



OUR JOURNEY TOWARDS CARBON NET ZERO BY 2050

Lactalis Group Climate Policy



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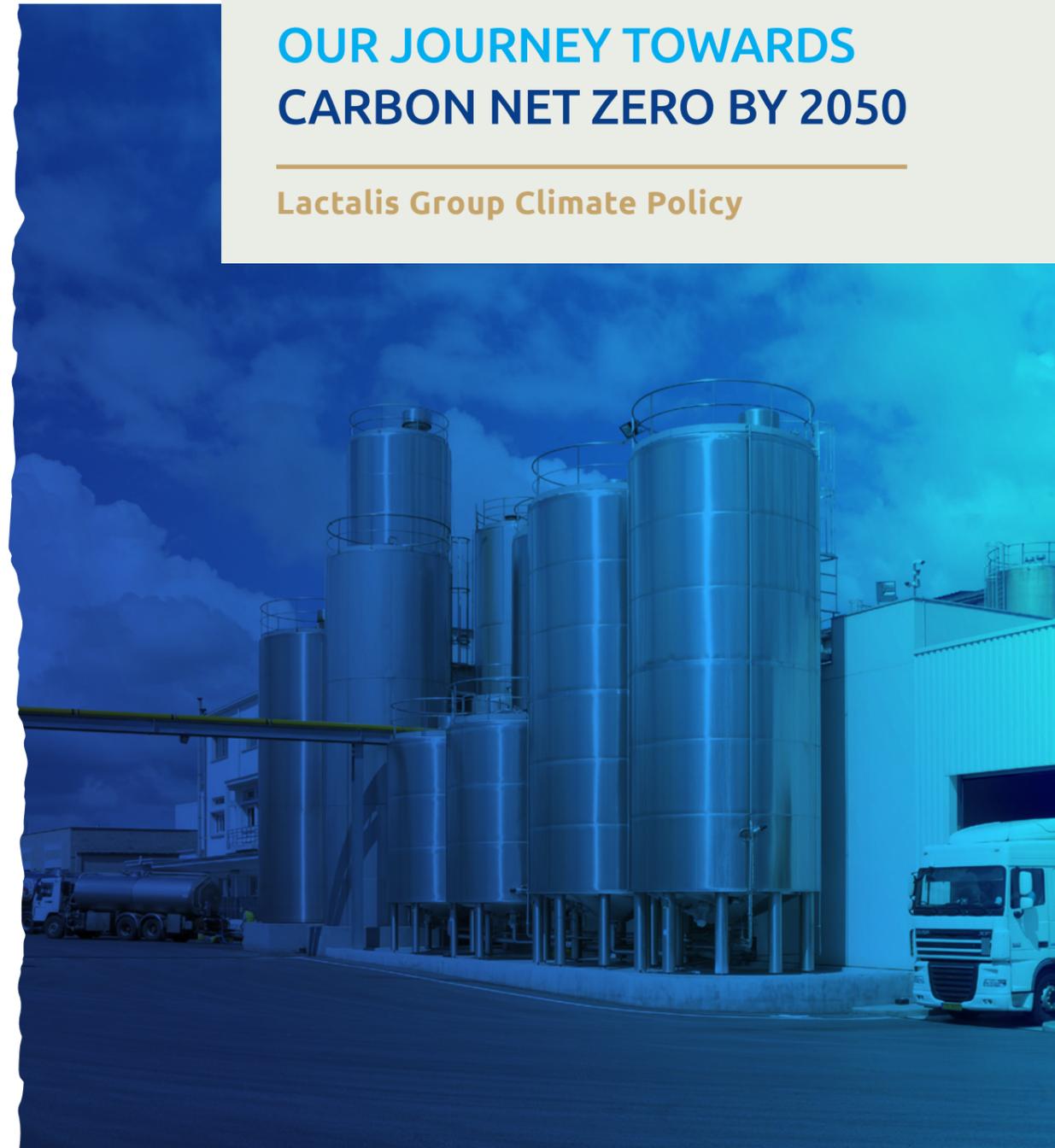
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The targets, associated timelines and scopes mentioned in this document reflect current assumptions. Acquisitions, regulatory changes or other factors may have a major impact on these assumptions. In such cases, Lactalis Group reserves the possibility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

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





01

OUR VISION

01. OUR VISION

Climate change has emerged as one of the major challenges of our time. According to scientists, by 2100, current trends would lead to the extinction of many species, threaten food security and compromise human activities. In fact, climate change is already happening and affecting our daily lives: increased temperatures, droughts, more frequent and intense storms, these are clear signals which show the urgent need for concrete actions to mitigate carbon emissions and climate change.

Therefore, countries with the largest share of contribution to carbon emissions have committed to reduce their GHG¹ emissions under the 2015 Paris Agreement. The underlying long-term goal is to keep the rise in temperature to well below 2°C above pre-industrial levels, and to work towards a 1.5 °C limit in order to reduce the effects of climate change. The only way to achieve this is to transition toward a low emissions economy. **Let's be clear: this will require all of us to act. We, companies, also have a role to play in the path to a more resilient planet.**

The Food & Beverage sector, along with its upstream Agricultural component, are considered key actors when it comes to bringing positive solutions to curb carbon emissions and build resilience to production systems throughout the value chain. As one of the world's leader in the Food & Beverage sector, and the biggest dairy company, we believe that our size is a strength that presents opportunities to tackle climate change: **through collaboration with our entire value chain, we can make a significant positive impact and accelerate the transition to reduced carbon models.**

Our vision:

Driving positive change for a low-emissions future



(1) Greenhouse Gases. GHGs considered are the gases covered by the UNFCCC / Kyoto Protocol: carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulphur hexafluoride (SF₆); and nitrogen trifluoride (NF₃).



02

OUR GUIDING PRINCIPLES

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As we are committed to addressing global warming, our priority is to guarantee that our approach is rigorous, consistent and reliable. We are therefore complying with international scientific standards and ensuring transparency on our tracked progress.

1. MEASURING OUR CARBON FOOTPRINT WITH STANDARDIZED FRAMEWORKS

The Greenhouse Gas Protocol (GHG) provides us a robust international methodology for the measurement and management of GHG emissions throughout our whole value chain. Collecting, assessing and improving data quality is detailed and demanding work, which is a key element to guaranteeing the accuracy of our progress monitoring. This is why we have fully integrated this iterative process in our approach.

2. SETTING TARGETS GROUNDED IN CLIMATE SCIENCE

We believe it is crucial that our reduction trajectory and related targets rely on the latest science. This ensures we focus our efforts on the right level of ambition to prevent the worst effects of climate change. The Science-Based Target initiative (SBTi)² provides the guidance and criteria to define reduction targets aligned with what the science deems necessary to achieve Paris Agreement Goals. This will guide our strategy along the way.

3. MOVING FORWARD IN TRANSPARENCY

As part of our continuous improvement process, all our teams and experts are mobilized to keep pace with latest climate science updates and requirements. This allows us to ensure sustainable growth of our business, boost innovation and competitiveness while taking concrete sustainable commitments.

While science requirements will evolve, so will our roadmap. We intend to share in a clear and transparent manner our impact and progress along our journey.

4. SETTING A CLIMATE GOVERNANCE TO SUPPORT THE GROUP AMBITION

The Corporate policy detailed in this document is designed, monitored and adapted by our Climate Committee, composed of Lactalis internal Corporate experts from the most relevant Departments (Industrial, Transport & Logistics, Milk Supply, Purchasing, Business Travels, CSR). These works imply regular interactions with a network of Lactalis internal experts based in our activity countries.

This Committee proposes strategies and action plans, as well as procedures, methodologies and tools for their successful implementation. This Committee's proposals are submitted to a Decisional Committee composed of Department Directors or Leaders, as well as members of the Board of Directors of the Lactalis Group. They are then being proposed, discussed and validated at the Board of Directors of the Lactalis Group.

(2) The Science Based Targets initiative is a collaboration between CDP (Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), and one of the We Mean Business Coalition commitments.

03. OUR APPROACH & AMBITIONS

03

OUR APPROACH
& AMBITIONS



“What gets measured gets managed”

Firstly, our responsibility is to measure our impact along our value chain. With a clear vision of our footprint, we can manage and reduce the emissions at our operations and from our products to make them better for the planet.

At Lactalis Group, we are already developing projects and taking actions to tackle climate change as part of our daily activities³. With the release of the latest IPCC report⁴, it has never been clearer that we need to step up our efforts in response to the urgent need to counteract global warming.

To assist us on this journey, we will rely on the latest science to define the most appropriate trajectory to reduce our emissions. This is why we have committed to set a science-based target through the Science Based Targets initiative.

Clear carbon reduction roadmaps with milestones and intermediate targets will help us track our progress

(3) Please consult our last Group CSR report for more information on actions and projects developed.

(4) Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S. L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M. I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J. B. R. Matthews, T. K. Maycock, T. Waterfield, O. Yelekçi, R. Yu and B. Zhou (eds.)]. Available from <https://ipcc.ch/static/ar6/wg1>.

OUR AMBITION: Engaging our Group towards Carbon Net Zero emission by 2050, in line with the SBTi criteria

1. CUTTING CARBON EMISSIONS ON OUR OWNED OPERATIONS (SCOPE 1 & 2)

In 2019, our direct operations, industrial and logistic activities, emitted around 2.8 million tons of CO2 equivalent. This data is our starting line: now that we've figured out our impact, we know what the journey to Net Zero will require for our owned operations.

To move forward in the most effective way, 2 milestones have been set in 2025 and 2033 for scope 1 & 2 emissions reduction. These 2 intermediate targets will help guide our progress towards net zero emissions. The short-term target will initiate immediate actions that will help us achieve our longer term roadmap. Combined, these actions will cultivate the success of our business and our Group's climate resilience.

To meet these targets, we have mobilized all our teams and internal experts, enabling us to have a shared and common view on how to get there.

Our main country divisions have built clear roadmaps around our global work axis, which take into account their local context and feasibility.

Our key axis to reduce emissions from our operations:

- Improving our operational efficiency through the implementation of best practices in both production and transportation
- Switching to renewable energy sources such as solar, biogas, and appropriate biofuels
- Following the development of innovative solutions and adopting relevant new opportunities.

OUR INTERMEDIATE TARGETS:

Reducing our scope 1 & 2 emissions from a 2019 base year:

- At least -25% by 2025
- At least -50% by 2033



2. LEADING THE WAY ON DECARBONIZATION ALL ALONG OUR VALUE CHAIN (SCOPE 3)

We are aware that, as a dairy company, more than 80% of our GHG emissions occur outside our owned scope of operations, both upstream and downstream in our value chain. Our first raw material, fresh milk, is thus our main sources of indirect carbon emissions.

Because these emissions are triggered by our business activities, we have a major role to play in their reduction and mitigation. Building on our experience in reducing our own direct emissions, we are well on track for our next challenge: tackle indirect emissions along our value chain.

As for our owned operations, we have projects in development and are collaborating with our farmers and suppliers to find sustainable solutions to transform our current production systems.

In order to ensure more sustainable production practices, we engage in partnerships with our farmers as well as with renowned technical institutes, policy makers and professional

associations to tackle carbon emissions at farm level. We are also making progress toward a circular economy by working on the reduction of our packaging footprint. These are first steps toward a low-carbon emissions value chain, but we still have a challenging road ahead.

We cannot achieve our ambitions alone: reducing our indirect emissions will require that we actively and effectively mobilize all actors in our value chain. On that journey, we believe that our size and hands-on experience will be an opportunity and strength that leads to decarbonization by sharing our tools, sparking innovation and co-creating sustainable solutions.

The strong reduction strategy and targets we are currently building within our value chain will help us achieve our net zero ambition