



Activity Report 2023

1933
2023
90
years
of shared
stories



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1933 2023 90 years of shared stories



1933+

THE GROUP'S STORY BEGINS

On 19 October 1933, André Besnier made his first 17 Camemberts under the "Le Petit Lavallois" brand, using 35 litres of milk collected around Laval in Mayenne. The first page of the company's history was written. André Besnier quickly gathered together the employees who would accompany him on this cheese-making adventure. The emblematic label of medieval Laval quickly became synonymous with quality.

This photo, taken just a few years after the company started operating in 1933, captures the family identity of our company along with its values of simplicity and proximity."

1960s and 1970s

LAUNCH OF THE FLAGSHIP BRAND PRÉSIDENT

The 60s and 70s were a pivotal period for the company. Under the impetus of Michel Besnier, it drew up the outlines of what would become its business model. In 1968, the Président brand was created, enabling the company to develop commercially and move towards a national dimension. The success of the brand also led to the birth of a new industrial era, with the construction of cheese dairies tailored for each product.

"The creation of Camembert Président was the launch of a product at the very heart of the company and its mission: to offer healthy, tasty and affordable products."



2006+

ACQUISITION OF GALBANI AND INTERNATIONALISATION OF THE GROUP

The acquisition of Galbani in 2006 was an important step in Lactalis' transformation from a French company with an international presence to a truly international entity. This acquisition coincided with significant external investment. In the same year, the creation of the joint venture with Nestlé positioned the Group in the fresh produce sector for the first time. In 2011, the acquisition of Parmalat strengthened Lactalis' position in Italy and opened up the market to new countries.

Today, we're the world leader in dairy products. We're established in 51 countries and we sell our products in 150 countries."

2023+

90 YEARS OF THE GROUP AND LAUNCH OF THE PURPOSE IN ACTION

On 19 October 2023 the Group revealed its new purpose in action on the occasion of its 90th anniversary: "nurturing a responsible future by pledging to provide the best dairy products possible to support each and everyone's growth, in partnership with local territories." This ambitious motto commits us to act by listening to our employees, consumers, customers and our different partners.

"Our purpose in action is profoundly faithful to who we are and allows us to look resolutely to the future, guided by our values and driven by our passion for dairy products and our know-how."



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A photograph of Emmanuel Besnier, Chief Executive Officer of Lactalis, speaking at a podium. He is wearing a blue suit and a light blue tie. The podium features the Lactalis logo, which consists of the word "LACTALIS" in blue capital letters inside a light blue oval. The background is dark with vertical lines.

EMMANUEL BESNIER
CHIEF EXECUTIVE OFFICER

90 YEARS, TIME TO MAKE OUR MARK

« In 2023 we also celebrated the 90th anniversary of our Group. Our longevity is the result of the commitment and hard work of all the employees. »

Globally, 2023 was an exceptionally complex and unstable year. Geopolitical tensions, the continuation of the war in Ukraine and the emergence of new conflicts had a significant impact on our business. Natural disasters and the adverse effects of global warming disrupted our activities in many territories. Furthermore, while the inflation we've been experiencing for the last two years is easing, the first signs of recession have begun to make themselves felt. Global growth was sluggish in 2023, and even declined in Europe, our main market.

The Lactalis teams did remarkable work when confronted with these many upheavals. Their courage and determination enabled them to deal with the most complex situations. I thank them for their resilience and agility, which enabled us to maintain our activities. Thanks to them, we've been able to continue to offer quality products at a price which has remained affordable to the millions of consumers around the world who place their trust in us.

This quality, coupled with our affordable prices, are the key ingredients of our success and mean that our international brands – Président and Galbani – continue to be highly acclaimed. Our local brands have succeeded in boosting the dairy products market overall, particularly in North America, Brazil and Northern Europe. On the other hand, the erosion of international markets (butter/powder and ingredients) and the support given by the company to milk prices paid to dairy partners to compensate for this drop have adversely affected our results.

However, we remain one of the world's top 10 food-processing companies thanks to the ongoing efforts of all our employees, with turnover slightly up by 4.3% to 29.5 billion euros.

In order to pursue our growth which we want to be both profitable and responsible, we maintained a high level of investment for 2023, exceeding 3% of our turnover at Group level. Two-thirds of this investment has been devoted to our plants, to upgrade our production tools, improve employee safety, pursue innovation and quality expertise, and support our ecological transition.

In 2023, Lactalis continued to expand in the Americas. In Brazil, we acquired Dairy Partners Americas, a joint venture between Nestlé and Fonterra. This enabled us to consolidate our leading position in the Brazilian short shelf-life market. In Canada, we entered the premium desserts market with the acquisition of Marie Morin Canada. But our core business is cheese-making, and we further strengthened our commitment to tradition and quality cheeses by welcoming Ambrosi, an Italian family business specialising in pressed cheeses such as Parmigiano Reggiano PDO and Grana Padana PDO, to our Group.

And of course in 2023 we also celebrated the 90th anniversary of our Group. Our longevity is the result of the commitment and hard work of all the employees who have been part of the group's history since my grandfather founded it in 1933. The anniversary celebrations on 19 October were marked by the revelation of our purpose in action "choosing to nurture a responsible future by pledging to provide the best dairy products possible to support each and everyone's growth, in partnership with local territories." This purpose in action is true to who we are. It gives meaning to everything we do and brings us together around the same vision. Guided by our collective passion for dairy products, with this purpose in action we're resolutely looking to the future. We've also decided to express this through our new signature: Nurturing the future.

The first few months of 2024 have been infused with a certain pessimism, but I remain confident in our ability to maintain profitable and responsible growth. We have everything we need in order to continue writing the extraordinary story of our Group in the forthcoming decades: a company in harmony to the world, its changes and the needs of its people, and one which has remained true to itself, its values and its convictions.

KEY FIGURES



No. 1

- world's leading dairy group
- world's leading group in the cheese market
- world's leading group in dairy fats (butter and cream)
- world's leading player in PDO and raw milk cheeses



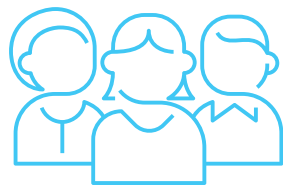
2nd

- global group in the chilled dairy market
- global group in fluid milk



10th

largest global food group



In 2023

85,500

employees

In 2023

29.5

billion euros in revenues

In 2023

22.6

billion liters of milk collected worldwide

4.3%

growth in sales

* PDO: Protected Designation of Origin.



BREAKDOWN IN REVENUES BY CATEGORY

CHEESES:

39%

MILK:

19%

CHILLED DAIRY:

15%

BUTTERS AND CREAMS:

12%

INGREDIENTS & NUTRITION:

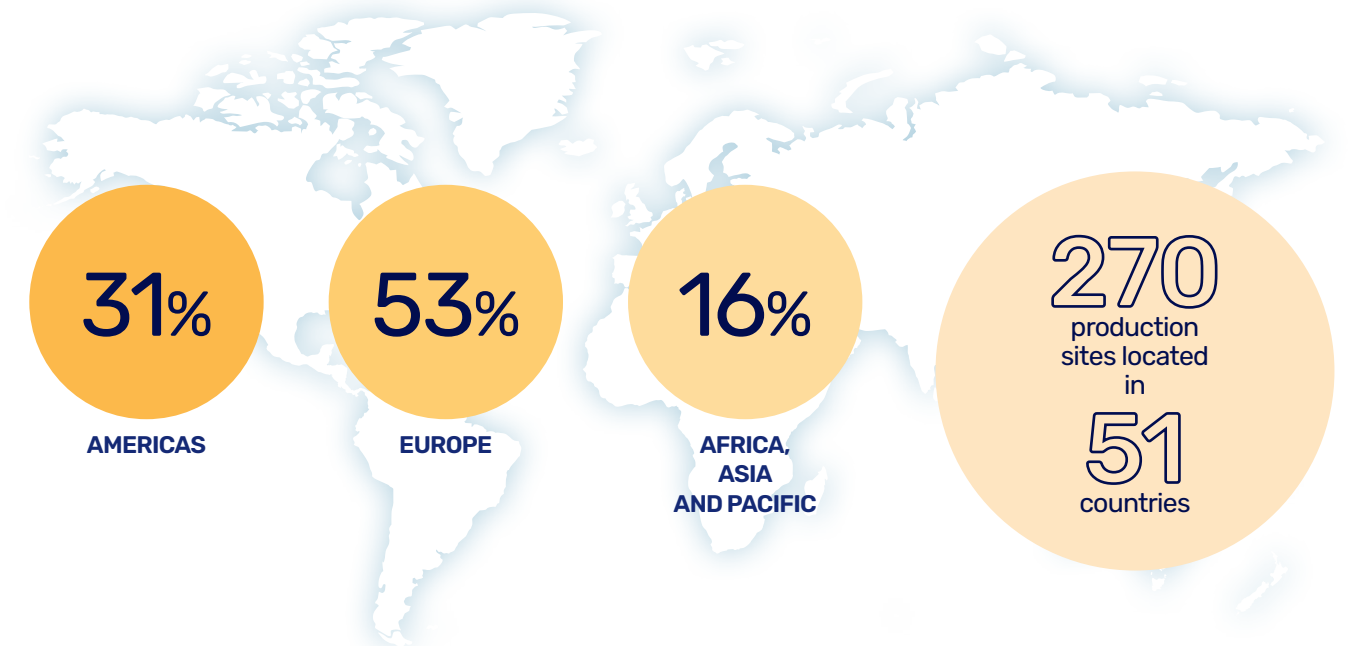
8%

OTHER:

7%



BREAKDOWN IN REVENUES BY GEOGRAPHY



4

FLAGSHIP BRANDS



THE 2023 ACQUISITIONS

In 2023, Lactalis pursued its development strategy, acquiring dairies and cheese dairies on the American and European continents.

ITALY AMBROSI

The Italian family firm Ambrosi joined our company at the beginning of July. Specialising in the manufacture and marketing of Italian pressed cheeses such as Grana Padano and Parmigiano Reggiano, Ambrosi operates mainly in Italy (where it generates half its business). The Italian company also operates in France (its second largest market) and has subsidiaries in the UK and the USA. This acquisition enabled Lactalis to consolidate its position as leader in the PDO cheese sector.

430 employees 400 million euros of turnover

2 production sites & 2 maturing and packaging sites



CANADA MARIE MORIN CANADA

We acquired Marie Morin Canada on 1 August. This company was founded 20 years ago in Montreal and creates top-of-the-range baked desserts. This integration enabled Lactalis Canada to enter the desserts category in the Canadian and American markets, complementing its cheese, spreads, yoghurt and fluid milk ranges.

100 employees 25 million euros of turnover

1 production site

UNITED KINGDOM HAWKRIDGE

In September, Hawkridge Farmhouse Dairy Produce joined Lactalis as part of the integration of Ambrosi. The company is based in the UK and markets dairy products as well as charcuterie and specialist food products. The arrival of Hawkridge allows our group to extend its distribution network for our range of artisan cheeses and delicatessen products in both traditional and professional channels.

60 employees 9 million euros of turnover

1 warehouse



BRAZIL DAIRY PARTNERS AMERICA

In November, we completed the acquisition of DPA (Dairy Partners America), a joint venture established by Fonterra and Nestlé to manage fresh produce in Brazil. The agreement includes the takeover of the Chambinho, Chamyto and Chandelle brands as well as a licence to use the Nestlé brands in the chilled dairy segment. DPA is the second-largest player in the Brazilian short-life fresh sector. This integration permits our company to become a solid market leader.

1,300 employees

300 million euros of turnover

2 production sites



PURPOSE IN ACTION

Our family business has been offering healthy, tasty, accessible products which have been bringing people together for 90 years. In 2023, we set ourselves in motion to go further and give more meaning to the role we want to play in society. On 19 October 1933, our 90th birthday, we revealed our sense of purpose. The latter is true to who we are. It's a shared motto which unites us: a leader ready to meet the urgent demographic,

societal and environmental challenges facing the dairy industry.

Our purpose in action is based on 7 pillars which commit us to action and confirm the mindset which has been driving us for several years, one which is more open and attentive to changes in the world. It can be summed up in a motto: **"Nurturing the future."**

Choosing to nurture a responsible future by pledging to provide the best dairy products possible to support each and everyone's growth, in partnership with local territories.

We are clarifying the role we want to play in the world by giving ourselves a purpose in action. We're choosing to nurture a responsible future by committing to offering the very best in dairy products to help everyone grow, as locally as possible.

We've been choosing dairy products (a choice for the future) since 1933.

Based on a pioneering intuition, we decided to organise the collection, processing and packaging of milk, and created a reliable, high-performance model which has enabled as many people as possible to enjoy the unrivalled benefits of this natural source of life, so rich and yet so fragile.

health and environmental challenges, we're convinced that dairy products play a major role in the diet of today and the future.

As the world leader and foremost experts in this field, we have a responsibility to nurture the future.

From generation to generation, innovation after innovation, we've developed, refined and shared the know-how of excellence which has nurtured the world's dairy traditions and made them grow on every table, through a unique portfolio of brands which are deeply rooted in consumers' everyday lives. Faced with increasingly critical demographic,

« As the world leader and foremost experts in this field, we have a responsibility to nurture the future. »

Serving people around the world

by guaranteeing consumers access to a variety of healthy, nutritious products of impeccable quality, whatever the countries in which we are based, whatever their needs and cultures.



« Two years ago, we defined our quality ambition for the Lactalis group, which we summarize as follows: 'food quality and safety are a total and absolute priority'. To achieve this ambition, we defined our strategic program: 'Act For quality - Because we care'. It is based on four pillars: 1. to deliver a safe, legally compliant product to our consumers, 2. to offer superior products to contribute to the group's growth 3. With efficient processes in place 4. And expert, committed employees to grow our Quality Culture. Our strategic plan has been deployed at all our plants in all the countries where our group operates. In Brazil, for example, the 'Act for Quality' policy has enabled us to significantly improve our quality results. Ella has also helped to develop a genuine quality culture within our teams, and to optimize our quality processes in each of our Brazilian dairies and cheese factories. All these actions enable us to guarantee our consumers healthy, nutritious products of impeccable quality. »

> Jean-Louis ROUSSELET,
Quality Director, Lactalis do Brasil

NURTURING THE FUTURE, IT'S

Sharing flavors

by preserving culinary traditions, inventing new recipes to delight people of all ages, and constantly expanding our product range to meet changing and diverse needs and tastes.



« Switzerland has a long cheese-making tradition based on pressed cheeses, mainly PDOs such as Gruyère, Appenzeller and Emmentaler. These cheeses are eaten at breakfast, as snacks, and also as part of a meal, such as the famous "café complet" in the evening, a cheese platter accompanied by charcuterie and white coffee. The rich culinary traditions and penchant for cheese in this country are also experiencing another trend: barbecue! 63% of consumers say they barbecue at least once a week in summertime*. Our local BAER brand is a pioneer in this field and is currently the leader in grilled cheeses. The Swiss brand BAER has been reinventing tradition since 1922. That's why we've launched CROC TRADITION, a heart of Gruyère or Appenzeller PDO cheese coated in a delicious crunchy breading. We're offering Swiss consumers the chance to rediscover their favourite cheeses by adapting them for use on the barbecue or stove. »

* Coop market research, in collaboration with Innofact AG- May 2017 - % in German - and French-speaking Switzerland.

> Sarah LECORDIER,
Marketing Director, Lactalis Swiss and Austria

Making a commitment to talented individuals

by championing excellence, training our employees, and giving them a sense of responsibility, so together we can build fulfilling individual and collective career paths to meet their aspirations.



« Today, there are two main challenges facing human resources teams: attractiveness and attraction. We're operating in a market where the specific skills required - such as in-depth knowledge of milk - are increasingly hard to find. The younger generations are also particularly attentive to working conditions such as staggered working hours and weekend work. The deployment of this purpose in action aims to contribute to the development of every employee within the group. We promote individual careers and professional development. This purpose in action also highlights the company's commitment to environmental issues. This daily work is a source of inspiration not just for future generations, but also for the employees who work with us each day. »

> Iva KOSTELAC,
Director of Human Resources, Lactalis Southern Europe

Revitalising regions

by safeguarding our strong attachment to local production, preserving local know-how, and locating jobs in regions we are helping to develop.



« At Lactalis, we encourage local production and management. Ak Gıda has six production sites and an extensive distribution network across the country. We're helping to develop milk production and quality among our partner farmers by locating our plants close to our raw material resources. The increase in livestock numbers is encouraging the establishment of feed suppliers and the growth of agribusiness in the regions where our plants are located. Packaging suppliers have also built their factories close to our facilities in order to reduce logistics costs. We offer job opportunities to local people, which promotes regional development. We thus create a solid ecosystem and contribute, directly or indirectly to the economic development of the regions in which we operate. We also continue to invest in reducing the impact of our activities on the environment, respecting the planet and our communities. »

> **Ali SÖZEN,**
Country GM, Türkiye



Transforming ourselves

to ensure that our organizations, methods and tools are even more efficient and effective while limiting the impact of our operations to achieve zero carbon emissions by 2050.

« Transforming our business means continuously identifying opportunities to improve and optimize our activities and ways of working to achieve our current objectives while Nurturing the Future. In Canada, one of many potential examples of how we're bringing the Group's purpose in action to life in Supply Chain is through the implementation of our Long Combination Vehicle (LCV) program that uses one tractor to haul two trailers to reduce the number of trucks on the road and lower fuel consumption. Through this sustainable transport solution in 2023, we have reduced our carbon emissions by 164 tons annually, the equivalent to removing 400 trucks from the road. This follows our 2022 intermodal transportation transition that has already delivered an impressive 14,000 tonne CO₂ reduction. »

> **Éric SÉGUIN,**
SVP, Supply Chain, Lactalis Canada



Supporting our partners

in the transition to responsible livestock farming, by boosting their efficiency and respect for their natural environment and by promoting the attractiveness of their profession for current and future generations.



« Today, companies have increasing expectations in terms of CSR. Companies like ours have a huge responsibility to our communities, our planet and our regions. Our group is already working on strong commitments to improve animal welfare, reduce our carbon footprint and promote the circular economy, in particular by recycling our packaging. Deploying our purpose in action offers a complementary and clear answer to who we are, what we do and how we do it. 'Nurturing the Future' enables us to give meaning, coherence and consistency to our CSR challenges and efforts. It expresses our concern for people and the planet and confirms our responsibility. »

> **Henar LOPEZ SENOVILLA,**
Director of Communication, RSE and Public Affairs, Lactalis Spain.



« Over the past few years, reputation has become increasingly important in a tense global climate, with a worldwide recession. Purpose in action and reputation are intimately linked, the former being the company's promise to the world and the latter reflecting the company's ability to honor it. Reputation is now essential to support the company's business, influencing the preference of consumers and stakeholders, but also reinforcing the employer brand. We have chosen to give ourselves a purpose in action rather than a reason to be. This is perfectly in line with our DNA: we don't just make declarations, we put ourselves into action to honor our commitments and stay attentive to our stakeholders. »

> **Valérie LE CHEVILLIER,**
Communications Director group and France

Being open and outward-looking

by listening carefully to the expectations of our stakeholders and all actors in the sector, ensuring that our door is open to dialogue, and, together, building paths for development and progress.

On the strength of our history, our expertise and our passion - and driven by our ambitions - we're collectively committed to always.

INTERVIEW WITH THIERRY CLÉMENT CHIEF OPERATING OFFICER



2023 was a year of political tensions and climatic disasters. What impact has this had on Lactalis' activities around the world?

2023 was a terrible year, both geopolitically and climatically. We've been able to continue our business, throughout the world, thanks to the unfailing commitment of the Lactalis teams. I'm always impressed by the commitment shown by our employees in the most extreme situations. I'm thinking of course of our Ukrainian team, which has managed to maintain milk collection in areas of high tension and to continue manufacturing and distributing our products to feed the local population for over two years now. Unfortunately, geopolitical tensions have been compounded by the damaging effects of climate change. Our dairies and cheese factories at Tulare in California and Volos in Greece have been severely affected. In Italy, the Tuscany region has suffered severe flooding. Our teams have faced and overcome unusual challenges in restoring and operating our facilities. As a company, this only strengthens our conviction to act to reduce our impact on the climate and to pursue our decarbonisation plan, to which we are committed.

Finally, we were terribly affected by the earthquake in Turkey. It's on these tragic occasions that we also see that Lactalis is one big family with a strong sense of solidarity. From the outset, a crisis unit was set up in Turkey to help our employees and the local population in general. Lactalis Turkey very quickly created a "village" of mobile homes on the outskirts of our dairy, which was one of the few structures to remain standing. This ephemeral village still hosts disaster victims, and we'll keep it there as long as it's needed.

The year 2023 has brought its share of negative news. Each one was tackled by our employees with the same courage and the same determination to succeed together. They can be really proud of themselves as I am.

How did the global dairy market perform in 2023?

A number of factors shaped a market which is complicated to understand.

The collapse in world dairy market prices which began in the second half of 2022 intensified in the first few months of the year. These prices had reached record levels in mid-2022, then turned

around and accelerated their fall at the start of 2023, remaining depressed overall throughout the year.

At the same time, milk production was stable or even up slightly worldwide, while demand slowed sharply. For example, the world's leading importer of dairy products, China, experienced a decline in economic momentum with a fall in consumption coupled with an increase in domestic milk production. More broadly, demand also slowed in emerging countries, which were confronted with the sharp rise in food prices in general.

It was therefore a difficult year for our overall volumes, which were down worldwide, impacted by inflation and sluggish consumption in many countries. In Europe, consumer spending was particularly marked by a fierce battle between distributors to keep prices low and attract more consumers affected by inflation. Volumes of national brands stagnated compared with distributor brands, and worldwide volumes were down by 3.3%. Fortunately, the quality and affordability of our various brands of dairy products enabled us to hold our own in the FMCG markets. The dynamism of our national brands versus private labels is, and will remain, an essential factor if we are to continue to create value for the dairy industry as a whole.

The ecological transition is a major challenge for the food industry. As world leader in dairy products, where do you stand in terms of your CSR commitments?

The climatic events of 2023 have only strengthened our ambition to preserve our planet and the communities with which we interact. We accelerated our roadmap to combat climate change, particularly on concerning decarbonisation. In 2020, we established our 3 priorities: the fight against climate change, packaging circularity and animal welfare. Out of these 3 priorities, climate is the one which is mobilising our greatest efforts. Since 2022, in order to meet the recommendations of the Paris Agreement (which aims to limit global warming to 1.5°), we've decided to have our approach validated by SBTi (Science Based Targets Initiative), the international reference organisation for corporate climate trajectories. We aim to reduce greenhouse gas emissions from our direct activities (Scopes 1&2) by 25% by 2025 and by 50% by 2033. We've already been able to gauge the concrete efforts made thanks to major investments in alternative energy sources at our sites and more environmentally-friendly transport choices. As part of Lactalis' commitment to supporting and promoting the ten principles of the United Nations

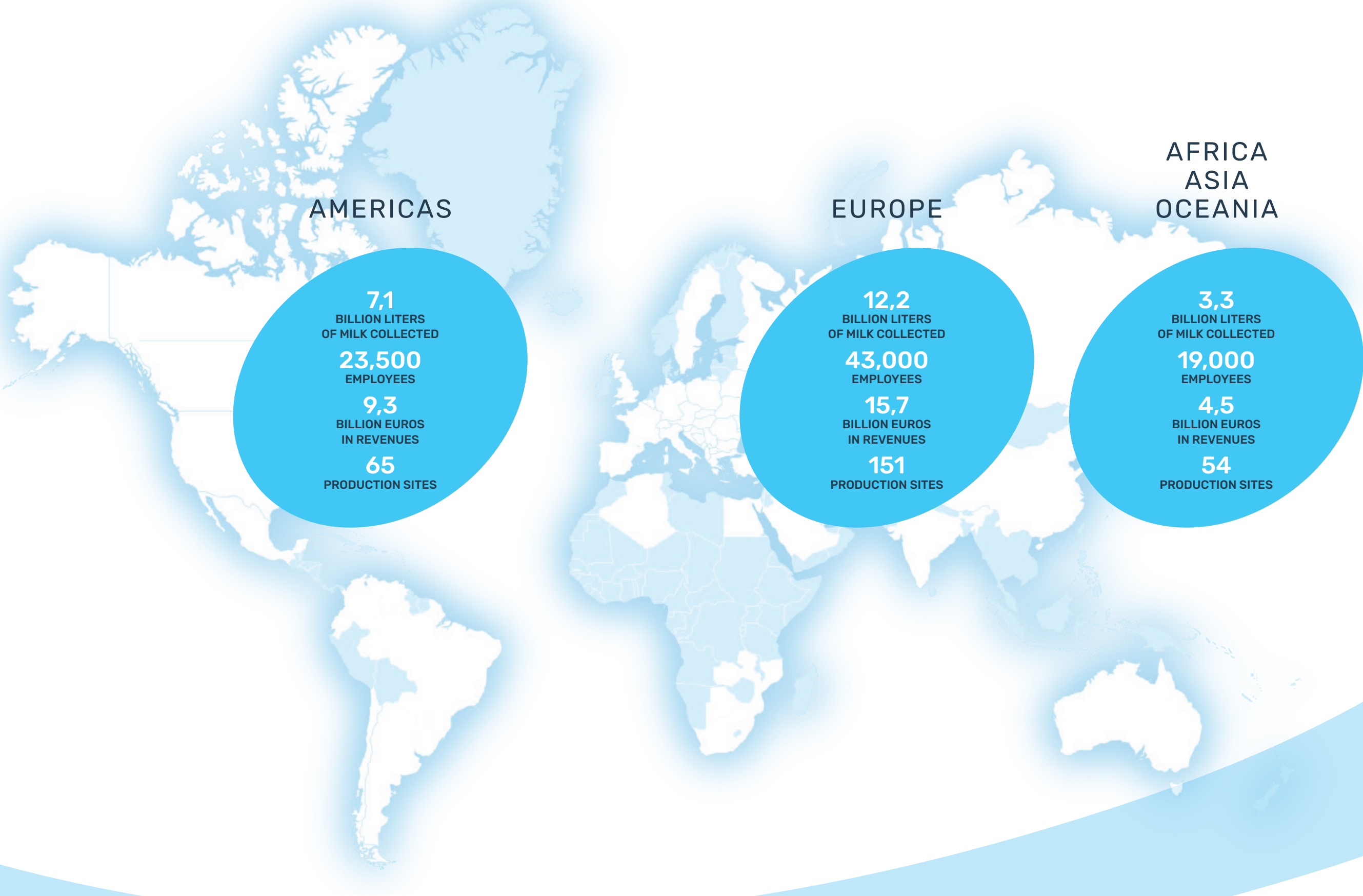
Global Compact, we've launched initiatives in many other areas such as biodiversity, water management and the fight against discrimination. We formalised our Diversity, Equity and Inclusion policy in 2023. This underpins our conviction that a wide range of profiles and skills is one of the keys to our Group's success and development.

The climatic events of 2023 have only strengthened our ambition to preserve our planet."

What are the main challenges for 2024?

The Group celebrated its 90th birthday on 19 October 2023. Employees in the 51 countries where we operate celebrated this event. This cohesion showed our strength: being a close-knit team. We have everything we need to pursue profitable and responsible growth together. The strength of the Lactalis collective will be important in order to meet the challenges which lie ahead in 2024. The year is already underway and remains full of uncertainty. Inflation is slowing but is still present and influencing consumer behaviour. We need to step up our efforts to work more closely with our customers and develop the innovations which will enable us to maintain the dynamism of our sector. The market for dairy products is buoyant, it's changing, and expectations are very different from one continent to another. It will therefore be important to support the necessary future developments. Faced with increasingly critical demographic, health and environmental challenges, Lactalis is convinced that dairy products play a major role in the diet of today and the future. That's why, as the world's leading dairy group, we've made it our purpose in action and our signature: Nurturing the future.

OUR PERFORMANCE BY AREA



EUROPE



FRANCE

PRODUCTS

Président Plaisirs du Monde launches Labné, catering for all spread cravings



Building on its cheese-making expertise and driven by a desire to make a lasting impact on the plain fresh cheese market, Président Plaisirs du Monde launched Labné, a fresh cheese spread which is emblematic of Lebanon. It has a particularly creamy, gourmet texture, inspired by a traditional Lebanese recipe. Its taste brings freshness and lightness on the palate, promising a new taste sensation. Labné is very popular as a spread and can also be used in a wide range of sweet and savoury dishes: slice of bread, sandwiches, bagels, cheesecakes, dips, soups, quiches, etc. and can be eaten at any time of day: for breakfast, lunch, as an aperitif or with dinner. The combinations are endless! Made in France from 100% milk, it combines pleasure, simplicity and practicality.

PERFORMANCE

Lactalis France: No. 1 in supermarket growth

With sales set to rise to €357 million by 2023, Lactalis France has become the leading French manufacturer in terms of growth in supermarkets and hypermarkets. This performance ranks our group number 2 among industrial suppliers to French supermarkets, behind Nestlé.

PEOPLE

Choose & Move: an initiative to promote the attractiveness, employment and well-being of our employees

Some of France's most strained employment areas are facing recruitment difficulties on a daily basis. Against this backdrop, in 2023 our human resources teams rolled out Choose&Move, an initiative aimed at optimising work organisation to develop loyalty and attractiveness within the plants. Several projects were launched during the year. For example, a 4-day working week was introduced at Samoëns, a site which operates on a 7-day-a-week cycle. Our Lactalis Fromages division introduced weekend shifts following an employee survey. Finally, our Vallet plant developed an "à la carte" working hours concept for its employees.



PRODUCTS

La Laitière launches fresh & fondant to combine health and pleasure

Consumers are seeking a balance between health and pleasure in the buoyant cream desserts market. La Laitière therefore launched a new reference: Frais & Fondant, an intense dessert with a light, melting texture. Available in four varieties (pure cocoa butter chocolate, Madagascar vanilla, salted butter caramel, Guérande salt), Frais et Fondant is made in Normandy from whole French milk and carefully-selected ingredients.

PLANET

Yellow caps to raise awareness of milk bottle recycling



Since 2019, Lactel has been running the Recyc'lait operation, an educational operation aimed at raising consumer awareness of the importance of recycling. In 2023, the brand continued its commitment by turning the tops of nearly 5 million milk bottles yellow. The aim of the two-month colour change was to remind consumers of the colour of their recycling bins. Only 59% of plastic bottles are actually recycled in France. The operation was accompanied by a fundraising campaign. For every bottle purchased with a flashed QR code, 10 euro cents were donated to the World Cleanup Day France association, which raises public awareness of the problem of abandoned waste.

FRANCE

PEOPLE

Our group is committed to employee safety

Employee safety is a major issue for our group, which has reaffirmed its commitment to reducing the number of accidents in the workplace and developing a well-anchored safety culture. With this in mind, the human resources teams (with the support of ETSCAF) launched the job safety visit (JSV) in 2023. This approach enables a manager to observe an employee in the course of their work and then discuss the positive points and areas for improvement. Nearly 2,000 out of 3,000 managers have been trained in the procedure. Entities which deployed JSV up to the level of the local manager have found a clear reduction in the frequency of accidents. In 2023, France achieved its target of a 15% reduction in accidents at work.



PERFORMANCE

A “harvest” of trophies for Galbani

Galbani won three awards in 2023 for large-scale commercial operations celebrating the brand’s 140th anniversary. These awards recognise the work of the marketing and sales teams, who developed a complete 360° system, and in particular for the installation of theatrical POS displays in more than 1,050 points of sale in France. Galbani won “Best Shop Activation” (*Shop Awards) and “Best in Class” (*Roamler Awards) for its recreation of an authentic Italian piazza in the heart of the shops. The brand was also awarded 1st place in the “Food Cardboard Display Performance” category (*Shop Awards) for its original point-of-sale advertising featuring an Italian tricycle, the country’s iconic vehicle.

* The competitions SHOP! Awards Paris and the Roamler Awards each year recognise excellence in point-of-sale marketing.

PERFORMANCE

The iconic Camembert Président celebrates its 55th anniversary

Camembert is the 3rd favorite cheese of the French, and above all the most emblematic cheese of France for 7 out of 10 French people. Consumers love it, seduced by its gourmet promise and affordable price. Created in 1968, our iconic Président brand, which celebrates its 55th anniversary in 2023, has largely contributed to this popularity. For almost six decades, the brand has reconciled tradition and innovation while maintaining its position as market leader. In 2023, the brand increased its sales volume by 7%. It is continuing the work it began 10 years ago to make this product an enduring part of French consumer habits, by multiplying its educational initiatives to encourage people to reinvent the way they eat Camembert. In 2015, for example, it was the first brand in the market to launch a digital and in-store communication operation around the consumption of Camemberts as an aperitif. For the past two years, the brand has been rolling out special events to develop hot uses: “Camembert au Four” and “Camembert au barbecue”. These initiatives demonstrate Président’s determination to evolve and modernize the category to continue winning over consumers. Every year, 37 million Président Camemberts are sold in all distribution channels.



PERFORMANCE

Completion of the evolution of the Domfront cheese dairy

Following on from the renovations begun in 2021, our cheese dairy in Domfront (Orne) began producing soft cheeses in 2023 in addition to the 24,500 tonnes of Camemberts produced annually. The transformation work will continue until 2024 at this cheese dairy - the largest soft cheese production plant in the world. The dairy will produce eventually 40,000 tonnes of soft cheeses a year and employ 490 people.

EUROPE

PLANET

Sweden

Skånemejerier launches a programme to support sustainable development on its farms

In 2023, Skånemejerier introduced financial sustainability compensation for dairy farmers to help them make the environmental transition. As a result, part of the milk price paid to producers now depends on their actions in the areas of climate, animal welfare and biodiversity. The amount of this compensation is based on the number of points obtained by farmers in six areas: knowledge and skills, animal welfare, plant cultivation and carbon storage, resource-efficient livestock production, fossil fuel-free farming and biodiversity. This initiative was launched at the end of 2023 and is part of Skånemejerier’s “Hållbar mjölgård” (“Sustainable Dairy Farm”) programme, which brings together all the initiatives being carried out to achieve more sustainable milk production on Swedish farms.

PERFORMANCE

Greece

Volós plant continues to invest to boost productivity

In 2022, the Volós plant initiated investments to develop its Feta production capacity. The production line had thus been replaced, enabling production capacity to be increased by 3,500 tonnes a year. In 2023, to continue these investments, a new demolding line was commissioned. The new line automates various process stages, such as demolding, mold washing, seaming and brining. The new line also offers improved working conditions (automation of physical tasks) while enhancing performance.

PEOPLE

Southern Europe

Training employees through an exchange programme

An exchange programme between the countries of Southern Europe was launched in 2023 to improve the skills and knowledge of the group’s employees. This scheme offers applicants the opportunity to travel to another country for a short-term mobility assignment of up to 6 months. The programme has two strands with two different targets: young talent as part of their development plan) and managers (to promote knowledge transfer). This year 13 employees took part in the programme in 4 different countries, in functions as diverse as marketing, manufacturing, milk supply and R&D.

PRODUCTS

Ukraine

Launch of Lactel ayran in ukraine

Ayran is a Turkish drink made from fermented milk or yoghurt. Highly prized in the Middle East and Central Asia, it has been highly popular on the local Ukrainian market for some years now. Lactalis Ukraine launched Lactel Ayran in 2023 in response to growing demand. Fresh Ayran is ideal for cooling down and quenching your thirst. Ayran is also a delicious accompaniment to dishes thanks to its light texture and slightly salty taste. Developed by our R&D teams, Lactel Ayran is currently available in two formats: 185 grams and 290 grams. The launch was a success, with over 130 tonnes of products sold in 2023.



PEOPLE

Northern Europe

Launch of the “Talents Passport” scheme

The “Talents Passport” programme was created and deployed in 10 Northern European countries in order to support the professional development of management controllers. Participants are asked to fill in a positioning guide, which helps them to identify precisely the level of complexity of the structure in which they operate and the training levers which need to be put in place to help them progress within our Group. It’s a personalised programme which adapts to the needs of each individual - with an action plan and regular follow-up. The first phase of the programme involved the industrial management control teams and will be extended to other functions in 2024.

EUROPE

PRODUCTS

Italy

Kraft enters the cheese aisle in Italy

With almost 40,000 tonnes sold each year, slice cheeses are the 2nd best-selling cheese in Italy behind cow's milk mozzarella. To conquer this buoyant market, the local teams launched a new range of sliced cheeses under the Kraft brand. Kraft enjoys a strong reputation in Italy - the brand was already present on the Italian market in the 1960s. Kraft Classiche makes its appearance in processed cheese slices with a delicious, all-round taste and creamy texture. Thanks to its accessible recipe and format, Kraft Classiche is the only brand to have increased its market share in Italy by 2023 - reaching up to 12% in the south of the country.



PERFORMANCE

Sweden

Skånemejerier becomes Espresso House's preferred supplier

Sweden's largest coffee chain Espresso House is now exclusively supplied with milk by Skånemejerier following the signing of a cooperation agreement. To celebrate this commercial agreement, a new version of "Latte del Barista" (conventional milk with 3% fat) is being distributed in the chain's cafés. According to the baristas, this is the ideal milk to accompany coffee. Skånemejerier lactose-free milk and cream are also available in all Swedish Espresso House spaces.



PERFORMANCE

Bosnia and Herzegovina

Extension of our inner plant

In 2023, the Inner plant in Bosnia and Herzegovina (which produces milk, yoghurts and UHT creams) was expanded to meet the strong growth in demand. A UHT zone was established, the PET line for yoghurts was optimised and processes were redesigned in order to improve efficiency. During the works, two fillers were transferred to two other group plants in South Africa and Slovenia. It's a fine example of the synergies between our different countries and a great team effort.

PRODUCTS

Italy

In Italy, Galbani continues its innovation drive

In 2023, Galbani saw its turnover increase by 5.7% in Italy, the brand's leading country. These good results are partly due to innovations launched during the year in buoyant segments. In the buoyant snacking & cooking market, Galbani Santa Lucia Nuvola, a spread made with fresh ricotta, was launched in 2023. With 30% less fat than the average spreadable cheese, this innovation contains 85% ricotta, offering a product that is both light and fresh, unique in its category. To meet the strong demand for high-protein products, the brand has also launched Santa Lucia mozzarella, which is rich in protein. With 19g of protein per 100g, it also contains 30% less saturated fat than traditional mozzarella. In the grana department, Galbani is capitalizing on the health expectations of Italian consumers, with the launch of Gran Gusto grattugiato with reduced salt content.



EUROPE

PERFORMANCE

Italy

Our Collecchio plant gets a new production

A 3rd PET* bottle production line has been constructed in Italy at the Collecchio plant. This new high-capacity facility has increased productivity by 33%, from 18,000 bottles per hour to 24,000 bottles per hour. The caps are now attached directly to the bottles, which also means productivity gains and energy savings of around €400,000 a year. From an environmental perspective, the bottles can be recycled and are suitable for contact with food, saving 1,300 tonnes of plastic or around 50 million bottles a year.

* PET: Polyethylene terephthalate.



PEOPLE

Spain

Lactalis celebrates 40 years of history in Spain

In June 2023 we celebrated our 40 years of history in Spain with an event in Villalba (Lugo province), where we acquired our first plant in Spain in 1983. The event was attended by members of the group's Executive Committee, members of Lactalis' management team in Spain and the Spanish local authorities. Both current and former employees were present for the occasion. Over the past 40 years, thanks to the commitment of our teams and all the employees who have contributed their knowledge and experience, the company has grown steadily to become the leader in dairy products. Today, after four decades of history 2,500 employees are part of the adventure and continue to pass on their know-how and their passion for dairy products.

PLANET

Italy

Developing the recycling of PET milk bottles

As part of our commitment to improving the circularity of packaging, our Italian teams have worked to develop a recycling system for opaque PET milk bottles which includes 50% recycled PET. This project is carried out at three plants in Italy, involves 300 million bottles and has enabled us to reduce our consumption of virgin plastic by 3,380 tonnes (or around 150 million bottles a year).

* PET: Polyethylene terephthalate.



PRODUCTS

Romania

Covalact gets a facelift

Covalact is a major brand in Romania, with a strong position in the short shelf-life, milk and cheese markets. In 2023, Covalact completely repositioned its brand identity while retaining its unique DNA: «the authentic taste of the countryside.» The brand architecture was revised to make the product segmentation clearer. The logo was simplified and new packaging was developed to appeal to consumers' sweet tooth. The launch of this new brand identity was also accompanied by a ground-breaking communications campaign. This relaunch is proving a great success with consumers and has enabled Covalact to post excellent growth in terms of both volume and sales.





PEOPLE

United States & Canada

Cheese Academy

In 2023, the United States and Canada welcomed their first Cheese Academy class, with 15 participants representing both countries. The aim of this training program is to develop participants' technical skills by providing them with in-depth knowledge of cheese-making, and thus ultimately to improve decision-making in their day-to-day operations. It is a 24-month program, divided into six sequences, during which participants visit six manufacturing plants in Canada and the United States.

PERFORMANCE

United States

Lactalis Heritage Dairy continues to integrate Kraft's natural cheese business

At the end of 2021, we finalized the acquisition of Kraft Heinz's natural cheese business and created the Lactalis Heritage Dairy division. Since then, we have been operating under a Transition Services Agreement (TSA) with Kraft Heinz. This agreement has enabled us to benefit from Kraft's IT systems and support teams for our accounting and finance, customer service, warehousing and distribution functions. In 2023, we continued the integration of this new activity by internalizing all functions within our organization. We now have control over all our operations, and this new autonomy enables us to optimize our business processes, gain in efficiency and also work more seamlessly between all our teams.

PRODUCTS

USA

Président brand premium whipped cream wins over American consumers



The premium whipped cream category is very popular in the United States. American consumers are seeking more gourmet, high-quality products. The new Président Gourmet French-style whipped cream was the result of this research. Three months after its launch, Président whipped cream is already performing strongly in the United States and has already been rewarded for its taste quality with a gold medal at the American Masters of Taste competition.

PERFORMANCE

Canada

Outstanding performance in the yogurt market

In Canada, the yogurt market grew by 3%* in volumes, marking a remarkable turnaround after a period of decline. Lactalis Canada, which comprises eight brands, has responded perfectly to consumer demand for greater diversity and choice on the shelves, enabling it to record exceptional growth of 8.1%* in volumes in the yogurt category in 2023. This success has enabled Lactalis Canada to consolidate its position as the second-largest player in the yogurt market.

* Source: Nielsen Discover IQ: L52 W December 2023.

PRODUCTS

Brazil

Parmalat WheyFit, the high-protein yoghurt winning over Brazilians



The market for high-protein products is expanding rapidly in Brazil, driven by growing consumer awareness of the importance of a healthy lifestyle and the benefits of sporting activity. In response to growing market demand, Parmalat launched WheyFit, a high-protein yoghurt containing 14g of protein in a 200g bottle. Available in a range of flavours (red fruit, açai with banana and cappuccino), WheyFit can be eaten on the go as a snack or as a source of protein. The range is also lactose-free, fat-free and contains no added sugar. The launch has been a striking success for Parmalat, which is expected to sell more than 3,800 tonnes of products in 2023.

AMERICAS



PERFORMANCE

Canada

Construction of a new distribution centre in Ontario

In 2023, Lactalis Canada began construction of a new distribution centre in Oshawa, Ontario. This centre will cover an area of over 35,000 m² and is scheduled to be operational in 2024. It will bring together several dispatch sites for the distribution of our cheese and spreads ranges. This modern, central facility will increase capacity and efficiency while improving customer service. The new infrastructure has created around 80 jobs in the region and will become our group's largest distribution centre in terms of capacity. The sustainable design of the building also meets the commitments of our group and Lactalis Canada to reduce the carbon footprint of our activities.

PLANET

Canada

The Grunthal site is committed to sustainable water management

The Grunthal plant in the Canadian province of Manitoba has made major investments to improve its water sustainability practices. The installation of a reverse osmosis (RO) system, which eliminates contaminants and impurities in the water, enables the plant to produce 195 m³ of clean water every day, converting excess water into drinking water. This innovative approach has considerably reduced the plant's dependence on well water. Well water consumption has thus fallen by 90%.



PLANET

Mexico

A race in aid of children

Our teams at the San Miguel de Allende plant (Guanajuato state) in Mexico took part in a race organised in collaboration with the government to benefit the children of the Ojalá Niños Foundation. Every ticket sold went towards the purchase of school supplies for the children of the foundation. The event brought together 480 participants, families, friends and children for a 7km run or a 2.5km walk. The race reaffirmed our commitment to supporting local communities and also strengthened our employees' sense of belonging.

PEOPLE

United States



Raising awareness of equity, diversity and inclusion

In 2023, Lactalis USA created a DE&I (Diversity, Equity & Inclusion) Council to strengthen its commitments in the area of diversity and social mix. Led by employees and supported by top management, the aim of the Council is to promote our culture of inclusion throughout the organisation. Introductory DE&I training has been introduced for all employees. Furthermore, a survey on diversity, equity and inclusion was carried out in partnership with Global Learning.



PLANET

Brazil

The "Justiceiras" project: helping to protect women in vulnerable situations

In Brazil, 35 women are physically or verbally assaulted every minute. Lactalis do Brasil has therefore joined the "Justiceiras" project, a protection network for all girls and women in situations of violence and vulnerability in Brazil. It has already helped more than 15,000 women across the country. As well as supporting them financially, we have printed a QR code on over 200,000,000 cartons of our UHT milk brands in Brazil, giving access to an exclusive 24/7 reporting channel. Anyone in distress calling this number is immediately cared for by a team of 5 volunteer professionals: a social worker, psychologist, doctor, police officer and lawyer. This partnership has helped more than 200 women at risk - including several within our company. At the same time, an awareness campaign was organised for all employees and a team was set up to offer support and answer any questions about the project.

AMERICAS



PRODUCTS

Canada & United States

A record 67 medals for our North American products



2023 marks a record year for Lactalis USA and Lactalis Canada, with a total of 67 medals won in dairy product competitions. Many of our group's brands won awards, including: Président, Galbani, Cracker Barrel, Balderson, Siggis, Olympic, Black Diamond and Astro. Brie Président won first place in the Brie category at the World Championship Cheese Contest. Galbani's low-fat Ricotta came first in its category at the United States Championship Cheese Contest. In Canada, Cracker Barrel Alfredo's cheese sauce kit was voted product of the year. For its part, Siggis was awarded the prize for the most trusted yoghurt brand in Canada in the Icelandic skyr category at the BrandSpark awards. All these awards reflect the unique expertise and passion of our employees for dairy products.

PERFORMANCE

United States

Modernisation of the Nampa plant

In 2023, renovation work was carried out at the Nampa plant in order to modernise mozzarella production. For example, a new DMC system (Draining and Matting Conveyor) has been installed. DMC technology is a key process in the production of drawn-curd cheese, handling the curd gently to ensure the best quality for stretching and downstream processing. Improvements have also been made throughout the production line (right down to the packaging) in order to optimise production line efficiency. These investments represent almost half of those dedicated to the Nampa site. Production capacity increased from 16,000 lb/h to 25,000 lb/h (7,257 kg/h to 11,339 kg/h).

AFRICA ASIA OCEANIA



AFRICA - ASIA - OCEANIA



PLANET

India

Our Gungal site is considerably reducing its water requirements and discharges

The Hyderabad region where the Gungal plant is located is a so-called "red zone." The demand for water exceeds the available resources. Previously, it was necessary to purchase 100,000 litres of water a day to ensure production. In 2023, our local teams finalised a project initiated in 2022 to reduce water discharges and minimise the environmental impact of our production site. Facilities were installed to recover and filter waste water from production. Once purified, some of this water is stored in tanks and reused to keep our plant running. The implementation of this project has enabled the Gungal site to stop buying water and considerably reduce its water discharges - from 275,000 litres per day to 98,000 litres.

PERFORMANCE

India

Our Shrirampur plant increases its production capacity

In 2023, major works were carried out at the Shrirampur plant to increase its grated cheese production capacity in order to meet demand. The entire line was renovated, with the installation of a new moulding machine, a new mixing arm and an improved cooker capacity. All these investments (carried out between February and March) have enabled production capacity to be increased from 24 to 30 tonnes a day and production to be concentrated on a single production line.



PRODUCTS

Malaysia

A new healthy and practical snack for Malaysian consumers

Consumer trends have changed radically over the last few years. Snacking in particular has seen strong growth. On the other hand, health is now more than ever at the heart of consumer concerns. With this in mind, Lactel launched Lactel Snack - a healthy but practical snack consisting of creamy Greek yoghurt and a lid, containing crunchy cereal. It's available in two varieties, chocolate and hazelnut or pecan and Gula Melaka (the local name for brown sugar). Six months after its launch, Lactel Snack has become the No. 1 cereal yoghurt in Malaysia and has been very well received by both distributors and consumers.



PERFORMANCE

Turkey

İçim continues its strong growth on the Turkish dairy market

Ak Gıda's İçim brand continued its strong growth on the dairy products market and became (three times in 2023) the leader in volume but also in value against its two historical competitors. This excellent performance is due to the many innovations launched by the brand, which achieved a record innovation rate of 11.6% over the year. Ayran was launched in a 2L bottle (a very popular format in Turkey). The brand has also innovated in the Labne market by developing a range of seasoned products: olive & thyme, chilli and Kajun herbs.

PLANET

Australia

Lactalis Australia reduces the weight of its 2L and 3L HDPE bottles

Our Group is committed to developing and selecting the right packaging for its products. In 2023, our Brisbane and Clarence sites launched a project to reduce the weight of 2L and 3L HDPE bottles*. As a result, the 2-litre bottles have been reduced from 42g to 38g and the 3-litre bottles from 72g to 62g. Implemented since 2018 and gradually extended to several sites in Australia, this initiative in the production of our packaging has saved more than 1,200 tonnes of plastic.

* HDPE: High-density polyethylene.

PLANET

Malaysia

Lactalis supports forest protection in Malaysia

In 2023, Lactalis joined the Sungai Linau Landscape Conservation and Livelihoods Programme in Malaysia. This programme supports the development of community-based land use. It aims to strengthen the livelihoods of village members, while protecting the forests. Since the programme began, more than 376 small-scale producers in the Sungai Linau region have received training in good farming practices and financial education. In addition to the impact on the supply chain, the programme has also changed the mentality of local people - leading them to see the forest as areas to be protected and conserved to avoid disasters, and as environmental assets for future generations, rather than land to be converted or cleared for productive plantations.



PRODUCTS

Australia

Ice Break, the new lactose-free iced coffee

Ice Break is Australia's leading iced coffee brand, selling over 29 million litres a year. Flavoured milk is a key beverage category in the country (49% of households consume it regularly). In 2023, Ice Break opened up a new and unprecedented market in Australia by developing a lactose-free flavoured milk. This new range is aimed at consumers who are lactose intolerant and/or looking for an iced coffee with less sugar which is easier to digest - without compromising on taste. After highly encouraging results (2.6% penetration in Australian households), the brand is now pursuing its recruitment and loyalty objectives while continuing its development.



PRODUCTS

South Africa

Parmalat Smooth makes yoghurt more affordable for South African families

In South Africa, the market for creamy yoghurts experienced a significant drop in volumes. Inflation has had a major impact on consumer spending, particularly on large formats (1kg family packs) where the price per unit has become too high. With this in mind, the Parmalat brand launched Parmalat Smooth, the first creamy yoghurt in a new 850g format. It's available in several varieties and is aimed at families thanks to its lower price per serving. The launch was a success for the brand, with sales volumes exceeding targets by more than 140%.



PEOPLE

Saudi Arabia

Saudi Arabia launches the "Sales Academy" for its sales teams

The Sales Academy was launched in 2023 to train our sales teams in Saudi Arabia. The course is divided into seven sections, including negotiation, communication and the basics of sales, as well as team building, the responsibilities of a sales manager and return on investment. This programme has enabled participants to acquire skills and develop their careers within our group.



PEOPLE

Turkey

Mobilisation following the earthquakes in Turkey

In February 2023, Turkey was severely hit by earthquakes which struck 10 provinces in the south of the country, including Kahramanmaraş where one of our plant is located. A crisis unit was immediately set up to coordinate a global mobilisation. The first priority was to ensure the safety of our employees and to rehouse families in need. We therefore built a "village" outside our site, where 104 mobile homes were delivered in the days following the disaster, providing accommodation for 88 employees' families (381 people). Tutoring was provided for the 170 children in the "village", which also included play areas and a laundry. Internally, the group's employees mobilised to organise a support campaign with donations particularly of food. On site, the teams worked in coordination with the government and humanitarian aid organisations to donate milk, yoghurts, ayran and cheese. This strong mobilisation not only ensured the well-being of the employees, but also the continuity of the plant's activities and the collection of milk from producers, the survival of the farms and access to dairy products for the local population.

PEOPLE

Algeria

Célia Algérie makes a commitment to students

Through partnerships with schools and universities, Célia Algérie seeks to showcase the diversity of dairy professions and expertise in order to attract future talent. In 2023, Célia Algérie employees met students from several Grandes Ecoles, including ESSAIA ("Ecole Supérieure des Sciences de l'Aliment & des Industries Agroalimentaires" (Higher Institute of Food and Food Processing)). Our employees were able to share their career paths and day-to-day tasks with 4th and 5th year students. Thanks to this partnership, Célia Algérie has also contributed to the students' skills development by providing them with a "milk analyser" for their mini-dairy.

LACTALIS: COMMITTED TO HEALTHY, SUSTAINABLE FOOD



As world leader in the dairy sector, Lactalis is firmly committed to healthy and sustainable food. We've defined an ambitious and measurable CSR roadmap, fully aware that it is our day-to-day efforts and progress which will enable us to contribute to a virtuous transition in our sector.

We strengthened our efforts to develop ambitious policies and commitments on priority issues by joining the United Nations Global Compact for Sustainable Development. With this in mind, 175 internal and external stakeholders in 14 of our main countries of operation were consulted, which enabled us to identify 3 priority issues: we're committed to fighting climate change, promoting the circular economy, and ensuring animal welfare. These issues form the basis of our corporate social responsibility roadmap.

In 2023, Lactalis expanded its CSR roadmap by adding two new climate commitments concerning its scope 3 (indirect greenhouse gas emissions), publishing its zero-deforestation policy, and opening up new topics such as:

- water management
- promoting diversity and inclusion
- the fight against food waste.

At the same time, the company has initiated a project to update its materiality matrix, in anticipation of the future requirements of the Corporate Sustainability Reporting Directive (CSRD).

emissions), which account for 96% of our carbon footprint, mainly in our dairy supply chain.

Therefore, on the basis of about 700 carbon diagnostics carried out on livestock, the collection teams in 11 pilot countries drew up precise roadmaps and defined a new climate commitment for our Group. This commitment is called "Scope 3 FLAG" and covers indirect emissions from forests, land and agriculture.

At the same time, we also worked on defining an additional commitment to our "Scope 3 NON-FLAG" by asking our main suppliers in this sector about their climate strategies and action plans. Our aim is to gradually strengthen the dialogue while providing them with support during this transition.

1. Fighting climate change

Our ambition:

The food-processing industry and its agricultural component play a key role in reducing greenhouse gas (GHG) emissions and strengthening the resilience of production systems. Lactalis intends to take advantage of its global dimension to combat climate change: identifying partners and solutions which have proved their worth locally and promoting them more widely internationally will speed up the transition to less carbon-intensive production models.

Our group has therefore committed to setting emission reduction targets in line with a climate trajectory of +1.5, based on the criteria defined by the Science Based Targets (SBTi) initiative, and to putting in place a process to contribute to achieving carbon neutrality by 2050. Two intermediate stages will enable us to reduce our direct emissions (Scope 1 and 2) by at least 25% by 2025, and by at least 50% by 2033. Between 2019 and 2023, we've reduced our greenhouse gas emissions by 11.7% on Scope 1 and 2 (on 89% of the group's production volume).

Focus 2023 - Defining our Scope 3 commitments

After setting ambitious targets for Scopes 1 and 2 (direct emissions), in 2023 we focused on Scope 3 (indirect

A new solar thermal power plant at the Verdun plant in France

Lactalis and Newheat (a supplier of renewable and thermal energy) worked together on an innovative project: "Le Lactosol," Europe's largest solar thermal power station, supplying the Verdun industrial site. The aim of this project is to limit the heat energy requirements of one of the site's drying towers and reduce its gas consumption by opting for a renewable heat solution.

A total of

14,843 m² of solar thermal collectors installed
3,000 m³ - hot water storage capacity
Approximately **8,000 MWh** of expected annual production.
This project will enable the site to reduce CO₂e emissions by 682 tonnes a year.

OUR CSR COMMITMENTS

2. Preserving biodiversity and forests

Our ambition

In September 2023, we're committed to ending deforestation caused by the use of the main agricultural raw materials associated with the loss of forest area, i.e. soya, palm oil, virgin paper, fuelwood, coffee and cocoa by 31 December 2025. This commitment covers the entire value chain of our company, covering both direct and indirect impacts. It complements our previous commitments to the palm oil sectors, and to paper and cardboard for packaging.

Key figures

INDICATOR	2022	2023	Objective
Percentage of virgin cardboard volumes covered by sustainable certification	82.7%	89.8%	100% by the end of 2023
Percentage of volumes of palm oil and derivatives purchased covered by sustainable certification	83.3%	87.2%	100% in 2025

3. Promote the circular economy

Our ambition

The aim of our packaging policy is to preserve the quality and nutritional properties of our products through innovation and continuous improvement in order to find the "right packaging." Our main objective is to ensure greater circularity. be recyclable by the same year. In order to help consumers take part in this challenge, 100% of packaging will carry information on waste management. Lactalis is also committed to supporting the emergence of sorting and recycling facilities where they do not yet exist.

In 23 priority countries, all packaging will be eco-designed by 2025, and we aim to have 100% of packaging designed to

Key figures

INDICATOR	2022	2023	Purpose
Percentage recycled material/total material used	31.5%	31.3%	> 30% consolidated Group
Tonnes of PVC in packaging	803	616	Towards 0 Tonnes in 2025
Percentage of packaging recyclable by design	82.5%	83.8%	Towards 100% by 2025

4. Committed to animal welfare

Our ambition

As part of our animal welfare policy and as part of a continuous improvement process, we work closely with our partner dairy farmers to gradually eliminate the most problematic practices and generalise the best ones.

In the first 8 pilot countries, our group commits to:

- Train 100% of our dairy technicians in animal welfare best practice using the CowSignals® training module. This commitment has been met since the end of 2023, with more than 200 technicians trained.
- Evaluate 100% of our direct partner breeders by the end of 2025 to identify areas for improvement and recommend the most appropriate actions.
- Eliminate the most problematic practices, including tail docking and routine dehorning after 8 weeks.

We've also made a commitment to the welfare of laying hens by ceasing to buy shell eggs and egg products from caged farms ("code 3 -cagebreeding") by the end of 2025. These ingredients are used in some of our recipes.

Key figures

INDICATOR	2022	2023	Objective
Percentage of the direct annual volume of raw milk collected in the 8 pilot countries from partner farms regularly assessed for animal welfare, according to the Lactalis internal assessment method (at least once every 3 years)	New calculation method	41%	100% by 2025 (2026 in Brazil)
Percentage of annual volume of shell eggs purchased worldwide from cage-free systems	100%	100%	100% in 2025
Percentage of annual volume of egg products purchased worldwide from cage-free systems	92.31%	91.85%	100% in 2025

Competition for the best cowshed in Slovenia

In Slovenia, our subsidiary Ljubljanske Mlekarne organised a competition for the "Best Cowshed" ("Naj Hlev") to promote animal welfare among farmers and the general public. A dedicated website was developed to collect applications and a panel of independent and in-house experts shortlisted 8 finalists. After a visit to each farm, two prizes were awarded: "Best cowshed" and "Most innovative cowshed" in terms of animal welfare. The public also voted for the "Public Champion" based video reports filmed at the homes of the 8 finalists. The awards ceremony was attended by more than 130 representatives of breeders and cooperatives.



OUR CSR COMMITMENTS



5. Offering healthy and tasty products

Our ambition

Our brands are fully committed to meeting consumer expectations by offering healthy, tasty products which meet the highest quality standards while remaining affordable.

As the world's leading player in the dairy products market, we consider consumer trust and appreciation to be essential. Food quality and safety are therefore a number-one priority for our company.

Making food quality and safety a number-one priority



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

The company has a clear ambition: at Lactalis, Food Quality and Safety are a number-one priority. This ambition is supported by a number of commitments aimed at:

1. Guaranteeing healthy, safe products which comply with current regulations and standards.

These commitments are an integral part of our quality policy, which applies to all our subsidiaries, production sites, storage and research and development centres, and concerns all our products.

2. Offering consumers delicious products and also designing and improving products to meet the evolving and multiple expectations of consumers in terms of taste, nutritional benefits and respect for the environment – at all stages of life.

3. Being efficient and aiming for excellence through performance and continuous improvement processes deployed across all operations to offer the best value for money to consumers.

4. Encouraging everyone (employees and partners) to commit to continuing to develop their expertise, to feel responsible, to work as a team and to collaborate to achieve food safety and quality objectives.

The proportion of Lactalis' industrial activities certified to GFSI standards has risen steadily over the last 3 years.

INDICATOR	2019 Reference year	2022	2023	Purpose
Percentage of industrial activities certified according to at least 1 of the 5 certificates ISO 22000, FSSC 22000, IFS, BRC, SQF	81%	83%	85%	100% in 2026

6. Encouraging the development of our employees

Our ambition

As a family business, our current and future employees are the focus of our attention. Supporting their professional

development and providing them with a safe and caring working environment are at the heart of our concerns.

Putting employees at the heart of corporate strategy

In 2021 Lactalis developed a new leadership model based on the vision of internal leaders, the Management Committee and the Human Resources Department in 15 countries. This model is deployed worldwide and is based on three pillars: "Caring", "Sharing", "Daring" and "Inspiring", with 16 associated key behaviours.

A digital training programme comprising five modules was created, with more than 54,000 courses completed by 15,000 participants, 11,000 of whom completed all the modules.

In 2023, the model was integrated into the HR processes for recruitment, induction, performance appraisal and training, with active support from the Human Resources departments to make it operational on a day-to-day basis and encourage the development of managers' individual and collective leadership.



Developing the skills of Lactalis employees

At Lactalis, skills development mainly involves internal promotion and the organisation of appropriate development plans.

Training provided by in-house trainers is particularly valued since it facilitates the transmission of knowledge and know-how. Internationally, we've created three training programmes: the Industrial Academy, the Maintenance Academy and the Cheese Academy. Other international programmes covering fields such as industry, marketing, finance, commerce and management are also available.

In 2023, the digital training offering on the "Learning Factory" platform was extended with the addition of 300 modules (including 42 new ones) available in 14 languages.

This platform promotes widespread access to training, encouraging a learning culture. In addition, the Learning Factory meets local needs by enabling the creation of specific digital training modules thanks to a community of 56 digital training creators in 8 countries.

Key figures

In 2023, **24,000** employees in **77** countries logged on to the Lactalis Learning Factory (**26%** more than the previous year), completing **130,000** hours of training over the year – **2.7** times more than the previous year. They completed **92,584** training courses (compared with 16,898 in 2022).

Promoting social dialogue

Lactalis maintains direct, regular and local social dialogue in order to guarantee effective, pragmatic actions tailored to the group's challenges and the needs of our employees.

In 2023, the Group Employee Relations Department worked with 10 countries to examine the main issues relating to employee relations and assess the quality of local social dialogue. A social risk methodology was created, identifying irritants on a weekly basis through on-site visits to warehouses and production sites. These irritants were then shared and dealt with collectively by the site's management team. Initially tested at three pilot sites in 2022, the method was rolled out in 2023 to 26 sites in 10 countries across 5 continents, with expansion planned for 2024.



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