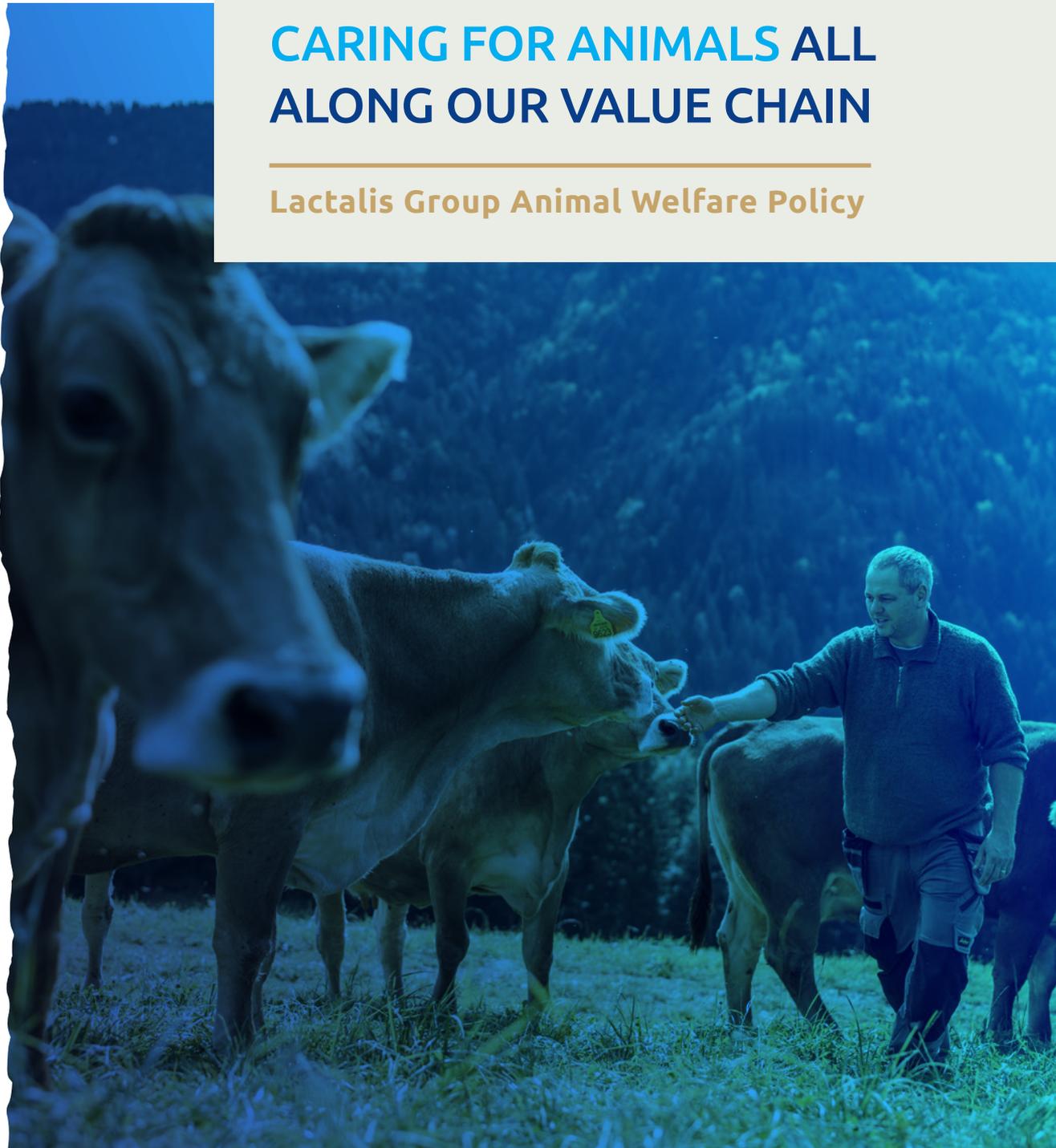




CARING FOR ANIMALS ALL ALONG OUR VALUE CHAIN

Lactalis Group Animal Welfare Policy





The Lactalis Group Animal Welfare Policy is comprised of four sections: our vision, our guiding principles, our approach & ambitions (3 sub-sections) and our governance. We aim to apply this policy to all the animals in our supply chain worldwide, regardless of the related finished product (cf. Annex 1: Our global scope).

At this stage, the section “03. Our approach & ambitions” is applicable to raw milk (dairy cows and calves), dairy ingredients (dairy cows and calves) and shell eggs and egg products (laying hens) that we use in some of our recipes like dairy desserts.

01

OUR VISION

01. OUR VISION

At Lactalis, contributing to animal welfare is not only our responsibility, but also a cornerstone for the sustainability of the company's activities.

As the world's leading dairy group and the third largest global milk collector, we pay special attention to all the animals in our supply chain, in particular to the approximately 5 million dairy animals (cows, buffalos, sheep and goats). We fully recognise and respect them as sentient beings, capable of feeling emotions, that deserve both physical and mental health: contributing to their wellbeing is our responsibility.

Moreover, animal welfare is a cornerstone for the sustainability of our activities. Indeed, as all our partnering farms know, there is a close link between animal welfare and production. For example, a cow needs sufficient access to food and water, sufficient bedding space, good hygiene and much more in order to produce high quality milk. Therefore, ensuring animal welfare is already part of our daily work as well as our partnering farms.

However, as scientific knowledge improves and our stakeholders' expectations grow, we recognise that we must go further and support transparent communication.

Our vision: we strive to advance our approach on animal welfare to ensure that animals have a good life, help to improve the performance of our partnering farms, meet the expectations of our stakeholders and preserve the sustainability of our supply chain.

02. OUR GUIDING PRINCIPLES

02

OUR GUIDING PRINCIPLES

Being established in more than 50 countries around the world (including 49 where we collect raw milk), our priority is to ensure that our approach (*cf. 03. Our approach & ambitions*) is both internationally credible and locally relevant.

For this purpose, we have defined four guiding principles:

1. ALIGNING OUR APPROACH WITH THE INTERNATIONALLY RECOGNISED “FIVE FREEDOMS”

According to the World Organisation for Animal Health (OIE), “developed in 1965, and widely recognised, the Five Freedoms describe society’s expectations for the conditions animals should experience when under human control, namely:

- Freedom from hunger, malnutrition and thirst
- Freedom from fear and distress
- Freedom from heat stress or physical discomfort
- Freedom from pain, injury and disease
- Freedom to express normal patterns of behaviour”

At Lactalis, we support this definition and aim for our approach to ensure the compliance with and the preservation of the “Five Freedoms” for all animals in our supply chain (*cf. Annex 1: Our global scope*).

2. USING THE WELFARE QUALITY ASSESSMENT PROTOCOLS AS OUR MAIN FRAMEWORK

Favouring a science-based approach, we rely heavily on the existing Welfare Quality Assessment Protocols¹ as well as the widely respected expertise of the Welfare Quality Network.

The Welfare Quality Assessment Protocols describe procedures for the assessment of animal welfare of various species (cattle, pig, poultry and laying hens). These protocols were developed in the context of the European Welfare Quality Project, in collaboration with a large number of research groups and institutes². A characteristic of the approach used in these protocols is that they focus on animal-based measures (e.g. directly related to animal body condition, health aspects, injuries, behaviour, etc.). At Lactalis, these protocols are the basis of our assessment methodology. In addition, we include criteria from other recognised protocols that focus on design and aspects of farm management (e.g. size of barns, flooring materials). This ensures optimal field implementation of our methodology in different production systems around the world.

The Welfare Quality Network is a collaborative effort of a large group of former partners of the Welfare Quality Project. Its activities involve, among others, upgrading the protocols, prioritising and facilitating research and working on specific farm animal welfare issues. Since 2021, Lactalis is an associate partner of the Welfare Quality Network.

(1) As our approach (*cf. 03. Our approach & ambitions*) focuses on dairy cows and calves at this stage, only the Welfare Quality Assessment Protocol for cattle has been used

(2) For more information on the Welfare Quality Project, refer to the website of the Welfare Quality Network



3. TAKING INTO ACCOUNT LOCAL SPECIFICITIES

In defining our approach at Group level, we pay particular attention to national and local specificities, both in terms of methods and ambitions.

For example, many of the countries in which Lactalis collects milk have already implemented national charters or projects to improve the animal welfare of dairy cows and calves (e.g. Red Tractor Assurance scheme in the United Kingdom, ClassyFarm system in Italy, Charte des Bonnes Pratiques d'Élevage in France, FARM program in the United States, Certificado "Welfare" in Spain, etc.). These charters and projects have been defined to meet national stakeholders' expectations; they are locally relevant and we intend to build on them as much as possible.

Moreover, the many countries where we are established have different levels of maturity and a huge diversity of farming systems. The Group's approach described below must be considered as a minimum. Country by country, our local teams are encouraged to go above and beyond when possible.

4. INVOLVING OUR INTERNATIONAL AND LOCAL STAKEHOLDERS

Although Welfare Quality Assessment Protocols are widely recognised in Europe, there is no international standard for animal welfare. Moreover, scientific knowledge and societal expectations are making progress every day. Therefore, in order to stay aligned with these evolutions, we are committed to working closer with our stakeholders, both at international and national level, to develop and regularly update our approach and ambitions on animal welfare (*cf. Annex 2: Our partners*).



03. OUR APPROACH & AMBITIONS

Our “animal welfare” approach and ambitions are defined for each type of animal-based product.

RAW MILK (DAIRY COWS AND CALVES)

Five main commitments concern raw milk from dairy cows; they all, with the exception of commitment N°2, apply to all dairy cows and calves related to raw milk collected by Lactalis worldwide:

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

At Lactalis, we have zero tolerance regarding animal cruelty and illegal practices. In order to strengthen our internal management of animal mistreatment cases, we have identified two opportunities for improvement:

- First, we will ensure that all Lactalis staff in contact with our partnering farms are trained on animal cruelty avoidance and are aware of all illegal national and international practices.
- Then, we will establish an internal procedure to clearly address situations where a Lactalis partnering farm is identified (by an internal or an external party) as having engaged in animal cruelty and/or illegal practices. This procedure will outline the respective corrective actions to be deployed depending on the situation.



2. Enrolling our direct³ partnering farms (and indirect ones where possible) in a process of continuous improvement, phasing out the most problematic practices and implementing the best ones

This process will be mainly based on:

- Raising awareness and training actions for both partnering farms and Lactalis dairy technicians. Indeed, we are deeply convinced that our dairy technicians, whose daily work includes providing technical support to partnering farms, have a key role to play when it comes to animal welfare. For example, many of the practices that lead to better animal welfare are also profitable for farmers; dairy technicians should be aware of them and contribute to their implementation.
- A *Lactalis Animal Welfare Assessment Program* to identify the areas of improvement of each farm and to recommend the most relevant improvements actions. This Program will be defined by the end of 2022 in collaboration with recognised third parties such as universities and non-governmental organisations. As a minimum, it will include on-farm assessments at a frequency of once every 3 years, based on measurable criteria assessing the respect of the "Five Freedoms". Once this Program is established, we intend to have it externally verified.

As needs evolve, both the training actions and the Assessment Program are subject to regular review to ensure alignment with stakeholders' expectations and scientific findings.



OUR AMBITIONS:

As a first step, we will initially focus our efforts on our direct volumes⁴ in 8 Pilot Countries (representing around 50% of our total raw milk collection worldwide, *cf. Annex 1: Our global scope*) and on 10 animal welfare topics.

Specifically, within these 8 Pilot countries, we will:

- Train 100% of our dairy technicians by 2023
- Assess 100% of our direct volumes by 2025
- Prioritise work on the following sensitive topics: tethering, bedding space, calves in groups, access to pasture, effective species-specific environmental enrichment, growth hormones, antibiotics, disbudding / dehorning, tail docking and animal derived proteins in feed

The 8 Pilot Countries involved as well as our detailed commitments are described in Annex 3.

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

(4) A volume of collected raw milk is considered as "direct" when coming from a "direct" farm (*cf. footnote 3.*)

3. Advocating for the implementation, deployment and reinforcement of ambitious national Animal Welfare standards

While defining and implementing our own *Lactalis Animal Welfare Assessment Program* (cf. *Commitment N°2 above*), we are engaged to contributing to the development of ambitious national Animal Welfare standards and regulations.

Our objectives are as follows:

- Concerning our direct partnering farms, we aim to collaborate with governments, international organisations, industry and other stakeholders to work collectively on some animal welfare issues that we may not be able to address alone. For example, replacing a tethering system with a loose housing system requires major investments and significant changes for farmers. We are committed to work on this at our level (cf. *Annex 3: Raw milk (dairy cows and calves) - Our specific commitments for our direct volumes in 8 Pilot Countries*) but we are convinced that a collective dynamic is also necessary.
- Concerning our indirect partnering farms where we do not have the possibility to implement the *Lactalis Animal Welfare Assessment Program*, our aim is that all of them are covered by ambitious national standards and/or regulations.

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

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

That is why we are committed to supporting and participating in research and development projects to improve animal welfare. We are convinced that working hand in hand with external partners who bring technical and technological expertise is key to ensure the successful transfer of knowledge and scientific findings to the field.

5. Reporting publicly and annually on our actions and progress

We are committed to having transparent communication on the fulfilment of the 4 commitments described above.

Each year, we will publish a *Lactalis Animal Welfare Progress Report* that will be accessible to the general public. In it, we will remind our commitments, describe our actions, reflect our progress and if needed, describe corrective actions to be implemented.

DAIRY INGREDIENTS (DAIRY COWS AND CALVES)

Our “animal welfare” approach on dairy ingredients other than raw milk (e.g. milk powder) is part of our Responsible Sourcing policy.

In the context of this policy, all Lactalis’ suppliers, including those supplying dairy ingredients, must commit to compliance with the rules defined in the *Lactalis Ingredients and Dairy Materials Charter*. Particularly with regard to animal welfare, this Charter involves:

- Providing to Lactalis Group products fully compliant with the legislation in force in the country.
 - If appropriate, implementing plans to enhance and promote animal welfare.
- In addition, all Lactalis suppliers must agree to the presence of our auditors for the carrying out of approval, evaluation or monitoring audits.

SHELL EGGS⁵ AND EGG PRODUCTS⁶ (LAYING HENS)

Like for dairy ingredients, our “animal welfare” approach on shell eggs and egg products is part of our Responsible Sourcing policy.

In this context, we are committed to laying hens’ welfare and to the promotion of transparency across our supply chain. More precisely, we have engaged in dialogue with specialised non-governmental organisations and our suppliers to play our part in the cage-free transition of the global egg market. And from the very beginning we have decided to tackle not only our procurement of shell eggs but also our purchase of egg products used as ingredients.

Moreover, we are committed to reporting publicly and annually on our actions and progress in this transition to cage-free shell eggs and egg products supply; it will be part of the *Lactalis Animal Welfare Progress Report* mentioned above.



OUR AMBITIONS:

- In the European Union, we have committed to, and achieved at End 2021, phasing out the purchase of shell eggs and egg products originating from caged systems (also known as “Code 3”).
- At global level, we will stop purchasing and using shell eggs and egg products from caged systems (also known as “Code 3”) by the end of 2025.

(5) Whole raw eggs with the shell unbroken

10 (6) Processed and convenience forms of eggs, including liquid, frozen, dried and pre-cooked products

04. OUR GOVERNANCE

Our governance is organised in 3 main levels:

04

OUR GOVERNANCE

- The Board of Directors of Lactalis Group is responsible for the successful implementation of the *Lactalis Animal Welfare Policy*.
- An Animal Welfare Committee is in charge of proposing the policy (and its revision when relevant) to the Board of Directors, monitoring the actions and the results and steering common actions. It is composed of Lactalis internal Corporate experts from the most relevant departments (Milk Supply, CSR and Purchasing). Its work implies regular interactions with a network of Lactalis internal experts based in our active countries (especially from the Country Milk Supply Departments described below).
- The Country Milk Supply Departments are in charge of implementing actions and reporting (actions and results) to the Animal Welfare Committee. Each Country Milk Supply Department is composed of a Milk Supply Director and may include Milk Supply CSR Managers and dairy technicians.



ANNEXES

ANNEX 1: OUR GLOBAL SCOPE (PER ANIMAL-BASED PRODUCT)

Raw milk

	Volumes of raw milk collected by Lactalis, 2021 (billion litres)	Estimated number of partnering farms* (thousand)	Estimated number of dairy animals* (million)
Worldwide: 49 countries			
Cows and buffalos	21.6	453.0	3.9
Sheep	0.2	3.2	1.1
Goats	0.1	1.4	0.3
TOTAL	22.0	457.6	5.2
Whom: our direct volumes in 8 Pilot countries			
Cows	9.8	20.6	1.4
% of TOTAL	45%	4%	26%

*Number of partnering farms and number of dairy animals have been estimated, country by country, on the basis of "Volumes of raw milk collected by Lactalis, 2021" and:

- For the 8 Pilot Countries (Australia, Belgium, Brazil, France, Italy, Spain, United Kingdom and United States of America): data collected in 2021 on representative samples of Lactalis' partnering farms (one representative sample per country).
- For the other countries: average 2020 data from IFCN⁷.

Dairy ingredients

At Lactalis, we use dairy ingredients (e.g. milk powder) in several of our recipes.

Shell eggs and egg products

At Lactalis, we use shell eggs and egg products in several of our recipes, especially in dairy desserts.

(7) Hemme (ed.) 2021: IFCN Dairy Report 2021, IFCN, Kiel, Germany.

ANNEX 2: OUR PARTNERS

Wageningen University & Research

Wageningen University & Research, renowned for its food and food production research, is an independent research and advisory partner.

During year 2021, we collaborated with experts from Wageningen University & Research to define the *Lactalis Farm Sampling Methodology*. This methodology allows us to determine representative samples of Lactalis' partnering farms in various countries. We used it to select around 700 farms where we conducted the first *Lactalis On-farm assessments* addressing sustainability topics (such as animal welfare). At this stage, our objective was to better know our performance without carrying out assessments in all our partnering farms (more than 450,000); which was not feasible in one year. The results from these representative on-farm assessments will be reported by the end of 2022, in our first *Lactalis Animal Welfare Progress Report* (cf. 03. *Our approach & ambitions, Raw milk (dairy cows and calves), commitment N°5*).

During year 2022, Lactalis will continue its collaboration with Wageningen University & Research in the context of the definition of the *Lactalis Animal Welfare Assessment Program* (cf. 03. *Our approach & ambitions, Raw milk (dairy cows and calves), commitment N°2*).

Welfare Quality Network

Since 2021, Lactalis is an associate partner of the Welfare Quality Network.

The Welfare Quality Network is a collaborative effort of a large group of former partners of the Welfare Quality Project. Its activities involve, among others, upgrading the protocols, prioritising and facilitating research and working on specific farm animal welfare issues.

ANNEX 3: RAW MILK (DAIRY COWS AND CALVES) OUR SPECIFIC COMMITMENTS FOR OUR DIRECT VOLUMES IN 8 PILOT COUNTRIES

The following specific commitments are part of our overall commitment N°2 for raw milk (dairy cows and calves), namely “Enrolling our direct partnering farms (and indirect ones where possible) in a process of continuous improvement, phasing out the most problematic practices and implementing the best ones”.

They apply to all dairy cows and/or calves related to the direct volumes of raw milk collected by Lactalis in 8 Pilot countries: Australia, Belgium, Brazil (Lactalis Do Brazil branch), France, Italy, Spain, United Kingdom and United States of America (Lactalis American Group and Stonyfield branches). These direct volumes represent 45% of total annual volume of raw milk collected by Lactalis (around 9.8 billion litres, 1.35 million of cows, 0.88 million of calves)⁸.

Our commitments and positions		Scope (among the 8 Pilot countries)
Transverse		
Lactalis on-farm assessments	<p>100% of our direct volumes will have on-farm assessments on animal welfare by 2025*</p> <ul style="list-style-type: none"> - With a once every 3 years frequency - In the context of a Lactalis Animal Welfare Assessment Program that will be defined by the end of 2022 in collaboration with recognised third parties such as universities and non-governmental organisations <p>*2026 in Brazil</p>	All
Technician trainings	<p>100% of our dairy technicians will be trained on animal welfare by 2023</p> <ul style="list-style-type: none"> - With a once every 3 years frequency - Including with external recognised trainings 	All
Per practice		
<i>Close confinement and intensive systems for livestock</i>		
Tethering	<p>Lactalis encourages loose housing systems and is committed to raising farmers' awareness not to build new tethering barns.</p>	All
Bedding space	<p>Farms supplying milk to Lactalis should provide cows with satisfying bedding space</p> <ul style="list-style-type: none"> - In loose housing system with loafing area integrated: at least 10 m² per large-sized* cow or at least 7.5 m² per small-sized* cow - In loose housing system with distinct loafing area: at least 7 m² per large-sized* cow or at least 5.5 m² per small-sized* cow - In free-stall system: at least 1 stall per cow <p>*Large-sized cow: average live weight of lactating cows ≥ 600 kg Small-sized cow: average live weight of lactating cows < 600 kg</p>	All

(8) 2020 figures

<i>Close confinement and intensive systems for livestock (to be continued)</i>		
Calves in groups	Lactalis promotes group housing for calves from 4 weeks of age	All
	In European Union Countries*, the UK*, Australia and Brazil, all dairy calves within Lactalis supply chain must be reared in groups from at least 8 weeks of age <i>*According to local regulations</i>	European Union Countries, UK, Australia, Brazil
<i>Effective species-specific environmental enrichment</i>		
Access to pasture	Lactalis endorses pasture grazing for dairy cows wherever appropriate	All
Effective species-specific environmental enrichment	Lactalis encourages partnering farms to implement enrichment tools to give animals the opportunity to express their natural behaviours	All
<i>Growth promoting substances</i>		
Growth hormones	In European Union Countries*, the UK*, Australia and the USA, growth hormones are not permitted within Lactalis supply chain <i>*According to local regulations</i>	European Union Countries, UK, Australia, USA
	In Brazil, Lactalis is committed to eliminate growth hormones (rBST) by 2030	Brazil
<i>Antibiotics for prophylactic use</i>		
Antibiotics	Lactalis aims to fight against antimicrobial resistance and supports partnering farms to reduce prophylactic use of antibiotics	All
	In European Union Countries, according to local regulations, prophylactic use of antibiotics will be prohibited from 2022 (except in certain exceptional cases as described in the regulations)	European Union Countries
<i>Routine mutilations</i>		
Disbudding / dehorning	Lactalis promotes recognised best practices for disbudding and will eliminate routine dehorning by 2025* <i>*2026 for the last farms who will be assessed in 2025 (cf. Lactalis on-farm assessments above)</i>	All
Tail docking	Practicing routine tail docking is not permitted within Lactalis supply chain	All
<i>Other</i>		
Animal derived proteins in feed	All Lactalis partnering farms must be in compliance with national regulations regarding the use of animal derived proteins in dairy animal feed. In European Union Countries and Australia, according to local regulations, this practice is strictly forbidden for ruminants	All



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The targets, associated timelines and scopes mentioned in this document reflect current assumptions. Acquisitions, regulatory changes or other factors may have a major impact on these assumptions. In such cases, Lactalis Group reserves the possibility to review and adjust them accordingly.

The version of this document available on the Lactalis Group website shall prevail.