

A SENSE OF DETAIL

CSR REPORT 2023





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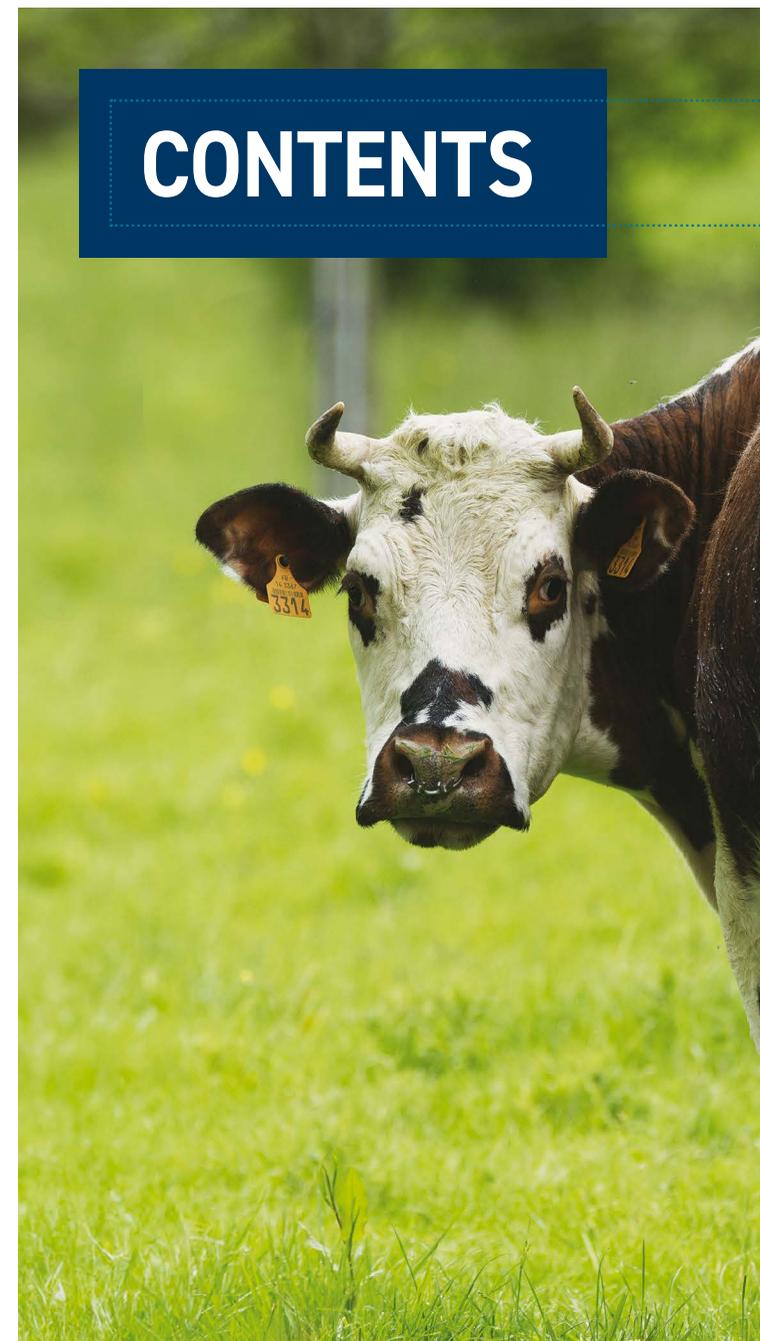
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EDITORIAL



Jean-Luc BORDEAU

Lactalis Ingredients
Managing Director

We are firmly committed to responsible and exemplary dairy production. Not because this happens to be in vogue but because it is a determining factor for the long-term viability and performance of our business. Jean-Luc Bordeau, Managing Director of Lactalis Ingredients, explains how the company is dealing with this new page in its history.

What advances in corporate social responsibility have been made at Lactalis Ingredients?

Since the publication of our last report in 2021, we have improved our approach to organization. Experts who are more in touch with the operational side of the business have been recruited upstream of our division and across the Group, creating greater cohesion. This cohesion allows us to exploit our expertise more effectively, making it easier, amongst other things, to compare and put forward different solutions to reduce our carbon emissions. Numerous examples demonstrate our ability to come to grips with the issues, not in isolation but in a manner encompassing all the stakeholders: customers, suppliers and employees.

In 2022, the Lactalis Group signed a letter of commitment in order to align its gas emissions reduction trajectory with the recommendations of the Science Based Targets Initiative (SBTi). The two interim targets of 2025 and 2033 will enable the Group to advance towards its goal

Our task is to make the most of the availability of our raw materials, milk and co-products without compromise to our quality.

of zero net emissions and are an important contribution to overall carbon neutrality by 2050. All actions within the Lactalis Ingredients division are now part of this roadmap.

Indeed, the last few years show real progress in our performance: our indicators have particularly improved for greenhouse gas emissions, energy consumption and health and safety.

Moreover, investment in CSR has been significantly increased in the Lactalis Ingredients division. With every decision that we make the environmental and societal impacts are automatically taken into consideration. We fortunately have a certain maturity and perceptiveness in our teams. This allows us to enrich our strategy by taking into account the various CSR issues at the same time as our impact on climate, for instance regarding water. We have become very professional in our approach to CSR. Finally, we have much more frequent and regular discussions with our customers, demonstrating our growing capacity to respond in a proactive manner. This improved collaboration allows us to progress jointly in the environmental and societal issues that involve us all.

The environmental and societal impacts are automatically taken into consideration with every decision that we make.

Has inflation had an effect on the division's activities?

Inflation has had a profound effect on the division's activities, to the point of being concerning. High inflation in energy prices has a very negative impact on our drying activity, forcing us to explore other valorization possibilities.

Between 2021 and 2023, the energy-hungry drying activities faced an increase in energy costs of 130%. At the same time, maintenance costs increased by 43% and staff costs by 24%. These problems are exacerbated by the disconnection between selling prices and production costs, a characteristic typical of the commodity markets and which has significant consequences for the profitability of the business.

Indeed, we have seen a 10% decrease in the volume of whey we treat. This decrease can be attributed to the difficulty of remaining competitive when purchasing the raw material compared with other businesses such as liquid animal feed and methanization. These factors have had a significant impact on the volumes produced by the Lactalis Ingredients division.

Have you faced any other challenges over the last two years?

In 2022, the extremely dry conditions in certain regions meant we had to reduce, if not temporarily halt, water-intensive activities. The effect of this was to accelerate the search for both short and long term technical solutions and processes that significantly reduce our water consumption, enable us to recycle it and to reuse it wherever possible.

2022 was also a year marked by concerns about the availability of energy sources due to the conflict in Ukraine. More recent events in the dairy sector in 2023, with decreased milk collection in France and the European Union, have also led to changes in our organization.

Global demand for dairy ingredients also began to fall at the start of the year: this has been due to a drop in the consumption of mass consumer products, the weakness of the Chinese economy, financial difficulties in several countries that are usually major importers of dairy ingredients and geopolitical conflicts.

For a few years now, notably since the Covid-19 crisis, we have also been facing staff shortages and recruitment difficulties in all areas.

What environmental and societal responsibility initiatives will be implemented in 2024?

We shall adhere to our roadmap action plan, launching projects defined in the CAPEX plans such as the installation of a biomass boiler in Mayenne. We shall also continue with feasibility studies for other projects, such as the SRF (Solid Recovered Fuel) boiler at Retiers, the biomass boiler at Verdun, the biomass boiler at Rouvroy, the reuse of water and reduction of consumption at Retiers, as well as investigating ways to recover value from ingredients other than through drying, to mention just a few in the pipeline.

Regarding our commitment to decarbonize our activities, we shall continue to explore jointly financed projects with our partners (customers) to accelerate the process.

In response to the results of our last managerial barometer, we are implementing measures to enhance the company's attractiveness and promote well-being at work, in particular by considering changes to the way the working day is organized.

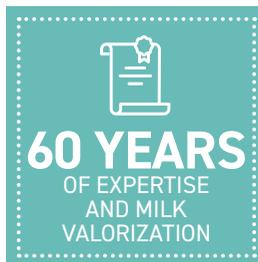
In 2023, a new Lactalis leadership model was deployed to take into account the Group's intercultural diversity while respecting our fundamental values. It is being integrated into the daily life of the company across the field.

Another major focus for our division will be to enhance the expertise of our employees, in particular through the digitalization of training. Finally, we continue to implement our health and safety action plan by reinforcing knowledge of the Job Safety Visits (JSV) and implementing training courses on Occupational Risk Assessment (ORA).



PRESENTATION OF LACTALIS INGREDIENTS

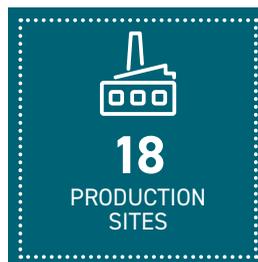
ACTIVITY



VOLUMES



GLOBAL PRESENCE



Lactalis Ingredients is one of the world's leading producers and suppliers of dairy ingredients. Our teams work each day to supply high quality ingredients to professionals in the nutrition and food industries. As the industrial branch specializing in milk valorization and by-products within the Lactalis Group, we are proud of our shared values of Ambition, Commitment and Simplicity.



PRESENTATION OF THE LACTALIS GROUP

Created in 1933 by André Besnier in Laval, the Lactalis Group has now been a family business for three generations. Our mission is simple: to offer healthy and tasty products every day that bring people together. Inspired by our pas-

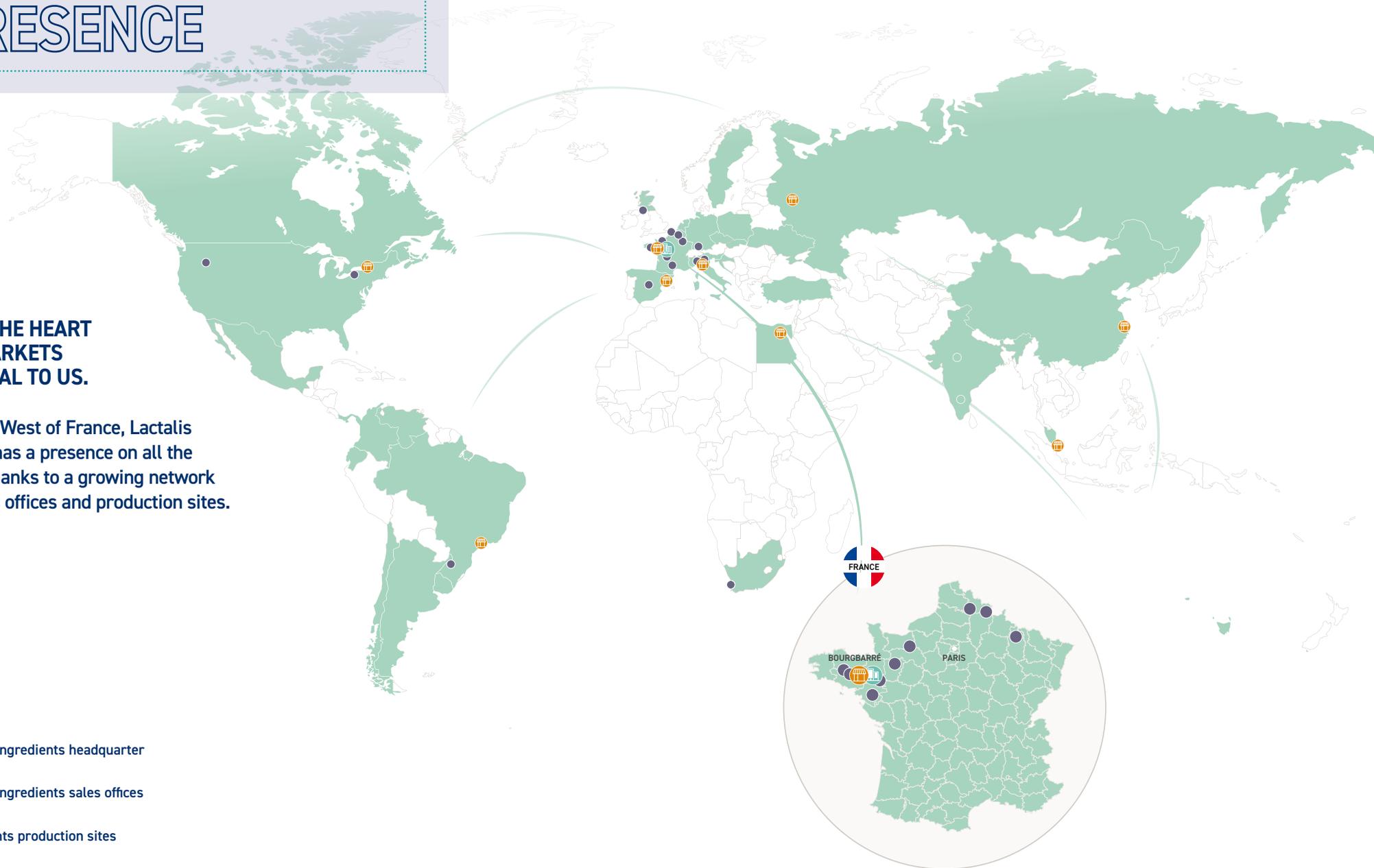
sion for milk, we cultivate and share dairy skills and expertise across the globe as well as flavor diversity in our high nutritional value products. We offer consumers a broad range of dairy products in all categories: cheese, drinking milk, yogurt and other chilled dairy products as well as butter and cream, milk powder for infants and adults, clinical nutrition products and, finally, dairy ingredients.

OUR GEOGRAPHIC PRESENCE

BEING AT THE HEART OF OUR MARKETS IS ESSENTIAL TO US.

Based in the West of France, Lactalis Ingredients has a presence on all the continents thanks to a growing network of local sales offices and production sites.

-  Lactalis Ingredients headquarter
-  Lactalis Ingredients sales offices
-  Ingredients production sites



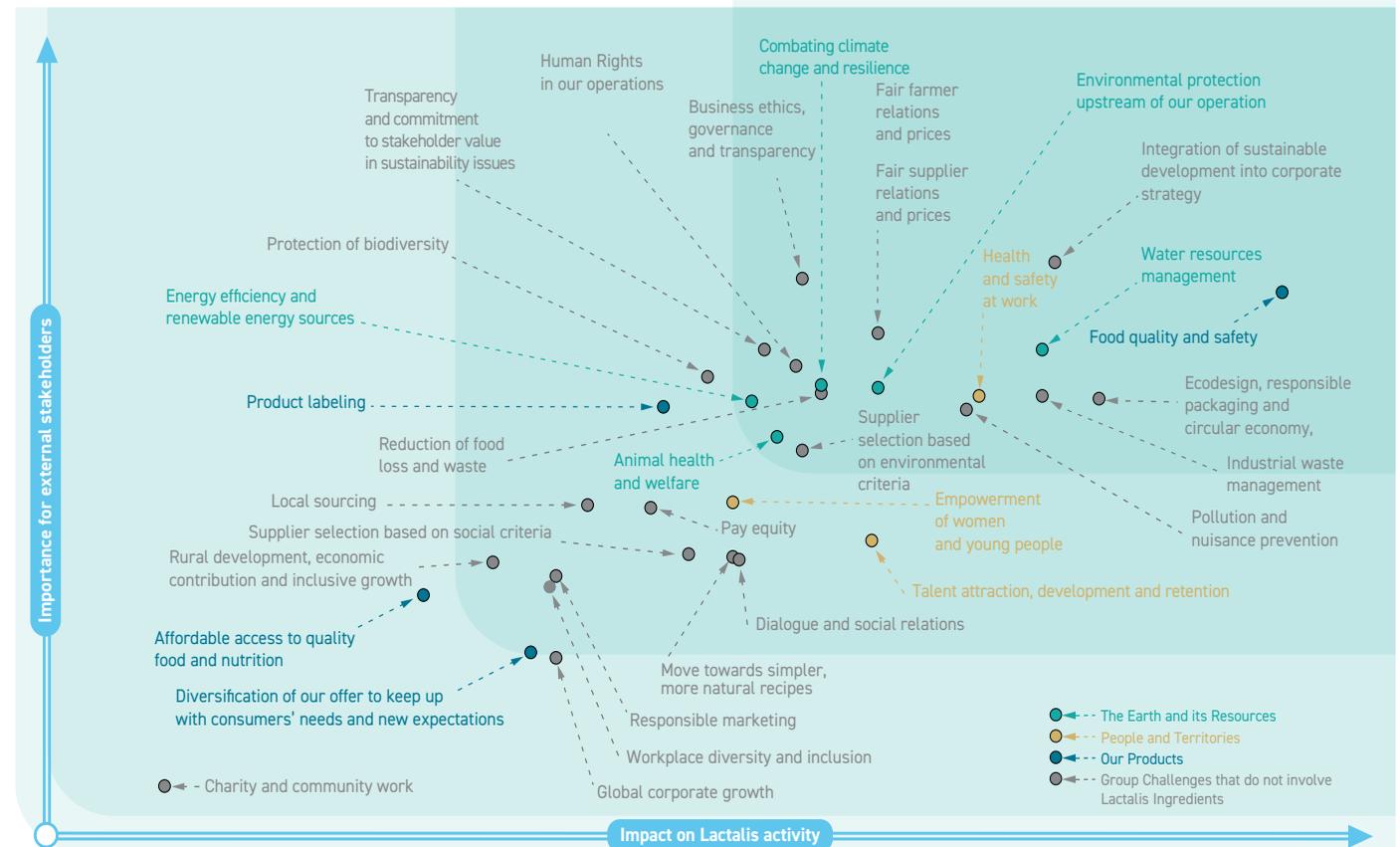
NURTURING THE FUTURE RESPONSIBLY

The Group is thus working to reduce its impact on the environment and the climate across its value chain. The development of the women and men, communities and territories where the Group operates is also crucial if the long-term viability of its activities is to be ensured. For this reason, the Group's CSR roadmap is aligned with the United Nations Sustainable Development Goals as well as the ten fundamental principles of the Global Compact, of which Lactalis is a member.

Responding collectively to major challenges

Lactalis is building its CSR strategy around a combination of the risk analyses of the Business Divisions and a materiality analysis. In 2020, the Group sought the views of 175 internal and external stakeholders in a total of 14 countries. The participants identified 33 issues, highlighting priorities such as the climate, carbon footprint reduction, circular economy and environmentally responsible packaging as well as animal welfare. The Group is committed to maintaining regular consultation in order to remain aligned with its stakeholders as expectations evolve.

The Lactalis Group aims to bring the enjoyment and nutritional benefits of dairy products to as many people as possible. In 2023, when celebrating its 90th anniversary, Lactalis refined its purpose in action: "to nurture a responsible future by committing to offering the best, locally-sourced products to help everyone grow". This ambitious motto codifies our commitment to optimize our actions by listening to our employees, partners and customers as well as society at large. The Lactalis CSR strategy is part of the company-wide strategy for profitable and responsible growth, formalized in 2022 with objectives to be achieved by 2033. The creation of value for the company and its stakeholders is at the heart of this project, which it is hoped will facilitate the necessary transition of food systems.



OUR ACTIONS IN 3 KEY AREAS

Lactalis Ingredients has identified its key challenges by looking at both the division Business Unit Management Risk Analysis and the Lactalis Group Materiality Matrix. This has revealed the substantial economic, environmental and social impacts of our activity and helped structure our CSR program. This is built on 3 pillars.

PILLARS



1.

RESPONSIBLE FOR THE PLANET

COMMITMENTS	2023
• Reduce our carbon footprint	
• Preserve our water resources	
• Take care of the animals	



2.

RESPONSIBLE FOR EVER HEALTHIER NUTRITION, ACCESSIBLE TO ALL

COMMITMENTS	2023
• Guarantee food safety	
• Promote better nutrition for all	



3.

RESPONSIBLE FOR THE WOMEN AND MEN OF THE DIVISION

COMMITMENTS	2023
• Safeguard health and safety at work	
• Foster the best professional development	
• Encourage employees to get involved	

A photograph of a man with a beard, wearing a dark long-sleeved shirt, leaning over a dining table. He is smiling and pouring milk from a glass pitcher into a white bowl. A young child with light brown hair is sitting at the table, looking up at the man. The child is holding a spoon over another white bowl. On the table, there is a baby bottle with orange liquid. The background shows a large window with a grid pattern, letting in bright light. In the top left corner, there is a dark blue box with the text 'OUR PURPOSE' in white.

OUR PURPOSE

“As leading experts in harnessing the full value of milk through a wide range of ingredients, we strive to ensure healthy nutrition for all. This vision is driven by the challenge of building a strong, caring and lasting relationship with our customers.”

OUR COMMITMENT TO THIS PURPOSE

We cannot but laud the expertise of the women and men who work each day to accomplish our undertaking.

The notion of accessibility is important to us, since we sell our products across the globe and our ingredients are designed for a wide range of food and nutrition applications.

The term “healthy” encompasses our desire to ensure the highest standards of hygiene, food safety and nutrition. Our division endeavor is at one with the vocation of the Group: “Lactalis, a family business offering healthy and tasty products every day that bring people together”.

And since we exist first and foremost through our customers, we have placed them at the heart of our operation, with our daily focus on high standards driven by the desire to meet their needs.

HIGHLIGHTS OF OUR CSR POLICY

IN 2022-2023:



BUILDING AND OPTIMIZING IN UNISON

In conjunction with our suppliers, the dairy farmers and with the support of the sector generally, all our energies are at work in the division to bring about transition in agricultural practices, accelerate the deployment of new processes, enhance the careers of our teams and offer high quality, healthy products to our customers.

OUR STAKEHOLDERS

At Lactalis Ingredients we set store by being adaptable not only to new expectations from our stakeholders but also to changes in the political and regulatory environments and in society in general.

OUR CUSTOMERS:

We offer a variety of dairy ingredients with various functionalities and nutritional benefits. Attentive to our customers' needs, we make every effort to meet their expectations in terms of product quality, animal welfare and respect for the environment.

THE SECTOR:

The Group and the Lactalis Ingredients division are major players in the global dairy sector. We are involved with various federative and consultation bodies (EDA – European Dairy Association, ADPI – American Dairy Products Institute, Eucolait etc.) that develop demanding, high-quality, sustainable production standards.

OUR STAFF MEMBERS:

We provide a safe, caring and attractive working environment thanks to our stringent health and safety policy, the promotion of social dialogue, and competitive pay and benefits. We are also committed to talent development.

THE DAIRY FARMERS:

The Lactalis Group works in close collaboration with nearly 460,000 partner farmers in 49 countries. They are the main suppliers of our raw materials. As a result of this direct relationship, Lactalis is able to assist them with technical advice to promote the development of high-quality, environmentally-friendly production methods.

THE SUPPLIERS:

We contribute to their business development through our international presence and explore partnerships that foster innovation.



OUR CSR GOVERNANCE

The Lactalis Group has anchored its CSR governance in its main activities and decision-making bodies:

THE PRESIDENT OF THE LACTALIS GROUP

is the highest decision-making authority when it comes to CSR strategy. He participates in the selection of key issues, validates new priorities and strategies, and receives a monthly update on how projects are progressing.

THE GROUP EXECUTIVE MANAGEMENT COMMITTEE

discusses and approves strategy proposals for each priority. It receives a twice-yearly update on the implementation of the CSR roadmaps and their performance.

THE GROUP CSR DEPARTMENT

was integrated into the new "Quality and CSR Directorate" in 2021, reports directly to the President of the Lactalis Group and is represented at the company's Executive Committee. It has the task of proposing a CSR strategy for the Group and coordinating its implementation by the Business Divisions. It is in charge of an international network of internal CSR officers.

THE LACTALIS TECHNICAL EXPERTS

The Lactalis Ingredients CSR governance is organized as follows:

THE LACTALIS INGREDIENTS EXECUTIVE MANAGEMENT COMMITTEE

discusses and approves strategy proposals for each priority. It receives a quarterly update on the implementation of the roadmaps and their performance.

THE CSR STEERING COMMITTEE

establishes a forward-looking approach and develops proposals for both the strategy and the action plans. It brings together members of the different departments within the division, who meet monthly.

THE LACTALIS INGREDIENTS CSR REPRESENTATIVE

is in charge of CSR strategy and develops the internal CSR culture. It is this person's job to respond to questions from customers.

LACTALIS INGREDIENTS TECHNICAL EXPERTS

STRIVING TO REDUCE OUR IMPACT

Dairy products are nutritionally beneficial and an essential part of a balanced diet. Nevertheless, we are aware of their environmental impact. The Lactalis Group, a global company, has set itself the task of improving practices in the sector by sharing effective methods in all the countries where it operates. This means increased dialogue with our partners, in particular the dairy farmers. Lactalis Ingredients is one area where Group strategy translates into action. Our membership of Sedex, a collaborative platform where sourcing data can be shared, includes a section on the environment that is a big help in achieving our aims.

ANIMAL WELFARE AT THE HEART OF OUR RESPONSIBILITY

At Lactalis, our contribution to animal welfare is both a responsibility we would not wish to neglect and a factor in the long-term future of our business. We are determined to play our part in the implementation of exemplary practices, recognizing the importance of the ethical dimension in our overall approach to sustainability.

CARING FOR RESOURCES

At Lactalis Ingredients we put our strategy into action via a policy of continuous certification and a constant search for innovative solutions aimed at greater efficiency, sobriety and performance. We are resolute in our commitment to sustainability.

IN 2023

100%

OF LACTALIS INGREDIENTS EUROPE FACTORIES ISO 14001 CERTIFIED

10.6 m³

OF WATER CONSUMPTION IN INTENSITY PER TON PRODUCED

IN 2023

25%

OF DIRECT FARMS WERE ANIMAL WELFARE ASSESSED IN ACCORDANCE WITH THE LACTALIS ANIMAL WELFARE ASSESSMENT PROGRAM

REDUCING OUR CARBON FOOTPRINT

Fighting climate change and adjusting our activities to this new context are top priorities of our CSR strategy. We are one of the world's major food companies and leaders in the field of dairy ingredients. We therefore have a responsibility to set an example and contribute

to a more resilient planet. To reduce our carbon footprint we are targeting our operations (scopes 1 et 2), while also identifying our impact across our entire value chain (scope 3). Our objective: contribute to carbon neutrality by 2050.

ACTION FOR UPSTREAM AND DOWNSTREAM SECTORS

The Group is aware that, in addition to tackling emissions related to its own activities (scopes 1 et 2), it needs to act upon emissions induced by these activities both upstream and downstream of its value chain. This is why, in 2023, Lactalis set about defining intermediate commitments for scope 3 emissions¹. Additional targets have thus been defined for scope 3 FLAG and non-FLAG emissions, based on the new methodological guidelines of the Science Based Targets initiative².

UPSTREAM: MEASURE AND EVALUATE FOR GREATER REDUCTIONS

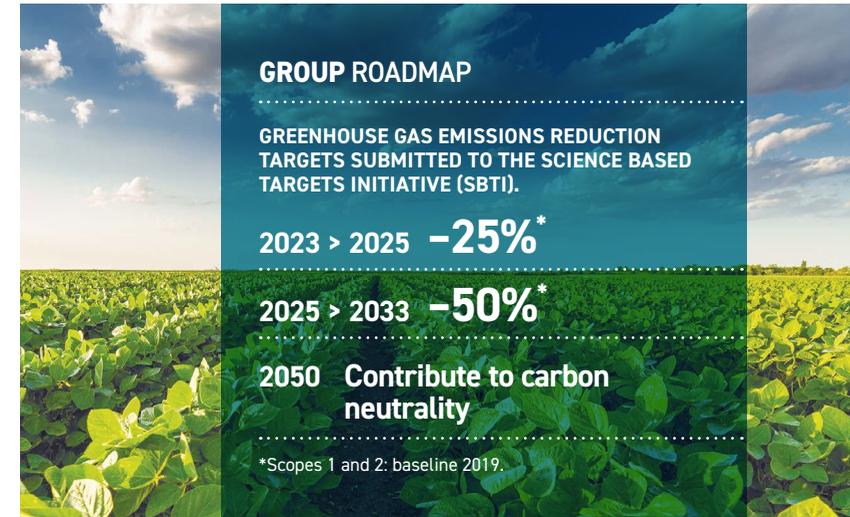
This project involved 11 countries³, representing nearly 70% of the Group's milk collection worldwide. In parallel, the Group has also implemented collaborative actions with partner farmers and other key players. We measured the carbon footprint of partner farms using tools such as the Cool Farm Tool and CAP2'ER. This enabled our dairy technicians to evaluate the carbon footprint of a further 4,000 farms (approximate figure) in the 11 pilot countries

and 500 farms in an additional 9 countries⁴. In 2024, the Group expects to evaluate around 33% of direct farms in the 11 pilot countries and to continue the deployment of the diagnostics to the additional 9 countries.

AN ENVIRONMENTAL MANAGEMENT SYSTEM

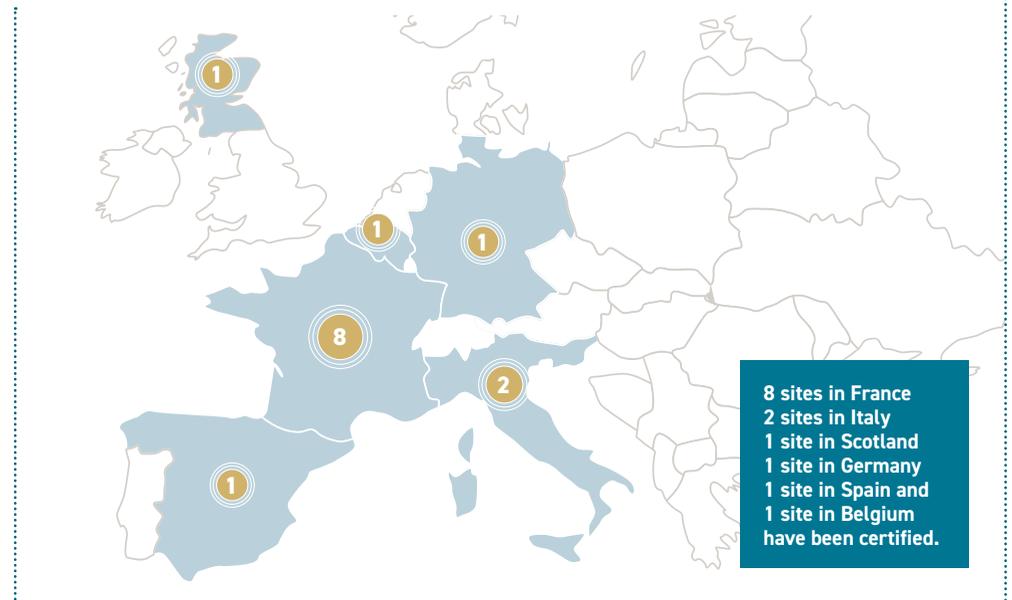
Lactalis is progressively setting up an environmental management system for factories where more than 100 000 liters of milk is treated per day (70% of sites). The objective is to evaluate and reduce the environmental impact of these activities.

1. Scope 1: direct emissions; scope 2: indirect emissions related to energy consumption; scope 3: other indirect emissions.
2. The Science Based Targets initiative (SBTI) is a collaboration between the CDP (Carbon Disclosure Project), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), and one of the commitments of the We Mean Business coalition. The SBTi defines and promotes best practice in setting Greenhouse Gas Emissions Reduction Targets and independently assesses companies' targets.
3. Australia, Belgium, Brazil, Canada, France, Germany, Italy, Spain, Sweden, United Kingdom and the United States.
4. Croatia, Czech Republic, Netherlands, Poland, Portugal, Romania, Slovenia, Turkey, South Africa.



ISO 14001 CERTIFICATION

All factories subject to the IED in Europe had to be ISO 14001 certified by 2024. Lactalis Ingredients met this objective one year in advance.



2019 | 348,598 eqCO₂

2020 | 339,378 eqCO₂

2021 | 322,366 eqCO₂

2022 | 322,746 eqCO₂

2023 | 288,360 eqCO₂

-10.6%
VS 2022

GHG SCOPE 1&2 EXCLUDES FUGITIVE & MOBILE EMISSIONS



SOLAR ENERGY: 5 PIONEER SITES

Verdun

In 2022, the largest solar thermal power plant in Europe to supply an industrial site was put into service at Verdun. Having operated successfully for over a year it has reached its performance targets, generating 4,200 GWhs of decarbonized energy in 2023. Achieved in partnership with Newheat, this project coincided with the construction of a new drying unit, the design of which was thus adapted to this specific energy source. This project is the successful result of a synergistic collaboration. Moreover, continuous improvements are being made to optimize energy production and consumption throughout the year.

Villarrobledo and Walhorn

These Spanish and Belgian Lactalis Ingredients sites are adopting the use of photovoltaic energy for a portion of their electricity consumption. At Villarrobledo (Spain), 30,000 m² of solar panels will produce nearly 5,000 MWh per year, thus covering 25% of the site's consumption. In Belgium, the 4,800 m² of solar panels installed on the building roofs will cover 6% of the site's consumption, reducing CO₂ emissions caused by its activity by 450 T tons per year.

Parma and Bozzolo

At the Italian Parma and Bozzolo sites, solar electricity production projects are in progress. At Bozzolo, the installation of 5,300 m² of solar panels will produce 700 MWh per year, covering 5% of the site's consumption.

OUR OTHER VIRTUOUS ENERGY SOURCES

New evaporator at Vimoutiers

This new equipment has enabled us to reduce fossil fuel based thermal energy consumption in the form of electricity as well as reduce the overall energy consumption of the operational unit. The site has reduced steam consumption by 5,780 T per ton of water evaporated, amounting to 600 T of CO₂ not emitted into the atmosphere by the site.

In addition to this, an extra 20,000 m³ of water will be recovered thanks to the new procedure.

Biomass boiler in Mayenne

We are in the process of building a steam production unit using biomass. Due to be operational in January 2025, the boiler will generate 25 tons of steam per hour, thus covering 83% of the energy needs of the site and reducing CO₂ fossil fuel emissions by nearly 25,000 tons.



We've decided to go for biomass, with a capability that will cover 83% of our steam needs, and the remaining 17% produced by gas."

JONATHAN NEVI
Société Laitière Director, Mayenne

New process at the Petit Fayt site

The installation of new membrane concentration equipment will allow us to reduce fossil fuel consumption by 50%, thus significantly reducing the CO₂ emissions of this operational unit. With 200,000 m³ of milk treated, 700 T of CO₂ will be saved compared with a traditional process.

FOCUS

PROTECTING FORESTS AND BIODIVERSITY

Deforestation and forest degradation contribute significantly to global warming and biodiversity loss. Lactalis has therefore inscribed its policy to combat deforestation at the heart of its climate strategy.

NUTRIFONT AND LACTALIS: SUSTAINABLE WOOD TARGET 2025

Nutrifont currently uses wood as a source of energy. In line with the overall Lactalis commitment to forest conservation, Nutrifont is actively working on a transition to the use of sustainable wood as an energy source. This measure is part of the Lactalis Forest Policy, announced in 2023, that aims to eliminate deforestation related to primary agricultural raw materials by the end of 2025.

2025 TARGET

100% OF ENERGY WOOD WILL COME FROM PLANTATIONS THAT COMPLY WITH THE 31 DECEMBER 2020 DEADLINE

EARTHWORM PARTNERSHIP FOR ZDC PROJECT

Since 2021, Lactalis has been working with the Earthworm Foundation to assess the risks of deforestation caused by animal feed. In France, the Group collaborated on the Earthworm Foundation's work in 2022 and 2023, which is in favor of the concept of "responsible animal feed" and promotes the use of soya, with its Zero Deforestation-Conversion (ZDC) score. In 2023, Lactalis France, which includes Lactalis Ingredients, continued the partnership, investing in ZDC methodology for the importation of responsible soya to France.

REDUCING OUR PACKAGING

In 2023, we started tests aiming to packaging our ingredients in new bags in order to reduce paper consumption by 420 tons per year. This initiative is part of the Group's overall strategy for responsible packaging, the aim of which is to optimize packaging while preserving the quality and safety of our products.





PRESERVING WATER RESOURCES

Water is ubiquitous in the activities of the Group, from milk production in dairy farming to treatment downstream in

a purification plant. The food industry is subject to very strict standards because maintaining the quality of its products is so vital. In order to meet compulsory specifications, the frequency of cleaning is unavoidably high at every stage of the production chain. Clearly, this results in very high water consumption. On average, two liters of water are needed to process one liter of milk, making this a major challenge.

MORE RESPONSIBLE WATER MANAGEMENT AT VIMOUTIERS

The investments made at the Vimoutiers site will not only reduce our water consumption but also improve the efficiency of our cleaning techniques thanks to optimized technologies and smart equipment design. Moreover, the quality of the water recovered at this stage allows us to reuse it in our manufacturing processes. Consequently, we predict a reduction in the factory's water intake of 9,000 cubic meters.



WATER PER TON PRODUCED IN 2023

10.6 m³

2025 TARGET
10.04 M³
I.E. 10% LESS
THAN IN 2019



CDO PER TON PRODUCED AT STATION¹

0.26 kg

1. Chemical oxygen demand: quantity of oxygen needed to purify water.



RETIERS: RECYCLING WATER

At the Retiers factory we are on the point of doubling our capacity to recover water from our processes. As a result of installing water recovery, storage and distribution systems, we are expecting to achieve a significant reduction in our water consumption. We expect to recover up to 500,000 cubic meters of water at the site each year.

RENOVATION OF PETIT FAYT PURIFICATION PLANT

At Petit Fayt, we have launched a major investment program in order to ensure a high degree of purity of water treated at our purification plant. A budget of 4.8 Mio € has been allocated to the modernization of our equipment, which should be finalized by September 2025. This initiative will guarantee the high quality of water released into the environment.

INFO SNIPPET

WATER IN THE DRYING BUSINESS

For every kilogram of milk powder produced, 9 liters of water are extracted from the milk. By adapting and optimizing our procedures, we can recover a large proportion of this water for recycling in our production facilities. As a result, we can significantly reduce the amount of water drawn from natural reserves.



3 QUESTIONS FOR **NICOLAS BAUDUIN,** New Works Maintenance Manager at Petit Fayt

Why are you modernizing the purification plant at Petit-Fayt?

The concrete structures are deteriorating, the aeration technology is not very efficient, and the lack of a buffer basin was a problem. The rehabilitation will renew most of the plant, except the sludge concentration line of 2006. We are building an aerated buffer basin, an aeration basin with slow turbines, a clarifier and a tertiary treatment stage.

What are the benefits of this modernization?

The new aeration technology and an automatic screen will increase the effectiveness of the buffer basin, which has been in use since the end of 2023. The final phase will include tertiary treatment to allow a higher discharge standard.

What will be the end result?

We have high-performance facilities controlled by online instrumentation, together with highly committed employees, which will ensure a high quality discharge.



OUR COMMITMENT TO ANIMAL WELFARE

As the world's largest dairy group we are very attentive to the animals in our supply chain, in particular the five million of them producing the milk we process. We have a keen sense of responsibility towards them, recognizing them as sentient

beings. Moreover, there is a direct correlation between their well-being and the quality of their milk. Therefore, contributing to animal welfare helps improve the performance of partner farmers and thus helps us meet consumer and public expectations.

INVOLVING DIRECT PARTNER FARMS⁵ IN A PROCESS OF CONTINUOUS IMPROVEMENT

Lactalis is committed to improving partner farming practices from the perspective of animal welfare. This means increasing awareness and training at the farms and also involves a three-yearly assessment program using measurable criteria to assess compliance with the "Five Freedoms" of animal welfare.

The Group is currently focusing on 8 pilot countries⁶ with the promise to:

- train 100% of dairy technicians in animal welfare best practices by the end of 2023,
- assess 100% of direct volumes by the end of 2025 (2026 in Brazil).
- give priority to work on the following key areas: tethering, bedding space, group rearing of calves, access to pasture, environmental enrichment, growth hormones, antibiotics, disbudding and dehorning, caudectomy, and animal proteins in livestock feed.

IN 2023

25%

OF DIRECT FARMS HAD ANIMAL WELFARE ASSESSMENTS IN ACCORDANCE WITH THE LACTALIS ANIMAL WELFARE ASSESSMENT PROGRAM



2025 TARGET
100%

ENHANCING THE TRAINING OF DAIRY TECHNICIANS

In partnership with CowSignals® Training Company, the Group has set up a training program for its dairy technicians.

100%

OF TECHNICIANS HAVE BEEN TRAINED
IN ANIMAL WELFARE

The training program combines a digital module, a classroom session and a workshop session on a dairy farm with a Master CowSignals® course delivered by either an internal or an external expert.

In 2023, about 140 dairy technicians received the training, bringing the total number of professionals trained since the launch of the campaign in 2021 to around 190.

Thus, in keeping with its promise, the Group has ensured that 100% of dairy technicians in the 11 pilot countries⁷ have CowSignals® training. With the feedback from technicians on these courses having been very positive, the Group plans to extend the training to 9 additional countries in 2024, meaning around 60 more people will be trained.

ASSESSING OUR PARTNER FARMS

Back in 2021, Lactalis launched an animal welfare assessment of dairy cows and calves. Using an internal method based on recognized protocols such as the Welfare Quality Assessment Protocol, the assessments were carried out at around 4,000 farms in 8 pilot countries in 2023, covering roughly 25% of direct farms in those countries. While this is slightly lower than the initial target (33%), the Group is confident of fulfilling its objective of all its dairy farmers being trained by the end of 2025. In addition, an extra 9 countries were included, with 500 farmers being assessed to give an idea of average performance.



INFO SNIPPET

AWARENESS / TRAINING FOR PARTNER FARMS

Various actions to raise awareness and/or train dairy farmers on animal welfare are regularly carried out by the Lactalis Country Milk Supply Departments. In France, Lactalis offers training in good practices for calf disbudding. These training courses are given by veterinary surgeons who teach farmers the correct sequence of steps during a practical farming session. Nine training sessions have been held since 2022, with a total of 75 milk producers having thus been trained. Following these training courses, the majority of farmers modify their practices.

5. A farm that supplies raw milk to Lactalis is considered "direct" if a) there is an individual contract between Lactalis and the farm manager and/or b) Lactalis is able to offer the farm manager, as an individual, a plan to improve farming practices without having to obtain the prior formal consent of a third party (for example a cooperative). In any other case, the farm is considered "indirect".

6. Australia, Belgium, Brazil (Lactalis subsidiary Do Brazil), France, Italy, Spain, United Kingdom and the United States (Lactalis subsidiary American Group and Stonyfield). These countries represent 45% of the raw milk collection for Lactalis worldwide.

7. The 8 pilot countries already mentioned as well as Germany, Canada and Sweden, where Lactalis collects indirect volumes.

IMPROVING ON GOOD

MEETING NUTRITIONAL NEEDS

Dairy products play a vital role in sustainable nutrition, offering a fine balance between the environmental footprint of their manufacture and their distinctive nutritional benefits.

Our mission shapes our identity and guides how we manage our business. Inspired by a passion for milk, we consider the processing and valorization of this raw material our greatest responsibility. Our ultimate goal is to create a wide range of ingredients to meet the challenges of a healthy diet that is accessible to all.

QUALITY CONTROL

We are committed to excellence without compromise of food safety, compliance or the quality of the products and services we offer in all the countries in which we operate.

93%

OF FACTORIES IN THE DIVISION
ARE FSSC 22000 CERTIFIED

GUARANTEEING FOOD SAFETY

The first pillar of the latest Group strategy is "Better together for product", which highlights

the central position of the product in our activity. The quality aspects of this pillar are structured around our "ACT FOR QUALITY because we care" action plan, with 4 priorities that we take very much to heart in the Lactalis Ingredients division.



A CLEAR VISION BASED ON 4 PILLARS WITH MINDSET THE KEY TO SUCCESS





4 KEY PRIORITIES FOR 4 KEY CHALLENGES

The key priorities of the Group's Act for Quality strategy provide a framework within which to define the objectives of our division, ensuring that:

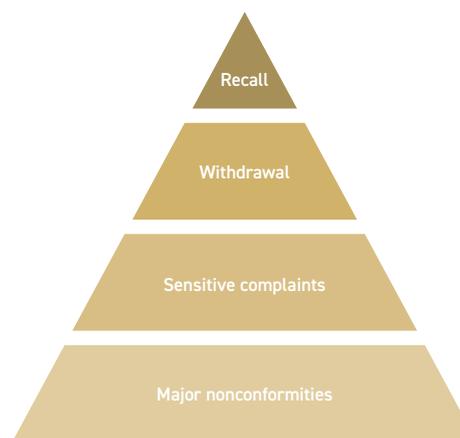
- we are consistent with the Group's overall trajectory in terms of quality,
- we make the issues our own by analyzing how to apply the strategy, translating general concepts into practical goals that are consistent with the realities inside Lactalis Ingredients.

The process of implementing the 4 priorities applies to every aspect of quality management, from factory manager level to the staff in production facilities. This automatically contributes to a shared quality culture, encouraging all employees to get involved and work together towards the common goal.

PRIORITY NO. 1 Ensure the safety and conformity of food products

The use of the Group quality pyramid by every Lactalis Ingredients entity allows us to:

- apply the 4 key indicators of food safety visually and uniformly,
- highlight the importance of reaction and definitive action to deal with major nonconformities.



3 QUESTIONS FOR JULIEN SCHMITT, Packaging Manager at Rouvroy

For Act for Quality, how do you verify quality in your factory?

In packaging we use magnets, metal detectors and sieves to prevent foreign bodies. The operators check bags for leaks, and they also check markings and weights and that detectors are functioning correctly.

What is the procedure?

The induction process ensures that line operators are properly trained. They also record traceability data. And in the event of a nonconformity, we analyze the causes and draw up an action plan on a specific form.

What happens when an inspection is non-compliant?

All the situations that could arise are described in the procedure. For example, a product with punctured packaging is not loaded onto the truck. If someone is not sure, they can refer to their supervisor and the quality officer. If, despite our numerous verifications, a customer makes a complaint, the information is passed on to the teams in the field so that action can be taken.

INFO SNIPPET

WHAT IS A MAJOR NONCONFORMITY?

It is a nonconformity detected internally that, if undetected, could have led to what we call "sensitive" complaints from customers or even necessitated a withdrawal of the goods. For each occurrence, the entity concerned has to identify, analyze and correct the problem in a definitive way, then share the experience very widely.

This positive approach to the handling of nonconformities encourages the reporting of problems detected in the field. We believe that by broadening the base of the pyramid and dealing with it we shrink the top, in other words the risk of a withdrawal or recall.

PRIORITY NO. 2

Deliver superiority and contribute to external and internal growth

One of the objectives of this priority is the avoidance of variability in our processes, thus ensuring the consistent quality of the products delivered to our customers.

At Lactalis Ingredients, the "First Time Right" approach is used to reduce variability. Improvement of this indicator is achieved via:

- control of our incoming materials, which must be consistent with the sensitivity of the finished product being made,
- the professionalism of our teams who, by their ability to fine-tune the operation, ensure a regular end product despite an incoming material that varies depending on origin and season,
- our readiness to listen to customers in order to meet the needs of the demanding markets of food professionals and pharmaceuticals.

93%

OF FACTORIES IN THE DIVISION ARE FSSC 22000 CERTIFIED

2025 TARGET:

100% OF FOOD FACTORIES CERTIFIED.



PRIORITY NO. 3

Improve efficiency: best quality at lowest cost & optimized facilities and processes.

Bringing quality to our customers at a lower cost means, notably, ensuring that the equipment in our factories is of a standard that allows us to offer guarantees appropriate to the sensitivity of the products manufactured.

The demands therefore vary from one factory to another, depending on whether the manufactured goods are destined to be pharmaceutical excipients, powders for infants, ingredients for human food, or raw materials for animal feed.

We have classified our equipment according to distinct characteristics and the category of products it is used for.

This has given us a reference document that is now essential, for instance for an account where we need to facilitate a modification. It also provides an additional safeguard to ensure quality is in keeping with the use the customer will make of a product.

PRIORITY NO. 4

Enhance expertise and leadership and develop a quality culture.

Quality control involves different channels, one of which is access to framework documents issued by the Group, the Lactalis Ingredients division and each of the factories.

To facilitate access to documentation, Lactalis Ingredients is progressively deploying a new electronic document management tool. This tool will not only enable optimal management of documents but also collaborative updating of them. It will be possible to consult any procedures that have been issued via a single portal, giving greater visibility to quality rules.

INFO SNIPPET

FIRST TIME RIGHT (FTR): A WIN-WIN APPROACH

First Time Right demonstrates our level of efficiency with regard to our materials, processes and customers, avoiding carbon emission due to product returns, waste from methanization and energy consumption from repeated production. First Time Right is good for the environment, good for quality, good for the customer, good for costs, and good for competitiveness.



PROMOTING BETTER NUTRITION FOR ALL

Nutrition is one of the pillars of sustainable food, according to the World Health Organization and its One Health concept. We are fully aware that we play a key role in meeting the nutritional needs of the

population. Accordingly, to meet the growing demand for information from our customers' customers, we are reinforcing transparency with a program of nutritional analyses of our ingredients and improved labeling. Our innovation policy focuses on high nutritional value products in order to improve the finished products of our customers.

OUR 4 STRATEGIC PRIORITIES

- Conduct product analysis programs to allow consumers to make informed choices,
- enact an innovation policy to optimize the nutritional value of our products,
- participate in the improvement of customers' product portfolios in favor of healthier products,
- increase awareness of the benefits of dairy ingredients.

HELPING CONSUMERS MAKE INFORMED CHOICES

The debates over nutritional scoring systems highlight the need to give consumers the keys to making better choices. As a supplier of ingredients, we have a role to play in informing and educating our customers' customers.

This is why we decided to have our recipes analyzed by external laboratories in accordance with the FIC regulation, twice a year for two years starting in 2022. The results allow us to provide our customers with technical datasheets from which to create detailed labels for consumers.

RECAP OF OUR 2023 TARGETS

A total of 66 products were analyzed, representing 39%. Delivery of the analysis plan was delayed as we enlisted a new laboratory in order to guarantee the accuracy and reliability of the results. While we fell short of the objective, we are confident of a full analysis of 100% of products by 2024.

IMPLEMENTING AN INNOVATION POLICY

We are continuing work to improve our products and turning to ever more demanding markets. In 2023 we officially launched a new lactose range specifically for the pharmaceutical industry.

This launch was the result of a lot of work from all the production teams from management to operators, as well as maintenance, laboratory and administration support services and departments at the division headquarters. After years of work on the reference documents and the qualification of our procedures, of audits by external consultants and training in good manufacturing practices, the Retiers site received Excipact certification for suppliers of pharmaceutical excipients.

CURRENTLY,

39%

OF PRODUCTS ARE ANALYZED IN ACCORDANCE WITH THE FIC REGULATION



2023 OBJECTIVE

100% OF OUR PRODUCTS ARE ANALYZED IN ACCORDANCE WITH THE FIC REGULATION



This experience is also of benefit to the manufacturing of dairy ingredients for the food industry and other production facilities at Retiers due to good practices that have been implemented, change management and data integrity."

MATHILDE PALLANDRE

Quality Manager at Retiers



LACTALIS
ingredients pharma
Trust our pharmaceutical lactose

OUR PEOPLE ARE THE HEART OF OUR BUSINESS

As an employer we consider we have a responsibility to put men and women of the company at the heart of our performance challenges. We strive to offer them a stimulating and satisfying working environment that enables them to develop their full potential and find expression for their talents. We are developing a strong preventive approach to health and safety at work and are determined to achieve the only acceptable target, which is zero accidents at work and zero work-related illnesses.

65%

ENGAGEMENT RATE IN 2023

70%

WELL-BEING AT WORK RATE IN 2023

19

WORKPLACE ACCIDENT FREQUENCY RATE 2

STRENGTHENING PERSONAL ENGAGEMENT

Via #LactalisExperience, we help employees achieve their full potential within expert teams, with a sense of satisfaction and pride in every aspect of their day-to-day life. Because feeling good as an individual contributes to the success of all.

CULTIVATING MANAGERIAL LISTENING

Since 2019, we have been measuring the level of engagement and conditions for success of our employees via anonymous surveys that constitute a managerial barometer. This shows us areas we can improve via actions plans with a view to even better results year by year.

SAFEGUARDING HEALTH AND SAFETY AT WORK

"Nothing justifies getting injured at work!" Over the last few years, this term has become a very familiar one amongst our teams. Safeguarding the health and safety of every individual has

always been our priority. The commitments we made in 2022 have allowed us to progress from a situation of industrial concern to a real hope of the Lactalis Ingredients division achieving, convincingly and enduringly, "Zero accidents".

GOAL NUMBER ONE: HALVE THE NUMBER OF INJURIES WITHIN 3 YEARS

To achieve our goal between 2022 and 2024, we took on board two key principles:

- **Responsibility for health and safety management** starts at the top,
- **The cause of an accident** is often related to poor organization or behavior.

We have invested in training courses in Health & Safety Management and Conducting Job Safety Visits (JSVs). Every manager has received the training, which has provided a common basis and practical tools to allow us to make sweeping improvements in our approach to this issue.

NEW GOVERNANCE FOR GREATER COHERENCE

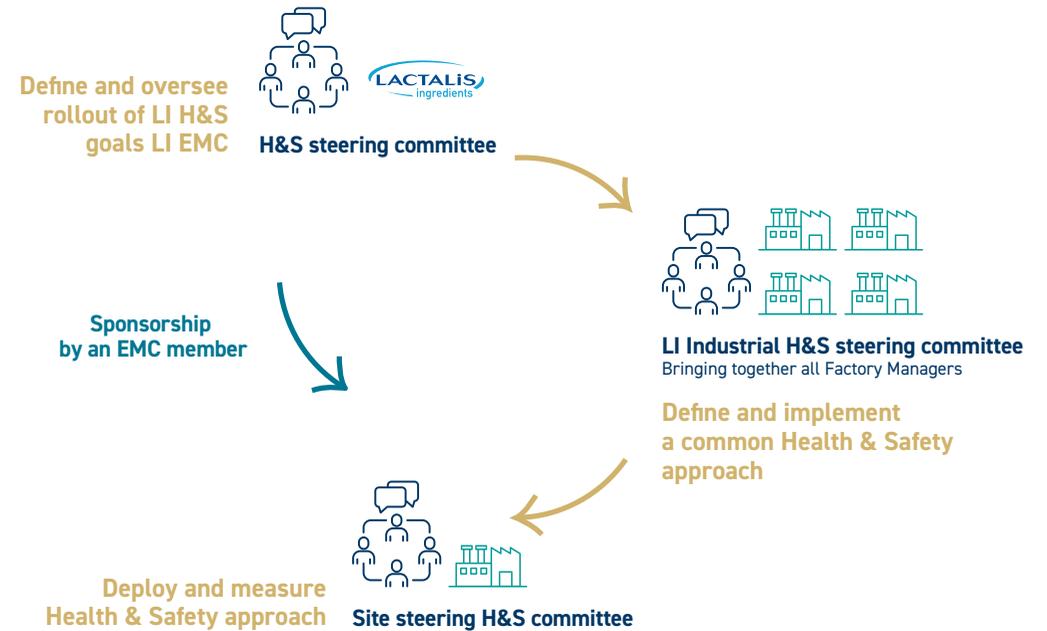
Our approach is now driven by three separate but linked Health & Safety bodies. Each one falls under the responsibility of the manager for the team concerned.

- H&S Executive Management Committee (EMC) steering committee > Managing Director,
- H&S Industrial steering committee > Industrial Manager,
- H&S Site steering committee > Factory Manager.

This new structure ensures that everyone at every level of the organization is involved and that we have a concerted, harmonized approach for greater efficiency.

The Steering Committee meetings are important to the culture of our organization, allowing us to measure our progress and define the next steps towards our goals.

During these sessions we have already established common positions on crucial issues such as equipment safety lockout (procedure and training) and Explosive Atmosphere risk assessment, as well as the role and duty of each person with regard to Health & Safety.



19

FREQUENCY RATE 2 FOR LOST TIME AND NON LOST TIME WORKPLACE ACCIDENTS IN 2023

2026 TARGET: 9

0.6

ACCIDENT SEVERITY RATE IN 2023



A PRACTICAL TASTE OF HEALTH & SAFETY AT HEADQUARTERS: BEST-LI'FE



We wanted to get our teams at headquarters involved in Health & Safety in a practical way and so since the end of 2023 there has been a physical activity program to encourage all employees to get moving and keep healthy.

Everyone has been able to take part in a training-action course given by health professionals, so that they are aware of the issues at stake and have the motivation to act.

The success of this action plan depends on the creation of routines. Volunteers have been trained to be "BEST-LI'FE Officers". They run weekly sessions for each team. This is an excellent opportunity for physical activity in a positive atmosphere in every department while not forgetting the importance of individual action.

GOAL NUMBER TWO: ENHANCE THE MANAGERIAL ROLE

While it is important to continue providing support to all employees at their workstations via visits, we also hope by 2026 to enhance the management of risks via formal risk assessment. To achieve this, we plan to train all our managers in risk analysis and in driving the prevention program. This harmonized approach will:

- Give us an objective vision of the risks inherent to our activities,
- Allow us to define local and global action plans,
- Ensure our standards take root in the division.

HARMONIZING OUR APPROACH

The strength of our community is its sharing of risk analysis and feedback. This makes us more efficient as we jointly determine the rules and standards needed to keep our employees safe.

A few risk analysis examples that were shared



WEARING OF HELMETS, SAFETY GOGGLES AND HIGH VISIBILITY VESTS



REVERSE PARKING



METHOD FOR JOB SAFETY VISITS



SAFETY LOCKOUT PROCEDURE



REWARDING EXEMPLARY SITES

Every year, trophies are awarded for best practices at the Lactalis France Health & Safety Convention. At the event, each site reveals an action or initiative that they wish to share. It is the perfect opportunity to communicate about our actions as well as to showcase the sites that win the award.

In 2023, the team at Verdun received the trophy for their precise and regular management of the Job Safety Visits thanks to successful Short Interval Management. The SIM practice will soon be implemented at all our sites. This trophy is clearly an inspiration for us all.



3 QUESTIONS FOR VANESSA DEJEWSKI, Factory Manager at Bozzolo and Parma

Why do the Bozzolo and Parma sites have such good safety results?

Safety is considered more important than productivity. All our managers spend time on the risk reduction plan and preventive action and everyone on the floor is committed because the EMC is committed.

How did you instill this culture?

Implementing the JSVs and repeated efforts to make the operators conscious of the hazards at work got them involved, since they realize what is at stake. Now everyone thinks in terms of safety.

How did the teams react to the JSVs?

After the ETSCAF training, the JSVs improved communication with operators and the presence of their line managers gave the procedure credibility.



FOSTERING PROFESSIONAL DEVELOPMENT

Our environment is a constantly changing one due to the nature of our activity in dairy ingredients, so our division

is forced to be adaptable with a very short term view. This reality demands a great capacity to evolve rapidly and innovate constantly when it comes to our operating modes. In this situation, how we perform is very much dependent on the competence and dedication of our people. Helping employees grow in order to enhance our collective performance is therefore something of an imperative, one the division is keen to address via different routes.

STRENGTHENING OUR EMPLOYER BRAND

In 2021, the Lactalis Group defined its employer brand in order to build loyalty among employees and attract future talent. Aware of our influence on social life due to our size, we want to increase our visibility at a local level and capitalize on our broad local roots. This means being actively involved with schools, job developers and local authorities. Concrete actions such as factory tours (e.g. a visit by primary school children to the Verdun site and a visit from the community of municipalities of Avesnois to the Petit-Fayt site) are a means of promoting our professional culture and corporate values. In addition, the Mayenne site recently launched a publicity campaign to highlight job opportunities.

LACTALIS CAMPUS

At the end of 2021, Lactalis created an Apprentice Training Center to boost interest in the food industry and train future employees in the specificities of the dairy sector, with a view to safeguarding its specialist skills. In 2022 and 2023, 15 engineers at Lactalis Ingredients obtained a professional food industry degree thanks to this campus.



3 QUESTIONS FOR JIMMY DELAGRÉE, Pontivy Maintenance Manager

Is it possible to change career paths within Lactalis?

Employees can become managers, experts or change to a different field, for example moving from maintenance to operations. A career change often involves a change of site and ongoing training.

What does an employee have to do if they want to change their career path?

They have to talk to their line manager and explain what they're hoping for at their annual interview. HR will examine their request and come back with a reply fairly quickly. The transition can take anything from a few months to over a year, depending on the training and recruitment needs.

Have you changed path?

Yes, I started off in maintenance at Retiers in 2013, then progressed to maintenance managerial posts at Petit-Fayt and Retiers. Since 2020, I've been Maintenance Manager at Pontivy. In September, I'm starting a Master's degree so I can become an Operations Manager.



DEVELOPING OUR INTERNAL AND LOCAL RESOURCES

Encouraging engagement and creating an attractive working environment are vital. It is also very important that we build loyalty in our employees. Their dedication is essential to the success of our demanding dairy business.

We provide rich opportunities for career development, which are given high visibility. Our offers are circulated internally via the Lacta'Jobs facility, and people can learn about different jobs with our Live My Life initiative. Moreover, we are building bridges with colleges and other training providers for jobs that require official qualifications.

GOOD RELATIONS BASED ON DIALOGUE

The Group is in favor of a simple approach to social dialogue with emphasis on approachability. It encourages constructive relations between managers, HR teams and staff representatives. Since 2020, training has been in place to strengthen this approach. The Social Irritant Management in place in our division consolidates our ethic at ground level.



SOCIAL DIALOGUE IS BUILT ON THE GROUND

To ensure well-being for everyone, we decided to foster social dialogue by instigating Social Irritant Management. The objective is the speedy resolution of problems reported by our teams using two key steps:

- Step 1: the field tour, or Gemba. A member of the factory Executive Management Committee (EMC) and the local manager talk directly with the teams at their workstations
- Step 2: the meeting for discussion, or Debrief. The EMC discusses the irritants that have been reported and nominates a team member to propose solutions.

This approach makes it possible to deal with issues as close to the ground as possible, thereby promoting a healthy and attractive working environment. This project, spearheaded at Verdun in 2022, will be deployed across all division sites by the end of 2025.

PROMOTING EXISTING TALENT

Internal promotion, totally in keeping with our core principles (Expertise, History and Passion), plays a key role in the development of employees. Our policy of taking on work-study students and interns prepares future managers, with a recruitment rate of 50% in 2023.

The Learning Factory – a digital platform dedicated to the training of employees– has added a whole new dynamic to our training offer and guarantees a high quality and motivating learning experience. It exists to enhance both professional and personal development. This is because we are convinced that the two are not separate. The development of individuals has a real impact on collective performance.

The Lactalis Ingredients Academy makes use of this digital platform and certain modules are being enhanced to make them accessible to the largest number of employees possible. In addition, our strategy of developing internal trainers reinforces our expertise while contributing to the professional and personal development of our employees.



The Learning Factory is aimed at all our employees so they can play an active role in their own development by taking training courses when and where they like."

JEAN-YVES REMOND
Director General of Human Resources



Any of us can access a training offer developed internally by one of our experts or at a partner university."

PHILIPPE LABORNE
Industrial Director France

INTRODUCING A NEW LEADERSHIP MODEL

The Group's longstanding management model, based on Expertise, Management and Leadership, had its concept of Leadership clarified in 2022 by the worldwide Work Groups. The new model is founded on 4 concepts:

- Care: to focus on people and sustainable development,
- Share: to collaborate and foster diversity,
- Dare: to drive growth with courage and ambition,
- Inspire: to shape our future together.

This was rolled out across all production facilities in 2023. The HR departments provided backup to the managers as they incorporated the model into their daily routine and helped them develop individual and collective leadership skills.



60

INTERNAL TRAINERS
IN 2023

50%

APPRENTICESHIPS AND INTERNSHIPS
ARE CONVERTED INTO JOBS



FOSTERING EMPLOYEES ENGAGEMENT

At Lactalis Ingredients, quality of life at work does not stop at occupational risk prevention but extends

to social issues such as equity, diversity, work organization, skills development, employability and the meaning attached to different tasks. The engagement of an employee shows, in fact, in their degree of fulfilment and personal development.

MAKING ALL THE SITES INVOLVED

For several years now, the Quality of Life at Work Site Committees have been meeting together annually to define actions targeting Health & Safety, Working Environment, Work Organization, Motivation, Skills Development, and a Sense of Community. These actions are now governed by an agreement signed with the social partners aimed at linking "well-being at work and the performance of the company".

REPEAT RUN OF MANAGERIAL BAROMETER

In 2023, we repeated our Managerial Barometer to assess the view employees have of management and working conditions. It was carried out in much the same way as two years previously, allowing us to measure the effectiveness of action plans that had been implemented. With a participation rate of 88%, testifying to our employees' attachment to this tool, we registered a rate of engagement of 65% (against 64% in 2021) and of conditions for success of 70% (against 67%). These positive results are an incentive to implement more action plans over the next two years, details of which are to be provided to all teams by June 30, 2024.

DOING THINGS TOGETHER

The Walthorn site (Belgium) organizes an annual nature hike with its teams, followed by a meal. And at the headquarters the cohesion bureau, created following the 2021 Managerial Barometer, organizes cooperation lunches. These monthly lunches bring together 12 employees chosen in a draw and an EMC sponsor of the division, cultivating a spirit of discussion, mutual knowledge and collaboration over a meal in a restaurant. The Saint Florent le Vieil site has organized various events, for instance a day during Taste Week (Semaine du Goût) that included a presentation on nutrition and the preparation of a balanced breakfast.

70%

WELL-BEING AT WORK RATE IN 2023



2025 TARGET:
75%

65%

ENGAGEMENT RATE IN 2023



NEW MANAGERIAL PRACTICES AT DIVISION HEADQUARTERS

Following the results of the 2021 Managerial Barometer, some useful new routines have been instigated involving our employees. Each person now has at least one appraisal annually as well as a departmental meeting and a one-to-one meeting each month. These practices allow employees to talk about their successes as well as their difficulties and receive appropriate help.

A managerial charter inspired by the Lactalis Leadership Model is currently being finalized and will remind everyone of the good practices pertaining to these new routines.

NEW AGREEMENTS FOR WORK ORGANIZATION

Because of the perishable nature of milk, our activity often involves continuous working patterns over five to seven days a week. Therefore, in order to allow a balance between private and professional life while ensuring the demands of milk processing are met, our work patterns have been adapted in response to comments from the field. Some sites have adjusted



their hours to reduce stress from work: for example, changing the start times of some of the maintenance shifts at Verdun. Others, such as Saint Florent le Vieil, have eliminated night shifts thanks to an on-call system. Stand-in teams have been agreed following negotiations at Pontivy and Petit Fayt, allowing specific weekend teams to relieve the weekday teams.

QLW TROPHIES

Every year, the Group organizes QLW Trophies to put the spotlight on sites and entities with laudable performance in a total of 6 areas (health and safety, working environment, skills development, sense of community, motivation and work organization).

In 2022 and 2023, the winners were Lactalis Ingredients sites:

- Verdun (2022) received the 2021 Trophy for Communication for its QLW Tour illustrating the actions carried out onsite,
- Mayenne (2023) won the Trophy for the most remarkable Health and Safety action in 2022, having recording ten successive years with zero workplace accidents in shipping.



3 QUESTIONS FOR MARION DEREUMAUX, Sales Manager

Have the new managerial practices had an effect on employees engagement?

They have improved team cohesion and the impression of being listened to. According to the October barometer, 91% of employees feel they receive more support, which is an increase of 41 points since 2021.

What have you been able to improve as a result of the new routines?

Individual meetings anticipate and resolve problems quickly. Employees have their own ideas and come with solutions. For example, we now spread the induction of new recruits across the whole team, which is good for learning and getting to know everyone.

What are the differences between a departmental and a monthly one-to-one meeting?

The team meeting is about cohesion, information and discussion. The one-to-one meetings twice a month last 30 minutes and are more focused on listening and the progress and difficulties of employees.



INFO SNIPPET

ST FLORENT LE VIEIL: JOINING IN THE MEILLERAYE DE BRETAGNE RACE

The soapbox proved to be a very good team building project for the maintenance staff. They met at lunchtime several weeks in a row to work on the project using equipment from the workshop. The drawing up of the plans was followed by the construction of the conveyance and the team finally took part in the race in May 2023. This initiative cultivated team cohesion and was a good exercise in working together, especially for a maintenance team made up of young recruits.

THE LACTALIS INGREDIENTS CSR ACTION PLAN



PILLARS

STRIVING TO REDUCE
OUR IMPACT

IMPROVING
ON GOOD

PEOPLE AT THE HEART

INDICATORS LACTALIS INGREDIENTS

INDICATORS (KPI)	2019 BASELINE	2021	2022	2023	TARGET		SCOPE	COMMENTS
Factories ISO14001 certified in %	NA	0	7	100	100 in 2025	↑	Lactalis Ingredients Europe factories	Target met: all sites certified.
GRI 305-1: scope 1 intensity direct greenhouse gas emissions in tCO ₂ per ton produced	0.53	0.42	0.42	0.405		↓	All Lactalis Ingredients factories	24% reduction in CO ₂ emissions / t produced, of which 3.5% was in the last year. The biomass boiler being built in Mayenne will help with reductions in the years ahead, as will the transition to sustainable wood in Brazil.
GHG scope 1&2 absolute in tCO ₂ eq excludes fugitive and mobile emissions	348,598	322,366	322,366	288,360		↓		Good reduction this year of quantity of COD released into the environment (21%): good operation of water treatment plant.
CDO water plant output in kg per ton produced	0.43	0.36	0.33	0.26		↓		Consumption increased vs. 2022 caused by drop in volume at certain factories in particular (Mayenne, Verdun, ...).
Water consumption in intensity in m ³ per ton produced	11.16	10.2	10.34	10.6	10.04 in 2025	↔		
Training of dairy technicians in animal welfare in %	NA	≈20	29	100	100 in 2023	↑	Operations related to direct volumes of raw cow's milk collected by Lactalis in 8 pilot countries: Australia, Belgium, Brazil (Lactalis Do Brazil branch), France, Italy, Spain, United Kingdom and United States (Lactalis American Group and Stonyfield branches). These direct volumes represent 45% of the total annual volume of raw milk collected by Lactalis (approximately 9.8 billion liters: 2021 figures)	100% of dairy technicians in the 8 pilot countries are now trained in CowSignals®. The Group plans to deploy this to a further 9 countries in 2024 (i.e. approximately 60 technicians).
Assessment of direct farms for animal welfare in accordance with the Lactalis Animal Welfare Assessment Program in %	NA	NA	10	25	100 in 2025	↑		Around 4,000 farmers were assessed, i.e. around 25% of direct farmers in the 8 pilot countries. This figure is slightly below the Group's expectations in terms of its Animal Welfare Policy (around 33% of volumes per year). However, it is satisfactory for the first year of effective implementation of this policy, and the Group is confident in its ability to achieve its commitment to assess 100% of direct volumes in the 8 pilot countries by the end of 2025.
Food factories FSSC 22000 certified in %	80	93	93	93	100 in 2025	=	Lactalis Ingredients Food Factories	Initial deployment plan on schedule. The last non-certified factory is preparing for certification in 2025. No surprises: the factories previously FSSC22000 certified have all kept their certification.
% of analysed products based on the FIC regulation	NA	0	0	39	100 in 2023	↑		
Apprenticeships/internships converted into jobs in %	60	60	50	50		=	All of Lactalis Ingredients	Half of all the young people who train with us join our team at the end of their apprenticeship or internship. The right balance between training our young people and meeting our needs is a key component of our HR policy.
Number of internal trainers	56	60	60	60	60	=		The stability of our number of trainers is a key factor in our ability to develop our dairy expertise via internal training.
Engagement rate in %	76	64	NA	65	Compliance with Korn Ferry France Standard	↑		Our engagement rating increased by one point in 2023. The positive change of this indicator reflects the pertinence of the collective actions carried out since the last Barometer.
Well-being at work rate in %	74	67	NA	70	75 in 2025	↑		Our well-being at work rating increased by 3 points in 2023. This result strengthens our determination to pursue our actions.
Severity rate	0.49	0.77	1.07	0.6		↓		
Frequency rate 2	35.7	38.4	29	19	9 in 2026	↓		100% of managers trained in "Health & Safety Management and carrying out JSVs". Deployment of H&S steering committees.
JSVs carried out / employee	NA	NA	2.3	2	2 in 2024	=		Implementation of individual JSV monitoring.

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