of technical reporting.

## 7.2 TIME AND GEOGRAPHICAL SCOPE OF REPORTING

The data used to calculate the various indicators covers the period from January 1, 2024, to December 31, 2024.

The previous report covered the period from January 1, 2023, to December 31, 2023.

The scope of the activity covered by the various indicators is as follows:

Theme	KPI	Scope covered in 2024	Coverage rate 2024
QUALITY	Percentage of industrial activities certified according to at least 1 of the 5 ISO 22000, FSSC 22000, IFS, BRC, SQF certificates	Group scope excluding Russia, sites producing animal feed, inter-sites, collection sites, and refining cellars (without production site)	99% of Group revenue
	Percentage of leadership positions recruited through internal promotion	Group scope	100% of the Group's workforce
	Engagement rate (according to the managerial survey)	Group scope excluding Russia and Belarus: managerial survey waves of 2023 and 2024	97.3% of the Group's workforce
SOCIAL/HR	Resignation rate	Group excluding the following entities: <ul style="list-style-type: none"> <li>• Nutrition Asia;</li> <li>• R&amp;D except France;</li> <li>• HawkrIDGE UK</li> </ul>	99.9% of the Group's workforce
	Percentage of target Human Resources teams trained in the Group's Social Dialogue Model	Group excluding the following entities: <ul style="list-style-type: none"> <li>• Nutrition Asia;</li> <li>• R&amp;D except France;</li> <li>• HawkrIDGE UK.</li> </ul>	99.9% of the Group's workforce
	Percentage of women in leadership positions	Group excluding the following entities: <ul style="list-style-type: none"> <li>• Nutrition Asia;</li> <li>• R&amp;D except France;</li> <li>• HawkrIDGE UK.</li> </ul>	99.9% of the Group's workforce

## 7. METHODOLOGICAL NOTE

Theme	KPI	Scope covered in 2024	Coverage rate 2024
<b>ANIMAL WELFARE (raw milk from cows)</b>	Percentage of direct annual volume of collected raw milk in the 11 pilot countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years)	Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi business unit acquired in 2023), Spain, Sweden, the United Kingdom, and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries).	89% of the total volume of raw cow's milk collected by Lactalis worldwide
	Percentage of direct annual volume of collected raw milk in the 10 additional countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years)	Croatia, Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland, and Turkey.	
	Percentage of indirect annual volume of collected raw milk in the 21 countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years)	Australia, Belgium, Brazil, Canada, France, Germany, Italy (excluding the Ambrosi business unit acquired in 2023), Spain, Sweden, the United Kingdom and the United States of America (Lactalis American Group and Lactalis US Yogurt subsidiaries), Croatia, Czech Republic, the Netherlands, Poland, Portugal, Romania, Slovenia, South Africa, Switzerland, and Turkey	
<b>ANIMAL WELFARE (Shell eggs and egg products from laying hens)</b>	Percentage of annual volume of purchased shell eggs in the EU coming from cage-free systems	All Group activities in the European Union, excluding R&D volumes.	100% of the total volumes of shell eggs and egg products purchased by the Group in the European Union (excluding R&D volumes)
	Percentage of annual volume of purchased egg products in the EU coming from cage-free systems		
	Percentage of annual volume of purchased shell eggs worldwide coming from cage-free systems	Group scope, excluding Russia and the Marie-Morin Canada business unit acquired in 2023, excluding R&D volumes.	94% of the total volumes of shell eggs and egg products purchased by the group worldwide (excluding R&D volumes)
	Percentage of annual volume of purchased egg products worldwide coming from cage-free systems		
<b>ENERGY/CLIMATE</b>	Energy consumption (kWh LHV/kg finished products) This KPI concerns the industrial sites and warehouses linked to these sites (excluding independent warehouses outside France) as well as, for France, offices, and independent warehouses.	France, Canada, Brazil, Spain, Italy, the United States, Australia, South Africa, Turkey, Germany, India, Croatia, Romania, Sweden, Slovenia, Poland, Czech Republic, Belgium, Portugal, United Kingdom, Switzerland, Serbia, Bosnia, Hungary, Macedonia, Greece, Netherlands, Luxembourg	89.6% of the Group's production volume
	Scope 1 GHG emissions from industrial sites, warehouses, and vehicle fleet (tCO <sub>2</sub> eq)		
	Scope 1 biogenic emissions from industrial sites, warehouses, and vehicle fleet (tCO <sub>2</sub> eq)		
	Scope 2 GHG emissions from industrial sites, warehouses, and vehicle fleet (tCO <sub>2</sub> eq)		

## 7. METHODOLOGICAL NOTE

Theme	KPI	Scope covered in 2024	Coverage rate 2024
<b>ENVIRONMENT</b>	Number of environmental trainings provided in France	France	100% of the France production volume
	Percentage of production sites ISO 14001 certified among IED sites	These KPIs concern the industrial sites and warehouses linked to these sites (excluding independent warehouses outside France) as well as, for France, offices, and independent warehouses, for the following countries:	89.6% of the Group's production volume
	Water withdrawal (L/kg finished products)		
	Wastewater discharge (L/kg finished products)	France, Canada, Brazil, Spain, Italy, the United States, Australia, South Africa, Turkey, Germany, India, Croatia, Romania, Sweden, Slovenia, Poland, Czech Republic, Belgium, Portugal, United Kingdom, Switzerland, Serbia, Bosnia, Hungary, Macedonia, Greece, Netherlands, Luxembourg	
<b>RESPONSIBLE PACKAGING AND CIRCULAR ECONOMY</b>	Percentage of volumes of virgin cardboard covered by a sustainable certification	France, Canada, Italy, USA, Brazil, Spain, Australia, Turkey, Germany, Sweden, the UK, South Africa, Romania, Poland, Switzerland, Belgium, Croatia, Portugal, the Netherlands, the Czech Republic, Slovenia	85% of Group revenue
	Percentage of recycled material in our packaging		
	Metric tons of PVC in our packaging		
	Percentage of packaging recyclable by design		
<b>FORESTS AND BIODIVERSITY</b>	Percentage of purchased volumes of palm oil and derivatives covered by sustainable certification	Group scope	100% of Group revenue
<b>HEALTH &amp; SAFETY</b>	Frequency rate of workplace accidents with employee lost time (Employee FR1)	Group scope	100% of the Group's workforce
	Workplace accidents with and without lost time frequency rate for employees and temporary workers (FR2)		
	Severity rate for employees		
<b>NUTRITION</b>	Percentage of volumes of products subject to internal recommendations for total sugars (flavored and ultra-fresh milk categories: yogurts, desserts, gourmet desserts) compliant vs. total volume of recommended products taken into account	France (Mainland & DOM TOM), Canada, Italy, USA, Brazil, Spain, Australia, Germany, Sweden, the UK, South Africa, Romania, Poland, Switzerland, Benelux, Croatia, Portugal, Czech Republic, India, Turkey, Luxembourg, the Netherlands, Saudi Arabia, Slovenia, Kazakhstan	89% of Group-brand revenue (excluding infant & specialized nutrition and B2B ingredients)
	Percentage of processed cheese volumes subject to internal sodium-based salt recommendations (reiquijo categories, cream cheeses, portions, slices, etc.) versus total volume of processed cheeses under recommendations taken into account		

### 7.3 REFERENCE FRAMEWORK

The reference framework for calculating and establishing performance indicators is available on request by email: [sustainability@fr.lactalis.com](mailto:sustainability@fr.lactalis.com)

Acquisitions are included in the CSR reporting within three years of their consolidation by the Lactalis group.

## 7.4 ORIGIN AND CONSOLIDATION OF DATA

### 7.4.1 SOCIAL INDICATORS

The number of employees (Headcount), full-time workforce (FTW), and the number of hours worked are taken from the Group's HR Management Control information system.

The number of employees and FTWs does not include interns. However, they take into account fixed-term contracts and apprentices. FTWs take into account temporary workers.

Information on the number of resignations and the number of women in leadership positions is taken from the HR reporting provided by the network of HR Managers.

The term "leadership" position means the following:

- at the Group's head office: the CEO and Chief Operating Officer, members of the Group's Executive Committee and Management Committee, and all people who report directly to a member of the Group's Executive Committee;
- in the countries: the General Manager and the people who report to him/her, as well as all the members of the Executive Committee of the business unit, if one exists in the country, as well as plant management positions;
- in France, the calculation of the number of women in leadership positions takes into account the two highest hierarchical levels as defined in the branch classification of the dairy industry.

Information on the employee engagement rate is extracted from the external survey software used by Lactalis. The results of the survey are valid for two years. Thus, the engagement rate for the current year also includes the results of the surveys conducted in the previous year.

Information on internal promotions for leadership positions is taken from the analysis of appointment announcements from the group's countries and head office. The data is also verified via the up-to-date organizational charts, online on the internal talent management software, and the lists of employees participating in the leadership integration program. It is specified that it is the number of internal promotions that is counted, and not the number of people promoted internally during the year.

The percentage of HR Managers trained in the Group's social model is based on the annual report conducted by local HR. The training has no validity period. The HR Managers involved in these training courses are those who are in regular contact with the unions and employees.

For the calculation of the resignation rate, departures concern permanent or temporary employees who leave Lactalis voluntarily, regardless of their level. Terminations of trial periods, whether initiated by the employer or the employee, are excluded. Dismissals and redundancies are also excluded.

The calculation is based on the physical workforce and the number of employees on December 31 of the current year.

The resignation date corresponds to the end of the contract (regardless of the employee's situation in the days preceding this date).

### 7.4.2 HEALTH & SAFETY INDICATORS

The number of hours worked is taken from the Group's HR Management Control information system and concerns Group employees.

The number of days off work and the number of employee accidents are reported by the sites to the Group's Health and Safety Department, which is responsible for consolidating the data.

### 7.4.3 ENVIRONMENTAL INDICATORS

Information concerning energy consumption, water consumption, and water discharge is collected by the sites using meter readings or invoices and transmitted and then consolidated by the Group Energy and Environment Department using a reporting tool.

These KPIs concern:

- industrial sites engaged in the production of semifinished products: milks, yogurts, powders, cheeses, butter, fruit juices, cold meats;
- pasteurization or cutting/packaging sites located at a site physically separate from the production activity;
- the sites where the milk is prepared before it is sent to other manufacturing sites;
- sites exercising only a tertiary activity (offices, head offices, etc.) in France;
- logistics sites only in France.

Sites carrying out only one activity are excluded:

- office (outside France);
- an independent logistics site (outside France);
- collection center with pasteurization.

The KPI for the percentage of ISO 14001-certified production sites is taken from the Group's Energy and Environment reporting. The date of the certificate is taken into account rather than the date of the external audit for reporting purposes. Industrial sites that joined Lactalis less than five years ago are excluded.

The KPI relating to the number of training courses (people trained) on the environment is calculated for the France scope and concerns the following training courses:

- environmental regulations;
- environmental management;
- ICPE/best practices/treatment plants;
- treatment plants: monitoring and management of spreading.

## 7. METHODOLOGICAL NOTE

This includes employees in France, including people who left the company during the year, after having completed the training course(s).

E-learning training courses and employees who have completed the training but do not fall within the France scope are excluded.

Training data is extracted from the training software managed by the Human Resources Department and is monitored by the Energy and Environment Department.

### 7.4.4 GREENHOUSE GAS EMISSION INDICATORS

The CSR Department is in charge of calculating the Group's greenhouse gas emissions annually using the GHG Protocol methodology.

The input data used in the calculation comes from the Energy and Environment and Supply Chain departments.

The reporting of Energy and Environment data is detailed in the paragraph above.

The Group's Supply Chain Department asks its country officers to report all the information concerning vehicles used by Lactalis (owned directly or under long-term leases), fuel consumption, and kilometers traveled, as well as information on energy consumption for warehouses independent of industrial sites. Some warehouse energy consumption data has been estimated via a surface approach. Supply Chain reporting is carried out between December of the previous year and November of the current year;

Warehouses, over which Lactalis has operational control, its own vehicle fleets, and industrial sites are included.

The following are excluded from scopes 1 and 2 calculations:

- assets other than industrial sites, warehouses, and vehicles, as these emissions are not considered significant;
- emissions related to refrigerant leaks in independent warehouses and refrigerated trucks;
- energy consumption related to the pumps of tank trucks or refrigeration units on trailers.

The conversion factors used come from several external databases and are communicated by an external service provider. Scope 2 emissions are presented using the market-based method.

The reference year chosen by Lactalis is 2019 for the calculations relating to scopes 1 and 2. Lactalis will adjust its calculations related to the reference year for any change greater than 5% in the cumulative emissions of scopes 1, 2, and 3 of the reference year. The reference year may be recalculated in the following cases:

- a significant acquisition: if the acquisition takes place in the middle of the year, the acquisition year and the reference year will be recalculated for the entire year. The recalculation will take place within three years of the acquisition;
- a change in the calculation methodology or improvement in the quality of emission factors or data;
- the discovery of errors or other changes. Lactalis will recalculate the emissions for its reference year in the event of a significant difference;
- significant changes in the Group's organizational or operational limits (e.g., transition from an operational approach to a financial control approach, or the inclusion of a new Scope 3 emission category).

Adjustments to the reference year may be calculated at the beginning of each calendar year and will be made public.

The data for 2023 has been recalculated for the scope of reporting in 2024.

### 7.4.5 FOREST AND BIODIVERSITY INDICATOR

The information concerning the percentage of volumes of certified palm oil comes from the reports produced by the Group Purchasing Department. The report concerns the quantities of palm oil and derivatives purchased by the Group's Purchasing Department, whether for human food or animal feed (via Lactalis Ingrédients).

The certification referred to in the palm oil indicator is the RSPO (Mass Balance and Segregated) certification.

### 7.4.6 ANIMAL WELFARE INDICATORS

Information concerning the indicators on the animal welfare of dairy cows and calves comes from a specific report coordinated by the Milk Supply and CSR Departments.

For each farm, the volume of raw milk collected by Lactalis is considered "direct" if:

- there is an individual contract between Lactalis and the Farm Manager;
- and/or Lactalis can propose to the Farm Manager individually, a plan to improve his farming practices, without having obtained a prior formal agreement of any third party (e.g., a cooperative).

Otherwise, the farm is considered "indirect" (including volumes coming from brokers and spot milk).

For each farm, the annual volume of raw milk collected by Lactalis corresponds to the total quantity of raw milk delivered by the farm to Lactalis during the reference year (from January 1 to December 31). Volumes of milk collected on behalf of third parties (for example, as part of "swaps" with another dairy) are excluded.

## 7. METHODOLOGICAL NOTE

A farm is considered to be regularly assessed for animal welfare according to the Lactalis internal assessment method or an ambitious national standard if it is subject to one of the following assessments at least once every three years: Lactalis internal assessment, ProAction (Canada), Charte des Bonnes Pratiques d'Élevage version 2022 (France), QM-Milch (Germany), ClassyFarm system (Italy), Certificado "Welfair" (Spain, Portugal), Red Tractor Assurance Scheme (United Kingdom), the FARM Program (United States), Keten Kwaliteit Melk-programma protocol (the Netherlands). Since the Swiss guidelines ("Technical guidelines for the protection of animals in cattle") objectively apply ambitious animal welfare standards, Swiss farms are also deemed to be regularly assessed in terms of animal welfare.

Information concerning indicators on the animal welfare of laying hens is extracted annually from the Group's Purchasing management control information system.

Purchases of eggs and egg products used by the R&D departments are not covered by the indicator.

### 7.4.7 FOOD SAFETY INDICATOR

The food quality and safety indicator is taken from the Group's annual Quality reporting on the production sites.

The food safety management standards recognized as part of this report are: ISO 22000, FSSC 22000, IFS, BRC, and SQF.

The certification must be completed or valid on December 31 of the current year to be taken into account.

In the event that a plant renews its certification, the new certificate can be received up to 90 days after the end of the audit.

If a site has several activities, each of the certified activities is included in the reporting. One activity is associated with one health approval.

The following were excluded from the reporting: pasteurization sites (without production sites), milk collection sites, animal feed production sites, and sites that only deliver to other Lactalis sites, as well as sites in Russia.

### 7.4.8 PACKAGING INDICATORS

Indicators relating to packaging and the circular economy are taken from the specific reporting carried out by the Purchasing Departments of the countries concerned: this annual reporting covers the volume of packaging materials purchased (by material), as well as information on their virgin or recycled origin. The metric tons of PVC are also calculated on this basis.

The scope of reference concerns primary, secondary, and tertiary packaging excluding pallets, for the Group's brands and private labels.

A recycled material is defined as a post-consumption material that is reprocessed, by means of a manufacturing process, into a product or a component incorporated into a product or a secondary (recycled) raw material (excluding energy recovery and use of the product as fuel).

Packaging is considered recyclable by design according to an internal classification by material.

The certifications recognized under the indicator on the percentage of virgin paper covered by a sustainable certification are FSC, PEFC, or SFI.

### 7.4.9 NUTRITION INDICATORS

The Group's nutritional indicators are based on the compliance rate of branded products with a sugar recommendation or processed cheeses with a sodium-based salt recommendation.

This compliance rate is established on a regular basis by the Group's Marketing and Sales Department under the coordination of the Nutrition Marketing Director and under the governance of the Strategic Nutrition Committee.

This monitoring is limited to the countries within the defined scope to achieve a representative rate of 89% of the Group's revenue from brands.

The total salt or total values are those labeled (or, if not indicated or required by local regulations, those analyzed or defined by R&D) related to 100 g or 100 ml of the product and communicated according to the local organizations by the country's marketing, quality or R&D departments.

The sugar or salt compliance rates are established on the basis of the volumes sold of products under recommendation and compliant, reduced to the total volume sold of products under the sugar or salt recommendation and reported (products not reported are not taken into account in the calculation of the compliance rate, but this missing volume is evaluated in addition for the proper monitoring of the representativeness of the indicator).

- The following are excluded from this monitoring:
  - products intended for a particular diet (sports nutrition, senior renutrition, etc.); ;
  - infant products,
  - industrial ingredients or products.
- The following are not subject to a sugar recommendation:
  - plain yogurts and plain milk,
  - powdered or condensed milks not consumed as they are,
  - ultra-indulgent desserts (pastry desserts, butterscotch, etc.).
- Only processed cheeses are subject to a salt recommendation due to their nature, except:
  - processed cheeses incorporating blue cheese (Roquefort, etc.), Parmesan or Grana Padano, which are, by nature, saltier and not subject to a specific WHO recommendation.

Where data for 2024 is missing, data from previous years has been used. These reversals are plotted and quantified in the update rate of the data used to calculate the indicator for the current year.

## 7.5 DATA CONTROL AND VERIFICATION

- Internal verification: the data from the aforementioned reports is checked by the technical services and the CSR team. They validate the consistency and plausibility of the data. To this end, consistency tests are carried out on the indicators, changes are identified and justified.
- External verification: certain data is audited by an independent third party: the list of audited data is specified in the appendix of the opinion. Verification takes place at three levels, depending on data availability:
  - at production site level for information concerning energy, water, environment, and health & safety;
  - at country or business unit level for information on social issues, animal welfare, biodiversity, health & safety, kilometers traveled, vehicles, and fuel consumption, energy consumption for independent warehouses of industrial sites;
  - at the Group level for all KPIs listed in the appendix of the opinion.

## 7.6 COMPARABILITY

The geographical reporting scope has been extended for most of the indicators presented in this report between 2023 and 2024. This change does not make it possible to compare the indicators from one year to another.

# 8. CROSS-REFERENCE TABLES

## 8.1 CROSS-REFERENCE TABLE WITH THE GRO STANDARD

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>Elements of the Sustainability Statement in line with GRI requests</b>
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	1. / Presentation of Lactalis
	2-2 Entities included in the organization's sustainability reporting	7. / Methodological note
	2-3 Reporting period, frequency, and contact point	7. / Methodological note
	2-5 External assurance	9. / Verification by an Independent Third Party
	2-6 Activities, value chain, and other business relationships	1. / Presentation of Lactalis
	2-7 Employees	3.2.1 / Lactalis employees
	2-9 Governance structure and composition	1. / Presentation of Lactalis
	2-10 Nomination and selection of the highest governance body	1. / Presentation of Lactalis
	2-12 Role of the highest governance body in overseeing the management of impacts	1. / Presentation of Lactalis
	2-13 Delegation of responsibility for managing impacts	1. / Presentation of Lactalis
	2-14 Role of the highest governance body in sustainability reporting	1. / Presentation of Lactalis
	2-15 Conflicts of interest	2.5 / Guaranteeing fair practices
	2-17 Collective knowledge of the highest governance body	1. / Presentation of Lactalis
	2-20 Process to determine remuneration	3.2.6 / Offering competitive compensation and benefits
	2-22 Statement on sustainable development strategy	Editorial from Emmanuel Besnier
	2-23 Policy commitments	2.6 / Building a positive chain of responsibility with suppliers 6. / Vigilance plan 2024
	2-24 Embedding policy commitments	2.6 / Building a positive chain of responsibility with suppliers 6. / Vigilance plan 2024
	2-25 Processes to remediate negative impacts	6. / Vigilance plan 2024
	2-26 Mechanisms for seeking advice and raising concerns	2.5 / Guaranteeing fair practices 6. / Vigilance plan 2024
	2-29 Approach to stakeholder engagement	2.3 / CSR vision and strategy: uniting around shared commitments
2-30 Collective bargaining agreements	3.2.5 / Promoting social dialogue	

8. CROSS-REFERENCE TABLES

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>Elements of the Sustainability Statement in line with GRI requests</b>
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	2.4 / Main CSR challenges and risks
	3-2 List of material topics	2.4 / Main CSR challenges and risks
	3-3 Management of material topics	3. / Committing to people and territories 4. / Offering healthy, tasty and accessible products 5. / Protecting the planet and its resources 6. / Vigilance plan 2024
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	2.5 / Guaranteeing fair practices
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	5.5.1 / Improving packaging solutions
	301-2 Recycled input materials used	5.5.1 / Improving packaging solutions
<b>GRI 302: Energy 2016</b>	302-3 Energy intensity	5.2 / Fighting climate change
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	5.5.1 / Improving packaging solutions
	303-3 Water withdrawal	5.4 / Reducing the water footprint of the group's products
	303-4 Water discharge	5.4 / Reducing the water footprint of the group's products
	303-5 Water consumption	5.4 / Reducing the water footprint of the group's products
<b>GRI 304: Biodiversity 2016</b>	304-2 Significant impacts of activities, products and services on biodiversity	5.2 / Fighting climate change
<b>GRI 305: Emissions 2016</b>	305-1 Direct (scope 1) GHG emissions	5.2 / Fighting climate change
	305-2 Energy indirect (scope 2) GHG emissions	5.2 / Fighting climate change
	305-5 Reduction of GHG emissions	5.2 / Fighting climate change
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	5.1 / Industrial environmental strategy 5.5 / Promoting the circular economy
	306-2 Management of significant waste-related impacts	5.1 / Industrial environmental strategy 5.5 / Promoting the circular economy
	306-3 Waste generated	5.5.1 / Improving packaging solutions
	306-4 Waste diverted from disposal	5.5.1 / Improving packaging solutions
	306-5 Waste directed to disposal	5.5.1 / Improving packaging solutions
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	2.6 / Building a positive chain of responsibility with suppliers 5.2 / Fighting climate change 5.6 / Caring for animals all along our value chain
	308-2 Negative environmental impacts in the supply chain and actions taken	2.6 / Building a positive chain of responsibility with suppliers 5.2 / Fighting climate change 5.6 / Caring for animals all along our value chain
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	3.2.2 / retaining and developing talent
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational Health and Safety management system	3.1 / Guaranteeing employee Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	3.1 / Guaranteeing employee Health and Safety
	403-5 Worker training on occupational Health and Safety	3.1 / Guaranteeing employee Health and Safety
	403-6 Promotion of worker health	3.1 / Guaranteeing employee Health and Safety
	403-7 Prevention and mitigation of occupational Health and Safety impacts directly linked by business relationships	3.1 / Guaranteeing employee Health and Safety
	403-9 Work-related injuries	3.1 / Guaranteeing employee Health and Safety

## 8. CROSS-REFERENCE TABLES

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>Elements of the Sustainability Statement in line with GRI requests</b>
<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	3.2.2 / retaining and developing talent
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	3.2.3 / Promoting diversity
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.2.5 / Promoting social dialogue
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	3.3.2 / Supporting our local communities
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social	2.6 / Building a positive chain of responsibility with suppliers
	414-2 Negative social impacts in the supply chain and actions taken	2.6 / Building a positive chain of responsibility with suppliers 6. / Vigilance plan 2024
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the Health and Safety impacts of product and service categories	4. / Offering healthy, tasty and accessible products

## 8.2 CROSS-REFERENCE TABLE WITH THE SUSTAINABLE DEVELOPMENT GOALS

Chapter title of the 2024 Sustainability report	Corresponding Sustainable Development Goal (SDG)
1. / Presentation of Lactalis	
2. / An integrated approach ensuring the sustainability of the company's actions	
3. / Committing to people and territories	
3.1 / Guaranteeing employee Health and Safety	
3.2 / Making commitments to employees	
3.3 / Strengthening rural communities	
3.3.1 / Developing relationships with farmers	
3.3.2 / Supporting our local communities	
4. / Offering healthy, tasty and accessible products	
4.1 / Making food quality and safety an absolute priority	
4.2 / Promoting a healthy and balanced diet	
5. / Protecting the planet and its resources	
5.1 / Industrial environmental strategy	
5.2 / Fighting climate change	
5.3 / Fighting against deforestation	
5.4 / Reducing the water footprint of the group's products	
5.5 / Promoting the circular economy	
5.6 / Caring for animals all along our value chain	

# 9. VERIFICATION BY AN INDEPENDENT THIRD PARTY

## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON A SELECTION OF NON-FINANCIAL INDICATORS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

To the Chairperson and CEO,

In accordance with the mission entrusted to us by management, we carried out a limited assurance engagement on a selection of non-financial information included in Appendix 1 (hereinafter the "Information") with regard to the reporting protocol of the Entity (hereinafter the "Guidelines") presented in the "sustainability report" for the year ended December 31, 2024. Our engagement does not cover other information included in the sustainability report and, consequently, we make no conclusion on them.

### CONCLUSION IN THE FORM OF LIMITED ASSURANCE WITH RESERVATIONS

The reporting scope for quantitative information is limited to several indicators: **on the upstream side of animal welfare, it covers only 89% of the total volume of raw milk collected, on energy/climate and environment, 89.6% of the Group's production volumes, on packaging, 85% of the Group's revenue, and on nutrition, 89% of Group brand revenue.**

Based on the procedures we performed, as described in the "Nature and scope of work" section, and on the information we collected, with the exception of the items described above, we did not find any material misstatements likely to call into question the fact that the Information has been prepared, in all material respects, in accordance with the Guidelines.

### OBSERVATIONS

Without calling into question the conclusion expressed above, we draw your attention to the following observations:

- The key performance indicators related to the "forests and biodiversity" topic do not cover all non-financial risks, and are currently limited to palm oil issues.
- The sustainability report does not present quantified improvement targets associated with the issue of water management (water withdrawal and wastewater discharges) or the promotion of diversity.

### PREPARATION OF INFORMATION

The absence of a generally accepted and commonly used reference framework or established practices on the basis of which to evaluate and measure the Information allows the use of different but acceptable measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, the significant elements of which are presented in the sustainability report.

### LIMITATIONS INHERENT IN THE PREPARATION OF THE INFORMATION

As indicated in the sustainability report, the Information may be subject to uncertainties inherent in the state of scientific or economic knowledge and in the quality of the external data used. Certain information is sensitive to methodological choices, assumptions and/or estimates used in its preparation.

### ENTITY'S RESPONSIBILITY

The Entity is responsible for:

- selecting or establishing appropriate criteria for preparing the Information;
- preparing Information in accordance with the Guidelines;
- as well as implementing the internal controls it deems necessary to prepare information that is free from material misstatement, whether due to fraud or error.

### RESPONSIBILITY OF THE INDEPENDENT AUDITOR

We are responsible for:

- planning and carrying out the engagement in such a way as to obtain limited assurance that the Information is free from material misstatement, whether due to fraud or error;
- expressing an independent conclusion based on the audit evidence we have obtained;
- communicating our conclusion to the Chairperson and CEO of BSA.

As we are responsible for expressing an independent conclusion on the Information as prepared by management, we are not authorized to be involved in the preparation of such Information as this could compromise our independence.

## 9. VERIFICATION BY AN INDEPENDENT THIRD PARTY

However, it is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions (in particular the duty of care plan and the fight against corruption and tax evasion);
- compliance of products and services with applicable regulations.

### PROFESSIONAL STANDARDS APPLIED

Our work described below was carried out in accordance with the international ISAE 3000 standard (revised) - Assurance engagements other than audits or reviews of historical financial information published by the IAASB (International Auditing and Assurance Standards Board).

### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the IESBA Code of Ethics [International Code of Ethics for Professional Accountants (including Independence Standards)].

In addition, we apply the International Standard on Quality Management 1 which involves defining and implementing a quality control system including documented policies and procedures to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

### MEANS AND RESOURCES

Our work involved the respective skills of eight people and took place between September 2024 and April 2025.

### NATURE AND SCOPE OF WORK

We have planned and carried out our work in such a way as to take into account the risk of material misstatement that could call into question the fact that the Information has been prepared in accordance with the Guidelines. Based on our professional judgment, we have implemented the following procedures:

- We have obtained an understanding of the activity of all the entities included in the scope of consolidation and the description of the main risks.
- We have assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, taking into consideration, where applicable, best practices in the sector.
- We verified that the sustainability report presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services as well as policies, actions and results, including key performance indicators relating to the main risks.

- We consulted documentary sources and conducted interviews for the following purposes:

- To assess the process for selecting and validating the main risks as well as the consistency of the results, including the key performance indicators used, with the main risks and policies presented.
- To corroborate the qualitative information (actions and results) that we considered to be the most important, presented in Appendix 1. For certain risks (the circular economy, packaging management and nutrition management), our work was carried out at the level of the consolidating entity. For other risks, work was carried out at the level of the consolidating entity and in a selection of entities listed below: Karlovac (Croatia), Zagreb (Croatia), Collecchio (Italy), Clermont (France), Vitré (France), Schoonrewoerd (Netherlands), Shrirampur (India), Nampa (United States), Rakely (Canada), Brampton (Canada), Mitchell (Canada).

- We reviewed the internal control and risk management procedures implemented by the Entity and assessed the collection process aimed at ensuring the completeness and fairness of the Information.

- For the selected key performance indicators and other quantitative results that we have considered to be the most important, presented in Appendix 1, we implemented the following.

- Analytical procedures consisting of verifying the proper consolidation of the data collected as well as the consistency of changes therein.
- Detailed tests on the basis of sampling, consisting of verifying the proper application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out on a selection of contributing entities listed above and covers between 20% and 28% of the consolidated data selected for these tests (22% of hours worked, 20% of energy consumption, 28% workforce).

- We have assessed the overall consistency of the sustainability report with our knowledge of all the entities included in the scope of consolidation.

The procedures performed for a limited assurance engagement are less extensive than those required for a reasonable assurance engagement. Consequently, the level of assurance obtained as part of a limited assurance engagement is substantially lower than that which would have been obtained if a reasonable assurance engagement had been performed.

Paris, May 7, 2025

Independent auditor

**EY et Associés**

Christophe Schmeitzky

**APPENDIX 1: SELECTED NON-FINANCIAL METRICS**

**Social information**

<i>Quantitative information (including key performance indicators)</i>	<i>Qualitative information (actions or results)</i>
<ul style="list-style-type: none"> <li>• Frequency rate of workplace accidents with employee lost time (FR1) in 2024.</li> <li>• Severity rate for employees (TG1) in 2024.</li> <li>• Resignation rate (%).</li> <li>• Percentage of leadership positions recruited through internal promotion (%).</li> <li>• Percentage of HR advisors trained in the “Lactalis Labor and Employee Relations Way” (%).</li> <li>• Percentage of women in leadership positions (%).</li> </ul>	<ul style="list-style-type: none"> <li>• Working conditions (Health &amp; Safety).</li> <li>• Employer attractiveness.</li> <li>• Skills development.</li> <li>• Social dialogue.</li> <li>• Promoting diversity and fighting discrimination.</li> </ul>

**Environmental information**

<i>Quantitative information (including key performance indicators)</i>	<i>Qualitative information (actions or results)</i>
<ul style="list-style-type: none"> <li>• Consumption of electrical and thermal energy (kWh PCI).</li> <li>• Municipal water consumption (m<sup>3</sup>).</li> <li>• Total volume of wastewater discharges (m<sup>3</sup>).</li> <li>• Scope 1 GHG emissions from industrial sites (kg CO<sub>2</sub>e).</li> <li>• Biogenic emissions from scope 1 industrial sites.</li> <li>• Scope 2 GHG emissions from industrial sites (kg CO<sub>2</sub>e).</li> <li>• Scope 1 and 2 GHG emissions from warehouses and vehicle fleet (kg CO<sub>2</sub>e).</li> <li>• Percentage reduction in greenhouse gases on Scopes 1 and 2 since 2019 (%).</li> <li>• Percentage of purchased volumes of palm oil and derivatives covered by sustainable certification (%).</li> <li>• Percentage of virgin cardboard volumes covered by sustainable certification (%).</li> <li>• Percentage of material recycled in relation to the total volume of material used (%).</li> <li>• Metric tons of PVC in packaging (t).</li> <li>• Percentage of packaging recyclable by design (%).</li> </ul>	<ul style="list-style-type: none"> <li>• Energy management.</li> <li>• Water management.</li> <li>• Environmental management.</li> <li>• Biodiversity protection.</li> <li>• Climate change.</li> <li>• Circular economy (packaging management).</li> </ul>

**Societal information**

<i>Quantitative information (including key performance indicators)</i>	<i>Qualitative information (actions or results)</i>
<ul style="list-style-type: none"> <li>• Percentage of industrial activities certified according to at least 1 of the 5 ISO 22000, FSSC 22000, IFS, BRC, SQF certificates (%).</li> <li>• Percentage of direct annual volume of collected raw milk in the 11 pilot countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years) (%).</li> <li>• Percentage of indirect annual volume of collected raw milk in the 21 countries coming from partnering farms regularly assessed on animal welfare, according to the Lactalis internal assessment method or an ambitious national standard (at least once every 3 years) (%).</li> <li>• Percentage of annual volume of purchased shell eggs in the EU coming from cage-free systems (%).</li> <li>• Percentage of annual volume of purchased egg products in the EU coming from cage-free systems (%).</li> <li>• Percentage of annual volume of purchased shell eggs worldwide coming from cage-free systems (%).</li> <li>• Percentage of annual volume of purchased egg products worldwide coming from cage-free systems (%).</li> <li>• Percentage of volumes in line with internal sugar recommendations for ultra-fresh and milk categories (%).</li> <li>• Percentage of volumes in line with internal salt recommendations for processed cheese categories(%).</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety management.</li> <li>• Animal welfare management.</li> <li>• Food and nutrition access and affordability.</li> </ul>





Photo credits: Sylvain Malmouche, Malin Lauterbach, Filmeek, Shutterstock, Guillaume Blanchon, Earthworm Foundation, Jason Holland, Anže, Petkovšek, Fernando Cascardo/ 44meia Produções, iStock



*Nurturing the future*

10-20 rue Adolphe-Beck  
53089 Laval Cedex – France  
Tél. : 02 43 59 42 59 – Fax : 02 43 59 42 63  
[www.lactalis.com](http://www.lactalis.com)

