

2022 ACTIVITY REPORT



CONTENTS



02 EDITORIAL EMMANUEL BESNIER

04 KEY FIGURES

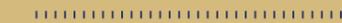
06 ACQUISITIONS 2022

08 THE KEY ISSUES

10 OUR STAKEHOLDERS

12 INTERVIEW WITH THIERRY CLÉMENT

14 OUR CSR PERFORMANCE



16 OUR PERFORMANCE BY AREA

18 EUROPE

24 AMERICA

28 AFRICA / ASIA / PACIFIC

EDITORIAL



Emmanuel Besnier,
CEO of the Lactalis Group

MARKING OUR 89TH ANNIVERSARY ON OCTOBER 19, 2022, WE LAUNCHED OUR STRATEGIC PLAN FOR 2033 TO CONTINUE OUR DEVELOPMENT WITHIN THE FRAMEWORK OF PROFITABLE AND RESPONSIBLE GROWTH.

In an economic and social environment disrupted by the Covid crisis and then the war in Ukraine, the Lactalis Group has been able to face unprecedented challenges: widespread inflation, a decline in companies' attractiveness, changing consumer expectations, etc. In this context, Lactalis has experienced significant growth but seen its margins erode.

With almost 30% growth in our revenues, we can once again congratulate ourselves for being one of the most dynamic companies in our sector. This performance has placed us for the first time among the world's ten largest food companies.

But while 2022 was a remarkable year in terms of growth, our profitability declined. We were unable to pass on all the cost increases we experienced. As a result, our margins eroded, and, despite significant efforts to improve competitiveness, the Group's results are down by around 15%.

Our costs have risen at an unprecedented rate throughout the year and worldwide. However, starting with milk, we can be pleased with the better value we gave to farmers, with a 30% increase globally. The record milk price enabled producers to have a good year. For example, Lactalis fulfilled its role as leader in France by guaranteeing one of the highest purchase prices for milk, well above its competitive environment.

Despite this challenging context, we continued to invest heavily to accelerate our transition to a more environmentally friendly model in line with our commitments. Group-wide, we have increased our investments by almost

20% with a particularly strong effort to meet our decarbonization, water and energy management objectives. 2022 was a year to integrate major acquisitions that strengthened the Group in America and our cheese category. The United States has become our flagship country in terms of activity after France, with the American continent now accounting for more than a third of our revenues. During the year, we continued to consolidate our positions by acquiring Jalna in Australia, one of the leaders in yoghurt in that country. We also took over the regional activities of the Würzburg dairy in Bavaria. Finally, we strengthened our position as world leader in PDO cheeses with the Savoyard cheese dairy Verdannet.

Marking our 89th anniversary on October 19, 2022, we launched our strategic plan for 2033 to continue our development within the framework of profitable and responsible growth. We remain convinced of the growth potential of dairy products, products that are healthy, good, natural and local.

A new Group structure is now in place to achieve our profitable and responsible growth objectives by creating a general operating division entrusted to Thierry Clément. Lactalis is ready to take up the various challenges it has chosen for this new decade.

KEY FIGURES

- 1st** World's leading dairy group
World's leading group in the cheese market
World's leading group in butter and cream
World's leading player in PDO* and raw milk cheeses
- 2nd** Global group in the chilled dairy market
Global group in fluid milk
- 10th** Largest global food group

85,500
EMPLOYEES



BREAKDOWN IN REVENUES BY CATEGORY

CHEESE: 40%	BUTTER AND CREAM: 12%
MILK: 19%	INGREDIENTS & NUTRITION: 9%
CHILLED DAIRY: 14%	OTHER: 6%

BREAKDOWN IN REVENUES BY GEOGRAPHY



- 4**
FLAGSHIP BRANDS
- -
 -
 -

*PDO: Protected Designation of Origin

2022 ACQUISITIONS

During 2022, Lactalis made three acquisitions in France and abroad, pursuing its strategy of international development in the different segments of the dairy products market.



GERMANY - DAIRY OF WÜRZBURG FRANKENLAND, THURINGER LAND, HAYDI

On August 1, our Group took over the milk and fresh product activities of the Bavarian Cooperative BMI. This is a regional activity that collects around 170 million liters of milk. The acquisition includes the takeover of a dairy in Würzburg, northwest of Munich. This business operates through two local brands, Frankenland and Thuringer Land, and a national brand, Haydi. The Group also entered the Ayran Turkish fermented drink market and the pasteurized milk market in returnable glass bottles.



AUSTRALIA JALNA

On May 1, 2022, the Australian company Jalna joined our Group. The brand is the leader in Greek yogurt in family-size pots. Jalna produces more than 20,000 tons at its Thomastown dairy facility near Melbourne. This acquisition puts the Group second in Australia's yogurt market.



FRANCE VERDANNET

In July, the acquisition of the Savoyard company Verdannet enabled our Group to strengthen its position further in France's PDO* cheese market. The company has two cheese factories of its own. The first, in Fillinges (Haute-Savoie), produces 3,000 tons of reblochon, tommes de Savoie and raclettes. The second, in Eydoche (Isère), produces 1,000 tons of non-PDO hard cheese. In addition, through an agreement with the Hautes Bauges dairy cooperative, Verdannet also operates La Compôte site in Savoie, which specializes in producing Tome des Bauges.



* PDO: Protected Designation of Origin

THE KEY ISSUES

CONSUMPTION OF DAIRY PRODUCTS AROUND THE WORLD

Dairy products have an overall positive image worldwide, particularly in emerging countries, where their consumption is vital to feed populations with essential nutrients at an affordable cost.

The market is growing at 3% per year worldwide, driven by the positive image specifically associated with each category. Where milk rhymes with nutrition and health, cheese is associated with expertise and enjoyment, as are chilled dairy products, which are also associated with pleasure and taste.

At Lactalis, we know that dairy products are an essential part of a healthy and sustainable diet at any age. As such, we believe that there is no nutritional alternative.

In developed countries, plant-based alternatives have emerged and are gaining in popularity, especially among young people. However, they could represent only 10%^[1] of the dairy products market by 2033. Although dairy and plant products are complementary and have their own role in a balanced diet, they are not and will not be interchangeable.

GROWTH OPPORTUNITIES FOR THE DAIRY MARKET

The increase in the world population

The increase in the world's population, estimated at +11%^[2] by 2033, or 873 million additional people, suggests that the dairy products market will continue to grow.

With population growth and per capita consumption, the dairy market will continue to expand in volume, with an average increase close to 3%, mainly in developing countries.

India is expected to have the highest volume increase. In addition, Pakistan, China, the United States, Brazil and African countries will be markets of opportunity.

Consumption of the different categories of dairy products is highly disparate between the continents, creating once again growth opportunities for our Group, particularly in Africa and Pacific.



The increase in market value

In parallel with the increase in volume, the market will also grow in value. To this must be added the current level of inflation.

The emergence of new consumer trends

The significant changes coming to the population structure represent opportunities for our Group to expand its offering and, therefore, its target coverage.

For instance, the additional one billion Muslims will increase the proportion of halal products. At the same time, the rising number of senior citizens will mean that recipes will have to be tailored to provide the essential nutrients they need. In addition to recipes, distribution channels should be redesigned to adapt to the consumption patterns of singletons and urbanites, whose numbers constantly increasing.

MANY CHALLENGES TO COME FOR DAIRY PRODUCTS

Health is a core concern

More sedentary lifestyles and the growing popularity of junk food are expected to trigger an increase in childhood obesity over the next decade, particularly in developing countries. By 2030, more than 250 million^[3] children and teenagers will be obese, mainly in China (62 million), India (27 million) and the United States (17 million). Ultra-processed products will also become a growing health concern for consumers.

Our Group has always worked to offer healthy and tasty products, which is why we have developed a nutritional policy based on four areas: simplifying recipes, lowering our products' sugar and salt content, providing complete nutritional labelling and raising consumer awareness of dairy products' place in a balanced, sustainable diet.

The development of packaging regulations

Changing regulations, particularly the increase in mandatory nutritional labelling systems in a growing number of countries, will also directly affect our Group's activities, for which we are already preparing.

The dairy market's role for the environment and communities

Today, climate change is the most worrying environmental impact of the "food system". Indeed, according to the IPCC-3*, 21% to 37% of total anthropogenic carbon emissions are caused by the food system. This figure includes agriculture and land use, storage, transportation, processing, packaging, retail, consumption, and food loss and waste.

Over the past three decades, carbon emissions from the food system have increased by 17%. This is due to agricultural activities, on-farm livestock production and deforestation. By 2050, they are expected to reach 30% to 40% due to greater demand linked to population growth, rising incomes and changes in diet. Given that observation, the target for the coming years is moving towards low-carbon production models. In addition, regulations are being introduced in many countries to fight against climate change and thus comply with the 2015 Paris Agreement, which aimed at limiting the global temperature rise to 1.5°C by the end of the century.

The Lactalis Group is already committed to that fight and is working on several key levers for low-carbon dairy production, water conservation and biodiversity: sustainable feeding, soil and pasture management, manure management and fertilizers. On the other hand, in developing countries, carbon emissions per liter of milk produced are much higher than in mature countries. Maintaining our Group's



activities is nevertheless essential. Indeed, Lactalis plays a major role in communities. Moreover, our local presence ensures that dairy products are available and accessible for everyone. Therefore, the objective is to continue our action in building a more sustainable dairy sector and to accelerate the transmission of our know-how.

[1] Euromonitor Voice of the Consumer: Health and Nutrition Survey (February 2021).

[2] World Bank.

[3] NCD Risk Factor Collaboration (2017) and World Obesity Federation.

*IPCC-3: Third session of the Intergovernmental Panel on Climate Change

OUR STAKEHOLDERS



Alexander ANTON,
Secretary General of EDA, the European Dairy Association, Brussels (Belgium)



LACTALIS EMBODIES LOCAL, REGIONAL AND GLOBAL RESPONSIBILITY

Many factors explain why ten of the world's top twenty dairies are based in Europe. With leadership comes responsibility. As a major player across the entire dairy industry, Lactalis embodies that responsibility at local, regional and global levels, and the Lactalis Group's commitment to the European Dairy Association (EDA) is part of that approach. The European lactosphere benefits from the Group's economic, social and environmental leverage; that leadership is paired with ambition, commitment and simplicity.

The partnership between Lactalis and Cativa aims to boost and maintain the dynamism of rural areas by making dairy production attractive to young farmers. Technological progress and quality research are central to our actions for the sector. Lactalis is a company committed to disseminating innovation, putting us all at the forefront of good practice in the sector, particularly on environmental and animal welfare issues. That commitment contributes to the strength and sustainability of our industry.



Richard PROFIT,
Chief Executive Officer of Cool Farm Alliance



A PROCESS OF TRANSITION TO A MORE SUSTAINABLE AGRICULTURE

To raise awareness among its partner farmers and help them reduce their greenhouse gas emissions, Lactalis has selected the Cool Farm Tool. Through this online calculator, developed by Cool Farm Alliance (CFA), farmers can identify sources of gas emissions and develop strategies to reduce and absorb them on their farms. By being a member of CFA, Lactalis is working with various actors in the sector and is part of a process of transition to a more sustainable agriculture.



Paulo CESAR MACIEL,
President of Cativa, Brazil



A COMMITMENT THAT CONTRIBUTES TO THE STRENGTH AND SUSTAINABILITY OF OUR INDUSTRY



Céline BIGOT,
Permanent Secretary of the European Social Dialogue Instance



LACTALIS EMPLOYEES REMAIN CORE CONCERNS FOR ALL OF THIS BODY'S REPRESENTATIVES AND LACTALIS' MANAGEMENT

The European Social Dialogue Instance was created to establish permanent exchange between staff representatives in Europe and the Lactalis management. That should give us a strategic vision and insight into the Group's outlooks for their European activity. We are today 21 elected representatives on our Lactalis sites. Our annual meeting with all these representatives and the management allows us to go beyond the national framework of social dialogue. It gives us a better understanding of the Group's activities in EU member states to maintain and develop social dialogue. Lactalis employees remain core concerns for all this body's representatives and Lactalis' management.



Dr Maria DARMI,
Commercial Excellence Director and Client Lead at Kantar



LACTALIS' FLAGSHIP BRANDS HAVE SUCCEEDED IN BUILDING STRONG EMOTIONAL TIES WITH CONSUMERS.

A strong brand has a real footprint. That is known as "brand power", and at Lactalis, the flagship brands are unquestionably appreciated and "overrated" in their main categories and in key markets worldwide. It is also crucial to give a brand meaning. The Lactalis Group has succeeded by building strong emotional ties with consumers and consistently meeting their needs. Finally, each brand must be unique, with a specific personality and tone. These three elements are enhanced by storytelling and communication. Lactalis has excelled in creating value for its flagship brands through its commitment to "brand power", building strong emotional bonds with consumers and creating unique brand personalities. These efforts have yielded impressive results demonstrating the company's commitment to excellence.



Francesco AVANZINI,
General Manager of Conad National Consortium, Italia



FEW OF CONAD'S PARTNERS HAVE THE SERVICE CAPACITY OF THE LACTALIS GROUP

Since our creation more than 60 years ago, we have always maintained close relationships with the brands that are now part of the Lactalis Italia Group. Lactalis products can be found on the shelves of all Conad stores in Italy thanks to an organization that allows us to ensure their availability in all situations, including during the recent and tragic pandemic. The relationship with the Lactalis Italia Group's entities is solid and we are sure to find a product from each brand that best meets consumers' needs. The company has an extensive and very professional organization that we work with in every region of Italy. We have also collaborated to promote new products, always serving customers. Few of Conad's partners have the service capacity of the Lactalis Group, and we are convinced that our relationship could be strengthened further.

INTERVIEW



Thierry Clément,
Chief Operating Officer



IN THIS CONTEXT, I WOULD LIKE TO HIGHLIGHT OUR EMPLOYEES' UNFAILING COMMITMENT. EVERYWHERE IN THE WORLD, OUR TEAMS WERE ABLE TO ADAPT TO PROVIDE THE BEST POSSIBLE SERVICE TO OUR CONSUMERS AND CUSTOMERS.

What are your key takeaways for 2022?

2022 will be remembered as the year war broke out in Ukraine, where Lactalis operates three dairies and employs 820 people. The safety of our Ukrainian colleagues has always been our top priority. A crisis unit was set up as soon as the conflict began. Onsite, our teams have done a tremendous job protecting the staff, who have kept fulfilling their role collecting and processing milk. I would like to thank them sincerely and salute their courage and incredible resilience. I would also like to highlight the dedication of all the Group's employees and the unfailing support given to our Ukrainian friends, especially from neighbouring countries. All these actions reflect one of our Group's greatest strengths: its people.

2022 was also punctuated by numerous climatic events: droughts and floods leading to tensions over raw materials, etc. The Lactalis teams have adapted to this tense and unprecedented context, minimizing the repercussions on our activities. These increasingly frequent climatic disturbances encourage us to continue our efforts worldwide to reduce our environmental impact.

Political and geographical instabilities also brought their share of uncertainties. As in 2021, supply difficulties, particularly in packaging, continued and required constant adaptation by our teams. This situation was coupled with increased tension in the labor market in many parts of the world. Under these conditions and despite our best efforts, our service rate deteriorated for several of our customers. Finally, inflation, which had started at the end of 2021, accelerated in 2022 due to the energy crisis largely caused by the war in Ukraine.

What impact did inflation, the energy crisis and political instability have on the dairy market?

Milk collection has decreased in many countries. This is a direct consequence of the increase in input costs, availability, weather conditions and the decrease in the number of animals. World prices have also risen sharply. The milk price paid to producers has followed that increase (25% to 30%), reaching record levels in many countries. Better remuneration for milk producers is good news for the sector. However, the speed of the rise has been an additional challenge for us as processors: passing on the increase to our customers and ultimately to consumers. The availability of butterfat, particularly butter, has led to strong supply chain pressure.

Despite the inflation of our prices, sales volumes have remained stable overall. This phenomenon is interesting to analyze. In the food industry, dairy products have been somewhat spared from the highest inflation and are still affordable for consumers. Moreover, promoting our products' nutritional quality will make them even more attractive in this inflationary context. Also to be noted: the Food Service sector is back to normal, almost back to its 2019 level.

In this context, what was the outcome for Lactalis in 2022?

In 2022, we fully integrated Kraft's natural cheese business in the US. The entity is performing well, recovering volumes thanks to a restored service rate. These results are the outcome of the great work done by the new team in place, made up of both "Kraft" and "Lactalis" employees. The United States is now the Group's second-largest country after France. In 2022, we will also welcome Jalna (an organic yoghurt manufacturer) in Australia, Verdannet cheese factory in France and BMI cooperative's milk and fresh product activities in Germany. Adding these businesses, coupled with record organic growth, has enabled us to achieve a +28.4% increase in sales. In 2022, our brands grew in value, especially our flagship brand Président. Many innovations were introduced, and we continued to lead by driving categories wherever we are present. Our results were penalized by delays in our price increases and savings plans. The latter were affected by disruptions due to staff shortages and supply difficulties. In this context, I would like to highlight our employees' unfailing commitment. Everywhere in the world, our teams were able to adapt to provide the best possible service to our consumers and customers.

What are the major challenges facing Lactalis in 2023?

Inflation remains. Energy prices are rising, the war in Ukraine rages on, and instability is persisting. We are seeing the first signs of falling consumption in several countries, particularly in Europe, and the development of private labels is continuing. But our strategy remains the same: to keep growing in a profitable and responsible way. In this inflationary environment, we must activate cost-saving plans to keep bringing consumers



healthy, tasty and affordable products. 2023 is the first year of the strategic plan that will take us to 2033. This plan is based on the company's men and women, our brands and products, our performance and our actions for the planet with the ambition to be ever better together.

I have faith in our employees and their willingness to work together to achieve that common goal, which drives us all every day.

OUR CSR PERFORMANCE



Dairy products have a high nutritional density while remaining proportionally among the most affordable. They are essential to the dietary balance of the world's population. But they also have an impact on the environment and use of resources. Our Group intends to take advantage of its global dimension to accelerate food systems' transition towards more sustainable models. That implies intensifying dialogue with our stakeholders throughout the value chain, particularly our partner farmers. It is also an opportunity to pursue innovation and optimize our processes for greater efficiency, sobriety and performance.

IDENTIFYING PRIORITIES

To determine its CSR approach and strategy, our Group combines the risk analysis produced by the business divisions with its materiality analysis. Our Group wanted to build this approach with its stakeholders. In 2020, 175 internal (30%) and external (70%) stakeholders were consulted. To represent the diversity of the territories where its activities are located and the expectations of its local communities, our Group has involved stakeholders from 14 different countries: its seven main mature countries and seven main emerging countries.

These partners ranked 33 issues, indicating those on which Lactalis' actions and commitments should have the most significant impact. The results were presented to the Group's General Management and the conclusion was clear: the immediate priorities are:

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

CSR COMMITMENTS, ACTION PLAN AND 2022 PERFORMANCE

In 2022, our Group published position papers to specify its commitments on the climate, responsible packaging and animal welfare, as well as on other important issues such as the preserving forests connected to its purchases of palm oil ingredients. These documents can be consulted on our website.

The thematic committees, dedicated to CSR issues, have also been able to work on specific action plans for each priority CSR issue, within a scope of 8 to 23 countries.

FIGHTING AGAINST CLIMATE CHANGE

Our Group has committed to setting emission reduction targets in line with the Science-Based Targets initiative (SBTi), and implementing a process to help achieve carbon neutrality by 2050. Two intermediate stages will enable our Group to reduce its direct emissions (Scope 1 and 2) by at least 25% by 2025 and 50% by 2033.

In 2022, 23 countries, with the support of expert teams at headquarters, developed action plans to reduce greenhouse gas emissions from Scope 1 and 2 activities (industrial, transport and logistics).

At the end of 2022, our Group began formulating its commitment to Scope 3 emissions.

It has also participated in the Climate Ambition Accelerator the United Nations Global Compact offers to companies.



PROMOTING THE CIRCULAR ECONOMY

Lactalis is committed to a more circular economy. In 23 priority countries, all packaging will be eco-designed by 2025, and our Group wants to aim for 100% of packaging designed to be recyclable by the same year^[1]. To help consumers join the challenge, 100% of packaging will carry information on waste management^[1]. Lactalis will also develop its support for the emergence of sorting and recycling channels where they still need to be created.



	2019	2021	2022	Objective
% of recycled material / total material used	30%	32.2%	31.5%	> 30% across the consolidated Group
Tons of PVC in packaging	926	836	803	Towards 0 tons in 2025
% of packaging recyclable by design	83.2%	84.2%	82.5%	Reaching 100% by 2025

COMMITTED TO ANIMAL WELFARE

Lactalis is developing a continuous improvement approach to support its partner farmers on animal welfare. In eight pilot countries, all dairy technicians will be trained in good practices by 2023 and 100% of the volumes of raw milk collected directly by our Group will be subject to an animal welfare assessment on the farm by 2025^[2]. Certain practices deemed problematic by stakeholders will be gradually eliminated.

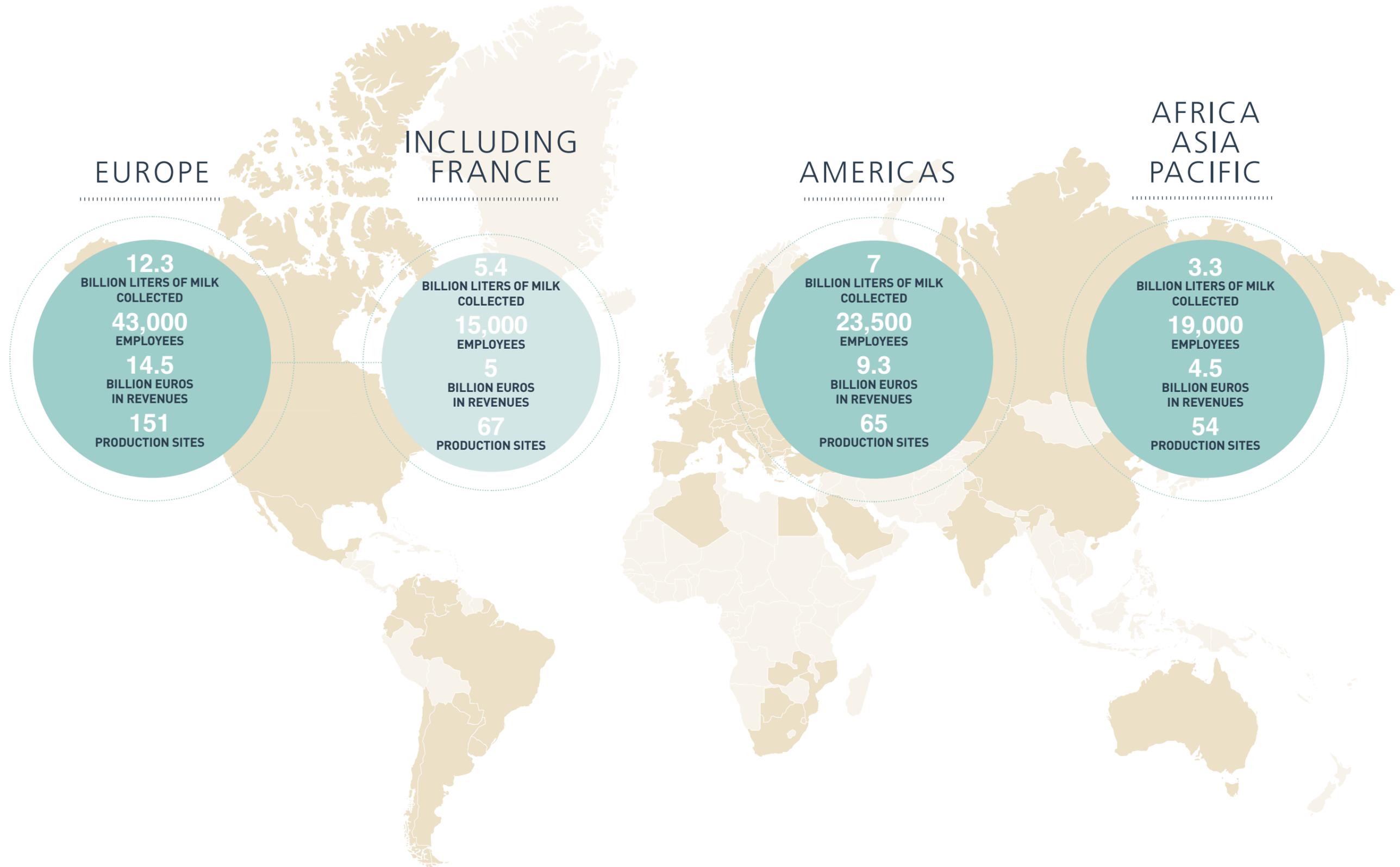


	2020	2021	2022	Objective
Percentage of the annual direct volume of raw milk collected from partner farms regularly assessed for animal welfare (at least once every three years)	/	31%	35%	100% in 2025 (2026 in Brazil)
Percentage of the annual indirect volume of raw milk collected from partner farms regularly assessed for animal welfare (at least once every three years)	/	/	66%	/

[1] Ambition on a set of 23 countries representing 85% of Lactalis Group sales in 2019. All acquisitions since December 2019 excluded at this stage.

[2] Ambitions apply to our operations relating to direct volumes of raw (cow) milk collected by Lactalis in 8 pilot countries (representing approximately 45% of Lactalis' total raw milk collection worldwide). For the evaluation of volumes on animal welfare: 2026 deadline for Brazil.

OUR PERFORMANCE BY AREA



EUROPE



FRANCE



PRODUCT

**CONCOURS GÉNÉRAL AGRICOLE
RECORD NUMBER OF MEDALS**

At the 2022 Concours Général Agricole (General Agricultural Competition), Lactalis France won 62 medals in various categories including cheese, butter, cream and yoghurt. Our products were awarded 23 gold, 24 silver and 15 bronze medals, a record. Gourmet Président butter, Brie de Meaux PDO*, Livarot PDO* and La Laitière natural yoghurt were all medal-winning products, symbols of our dairy know-how, our teams' hard work and our ambition to maintain the diversity of French *terroirs*.

PRODUCT

**LA LAITIÈRE
CRÈME CRAQUANTE
BRINGING NEW SENSATIONS**

In a market where the primary reason for consumer purchases is an indulgence, La Laitière has innovated by launching Crème Craquante, the first cream to provide a sensory experience combining texture and taste. Indeed, the harmony between the crunchiness of the fine cocoa leaves, and the smoothness of the cream dessert, and the work on the cream's flavors, is unique. This new range, made in France with quality ingredients, highlights the unrivalled expertise of La Laitière.



PERFORMANCE

**DOMFRONT
INSTALLATION OF A
NEW WORLD-UNIQUE
COAGULATOR**

In 2022, the renovation of the Domfront (Orne) site continued with the construction of an additional 9,000 sq. m., allowing the installation of a new production room and a new coagulator. The latter, compatible with all the products manufactured on the site, has two parallel and synchronized molding machines, a world first! Implementing this coagulator will eventually increase production to 42,000 liters of milk per hour.



PLANET

**LACTEL
PRODUCTION OF THE WORLD'S FIRST
MILK BOTTLES IN RECYCLED HDPE**

For over 30 years, Lactel has been protecting its milk in HDPE* bottles, a recyclable plastic. Until now, the plastic was recycled into objects but unsuitable for food contact. In 2022, the brand went one step further by launching advanced molecular recycling. The new technology converts HDPE plastic waste into new high-quality polymers that are safe for food contact and, therefore, suitable for producing new HDPE bottles. As a result, Lactel is the first brand in its category to partially incorporate an alternative to fossil-based plastic into its production by offering milk bottles with 30% recycled HDPE.

* PDO: Protected Designation of Origin
* HDPE: High-Density Polyethylene

FRANCE



PRODUCT

PRÉSIDENT

“LES RENCONTRES PRÉSIDENT”: A LARGE-SCALE PROMOTIONAL CAMPAIGN

“Les Rencontres Président” is an omnichannel promotional campaign across all Président cheeses, butters and creams.

The objective? To modernize the brand’s image with digital technology and strengthen its relationship with consumers through a playful theme: “the website of culinary encounters”.

The campaign was promoted on social media by influencers and in more than 1,100 points of sale with store displays. Posters complemented this campaign. The brand achieved more than satisfactory results, recording the best market share peak of the year during the campaign.

PEOPLE

QWL TROPHIES

OUR SITES COMMITTED TO QUALITY OF LIFE AT WORK

Each year, the best Quality of Life at Work (QWL) initiatives are rewarded during a ceremony with trophies. In 2022, this internal event was very well attended, with some sixty sites participating and more than 1,400 concrete actions identified.

These initiatives fall into one of the six QLW themes: health and safety, the work environment, work organization, skills development, work as a source of motivation, living together at work and opening up to the outside world.



PEOPLE

GROUP CAT

THE CAT CONTINUES TO WELCOME NEW GRADUATES

Created in 2021, the CAT (“Center for Apprentice Training”) marks the Group’s ambition to make the agri-food sector more attractive and train future employees in dairy know-how. In 2022, nearly 80 new apprentices joined the CAT, benefiting from the expertise of 35 internal trainers. In 2023, the center will open two new courses in line management and industrial maintenance.

PLANET

SAINT-LOUP-DE-FRIBOIS

INAUGURATION OF THE NEW WATER TREATMENT PLANT

The new water treatment plant at Saint-Loup-de-Fribois (Calvados) was commissioned in September 2022 and includes a clarifier, sludge tank and buffer tank. It has a capacity of 135 m³ per day. The plant meets all the new standards in force and can accommodate the site’s production volumes, which have been increasing for years.



PEOPLE

CROATIA

DUKAT RECEIVES THE EMPLOYER PARTNER CERTIFICATE FOR THE SECOND YEAR IN A ROW

Dukat has received the Employer Partner Certificate for achieving above-average results in employee relations, strategy and recruitment for the second year in a row. The main progress made focuses on equal opportunities in recruitment, the number of training hours, but also the promotion of diversity in the workplace. Since 2017, Dukat has been a signatory of the Croatian Diversity Charter. The latter aims to promote diversity, non-discrimination and inclusion, values that are core brand commitments.



PERFORMANCE

SPAIN

EXPANSION OF MATURING CELLARS AT THE VILLARROBLEDO SITE

In 2022, the Forlasa site in Villarrobledo invested in extending its ripening cellars to make the cheese ripening process more efficient and sustainable and to improve the final quality of cheese. The cellars now have a surface area of 3,600 sq. m., increasing the ripening area by 15–20%. These investments allow for the complete internalization of the cheese maturing process while reducing the associated carbon footprint by 160 tons of CO₂ per year.

PRODUCT

SWEDEN

SKÅNEMEJERIER AND ALLERUM LAUNCH THE NEW CHEESE RIKE

To revitalize the Swedish market, Skånemejerier and Allerum have launched Rike, a brand-new type of cheese made from Swedish milk. Developed in traditional style by Skånemejerier’s master cheesemakers in Kristianstad, it is a mature hard cheese. It is made from an entirely new recipe with a unique acidification and bacterial culture, which give it a creamy consistency. As a result, it offers an intense, smooth and creamy taste. Available in three different flavor intensities, for breakfast and cheese platters. Released in February 2022, the new cheese has already won over Swedish consumers. Sales of Rike have reached more than 230 tons, exceeding the targets set.



PEOPLE

NORTHERN EUROPE

LAUNCH OF THE “TALENTS FOR THE FUTURE” PROGRAM

Led by the Human Resources and Industrial Training teams, the “Talents for the Future” program aims to prepare the Group’s future industrial talent. It enables participants to gain confidence and develop their expertise in the manufacturing sector.

The program is designed for internal employees but also external recruits, providing tailored support.



PRODUCT

SPAIN



PULEVA GETS A MAKEOVER

After more than six decades in the Spanish market, PULEVA has become one of the country's best-known milk brands and the leader in the adapted milk segment. Since its creation, PULEVA has carried out a great deal of work in the field of innovation and consumer knowledge, enabling to carry out a complete repositioning. The new credo of the brand: "well-being to enjoy life". In addition to renovating its packaging, the brand's entire communication territory has been repositioned for 2022.

PEOPLE

SOUTHERN EUROPE

RECRUITING TOMORROW'S TALENT THROUGH THE "INDUSTRIAL SEEDS" PROGRAM

The "Industrial Seeds" scheme was launched in 2022 to address the recruitment shortage in the industrial sector. The initiative is aimed at "young talent" in production, maintenance, laboratories, quality and industrial investment. The two-year training program allows participants to gain hands-on experience by learning about the company's manufacturing processes and know-how.



PLANET

CZECH REPUBLIC, GERMANY, POLAND, SWEDEN

THE "JUNGLE" PROJECT: BETWEEN VALUE CREATION AND CARBON FOOTPRINT REDUCTION



The "Jungle" project aims to limit the complexity of packaging and contributes to cutting its carbon footprint. It was implemented jointly in the Czech Republic, Germany, Poland and Sweden. Cream and ultra-fresh products were previously packaged in 47 different pot shapes. By reducing the different types of packaging to just 13, the "Jungle" project has already saved 211 tons of plastic waste.

PLANET

PORTUGAL / SPAIN

LACTALIS NESTLÉ COMMITS TO CIRCULARITY IN FOOD PACKAGING

Since June 2022, the Nestlé Kefir range of bottles for Spain and Portugal and the Yoggi yogurt drink bottles marketed in Portugal have been manufactured with 30% and 10% recycled materials, respectively. To guarantee the traceability of the recycled materials used throughout the process, the entire value chain is ISCC PLUS (International Sustainability Carbon Certification) certified from the material supplier to the bottle manufacturer. That includes the Guadalajara plant, where the bottles are produced, and Lactalis Nestlé, which is responsible for the product and for filling the packaging. The project is an important step towards our packaging's circularity.



PERFORMANCE

ROMANIA

MODERNIZATION OF EQUIPMENT AT THE OIEJDEA SITE

A multi-year plan was implemented at the Oiejdea site, culminating in the construction of a packaging and ingredients warehouse in 2022. The site is now equipped with palletizing robots behind the packaging lines. Their role is to convey empty packaging to these lines and, secondly, to transport the packaged products to the storage areas. The facilities now offer 3,562 storage spaces.

PERFORMANCE

GREECE

LAUNCH OF THE NEW FETA CHEESE PRODUCTION LINE IN VOLOS

The new Feta cheese production line at Volos was one of the major industrial projects delivered by Lactalis Southern Europe in 2022. The objective of this investment? To develop Feta production capacity in Greece while managing the seasonal nature of the milk collection. The production site has increased its capacity from 5,200 to 8,700 tons of Feta annually, with approximately 100 tons of milk processed daily. The new line also provides better working conditions (automation of physical tasks) while improving performance.



PLANET

CROATIA

DUKAT INSTALLS PHOTOVOLTAIC PANELS

In 2022, 4,900 sq. m. or over 2,600 photovoltaic panels were installed at our site in Zagreb, Croatia. The installation will avoid more than 225 tons of CO₂ per year and cover approximately 7% of the site's energy usage.

AMERICAS



PRODUCT

CANADA

LACTALIS CANADA BRANDS WIN FOUR BEST NEW PRODUCT AWARDS

In 2022, the Cracker Barrel, Black Diamond and Balderson brands won four national consumer Best New Product Awards (BNPA). Cracker Barrel received two, the first in the cheese snack category with Sweet Combo and the second in the grated cheese category with Signature Blends. Balderson's Truffle Cheddar won in the cheddar cheese (block) category. Black Diamond's Signature Blends topped the children's cheese category. Over 50,000 Canadian consumers select the winning products.



PERFORMANCE

UNITED STATES

RENOVATION OF THE BUFFALO SITE



The renovation work at the Buffalo site began four years ago, was completed in 2022. After renovating the vats in 2021, the DMC (draining and maturing system) was completely replaced in 2022. DMC technology is a crucial process in producing string cheese, handling the curd gently to ensure the best quality for spinning and downstream processing. Replacing the system has increased production capacity from 10,000 lb./h to 16,000 lb./h.

PEOPLE

CANADA

RAISING AWARENESS OF EQUITY, DIVERSITY AND INCLUSION



In 2022, Lactalis Canada continued to enrich its approach by creating a Diversity, Equity & Inclusion (DE&I) Council led by employees and supported by Top Management. In addition, it piloted a monthly series of commemorative employee awareness events. Finally, it launched three modules on the internal training platform: "Foundations of DE&I", "Overcoming prejudice" and "Creating an inclusive culture".

PLANET

CANADA

LACTALIS CANADA PLANTS 10,000 TREES AT ITS WINCHESTER SITE

Lactalis Canada partnered with the South Nation Conservation Authority to implement a large-scale tree planting project at its Winchester, Ontario site. In the spring of 2022, approximately 10,000 trees were planted on nearly five hectares of land, helping to reduce greenhouse gas emissions. The new forest also benefits the local community by forming a green space between the industrial area of the site and the city, reducing noise and visual disturbances.



PERFORMANCE

BRAZIL

CONSTRUCTION OF A NEW SITE IN UBERLÂNDIA

Lactalis Do Brazil launched a project in 2022 to build a brand-new pizza cheese production site in less than a year — a record time! The 4,500 sq. m. site will be able to produce 12,000 tons of cheese per year thanks to an entirely in-house system from the tanks to the packaging, including the drainage tanks and pasteurization.



PRODUCT

BRAZIL

BATAVO RELAUNCHES ITS "PENSE ZERO" RANGE

The market for specialty yoghurts (low-fat, sugar-free, fat-free, etc.) is Brazil's fifth largest segment of chilled dairy products, with 32% growth last year. In 2022, the Batavo brand decided to redesign its "Pense Zero" range. The old recipe offered a product with 0% sugar and 0% fat; the new one is also lactose free! The redesigned range was also accompanied by a change in packaging, which is plainer and aims to highlight the yoghurt's nutritional qualities and flavors. Mission accomplished: sales increased by 74.8%!

PRODUCT

UNITED STATES

GALBANI LAUNCHES LACTOSE-FREE RICOTTA!

Today, 10% of the US population is lactose intolerant. With this new lactose-free recipe, Galbani wanted to meet these consumers' needs with a tailored offering. This is a Galbani Ricotta with the same taste and texture, but without lactose. It is made from only four ingredients, giving a quality product that won the Gold Medal at the World Dairy Expo 2022.



PLANET

BRAZIL

IMPROVING ANIMAL WELFARE THROUGH TRAINING

Safeguarding animal welfare is an ethical principle as well as a performance factor for farmers. In Brazil, Lactalis has organized individual training for nearly 400 farmers to raise their awareness of best practices, directly on their farms. An educational guide has also been published with links to short videos produced by a technical expert.



PEOPLE

UNITED STATES

LAUNCH OF AN INTERNAL REWARDS PROGRAM

Launched in 2022, the Annual Role Model Award Program aims to reward employees who have made a significant contribution to the company beyond their day-to-day work, while upholding the Group's values. Nominated by Lactalis USA employees, a total of 22 winners were selected from the different divisions. In 2023, they will take part in the "Role Model Forum", an event dedicated to sharing best practices within all divisions of the country.



PERFORMANCE

UNITED STATES

STONYFIELD INAUGURATES A NEW POUCH YOGHURT LINE

In 2022, a new pouch yoghurt manufacturing line was built to meet growing US demand for yoghurts in pouches. It will be able to produce 4,200 tons of products per year.



PLANET

UNITED STATES

STONYFIELD COMMITS TO ENTERIC METHANE REDUCTION

In 2022, Stonyfield joined a research project to identify a local seaweed, that could reduce enteric methane emissions when added to dairy cow rations. Several algae with these properties have been identified internationally; however the volumes produced are minimal and no species is present in the Stonyfield dairy collection area (Northeast USA). In the coming months, trials will be carried out with Stonyfield partner farmers.

AFRICA ASIA PACIFIC



PEOPLE

TURKEY

AK GIDA RECEIVES THE “HAPPY PLACE TO WORK” AWARD IN THE FOOD INDUSTRY CATEGORY

In 2022, following the “Happy Place to Work” survey of 214 companies, Ak Gida won the “Happy Place to Work” award in the food industry category. The nominated companies’ human resources practices in the areas of employee engagement and workplace wellbeing were reviewed by an independent panel.

PRODUCT

INDIA

LAÇTALIS LAUNCHES PRÉSIDENT CHEESE IN THE INDIAN MARKET

Cheese is one of the fastest-growing dairy product categories in India. The increase in the number of catering points in the country and changing eating habits have led to higher demand. At the same time, cheese slices, blocks and cubes account for 80% of the processed cheese retail market. In response to this consumption and growing market demand, Lactalis launched President in late 2022 with mozzarella slices, cheddar slices and cheddar cubes.



PLANET

TURKEY

AK GIDA SWITCHES TO RECYCLED LIDS FOR A SUSTAINABLE FUTURE!

The innovation targeted by the Ak Gida R&D center in line with the Group’s CSR strategy to create a circular economy for packaging was achieved in 2022 after three years of work. Lactalis Turkey switched to an all-PET (Polyethylene Terephthalate) lid, 50% of which is recycled, instead of using a transparent PVC (polyvinyl chloride) lid for private-label products, labneh products and fresh cheese for export. The use of 50% recycled PET avoids the use of 18 tons of fossil material per year.

PRODUCT

ALGERIA

PRESIDENT RELAUNCHES PROCESSED CHEESE 'TRIANGLES'



Launched in 2015, Président processed cheese triangles were given a makeover in 2022 with a new recipe and new design to enhance the product. The redesign was accompanied by an extensive communication campaign: TV ads, shelf activations, social media, posters, etc. Thanks to the redesign, volumes saw their biggest increase since 2015.

PERFORMANCE

SOUTH AFRICA

NEW DRYING TOWER IN BONNIEVALE

In a new building, a drying tower was transferred from Brazil to Bonnievale. The new facility meets the latest health, safety and quality standards. The new drying tower will eventually increase capacity by 35% and will be able to produce 1,250 tons of powder per year.



PERFORMANCE

MALAYSIA

SUCCESSFUL START-UP OF GHEE PRODUCTION

In Petaling Jaya, a ghee production line was built and launched during 2022. The new facility allows the Group to internalize the production of ghee, from the tanks to the packaging in tins, with a view to constantly improving our products' quality.

PRODUCT

MALAYSIA

LAUNCH OF A LACTOSE-FREE YOGHURT DRINK



In Malaysia, 20% of the population claims to be lactose intolerant. Therefore, health and wellness have become a real concern for consumers, especially since the Covid-19 pandemic. With this in mind, Lactel launched Malaysia's first lactose-free yogurt drink. It is primarily aimed at people who do not consume dairy products in order to help them enjoy the nutritional benefits of milk.



PERFORMANCE

SOUTH AFRICA

LACTALIS SOUTH AFRICA (LSA) BECOMES THE COUNTRY'S LEADING DAIRY COMPANY

With a 17.5% market share by value in October 2022, LSA has become the leading dairy company in South Africa. It was a record year for the company, with over 436 million liters of milk collected and monthly sales volumes never before achieved. The keys to success: investing in production sites and modernizing the manufacturing facilities, developing new innovative products, and increasing the brands' visibility and presence across the territory and in shops.

PLANET

SOUTH AFRICA

SIGNATURE OF A PROJECT FOR THE CONSTRUCTION OF A PHOTOVOLTAIC AREA

Lactalis South Africa (LSA) partnered with an external group and signed a project at the end of the year to install a photovoltaic area on the Bonnievale site. With a capacity of 13 GWH, it will cover around 40% of the site's energy consumption and avoid the annual emission of 14,000 tons of greenhouse gases. Coupled with a battery system, the system will increase the share of renewable energy in Lactalis' manufacturing facilities in the country.

PEOPLE

AUSTRALIA

LAUNCH OF THE GRADUATE PROGRAM

Our Group wants to provide young talents with the tools and opportunities they need to grow. This is also a major challenge for maintaining the dairy know-how that is our DNA. In Australia, Lactalis launched the Graduate Program in 2022, allowing young graduates to share their passion for milk, technical expertise and leadership. During the year, 11 talented young people joined this industrial engineering graduate program.





Photo credits: Nasser Berzane, Guillaume Blanchon, Gettyimages/Jelena Danilovic (p. 08), Gettyimages/d3sign (p. 09), Gettyimages/markos86 (p. 18), Gettyimages/Hispanolistic (p. 24), Gettyimages/EmirMemedovski (p. 28), Laurent Grivet, Alexandre Laurent, All rights reserved.

Design and production: **WAT** - agencewat.com - 2212_04046.

Writing: Lactalis.

Printed on 100% recycled paper sourced from sustainable managed forests.



10-20 rue Adolphe-Beck
53089 Laval Cedex – France
Tel: +33 2 43 59 42 59 – Fax: +33 2 43 59 42 63
www.lactalis.com

