



*Nurturing the future*



2023

LACTALIS AMERICAN GROUP, INC.

**CORPORATE  
SUSTAINABILITY  
REPORT**

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**“By offering our healthy and nutritious products while nurturing a responsible future through our sustainability efforts, we are committing to helping everyone have a brighter and healthier future.”**

**– Jean-Luc Bruandet**  
President & Chief Executive Officer,  
Lactalis American Group, Inc.



## A message from **Jean-Luc Bruandet**

President & Chief Executive Officer, Lactalis American Group, Inc.

# Better Together for Profitable and Responsible Growth

At the end of 2021, Lactalis American Group began issuing this annual report because sustainability is the critical challenge of our time. It is our mission to feed people here in the United States and around the world with healthy, nutritious and tasty products, steadfast in our commitment to sustainability and social responsibility.

In this document, you will find our progress towards our goals, guided by the four main pillars of Lactalis:

**Better for People, Better for Performance, Better for Planet and Better for Product.**

- We formalized our governance structure around our Corporate Social Responsibility approach to ensure appropriate dedication of resources to help ensure that we deliver on our commitments.
- In 2023, our Diversity, Equity, and Inclusion Council launched its first Employee Resource Group (ERG), EmpowerHER, which works to foster a more diverse and inclusive work environment.
- In addition to donating products within local communities and people impacted by climate disasters, we initiated a partnership with Feeding America that began in 2024. Through this initiative, our two organizations align to fight hunger nationally and in our local Lactalis communities.
- We continue to encourage our employees to live a more sustainable life inside and outside of their place of work, helping generate a positive change in their communities and now offer each team member 16 hours of company paid volunteer time through our Make A Difference (MAD) program.
- Furthering our commitment to animal welfare, Lactalis American Group was one of eight divisions within global Lactalis to complete our milk greenhouse gas inventory to begin addressing our indirect climate impacts. Recognizing the importance that milk plays in our carbon footprint, we joined the Dairy Methane Action Alliance (DMAA) in 2023. This coalition of dairy processors is working to reduce methane emissions from the dairy sector. In 2023, we launched a redesigned Quality and Food Safety policy program centered around four main pillars: Food Safety, Product Superiority, Driving Efficiency, and Experience & Leadership. Lactalis American Group won 42 medals in 2023 major cheese competitions that are a testament to our commitment to deliver products of the highest quality.



Globally, our sustainability efforts support Lactalis Group's global corporate social responsibility focused on People & Community, Authentic Products & Heritage, and Land & Resources. These areas are further championed by five key priorities of (i) climate, (ii) animal welfare, (iii) packaging, (iv) water, and (v) biodiversity. Together, these priorities demonstrate that Lactalis American Group – and our industry – must positively continue to do its part by manufacturing healthy products that deliver great taste and nutritional value while minimizing their impact on the environment.

As we drive our business towards successful growth, we recognize the impact our decisions make on people and communities. We will continue to use our dairy expertise to contribute to the long-term sustainability of our society and our planet.

Respectfully yours,

**Jean-Luc Bruandet**

President & Chief Executive Officer  
Lactalis American Group, Inc.



# About Lactalis' global approach to sustainability with

Chief Operating Officer Thierry Clément and  
General Manager for Quality & CSR Agnès Baudet

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**Thierry Clément**

Chief Operating Officer, Lactalis



**Agnès Baudet**

Group General Manager for Quality & CSR, Lactalis

## **What were the major initiatives undertaken by Lactalis in 2023 to achieve this?**

**T.C.:** This year, we unveiled our Purpose In Action of “Nurturing the Future” as part of the 90th anniversary of Lactalis.

This Purpose In Action is a testament to Lactalis' global desire to integrate sustainability into its model. As the world's leading dairy company, it is important for us to contribute to intelligence and collective effort.

This Purpose In Action is the result of a joint project that brings together employees, partners, and community players. Listening to our stakeholders and joining forces for a sustainable future will make us stronger.

Our Sustainability Report highlights our actions, the strengthening of our policies and action plans, but above all the commitment of our employees.

**A.B.:** Our mission is to offer consumers healthy, tasty and accessible products that bring people together. We are committed to transforming our activities to make them more responsible and respectful of the environment.

All our CSR initiatives contribute to limiting the impact of our activities and to achieving carbon neutrality by 2050 in particular.

# About Lactalis' global approach to sustainability with

Chief Operating Officer Thierry Clément and  
General Manager for Quality & CSR Agnès Baudet

## In 2023, we strengthened our commitment to combat global warming and expanded our carbon roadmap.

### Using the SBTi framework, we defined new milestones:

- By 2025, Lactalis undertakes to end deforestation caused by its commodities across its entire value chain;
- Contribute to achieving carbon neutrality by 2050 by involving the entire value chain (scopes 1, 2, and 3).

As part of a continuous improvement strategy, we have also published our Animal Welfare Progress Report and our first Sustainability Report.

At the end of 2023, we began work on the CSRD, which represents an opportunity for us to carry out an in-depth analysis of our challenges and integrate them into our CSR approach.

Our commitment is also reflected in the absolute quality of our products. In 2023, we continued to roll out our Quality strategy "Act for Quality" across the group.

Finally, we are working to improve the well-being at work of our employees, and we support our partners and local communities in the various countries where we operate.

For several months we have been working on key issues such as water management, biodiversity and regenerative agriculture. It is now essential to continue our efforts.

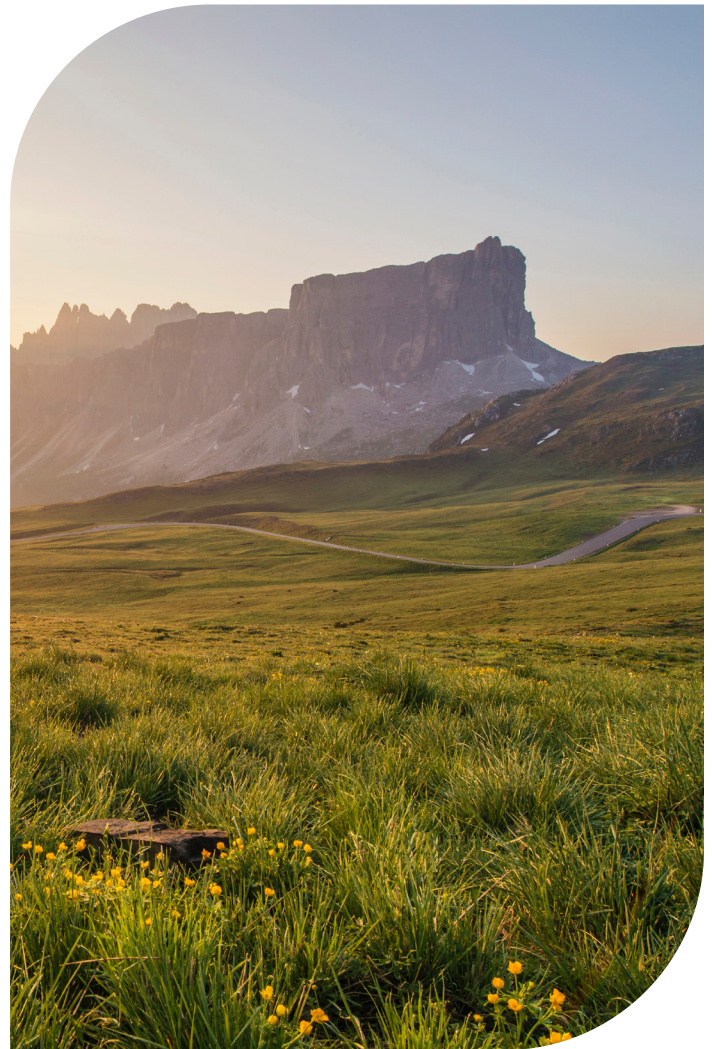
All these ambitions and these initial results are the first steps in our strategy, and are essential for our company, the planet and all the ecosystems we interact with. All our teams around the world are working on these issues with conviction and professionalism, and I would like to thank them warmly.

**T.C.:** We are determined to continue our transformation efforts in 2024 and we would like to thank all of our employees who are helping to nurture a responsible future!

Created in 1933 by André Besnier in Laval, France, Lactalis has been a family business for three generations. Lactalis is developing its activities to respond to its mission: to offer healthy, tasty, accessible products every day that bring us closer together. Driven by a passion for dairy, Lactalis strives to cultivate dairy know-how all over the world, as well as a wide range of tastes and products with high nutritional value. Lactalis has been developing dairy and cheese know-how since the company was founded, strengthening this expertise as it has grown. It offers consumers a wide range of dairy products in all categories: cheeses, fluid milk, yogurts, ultra-fresh dairy products, butters and creams, powdered formula and milk for infants and adults, clinical nutrition products and dairy ingredients.

Lactalis intends to preserve, promote and share these with as many people as possible, while mobilizing its talent and stakeholders for profitable and responsible growth.

For Lactalis, the specificities of dairy production enable it to be part of the solution for sustainable nutrition. Accordingly, Lactalis is working to reduce its impact on the environment and the climate throughout its value chain. As a leader in the dairy sector, Lactalis wishes to take advantage of its global positioning to accelerate this sectoral movement. The development of women and men, and the communities and regions in which the group operates, are also key to the sustainability of its activities. These are among the elements that Lactalis structured its strategic pillars for its centenary year, 2033, which is divided into four pillars: (i) people, (ii) products, (iii) performance and (iv) the planet.





**SDG  
Alignment**



# SUSTAINABLE DEVELOPMENT GOALS

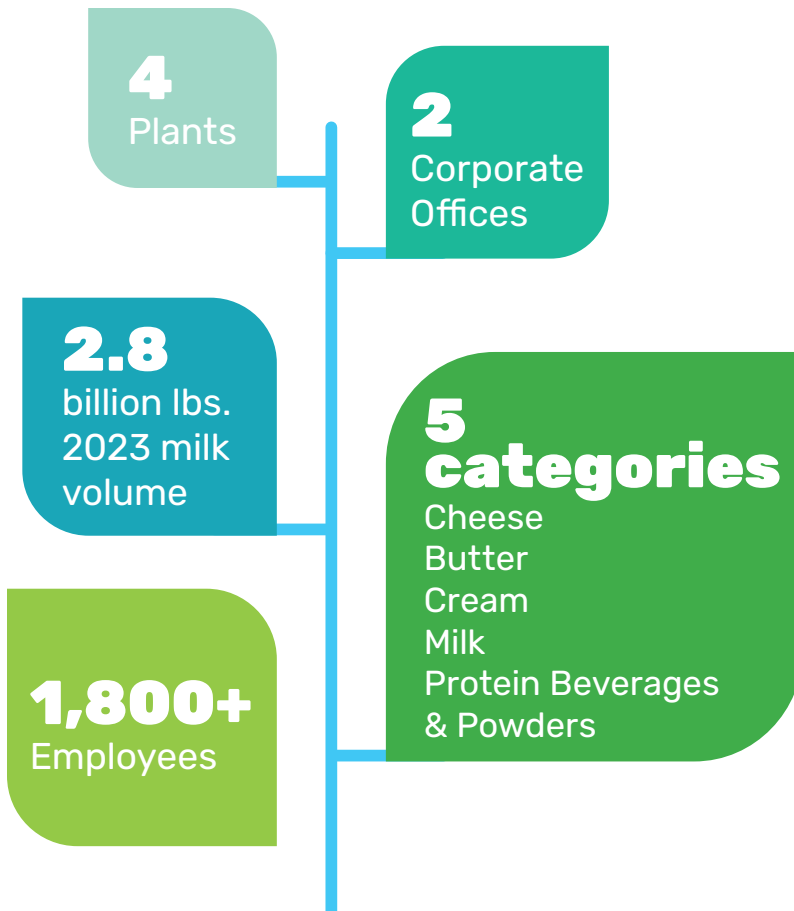


**Lactalis is working to advance 15 of 17 objectives of the UN Global Concept**

# About Us

## Lactalis Group

Begins in France in 1933 when, on the first day of production, our founder, André Besnier, produced his first 17 camembert cheeses using 35 liters of milk collected from the surrounding area. This tradition of dairy production inspired by simple, high-quality ingredients continues today. For more than 40 years, Lactalis Group has committed to sourcing our milk from local farms, which ensures that all of our dairy products are fresh and delicious when you buy them.



## Lactalis American Group, Inc.

Lactalis American Group is a subsidiary of Lactalis Group, the world's largest dairy group and a family-owned French business. Lactalis is a leading producer of dairy products including cheese, milk, yogurts, butters, creams and dairy ingredients.



# Our Corporate Values

Lactalis American Group, Inc. employees are driven by 3 Core Values

## AMBITION

Performance  
Continuous Improvement  
People Development

## ENGAGEMENT

Entrepreneurship  
Tenacity  
Loyalty

## WITH SIMPLICITY

Accessibility, Modesty  
Transparency  
Pragmatism

## Our Brands

### A taste for bringing people together with the best dairy has to offer...

At Lactalis American Group, our iconic and beloved dairy products inspire and delight our many customers and consumers. We source farm-fresh milk at each of our production facilities to make the products you know and love. From our award-winning cheeses, butters, milk, cream and powders to the wide range of product offerings that our affiliate companies provide, we take pride in being dairy experts and making nutritious, healthy, and tasty products. This is at the heart of what we do.



Our products include: Président® brand specialty cheeses and gourmet butters, Galbani® brand cheeses, Parmalat® brand UHT milk, Black Diamond® brand cheeses and PRONATIV®, native whey protein powder.

# **GOVERNANCE & APPROACH**



# Our Governance

Lactalis American Group, Inc. is a subsidiary of Lactalis Group, which has established a global Corporate Social Responsibility strategy which is divided into four pillars: people, products, performance, and the planet. Lactalis American Group is actively engaged and participates in the delivery of the objectives set within the global pillars through our Corporate Social Responsibility (CSR) and Sustainability committees.

Corporate Social Responsibility (CSR) and Sustainability has become a core function within Lactalis American Group. Lactalis American Group's President & CEO has accountability for Lactalis American Group's sustainability goals and the businesses' executives on the Executive Leadership Team (ELT) are responsible for setting performance metrics that drive change in support of our sustainability goals.

The ELT performs its sustainability duties through five (5) separate committees responsible for sustainability. Each committee is chaired by an ELT member and is staffed with a dedicated group of employees from various departments whose knowledge, skills, and experience match the role and functions of the committee. These committee members adhere to a robust continuing professional development program to keep abreast of developments in their respective committees.

The five (5) CSR committees are aligned with Lactalis Group's strategic pillars and include: (i) Scope I & II Committee, (ii) Scope III Committee, (iii) Purchasing Committee, (iv) Packaging Committee and (v) People and Community Committee.

- **Scope I & II Committee.** The Scope I & II Committee is focused on the industrial energy impacts that LAG owned assets have on carbon emissions, both direct and indirect.
- **Scope III Committee.** The Scope III Committee is focused on the indirect impact on all upstream and downstream activities associated with our products and their associated emissions. Beyond GHG emissions, the Scope III Committee also works to ensure proper animal health and welfare standards are met and addresses other Forest, Land and Agriculture (FLAG) environmental priorities.
- **Purchasing Committee.** The Purchasing Committee is focused on the sustainability of our suppliers and ensuring responsible sourcing.
- **Packaging Committee.** The Packaging Committee is focused on having the right packaging, packaging circularity, and contributing to closing the loop on packaging end of life.
- **People & Community Committee.** The People & Community Committee is focused on DE&I initiatives, health & safety of our people, workforce development, and supporting the communities in which we operate.

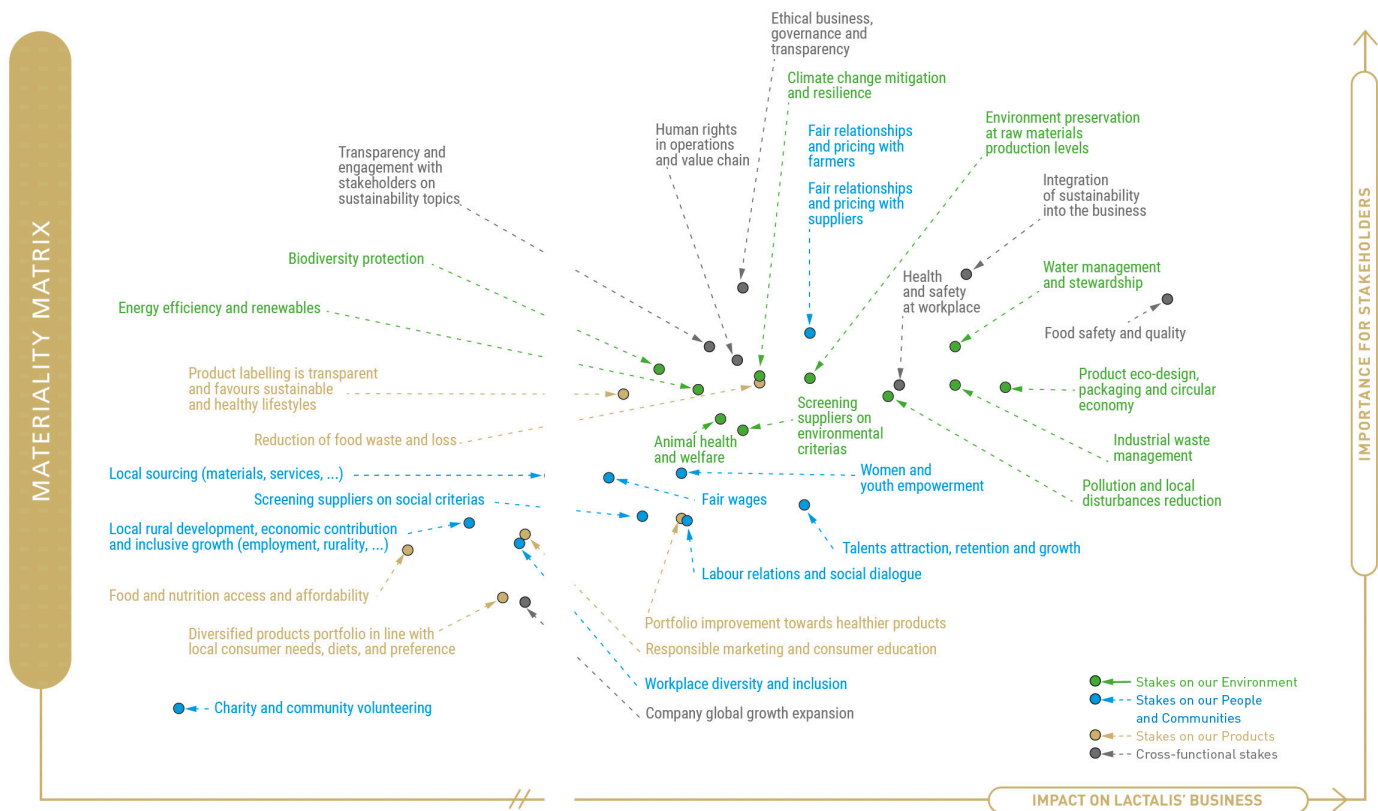
Each committee meets at least quarterly to develop objectives and KPIs, which are measured by a CSR Scorecard. The CSR Scorecard is a performance metric that tracks the progress of these KPIs and objectives and is monitored and changed when necessary to ensure Lactalis American Group is on track to meeting its CSR goals.

# Our Approach

A focus on shared values guides our approach to CSR at Lactalis American Group. We intend to play an active role in the decarbonization of our industry while upholding the value of dairy. It is our resolve to partner with competitors, scholars, policymakers, and farmers alike to chart a path forward.

This call to action has required a methodical review of our value chain at every stage. We are a company steeped in a long tradition of dairy, food science, and production. Today, we acknowledge that our business decisions account for impacts that extend to all stakeholders.

To inform our strategy, we conducted a materiality assessment across 175 external and internal stakeholders on 33 topics.



Based on this feedback, we developed three pillars, which serve as the framework for the teams and resources that support our mission – (i) People & Community, (ii) Authentic Products & Heritage, and (iii) Land & Resources. As our business and the dynamic topic of corporate responsibility evolves, we will continually update and improve this framework. We are positioning ourselves to set ambitious targets for each considered category.



# Corporate Giving



## PEOPLE & COMMUNITIES

Contribute to the economic and social wellbeing of our people and communities.

- Human Resources
- Wellness
- Health & Safety
- Corporate Giving
- Community Relations & Engagement
- Diversity, Equity & Inclusion

WE SUPPORT



## AUTHENTIC PRODUCTS & HERITAGE

Take pride in our local craftsmanship and global know-how to offer wholesome and nutritious products.

- Nutrition
- Food Safety & Quality
- Responsible Sourcing
- Animal Health & Welfare

## LAND & RESOURCES

Act Responsibly and sustainability to foster a thriving planet for the future.

- Energy and Environment
- Transport and Logistics
- Carbon Footprint
- Circular Economy and Packaging
- Food Waste



# Enhancing Our Approach Through Partnerships

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## **United Nations (UN) Global Compact**

Our business is part of an ecosystem of activities, and we believe that external collaboration is key to innovating towards our targets. We also understand the value of a global perspective in dealing with global challenges, which is why we have used the Sustainable Development Goals (SDGs) of the UN Global Compact to inform our Corporate Responsibility Framework and priorities. We are directly engaging in activities that support 15 of the 17 SDGs, understanding that these goals were originally developed as guidance for countries, not companies. We are proud to announce Lactalis Group's recent participation in the UN Global Compact, which will now more directly link the SDG framework to our activities .

## **Center for Dairy Innovation**

In addition, we are a member of Innovation Center for U.S. dairy as a channel for collaboration and the development of our knowledge base with our farm partners. We support their vision and work under the NetZero initiative.

## **Dairy Methane Action Alliance**

We are a member of and actively involved with the Dairy Methane Action Alliance (DMAA). By specifically measuring our dairy partners' methane emissions and building and publishing plans to reduce these emissions, this coalition aims to stimulate actions to reduce methane emissions in the dairy sector.

## **Feeding America**

Lactalis partners with Feeding America to further their shared commitment to ending hunger, increasing access to nutritious dairy products and strengthening local communities. Feeding America, part of a nationwide network of over 200 partner food banks, is the largest hunger-relief organization in the United States.

**PEOPLE  
& COMMUNITY**

# People & Community



## Contribute to the economic and social wellbeing of our people and communities.

Our people and our communities are at the heart of our company. With four operating sites across the United States located in Idaho, Wisconsin, and New York, employees play a vital role in supporting the communities in which we live and work. By providing nutritious, high-quality dairy products and through our active community involvement, we proudly deliver on our core mission. Our human resources department is dedicated to providing programs, policies and initiatives that support our employees' overall wellbeing. We strive to create an engaged culture of respect, diversity, inclusion and fairness to support and nurture our employees to enable them to bring their best selves to work and to the communities in which they live. As our people continue to feed the nation with healthy and nutritious products, we continue to fuel our people through our competitive training, development, recognition, family-friendly benefits, retirement, and compensation programs and policies. We are ambitious in our goals and foster continuous insights through ongoing key performance indicators in community volunteer programs, diversity, equity, and inclusion, employee relations, talent attraction, and growth and retention programs.

## Our Policies



At Lactalis American Group, we are proud of our ambition to be an employer of choice. During our journey, we've made enhancements to our policies, programs and systems. We've invested in our employees and facilities to continuously improve our work environment. We've established three key performance indicators to guide our development. They are:





# Our Policies



## Training & Development Platform

Lactalis American Group has made a significant investment to further support the training and development of our employees by partnering with Lactalis Group’s digital training platform for employees worldwide. We have a primary focus on Lactalis’ core managerial values, best practices and industrial expertise as well as training programs in areas such as leadership and management, communication, language and IT training courses. Our programs include: Academies (industrial, cheese, maintenance), STEP for supervisors, INSIGHTS for salaried and office hourly employees, and Safety Training.

## Talent Development & Career Growth

Lactalis American Group has established a robust management review process for leaders that aims to better identify key talent and build development and succession plans to advance career development. Lactalis American Group offers student positions every year in a variety of functions such as Quality, Customer Service, Sales, Supply Chain, Purchasing, Finance and Marketing and Research and Development. Throughout the year, we often partner with local university and college co-op programs to hire students for positions in these functions.

## Educational Assistance Policy

Lactalis American Group provides an education reimbursement program for all employees, enabling our teammates to improve and develop themselves by continuing their education and pursuing continuous learning and professional development opportunities outside of working hours.

## Guidance Resources (EMPLOYEE ASSISTANCE PROGRAM)

Our Employee Assistance Program (EAP) has guidance resources that support employees with confidential emotional support, legal guidance, financial and work-life support. We regularly communicate about the resources available through the EAP such as: stress and anxiety management and childcare.

# Our Policies

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To foster and bolster our community engagement, we have implemented the “Make a Difference” (MAD) program. MAD is an opportunity for employees to have 16 hours of paid time to participate in local, national or global community service activities during their normally scheduled workweek. This commitment to the community includes encouraging employees to participate in charitable giving campaigns and volunteer at a soup kitchen, local school or non-for-profit.

Reflecting feedback from our employees, their well-being and professional and personal fulfillment at work. Thanks to our employees’ candid and honest feedback, we were able to identify employees’ unmet needs and understand the challenges they face at work. With this feedback, we are continuing to leverage our strengths while mobilizing the resources necessary to act on and ameliorate any areas that may need improvement.

## Health & Safety

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### Health & Safety Policy

As an industrial player, the Group is developing a robust Health and Safety program for the workplace. Lactalis is determined to achieve the only acceptable goal: zero accidents in the workplace and zero work-related illness. Every plant has a site-specific commitment structure that strives to meet this goal. Since 2012, Lactalis has implemented a global policy and set standards, which have been rolled out locally. Group Lactalis is developing risk management strategy focused on a healthy and safe culture.

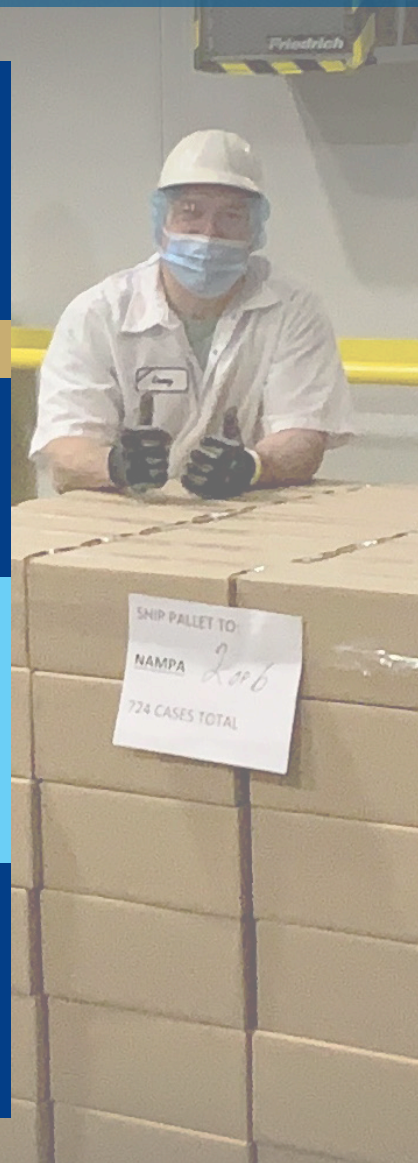
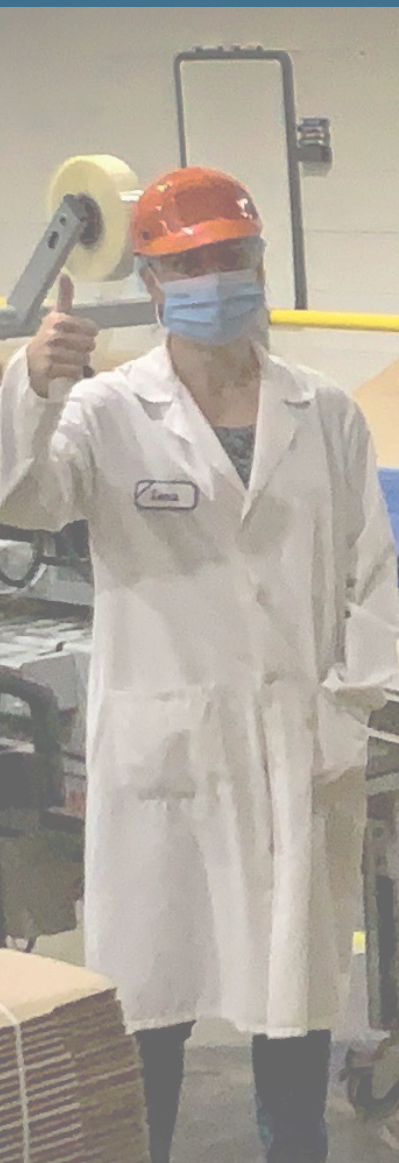
We have more than 1,800 employees in the United States and aim to provide every employee with economic security through fair wages, health security through our comprehensive benefits plan, and career advancement opportunities.

# Health & Safety



## THE HEALTH AND SAFETY OF OUR TEAM AND WORKPLACES HAS BEEN OUR TOP PRIORITY DURING THE GLOBAL PANDEMIC.

Together, our Human Resources (HR), Health and Safety and Operations teams have put into place strict health and safety protocols that adhere to public health guidelines and have implemented additional proactive measures to protect our people and keep our work environments safe.





## HEALTH & SAFETY POLICY



At Lactalis American Group, the health and safety of our employees is always our number one priority.

REMEMBER, NO JOB IS EVER SO URGENT OR IMPORTANT THAT YOU CAN'T TAKE THE TIME TO DO IT SAFELY.

Ensuring the health and safety of our employees, temporary workers and subcontractors is at the heart of our company values of **ambition and engagement with simplicity**. Our health and safety policy strongly affirms these values.

As we continually improve, our commitment to health and safety directly contributes to our overall performance and ability to achieve success.

It is our ambition to have **ZERO occupational accidents and ZERO occupational diseases**.

We are determined to achieve this with an environment of safe working conditions that promote the **health and wellbeing of all**.

It is the responsibility of all managers to make health and safety a prerequisite for all activities with a commitment to:

- ✓ Lead a continual risk reduction approach based on Group standards and guidelines, applied with flawless exemplarity.
- ✓ Assess and ensure compliance with current regulations and all applicable requirements within Lactalis Group standards.
- ✓ Design, operate and maintain our facilities and means of transport in a safe manner.
- ✓ Communicate in a simple and transparent way, involving our employees in issues, action plans and health and safety performance.
- ✓ Strengthen everyone's skills and enhance our health and safety culture by raising awareness, conducting trainings, and developing vigilance for oneself and one's colleagues.
- ✓ Encourage employee commitment and participation by defining roles and responsibilities with clear objectives that encourage immediate action to correct any dangerous situation.

It is everyone's responsibility to promote health and safety. Through our excellence in this area, we will make Lactalis American Group stand out as a respected, profitable, modern and sustainably committed company for the common good. We count on your commitment to this policy in all of our activities.



Jean-Luc BRUANDET  
Lactalis American Group  
President & CEO



Donald J. LAHRS  
Lactalis American Group  
EHS Director





# Our Policies

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**#LACTALIS  
EXPERIENCE**

## **Diversity, Equity & Inclusion**

*AT LACTALIS AMERICAN GROUP, WE ARE COMMITTED TO CREATING A DIVERSE, INCLUSIVE AND EQUITABLE WORKPLACE THAT IS POSITIVE AND RESPECTFUL.*

**BRING YOUR UNIQUENESS TO GROW OUR CULTURE**



DIVERSITY  
EQUITY &  
INCLUSION

We believe each and every individual within the organization provides value. When we encourage and include the voices of all diverse backgrounds and perspectives, we open doors to growth and allow individuals to bring their full authentic selves to work. In order to celebrate the uniqueness of our people and the communities where we operate, we are committed to cultivating a fair and inclusive workplace that fosters real belonging for all. Our programs in this area will focus on how we challenge ourselves across the organization to remove systemic barriers and provide programs and practices in an equitable manner. We hold Diversity, Equity & Inclusion (DE&I) celebrations and awareness activities throughout the year.

## A Culture of Inclusion

At the USA level, our Organizational Development Team (OD) continues to provide training for all employees aiming at bringing understanding of the importance of diversity, equity, and inclusion within the workplace.

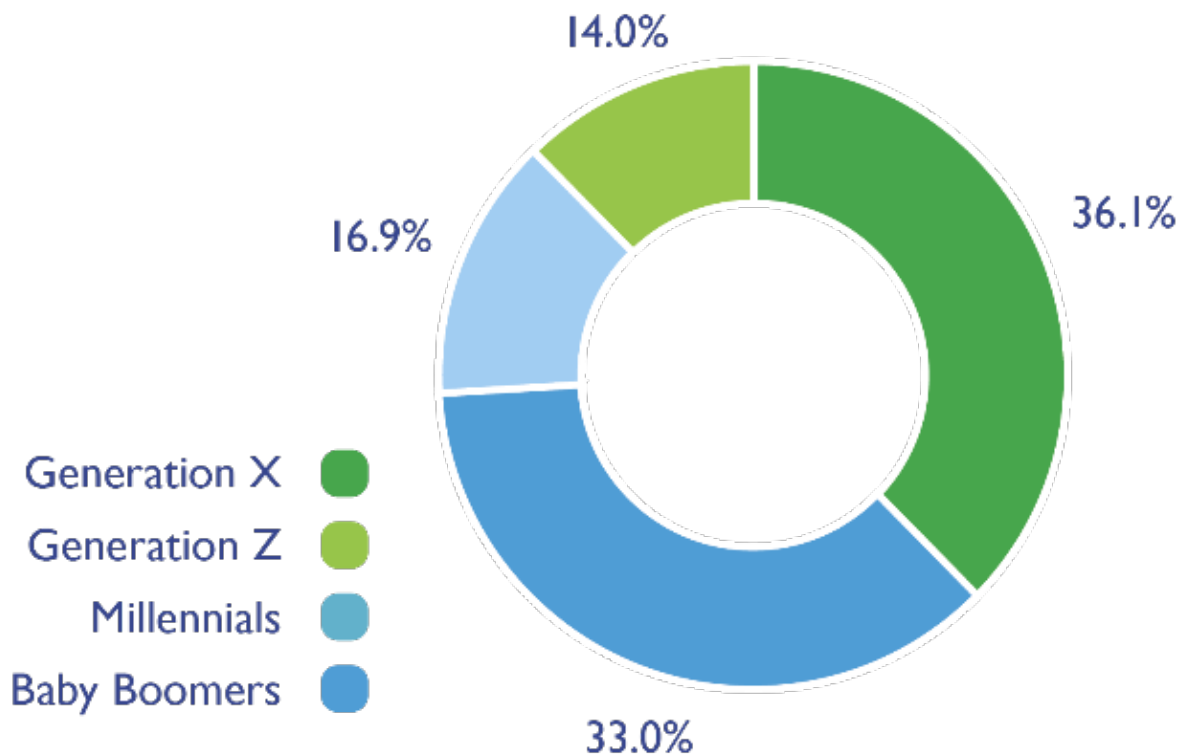
Our USA Diversity, Equity, and Inclusion Council continues to work both with our OD and leadership teams to further embed DEI into our company culture. Our DEI Council has successfully held many events and celebrations recognizing various demographics, in addition to make positive change recommendations within the business. Additionally, they have been the catalyst of starting an Employee Resource Group (ERG) across Lactalis within the USA. Finally, our informative monthly newsletters showcase a diverse range of holidays, celebrations, and an 'Inclusion Challenge' aimed at furthering our culture of inclusion for all.

## Gender Diversity

Companies that demonstrate gender diversity across their organization outperform the competition. While we have opportunities to continue to strengthen our gender diversity, we are proud to continue our evolution of diversity and maintain a healthy balance of both female and male workers. In 2023, Lactalis American Group, through its DE&I Council, launched its first ever Employee Resource Group ("ERG"), EmpowHer. The purpose of EmpowHer, a portmanteau of the words "empower" and "her", is to strengthen Lactalis American Group's culture by promoting an inclusive and diverse work environment that attracts, retains and develops all women, lending towards the success of the business, while contributing to the success of each individual woman.

## Age Diversity

Lactalis American Group has strong age diversity and it is important to our DNA. We celebrate the experience and knowledge a career in our industry provides while embracing the insights and ideas of the next generations.



# Community

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## **LACTALIS AMERICAN GROUP AIMS TO CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF THE AREAS IN WHICH WE OPERATE.**

### **Hunger Relief and Donations**

First and foremost, we are a food company with a fundamental goal to help fight hunger in the communities around us. In 2023, Lactalis donated 1,500 cases of Parmalat Milk to the Food Bank of Hawaii to help people affected by the Maui Wildfires. As part of Lactalis USA, Lactalis American Group is beginning a partnership with Feeding America in 2024 to fight hunger nationally and in our Lactalis communities. Across all our Lactalis American Group locations, whether plants or offices, we maintain a close relationship with local food banks, encouraging our employees to participate in our recurring food drives and donate their time throughout the calendar year. Lactalis American Group continues to donate thousands of pounds of nutritious dairy products to organizations including food banks, frontline workers, and local farmers during community events each year.

World Clean Up Day is an annual initiative that brings people around the world together for a cleaner planet. In Buffalo, NY, our employees partnered with Olmstead Parks Conservancy to address an overgrowth issue. As part of our efforts to limit plastics pollution, we have installed Bevi fountains within our plants and offices to encourage our employee population to refill and reuse their bottles and avoid single-use plastics. Thanks to this initiative, thousands of bottles have been saved since September 2020.

During our National Meeting in March, 2023 in Puerto Rico, over 175 Lactalis employees took some time to organize and distribute food and first aid baskets to nearly 200 families in the town of Naguabo.





# Authentic Products & Heritage

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**3** GOOD HEALTH  
AND WELL-BEING



## WE TAKE PRIDE IN OUR LOCAL CRAFTSMANSHIP AND GLOBAL KNOW-HOW TO OFFER WHOLESOME AND NUTRITIOUS PRODUCTS

We provide our customers and consumers with a delicious, nutritious, and high-quality portfolio of iconic and beloved dairy products. We take pride in being dairy experts that make products with tradition and history. Nutritious and healthy products are at the heart of what we do at Lactalis American Group. When it comes to our corporate responsibility, we stay true to our roots and innovate towards quality ingredients with simple formulas. The nutritious and healthy foods we create rely on the quality ingredients that we source. Our role is to honor the hard work of farmers with the foods we craft. We do this by being a reliable partner to our suppliers while holding them to a high standard (see Supplier Standards of Conduct, set forth below).

**FOOD SAFETY &  
QUALITY**



# Food Safety & Quality



## THE QUALITY AND FOOD SAFETY STRATEGY WAS REDESIGNED IN 2022 WITH FOUR MAIN PILLARS:

### 1 - Food Safety

The very first priority lies in ensuring full regulatory compliance. Lactalis American Group's manufacturing facilities are federally and state-licensed and inspected and comply with all Federal requirements of the U.S. Food & Drug Administration.

Operating under strict Hazard Analysis Critical Control Points (HACCP) principles, Lactalis American Group obtained Global Food Safety Initiative (GFSI) certification in 2011, and we strive towards continuous improvement year over year, as expected by the FDA and by our customers.

We take food safety very seriously. Apart from the complete GFSI program, our facilities go above and beyond the required GFSI standards by adopting a comprehensive pathogenic surveillance program certified by an external lab. In 2023, Lactalis American Group, Inc. performed over 30,000 pathogenic bacteria tests across our U.S. plants.

Our suppliers are key partners in the success of our business. Their sustainability efforts reflect the values of Lactalis American Group, and by extension contribute to healthy businesses and the success of the economy. Without a rigorous supplier approval program and partnership across our vendors, co-packers and suppliers, we cannot achieve our goals. Lactalis American Group, Inc. supports and maintains the Lactalis Group Supplier Management qualification and approval process, which aims to ensure that all of the ingredients and packaging materials we purchase meet the highest standards of Safety, Quality and Consistency.

### 2 - Product Superiority

Lactalis American Group's vision is to provide healthy, tasty and accessible products to all. Delivering a superior consumer experience is a key driver of our business growth. The taste, smell and texture of our products are the main drivers we use to deliver this promise to our consumers.

To achieve this goal, Lactalis American Group's teams are engaged in four key programs:

#### 1. Customer and consumer feedback.

We strive to ensure the satisfaction of our consumers, responding to their complaints in a timely manner and take them very seriously. We carefully track complaints, with the goal of continuously reducing the complaints per million units sold, through improvement projects.

#### 2. Tasting program.

Employees are ambassadors of Lactalis products. In 2022, Lactalis launched the "Passion for Taste" program for all employees. In 2023, Lactalis went one step further, beginning construction on a sensory center dedicated to transmitting our passion and culture of taste with our customers.

#### 3. Internal sensory assessment.

Daily, all our products are tested by our employees prior to release, connecting sensory data, chemistry results and production parameters. In each plant, a trained sensory panel weekly assesses our products prior to being released to the market. Monthly, dedicated expert panels test our products with specific descriptors to guarantee the consumer preferences for our products.

#### 4. Yearly testing.

Our key products ("Pillar" products) are carefully supported and nurtured, with multiple stakeholders managing a strict "Product Quality Process". We use groups of external consumers ("Expert Juries") to objectively taste our pillar products using a scientific sensory evaluation method. Moreover, periodically, we perform consumer preference tests against our competition to ensure consistency and quality.



### 3 - Drive Efficiency

Quality at the best price. Quality and efficiency are synonymous concepts at Lactalis. Excellence in quality means producing our products "Right the First Time" with limited waste and reprocessing and learning from our mistakes.

3 drivers for performance.

1. Digital tools. Our objective is to implement performance tools across our manufacturing sites, leveraging the digitalization of our quality system to provide real-time reactivity to our plant machine operators.
2. Excellence in Laboratory analytics. At Lactalis American Group, Inc. our Central Quality lab provides our manufacturing sites with cutting edge analytical reference methods. These methods enable our teams to make business decisions based on solid, reliable chemistry and microbiology data. Each manufacturing site Lab is certified every year by reference auditors.
3. Continuous Improvement. Driven by collective and aligned objectives, our teams use powerful tools to drive performance across all manufacturing sites. They use all opportunities to improve our processes to deliver high quality products at the most competitive costs.

### 4 - Expertise and Leadership

High quality can only be achieved if we have the right organization and skilled people. The fourth pillar is aiming to deliver:

1. Organizational effectiveness. This includes architectural design of the organization, strong job descriptions, standardized wage structure, and clear perspective of evolution.
2. Individual competency. Providing training tailored to collective and individual needs is a key priority for Lactalis.
3. Strong empowerment and leadership. Our quality teams are the voice of consumers in our organization. They act as the ambassadors of our product and contribute to our brand superiority. Thanks to their efforts, leadership, and conviction, they engage and positively influence their colleagues in contributing to Lactalis' collective quality culture.

**The Quality Policy is also based on four mindsets that embody the attitudes and behaviors that we seek to promote in order to strengthen the Quality culture:**



# Leadership in Labeling & Health Innovation



## MOVING TOWARDS SIMPLE AND NATURAL INGREDIENTS

Eating well starts with choosing good products and healthy ingredients that we enjoy preparing in the kitchen and sharing at the table. We are convinced that a balanced diet is not possible in the long term without pleasure and sharing. Accordingly, we are constantly looking for the right balance between taste and nutrition in our products. We do so by identifying key initiatives for our brands through important certifications, sourcing premium ingredients, and identifying consumer health trend driven innovations. Our goal is to provide consumers with clear nutritional facts on products so that they have the information they need to make the right decisions at their retail stores.

## TAKING A GLOBAL VIEW

A comprehensive global database has been developed with a profile on every product, including its ingredients and core nutritional value. As part of this global database, Lactalis American Group, Inc. has contributed data on over 700 products along with their ingredient information and nutrient profiles.

## FRESH & SIMPLE

We take pride in being the global dairy experts and making all our products nutritious, fresh and simple. Using only quality ingredients, we have embarked on an initiative to meet the needs of the American consumer. We reviewed scientific literature on the health impacts of additives across the food industry to identify 13 colorants and preservatives that we will avoid in our future innovations. We also developed an internal scoring system to prioritize the avoidance of these ingredients in future development. From our beloved brand Rondelé, where we removed all stabilizers, to our renowned Feta and Mozzarella cheeses that contain no added whitening agents, you can be sure our brands adhere to our high standards. We monitor sugar and salt thresholds for all of our dairy products through annual systematic evaluations and adhere to strict guidelines aligned with national guidance.



# Important Certifications



## GLUTEN FREE

Lactalis American Group, Inc. is leading the charge in the U.S. Cheese Category by achieving GFCO (Gluten-Free Certification Organization) certification on the Galbani Brand becoming the first cheese in the U.S. to bear this logo.



## LACTOSE FREE

Lactose Free dairy items in U.S. markets.



## HEALTH INNOVATION: PROTEIN DRINKS

U.S. introduction of UP2U® RECOVER protein drinks and UP2U RECOVER unflavored protein powder. Designed for fitness enthusiasts and athletes, the products are made with whey protein in its purest form, also known as “native” protein powder.



42 MEDALS, INCLUDING 12 GOLD MEDALS, IN MAJOR CHEESE COMPETITIONS



# Animal Welfare



As a leader in dairy processing, Lactalis American Group, Inc. plays an important role in ensuring that the industry's milk-producing cows are treated with the highest standards of health and husbandry. In collaboration with dairy farmers and key stakeholders, Lactalis American Group, Inc. is committed to ensuring that our products are made with milk produced on farms where the best practices for animal welfare are implemented and observed. We are guided by globally recognized standards such as the National Dairy FARM (Farmers Assuring Responsible Management) program.

## OUR VISION

We pay special attention to the animals that are at the origin of all our activities and products. We fully recognize and respect them as sentient beings, capable of emotions, that deserve both physical and mental health. Contributing to their well-being is our responsibility.

We strive to advance our approach to animal welfare by ensuring that animals have a good life, while helping to improve the performance of our partner farms, meeting the expectations of our stakeholders and the sustainability of our supply chain.

## ALIGNING OUR APPROACH WITH THE INTERNATIONALLY RECOGNIZED "FIVE FREEDOMS"

According to the World Organization for Animal Health (OIE), developed in 1965, and widely recognized, the five freedoms describe society's expectations for the conditions animals should experience when under human control.

At Lactalis American Group, Inc. we support this expectation and aim for our approach to ensure the compliance with and the preservation of these freedoms for all animals in our supply chain.

### GOLDEN STANDARD

5 FREEDOMS OF ANIMAL WELFARE

Freedom from discomfort

Freedom from hunger and thirst

Freedom to express normal behavior

Freedom from pain, disease, or injury

Freedom from fear and distress



# **KEY AREAS FOR EVALUATIONS**

# Farm Animal Care



## RESOURCE-BASED

- Space allowance per cow
- Amount of feed & water availability
- Temperature requirements
- Housing type

## ANIMAL-BASED

- Good body condition
- Cleanliness
- Mobility
- Overall health & comfort

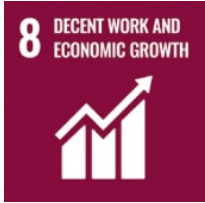
## MANAGEMENT-BASED

- Annual on-farm employee training
- Up to date protocols, SOPs, and health records
- Veterinarian involvement and review



# Our Approach & Ambitions

There are 5 main commitments concerning all raw milk from dairy cows.

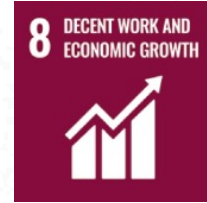


## 5 COMMITMENTS

- Ensure that all our partner farms do not commit any acts of animal cruelty and, as a minimum, comply with local and national standards.
- Enroll our direct partner farms (and indirect ones where possible) in a process for continuous improvement, phasing out the most problematic practices and implementing the best ones.
- Advocate for the implementation, deployment, and reinforcement of ambitious national Animal Welfare standards.
- Collaborate with our stakeholders to improve scientific knowledge and develop innovations on animal welfare.
- Report publicly and annually on our actions and progress. We are committed to ensuring transparent communication on the fulfillment of the commitments described above.



# Our Approach & Ambitions



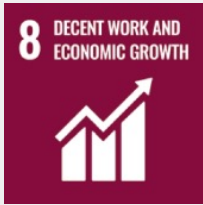
## POLICIES

- Lactalis promotes recognized best practices for dehorning and disbudding, including the use of pain mitigation and removal by 8 weeks of age.
- Practicing routine tail docking is not permitted within Lactalis supply chain.
- The use of rBST is not permitted within the Lactalis milk supply\*.
- All milk in Lactalis supply comes from farms participating in FARM Animal Care Evaluation once every 3 years.
- Lactalis aims to fight antimicrobial resistance and encourages farmers to reduce prophylactic use of antibiotics.
- All Lactalis partner farms must be in compliance with national regulations regarding the use of animal derived proteins in dairy feed.

*\*No significant difference has been shown between milk derived from rBST-supplemented and non-rBST-supplemented cows.*



# Supplier Standards of Conduct



Lactalis American Group, Inc. recognizes that as a distinguished leader in the dairy industry, our corporate responsibility extends to our supplier network. To this end, Lactalis American Group, Inc. and its subsidiaries have an ethical and business objective to be responsible corporate citizens. We aspire to do business with suppliers that share our commitment to corporate responsibility. We know that clear alignment with our supplier partners on these standards will result in a positive impact to Lactalis, our supplier network, and further serve the broader business community as an example of leading business practices. To meet the growing expectations of our various stakeholders, we have established these Standards, which define the ethical, social, and environmental requirements by which Lactalis expects its suppliers to conduct their business. In addition to complying with applicable laws and regulations in the countries where they do business, and applicable contractual obligations, Lactalis suppliers are expected to meet the following Standards established by Lactalis Group, Inc.:

## PURPOSE & SCOPE

At Lactalis, we believe that it takes a wider commitment of the whole value chain to deliver on our ambitions for sustainable and healthy products. Building strong, qualitative and long-term relationships with our upstream partners increases our ability to continuously meet consumers and civil society's expectations, demonstrate citizenship, and foster an innovative spirit as well as shared opportunities. In that sense, our approach to Responsible Sourcing is a fundamental backbone of our Corporate Social Responsibility policy. We have created this Supplier Code of Conduct to ensure mutual alignment with all our Suppliers on these ambitions, with the exception of the Suppliers of raw milk (direct and indirect volumes) who are not concerned by this document. This Supplier Code of Conduct sets out ways of working and minimum standards that Suppliers must follow in providing goods or services to the Lactalis Group. The Supplier Code of Conduct applies to any Suppliers' employee, agent or subcontractor interacting with the Lactalis Group on Suppliers' behalf all along its value chain. We are committed to report on our Responsible Sourcing activities on a regular basis, internally and externally. We take special care in building honest, fair and respectful relationship with our Suppliers. We provide equal treatment to all our potential Suppliers, and selection processes are transparent and impartial, based on explicit criteria. We ensure that our purchasing activities are conducted according to high ethical and professional standards. Our purchasing teams and all employees who are in business relations with Suppliers are regularly trained on such standards.

To do so, the Lactalis Group strives to follow the guidelines of the following international documents:

- **The 10 principles of the United Nations Global Compact;**
- **The United Nations Universal Declaration of Human Rights;**
- **The International Labor Organization conventions;**
- **The guiding principles of the OECD applicable to Multinational Enterprises.**

We are committed to promote the principles set out in this Code of Conduct in our sphere of influence. We invite all our Suppliers and partners to join in and take action. Our Suppliers shall devote the necessary means to ensure that they respect these principles and communicate them to their own Suppliers.

*This Supplier Code of Conduct may be updated periodically, with or without prior notice. It is the Suppliers' responsibility to review possible new amendments and ensure continuous compliance with them. In this Supplier Code of Conduct, the terms "Lactalis", "we", or "our" refer to the Lactalis Group and all its subsidiaries. The term "Suppliers" refers to Lactalis' suppliers providing goods and services, as well as their employees or agents or subcontractors in relationship with the Lactalis Group on their behalf.*



## **COMPLIANCE WITH LAWS**

As a major player in the dairy sector, the Lactalis Group reaffirms its desire to act at all times in compliance with all applicable laws and regulations in force, where it operates. The extent of our presence internationally and the growing number of partners and stakeholders with whom we forge business relations, compel us to consider compliance as a factor contributing to the development of the business. In their relationship with the Lactalis Group, Suppliers shall always comply with all applicable international, national, sub-national, regional and local laws, rules, and regulations in force where they operate.

## **BUSINESS CONDUCT & GOOD PRACTICES ANTI-COMPETITIVE BEHAVIOR**

Anti-competitive behaviors, arising from an organization or its employees, can affect market efficiency and related sustainable growth. Suppliers shall take preventive measures to avoid any anti-competitive behavior (including collusion practices and abuse of dominant positions). Should any matter or situation of anti-competitive behavior arise in the context of their relationship with the Lactalis Group, Suppliers shall immediately disclose them to the Lactalis Group.

## **CORRUPTION & BRIBERY**

In an environment characterized by uncertainty and increased risks of all kinds, corruption distorts free competition, hinders economic growth, and can lead to negative social and environmental impacts, also associated with inefficient economic decisions, misallocation of investments and undermining the implementation of law. Suppliers shall commit to respect all anti-corruption and anti-bribery applicable laws where they operate, in their relationship with the Lactalis Group and shall take preventive measures to avoid risks of corruption.

## **CONFLICTS OF INTEREST OR UNDUE ADVANTAGES**

In order not to impact business decisions in their relationship with Lactalis Group's procurement employees, all people participating in the decision, and their line management. Suppliers ensure that they do not have any conflict of interest (involving personal or family links or relationships with Lactalis Group procurement employees), and that they will declare any future potential conflict of interest as it may arise during the business relationship with the Lactalis Group. Suppliers shall also ensure that the bilateral professional relations are not subject to any personal financial loans, borrowings or placement of personal orders.

Suppliers shall not seek or encourage to obtain favorable decisions through presents and gifts of any nature or by offering refunds or specific and personal refunds or discounts to their counterparts at Lactalis Group and their families. Only presents of promotional nature and of low value shall be tolerated from Suppliers, with prior agreement from the Lactalis employee's line management. Invitations to business meals, seminars or field trips are only meant to strengthen mutual business relation. The Lactalis Group does not encourage or solicit them; they are only tolerated within reasonable frequency and prior validation from line management. Suppliers' extravagant invitations are strictly prohibited, and invitations to leisure or entertainment activities require exceptional authorization from the Lactalis Group employee's line management. Should any conflicts of interest arise, Suppliers shall immediately disclose them to the Lactalis Group.

# Labor Practices & Human Rights

## HUMAN RIGHTS CHILD LABOR

The set of internationally recognized human rights is essentially covered by the International Bill of Rights, which includes the United Nations (UN) Declaration (Universal Declaration of Human Rights, 1948), the UN Convention “International Covenant on Civil and Political Rights” (1966), and the UN Convention “International Covenant on Economic, Social, and Cultural Rights” (1966). Suppliers support, raise awareness, and respect the enforcement of the International Bill of Rights, through their operations and in their relationship with agents and subcontractors. They ensure and warrant not to become complicit in any human rights violation. The Lactalis Group expects its Suppliers to respect the resources and the rights of indigenous communities in their supply chains.

## CHILD LABOR

Child labor is defined as work that “deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education. Specifically, it means types of work that are not permitted for children below the relevant minimum age”. As such, it shall be considered as a human rights abuse. In accordance with current laws and with the International Labor Organization (ILO) Conventions, the Lactalis Group strictly prohibits child labor, as defined above. Suppliers shall commit to respect the minimum age for admission to employment as defined in ILO Conventions 138 and 182, in the framework and guidance provided by ILO’s International Programme on the Elimination of Child Labor (IPEC).

## FORCED OR COMPULSORY LABOR

Suppliers shall ensure that they do not benefit, either directly or indirectly (through agents and subcontractors), from any form of forced or compulsory labor defined as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily” (ILO Convention 29). Forced labor in prisons, human trafficking for the purpose of forced labor, coercion and harassment in employment, forced labor linked to unpaid or indentured services or exploitative labor contract systems or debt-induced, are strictly prohibited. Suppliers shall perform risk assessment and due diligence to prevent forced or compulsory labor, as well as human trafficking and slavery.

## FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING WORKING CONDITIONS & SOCIAL DIALOGUE

Suppliers shall ensure the right of their employees and workers to form, join and run their own associative organizations without prior authorization or interference by the Suppliers. Suppliers shall also, where applicable, set the conditions and ensure collective bargaining for their employees and workers for determining working conditions and terms of employment or for regulating relations between employers and workers.

## WORKING CONDITIONS & SOCIAL DIALOGUE

Good working conditions and a genuine social dialogue contribute to generate a positive and sustainable working environment, with efficiency impact on business and minimizing operational disruption. They also contribute to setting the conditions for employees’ attraction, retention and development through training on additional skills, internal promotion and optimized career path. Suppliers shall comply with applicable labor laws and conduct their relationship with their employees and workers within locally appropriate institutional and legal frameworks. Terms of employment shall be freely agreed and well documented.

- **Wages:** Suppliers shall comply with applicable wage laws and abide by local minimum wages rules. When local minimum wage rules are absent, Suppliers should propose compensations and wages considering that they should meet employees’ essential and basic needs as well as dignity.
- **Working time:** Suppliers shall comply with applicable laws concerning working time (including maximum hours and overtime), rest periods, holidays, disciplinary and dismissal practices and maternity protection.
- **Workplace environment:** Suppliers shall comply with applicable laws concerning the quality of the workplace environment, and all applicable mandatory benefits provided by local and industry laws or regulations.
- **Social dialogue:** Suppliers shall ensure adequate labor management and regular consultation practices with employees and their representatives, and communicate any significant operational change that could substantially affect them. In particular, and where applicable, they provide appropriate conditions for collective bargaining regulating relations between employers and workers.

# Labor Practices & Human Rights

## DIVERSITY, EQUITY & INCLUSION

Diversity, equal treatments and opportunities, and the promotion of inclusion generate significant benefits for organizations, employees, and society in general. Suppliers set equal treatments, benefits, training, promotion opportunities and information access to all their employees regardless of gender, age, ethnicity, caste, geographical origin, religion, sexual orientation, civil state or social situation, mental or physical disabilities, or any other personal specificity. Any difference in individual working conditions and treatments shall only be based on employee's skills or local applicable laws and regulations.

## OCCUPATIONAL HEALTH & SAFETY

Suppliers shall endeavor to provide healthy and safe working conditions to their employees, in compliance with applicable laws and regulations. They shall commit to the prevention of physical and mental harm, work-related illnesses and injuries, through the identification of hazard, the development and implementation of a policy and a management system associated with regular performance evaluation. Good practices also include the consultation and engagement of employees into the development of such programs, as well as employees' related training. Employees' participation in such health and safety policies and programs, as well as derived data, shall not be used in Suppliers' decisions regarding employment, engagement, or favorable or unfavorable treatments of workers.

## QUALITY & FOOD SAFETY

Lactalis has developed and implemented a Quality and Food Safety policy to ensure full traceability on delivered products, components and ingredients. This has been materialized through Lactalis Quality and Food Safety charters. Suppliers shall commit to conducting their operations in compliance, at a minimum, with applicable laws and regulations concerning food quality and safety of delivered products or services, either directly or indirectly through their agents and subcontractors. Suppliers shall develop and implement policies and food quality and safety management systems associated with regular performance evaluation, on the reference method HACCP (Hazard Analysis Critical Control Point), in each of the following life cycle stages:

- Development of product concept
- Research and development
- Certification procedures
- Manufacturing and production
- Storage, distribution and supply
- If any, potential disposal, reuse, donations or recycling

## ENVIRONMENT

Suppliers shall commit to conducting their operations in compliance, at a minimum, with applicable laws and regulations, ensuring necessary permits and registrations, either directly or indirectly through their agents and subcontractors. They shall seek to foster sustainable practices and induce continuous progress along the whole life cycle of delivered goods or services. Suppliers shall identify, assess, prevent, mitigate or remediate actual or potential negative environmental impacts in their operations as well as conduct due diligence over their own value chain, including agents and subcontractors. They shall develop and implement policies and environmental management systems associated with regular performance evaluation, notably applying the precautionary principle. They shall encourage good practices, including internationally recognized environmental certifications.

Such environmental topics include (but are not limited to):

- The reduction of Greenhouse Gas (GHG) emissions throughout operations and value chain (Scope 1, Scope 2, and Scope 3 emissions),
- The prevention of any kind of pollutions and spills (notably of chemical and hazardous materials, particles and emissions other than GHG), as well as disturbances such as noise, dust, and odors,
- The protection of Biodiversity along the value chain. It notably includes Biodiversity on operational sites, protected Habitats, as well as oceans ecosystems, and forests or other High Conservation Value Areas (HCVA),
- The appropriate management of water consumption, withdrawal, discharge and related impacts,
- The promotion of eco-design and circularity of packaging,
- The appropriate management of waste by type and disposal methods, including the transport of hazardous waste,
- Generally speaking, the appropriate management and stewardship of natural shared resources and their consumption or usage, as well as **related impacts on local communities, notably through the support to sustainable agricultures.**

## ANIMAL WELFARE

Suppliers of animal-based products, across all relevant species and geographies, shall commit to conducting their operations in compliance with applicable local and international laws and regulations as well as not to be responsible of any acts of animal cruelty, either directly or indirectly through their agents and subcontractors. They shall support the internationally recognized Five Freedoms for animal welfare and ensure they are observed and preserved for all animals in their value chains. According to the World Organization for Animal Health (OIE), "developed in 1965, and widely recognized, the Five Freedoms describe society's expectations for the conditions animals should experience



# Labor Practices & Human Rights

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 behavior". More precisely, they shall pay special attention to the following practices in farming systems and downstream stages: • Avoidance of close confinement and intensive systems for livestock, • Provision of effective species-specific environmental enrichment, • Avoidance of products from farm animals subject to genetic engineering and cloning and/or their progeny or descendants • Avoidance of growth promoting substances, • Avoidance of antibiotics for prophylactic use, • Avoidance of routine mutilations (tail docking, dehorning, disbudding without pain management), • Avoidance of situations where animals are not subjected to pre-slaughter stunning, • Long distance live transportation. Besides, when applicable, Suppliers shall implement policies and action plans to eradicate (at the latest by the end of 2025) the use of shell eggs and egg products from caged systems (also known as "Code 3") in all their finished products or ingredients delivered to the Lactalis Group.

## INFORMATION PROTECTION

Suppliers shall commit to conduct their operations in compliance, at a minimum, with applicable laws and regulations concerning information protection, either directly or indirectly through their agents and subcontractors.

## CORPORATE IMAGE

The Lactalis Group seeks to preserve its reputation, credibility and image, which are closely tied to the quality of its products and services as well as to its brands' assets. Suppliers shall not use any element of the Corporate Image of the Lactalis Group, in any kind of medium, for their own benefit or anyone else, unless express prior written acceptance by the Lactalis Group.

## CONFIDENTIALITY & INTEGRITY OF INFORMATION

Suppliers shall guarantee the confidentiality of all information received which is the property of the Lactalis Group and comply with regulations related to trade secrets. Suppliers shall not use, for their own benefit or anyone else, nor disclose any Confidential Information, unless express prior written acceptance by the Lactalis Group. Intellectual property rights shall also be protected in the course of duty. In return, information provided by Suppliers shall be true, fair, complete and not misleading, while preserving the confidentiality expressly requested by Suppliers' agents or subcontractors. If the Supplier needs access to Lactalis IT Systems or provides IT solutions, the Supplier shall commit to comply with international standards for IT security and communicate its Information Security Policy to Lactalis.

## DATA PROTECTION

The Lactalis Group seeks to preserve its reputation, credibility and image which are closely tied to the quality of its products and services as well as to its brands' assets. Suppliers shall not use any element of the Corporate Image of the Lactalis Group, in any kind of medium, for their own benefit or anyone else, unless express prior written acceptance by the Lactalis Group. Suppliers shall ensure and warrant compliance with applicable privacy and personal data protection laws and regulations, notably (but not limited to) the EU General Data Protection Regulation (GDPR; EU 2016/679). When their operations imply the collection, storage, process or dissemination of personal data, Suppliers shall prevent any loss of data or breach of privacy regarding identifiable individuals, including any employee, consumer or customer. In case of breach of privacy, Suppliers warrant to take all necessary measures to respect the GDPR or other applicable privacy and personal data protection laws and regulations, and to immediately inform the Lactalis Group DPO via [dpo@fr.lactalis.com](mailto:dpo@fr.lactalis.com).

## MONITORING, ALERTS & BREACHES MONITORING

Suppliers shall maintain available internal procedures, tools, indicators or related documentation to demonstrate their alignment with the Lactalis Supplier Code of Conduct. Suppliers agree to be audited on such compliance and provide all information reasonably requested. In any case, a gap would be identified, suppliers have to commit in good faith to build and implement an effective action plan.

## ALERTS

Suppliers shall promptly report any actual or suspected violation of the Supplier Code of Conduct to the Lactalis Group. This includes violations by any employee, agent or subcontractor. Suppliers may report any violation of law through the Lactalis Whistleblowing Platform available at <https://www.bkms-system.com/lactalis>.

## BREACHES

Although the Lactalis Group promotes the best sourcing practices and incentivizes Suppliers to prevent and avoid any noncompliance with the above-mentioned principles and standards, incidents may occur in breach of the Lactalis Suppliers Code of Conduct. In such cases, and whenever Suppliers fail to implement efficient and remediation measures, the Lactalis Group reserves the right to disengage them.

# Land & Resources

At Lactalis American Group, Inc., we understand and recognize that the rate at which our industry consumes finite planetary resources is unsustainable. We believe the first step in contributing to actionable and meaningful progress is to accurately assess our baseline inputs and emissions data so that we may carve a path forward in the areas where we will have the greatest positive impact.

Mitigation efforts are already underway at every step of our supply chain. Our impact reduction efforts are focused on a number of key areas. We have embarked on this path knowing that, as a processor, our improvements begin with the operations we control such as our manufacturing plants and warehouses. We acknowledge that significant environmental impacts in our industry come from the production of our primary ingredient, milk and we work with dairy producers in the United States to develop solutions that support the broader industry. Similarly, we rely on the expertise of our partners in the packaging and transportation industries to align with our long-term sustainability goals and create opportunities to support innovations that reduce our GHG emissions.

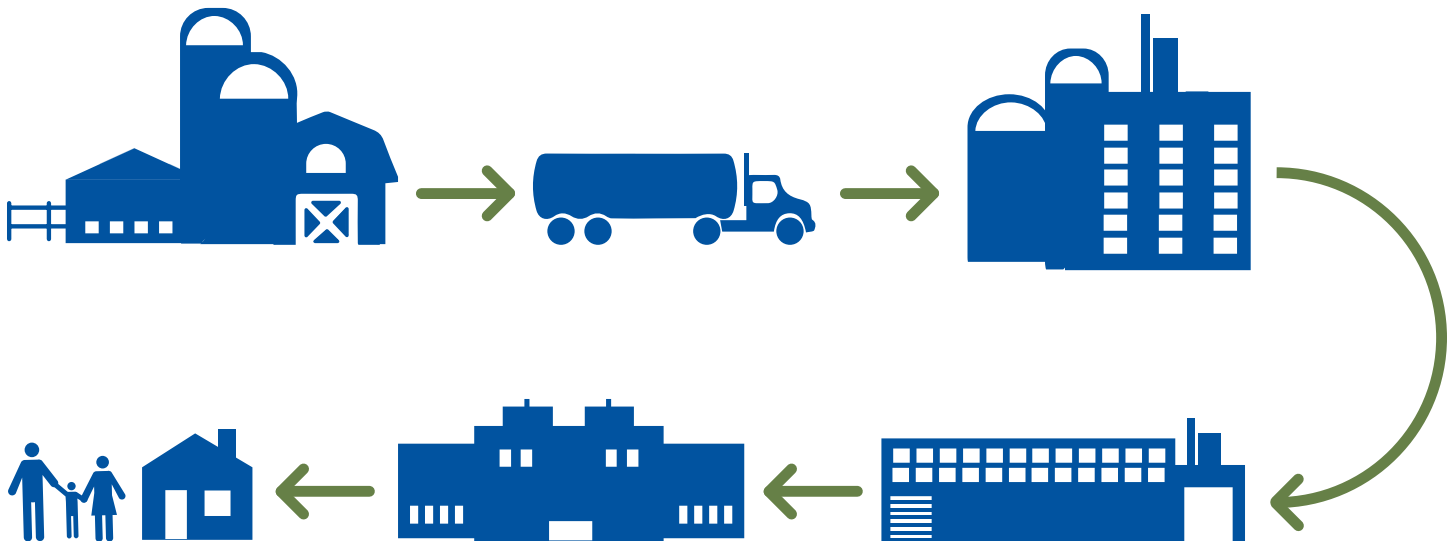


# Carbon



Climate change has emerged as one of the major challenges of our time. In fact, climate change is already happening and affecting our daily lives: increased temperatures, droughts, and more frequent and intense storms. These are clear signals which show the urgent need for concrete actions to mitigate carbon emissions and climate change. We will contribute to Groupe Lactalis' emissions reduction targets by cutting our own operational and value chain emissions. We are committed to contributing to Groupe Lactalis' reduction of scope 1 and 2 emissions by at least 25% by 2025 and at least 50% by 2033.

Our parent company, Groupe Lactalis, is committed to setting near and long-term emissions reduction targets through the Science Based Targets initiative (SBTi). The specifics of those targets are not yet SBTi-approved.





# Our Ambition:

Net Zero by 2050 (Scope 1&2)



In 2019, our direct operations, industrial and logistic activities, emitted around 104,000 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.

## 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, bio-gas, and appropriate biofuels.
- Following the development of innovative solutions and adopting relevant new opportunities.



## 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 and operated businesses, both upstream and downstream in our value chain. Our first raw material, fresh milk, is thus our main source of indirect carbon emissions.

Since 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.

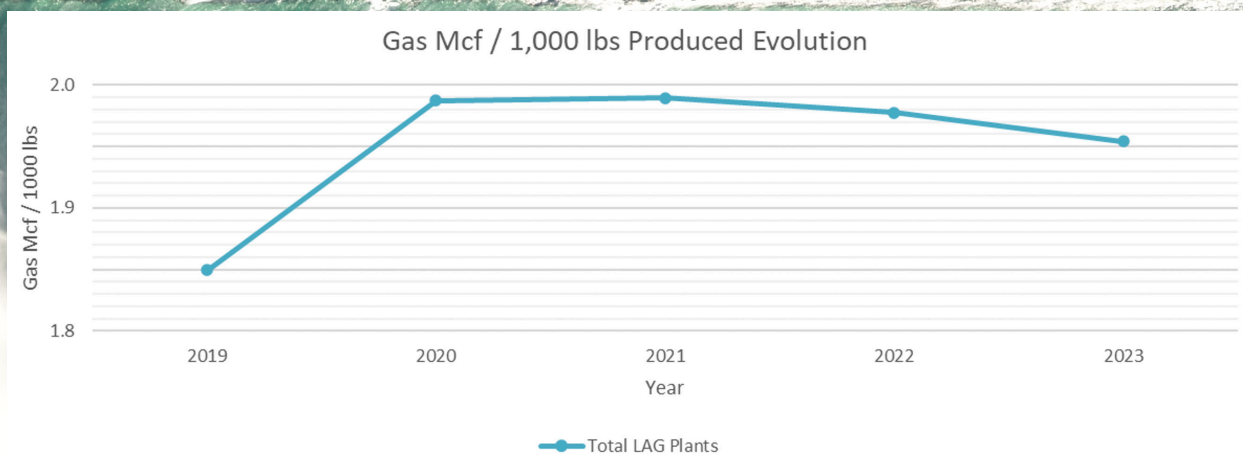
In order to ensure more sustainable production practices, we engage in partnerships with our farmers as well as with renowned technical institutes, policy makers and professional associations to address carbon emissions at the farm level. We are also making progress toward a circular economy by working on the reduction of our packaging footprint. These are our 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 us to 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. The strong reduction strategy and targets we are currently building within our value chain will help us achieve our net zero ambition.

# Natural Gas & Electricity

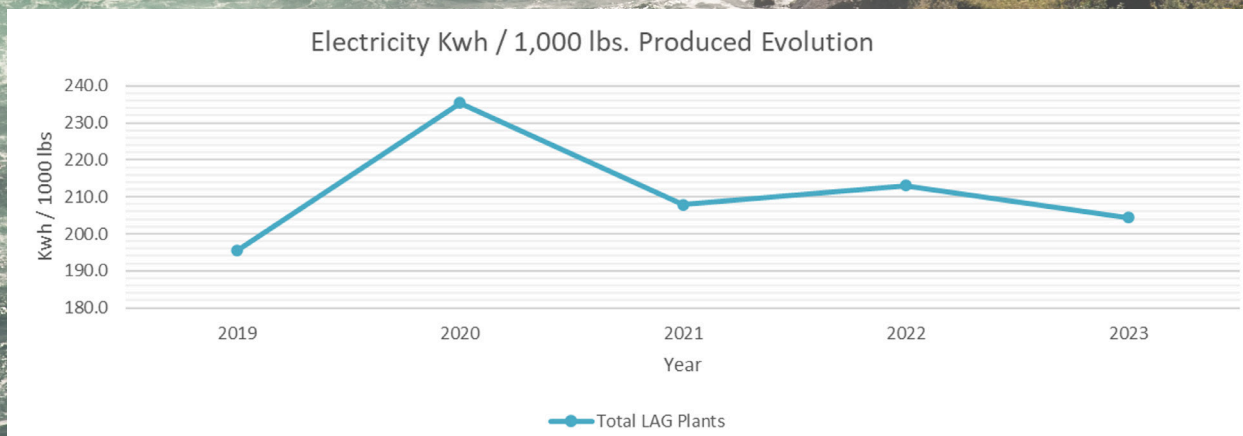
Natural gas is currently the standard method for powering dairy processing plants, and we have been tracking our consumption since 2011 for each of our plants across the country. Gas usage is one of the biggest contributors to our carbon emissions at the plant level. Accordingly, we are developing a long-term action plan to reduce our gas consumption. Our approach is first, to reduce our consumption with improved efficiencies, such as updating obsolete equipment and using energy reclamation technology. Every year we deploy capex dollars to initiate projects to help us become more efficient in our energy usage. Second, we will work with industry partners in the energy sector to identify opportunities for renewable energy.

We continue to make gradual improvements in gas usage per 1,000 pounds of finished product. As we continue to implement capex projects and strategies, we expect to see this trend continue.



Lactalis American Group, Inc. primarily relies on the traditional power grid for our electricity. Our facility in Buffalo, New York is located 20 minutes from Niagara Falls and benefits from the use of hydroelectric power. Similarly, at our Idaho facility, our main source of electricity is hydro power. As with natural gas, our focus with electric continues to be finding ways to be more efficient in our usage to help us require less energy while maintaining or increasing our output.

We have seen continuous improvement since 2021. 2019 was a year affected by the COVID pandemic.





# Looking Ahead



The vision for our manufacturing facilities is to implement strategic initiatives to help us to produce the best product in the most efficient manner. As national, state, and local governments increase their focus on sustainable manufacturing processes, it is our responsibility to be a leader in this space to provide solutions and to help meet these goals. It is imperative for us to be at the forefront of these endeavors that have a direct impact on our local communities and environments. Some examples of these types of projects include improved measurement and regulation of our energy inputs/outputs, implementing more energy efficient manufacturing equipment, and focusing on preventative maintenance practices to maintain a high service level. In 2023 we conducted multiple utility audits to more precisely map out our demand and consumption in our plants and to create detailed roadmaps to achieve our objectives.

## COMPLETED ENERGY INITIATIVES:

Lactalis American Group, Inc. has initiated projects to introduce LED lighting throughout our manufacturing facilities across the country. These lights are more energy efficient and reduce our electricity usage along with and provide a safer work environment and increased sight visibility. Typically, we reduce our wattage per light fixture by about 74% upon project completion. Since 2020, Lactalis American Group, has lowered electricity usage by Kwh/1,000 lbs produced by more than 13%.

## ONGOING ENERGY INITIATIVES:

### *Replacing the 45-year-old evaporator at our South Park facility*

We are investing in a multi-year capex initiative to replace our 45-year-old evaporator at our second-largest production facility. Once complete, the improved production process will be more energy efficient with the new equipment. Our energy consumption will be reduced to 5,400 pounds of steam per hour.

**Expected completion: February 2025**

### *New microfiltration unit at our Nampa facility*

We replaced our current membrane system with a new microfiltration unit to facilitate a shift to a much more efficient microfiltration process for both electricity and steam consumption at our largest manufacturing facility. Electricity consumption was reduced by 87% and steam consumption will be eliminated entirely.

**Completed in November 2022**



# Water



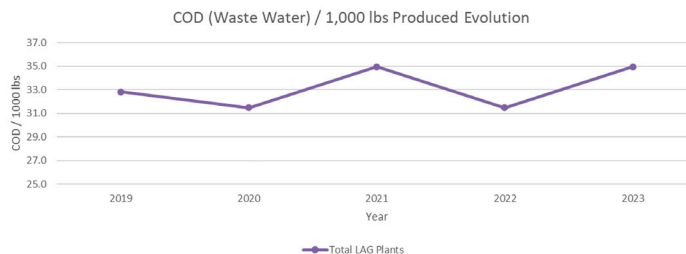
We use water as a necessary input in the manufacturing of our products, often in cleaning processes that ensure quality and safety. It is a key resource for our industry, and we are thoughtful at each stage to strike a balance between efficiency and quality. In line with our overall standardization and measurement goals for this year, we are ensuring accurate data collection on our water usage and disposal. As we have been gathering data on our water usage since 2011, we have seen positive trends that we expect to continue. Sustainable water usage has come to the forefront of goals for Lactalis American Group, Inc. We are constantly looking for new ways to improve our usage and reduce waste by reviewing our factory processes and working with local organizations to help us meet environmental targets and goals. It is imperative for us to be proactive in our water consumption and continue our focus on reducing wastewater outputs at our plants. Along with our internal efforts, we must collaborate with our suppliers and communities to deliver on these environmental and socially beneficial initiatives.

## Belmont Plant



Lactalis continues to make heavy investments in our wastewater facilities. We completed a massive \$7.5 million, multiple year, wastewater effort at our Belmont facility in 2021. We increased our biological capacity to follow the new phosphorous discharge limits set by the Department of Natural Resources. The increased capacity allows for the proper holding times to remove phosphorus, solids and other organic matter. The project has instituted a process which can better accommodate the acidic nature of dairy waste and can reduce the wastewater phosphorous discharge below the new limit of 0.075 to comply and improve the impact on the surrounding environment. The project has helped us achieve a dramatic reduction in our wastewater Chemical Oxygen Demand (COD) per 1,000 pounds produced – a 55% reduction from 2019 to 2023. (see graph).

## Lactalis American Group, Inc. Plants



We are also investing \$37 million in our wastewater facility at our largest plant in Nampa. This project will span several years and allow us to meet and exceed all regulatory requirements for COD wastewater in the State of Idaho. With work starting in 2022, the facility will be completed by the end of 2026 and fully operational by the end of 2027.

# Circular Economy & Packaging



In addition to providing nutritional information, our packaging materials must protect our products and optimize freshness while minimizing food waste and impact on the environment. But we know there are challenges, especially with plastic. Today, the use of plastic is rapidly increasing around the world, yet just 9% of all plastic gets recycled.

Our approach is to strive for the right pack that contributes to better circularity while educating consumers to close the loop. To accomplish this, we have developed an internal database for our packaging materials to ensure consistent tracking of our improvements. Next, we are working with an eco-design evaluation tool so that our new and future products take packaging sustainability into account at the onset. This includes screening for certifications and the environmental impacts of production throughout the lifecycle of packaging.

While we rely on plastic packaging to safely share our products with the world, we believe that innovations in sustainable packaging are on the horizon, and we will make responsible choices when they are available. We are looking to our current suppliers to continue innovating in their offerings and technology as well as new partners who can offer solutions to improve the recyclability and circularity of our packaging.

## TODAY WE BELIEVE OUR EFFORTS ARE BEST FOCUSED ON

- Increasing recyclability of our packaging
- Reducing plastic usage
- Using certified paper fibers certified for sustainable practices
- Reducing all avoidable packaging components



# Responsible Packaging



Used for products and distribution, packaging is central in our business and contributes to the consumption of natural resources. Therefore, Lactalis has implemented a packaging policy in order to reduce its impact: aiming towards eco-design, recyclability, innovative solutions.

- 100% of current and future packaging solutions for pillar products and all future packaging solutions for product innovations will be screened using an eco-design tool by 2025.
- 100% of the virgin paper we use is covered by a sustainable certification.
- We have eliminated PVC from our packaging.
- 100% of packaging will bear waste management information. Currently 44% of our packaging bears waste management information and will be at 88% by the end of 2024.
- We will promote events like Global Recycling Day and the World Cleanup Day to raise awareness around waste management.
- We are working toward 100% recyclable packaging by design. Currently 78% of our packaging is recyclable by design.
- We are working to increase the recycled material in our packaging.

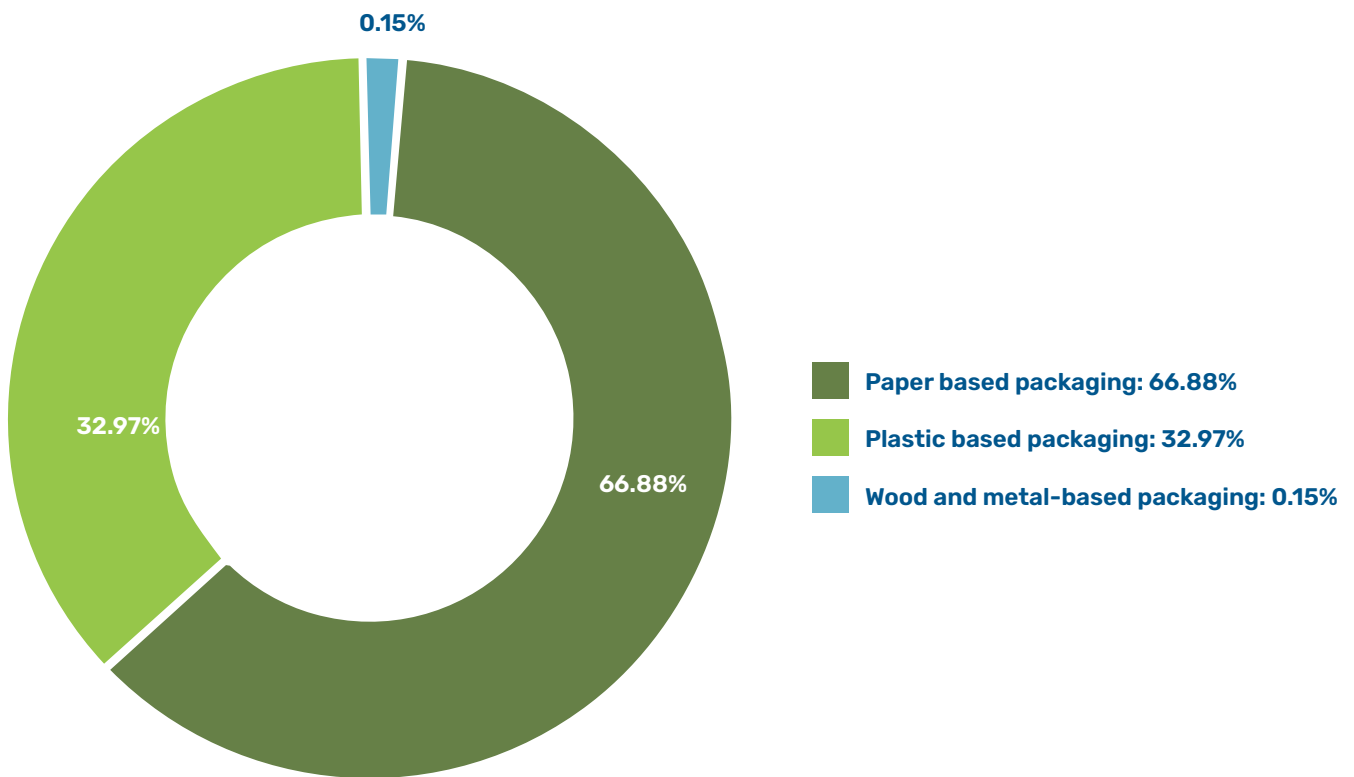
\*Recyclable as defined by the Ellen McArthur Foundation with the exception of Polypropylene (PP) where our assessment is that PP bottles and other rigids are sorted and recycled in a single stream which have been validated as recyclable by external studies (Deloitte, Eunomia).



If we can't completely remove plastic, we're redesigning our packs to use as little as possible. Our light-weighting initiatives from 2019 through 2023 have resulted in the avoidance of over 201.3 tons of corrugate/paper, and over 36.5 tons of plastic. In 2023 we eliminated 38 tons of packaging. Our light-weighting initiatives in 2023 have resulted in the avoidance of over 31 tons of corrugate/paper, and over 7 tons of plastic.

We will continue to identify opportunities for similar improvements in the near term.

We are in the process of identifying the potential to reduce overall packaging material usage and packaging intensity for our entire portfolio of goods. Led by our Packaging R&D and Purchasing groups, an ongoing program of supplier sustainability development opportunities has been established to evaluate the latest packaging developments. Initiatives in r-PET and increased recycled content in polypropylene applications may lead to future reductions in virgin material utilization.



**In 2023 our packaging intensity was 50.10 g/kg of Lactalis American Group products sold. \***

**43.48% of our paper products are made up of recycled content. \*\***

*\*LAG products defined as products produced at facilities owned by Lactalis American Group, Inc.*

*\*\*Using supplier data provided this is an estimate subject to continuous improvement.*

# Recycling Content in Our Local Context



Used for products and distribution, packaging is central in our business and contributes to the consumption of natural resources. Therefore, Lactalis has implemented a packaging policy in order to reduce its impact: aiming towards eco-design, recyclability, and innovative solutions.

- **In the United States of America, we are presented with a particular challenge as the recycling infrastructure has not kept pace with today's waste stream. Coordination between suppliers and the recycling industry needs to be managed to better prepare for optimizing the circular economy.**
- **In the United States, plastics are recycled using a mechanical process where used plastic material is sorted, cleaned, ground, and recycled into new usable plastic. This offers a way to circumvent the added environmental strain of using fossil fuels to generate virgin plastic material.**
- **We support the development of local recycling streams which can handle highly recyclable materials such as polypropylene and mono-material films.**
- **We want to close the loop. About 79% of our packaging is currently widely recyclable\*\* and we're working hard towards increasing that. To get there, we're working with our suppliers to develop alternatives and updating our on pack labeling to contain clear instructions on recyclability.**

\*\*Recyclable as defined by the Ellen McArthur Foundation with the exception of Polypropylene (PP) where our assessment is that PP bottles and other rigids are sorted and recycled in a single stream which have been validated as recyclable by external studies (Deloitte, Eunomia).

# Recycle, Recycle, Recycle



Expanding upon our current efforts supporting our vision, Lactalis American Group has modified its packing usage tracking capabilities to include recyclability, recycled content and percent of virgin materials used. This expansion has required the manual input of over 2,600 data points obtained through either the physical weighing of packaging, individual materials or calculations based on our supplier's specifications. Once completed the entire system will be integrated into our new product introduction processes to ensure it remains current and provides greater accessibility. The system will be refined further, expanding the plastics classifications to ensure we have the most up to date recyclability definitions for our usage in the United States.

## Closing the Loop



We have partnered with **How2Recycle**, which has developed an accurate and consistent labeling system that is quickly becoming industry standard. How2Recycle provides us with guidance about recyclability and assessment of the recyclability of their products on a package-by-package basis. This assessment also provides waste management communication icons to integrate into our packaging design. This helps us clearly communicate to consumers what to do with packaging after using our products. At Lactalis American Group, Inc. the right packaging takes care of our products, consumers and the environment. In 2023, Lactalis American Group, Inc. produced over 593 million pounds of product utilizing approximately 29 million pounds of packaging\*. This includes not only the packaging the consumer sees, but also the shipping cartons used to deliver the product to our customers.

*\*Does not include co-packed or imported products.*





# Reducing Waste Along the Dairy Supply Chain



Reducing food loss and waste is an important strategy to help meet the UN Sustainable Development Goals (SDGs) by 2030, contribute to the Paris Agreement on climate change, and sustainably feed the planet by 2050 (WRI 2019). In North America, WRI reports based on FAO 2011 study that over half of losses occur at the consumption stage with about 6% occurring upstream at the processing stage. Lactalis American Group directly impacts waste and losses at the processing stage of the supply chain where we focus on win-win solutions that improve efficiencies, minimize waste, and upcycle or redirect usable losses. At our facilities we train staff to reduce technical malfunctions and errors during processing and rely on technologies to optimize operations (e.g., to identify waste, track temperature and ensure freshness, assess ripeness, better balance demand and supply forecasts, and accelerate delivery of food).

To impact the majority of waste, which occurs at the household or consumption stage, we standardize date labels, seek donation opportunities, and work with our packaging suppliers to maximize shelf life and the freshness of our products.

## Transportation



At Lactalis American Group, Inc. we are committed to reducing our impact on the environment and efforts are deployed daily at each step of our supply chain, from the sourcing of inputs to production and distribution. Optimizing resource consumption while providing consumers and customers with safe and exceptional dairy products that meet their needs and expectations is very important to us. In recent years, we have made numerous upgrades and have accomplished a myriad of small-scale projects. In the spirit of continuous improvement, we have plans to further develop our partnerships in the transportation and logistics scope to further mitigate the impact that this activity has on our planet.

At Lactalis American Group, Inc. we strive to get our products from production sites to the end consumer quickly while minimizing environmental impact. Within our distribution network, this means choosing transportation methods that both minimize distance traveled and maximize the amount of product shipped per truck, which in turn reduces our carbon

footprint and limits unnecessary transport. Over the past several years we have repeatedly analyzed our distribution network design to most effectively deliver our products while maintaining our rigorous quality standards.

### POLICIES/AMBITION

At the core of the Lactalis USA transportation strategy is our ambition to consolidate and pool customer orders across our brands for maximum efficiency in transport and delivery. Leveraging technology in transportation management systems and supply chain visibility, as well as our robust national network of carrier and warehouse providers, Lactalis USA developed a unique design which pools orders from multiple production sites, and across multiple Lactalis brands, into a single delivery experience to the customer. This model, deployed in late 2019 and continually expanded over the past 5 years, effectively delivers the same amount of customer volume on fewer trucks.

# Intermodal Shipments

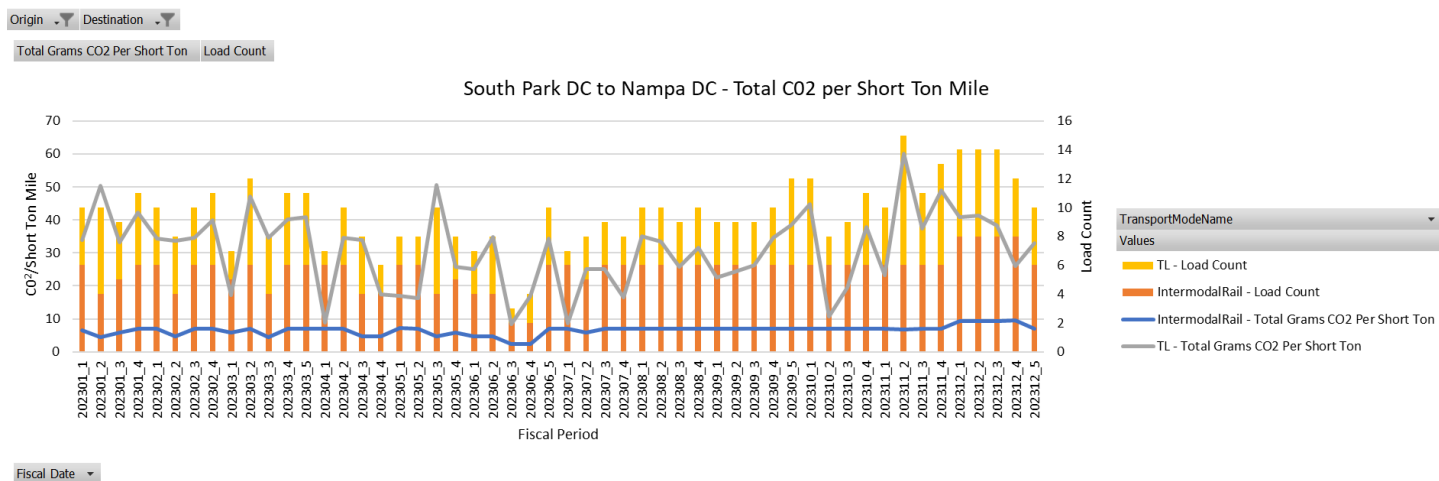
While there are many emerging technologies that may have benefits in reducing carbon emissions, in the USA we are looking toward an old technology to truly make an impact on our carbon footprint. In 2023 we looked to curb our carbon emissions by converting lanes historically serviced by over the road trucks to intermodal transportation which is approximately 7 times as carbon efficient as truckload shipping. In the past, we shied away from shipping certain products via intermodal transportation due to the perception that the rail could cause harm to some of our more sensitive products, or cause delays to our service. In December of 2023 we collaborated with our business partners to test shipping these products via intermodal rail with great success. We were able to implement an intermodal loop that continuously ships product back and forth from Lactalis USA warehouses in Londonderry and Geneva, reducing the carbon we emit in these lanes. With the continuation of success in this loop, we are looking to target more areas in our network to make the transition and increase the number of trucks off road.

## TRANSPORTATION KPIS

Trucks off Road Through Intermodal Rail		
	Unit	Data
Number of multimodal transport during the year	Nb	1,240
Average Weight of Intermodal Shipment	lbs	41,743
Average Weight of FTL Shipment	lbs	38,253
Equivalent in nb of trucks off road	nb	98

## CARBON EMISSIONS

In 2023, we implemented a monthly report designed to calculate and analyze carbon emissions across regional lanes within our network, as well as to assess carbon savings for multi-modal lanes. This report enables us to pinpoint high-emission lanes and focus on optimizing these routes to minimize our carbon footprint. Additionally, a segment of the report evaluates potential carbon savings associated with transitioning specific lanes to intermodal transportation. This analysis assists us in identifying and targeting new lanes that could benefit from such a transition. As shown in the graph below, for lanes where we utilize multiple modes of transportation, we can see the impact of lower emission modes and track out carbon savings.



# Truckload Saturation

In 2023 through strategic improvements in logistics and operational efficiency, we've increased our truckload saturation to 85%, which has led to more weight being carried by each truck and a reduction in the total number of trucks required on the road. By optimizing load configurations and enhancing route planning, we've maximized the capacity of each vehicle, ensuring that they are operating closer to their weight limits. Through this process we were able to remove an equivalent of 88 trucks off the road in 2023.

Truckload Saturation Metrics	
2022 Average Saturation	37,404
2023 Average Saturation	37,490
YOY Change	86
Maximum FTL Weight	44,300
Number of Trucks off Road	88

	Unit	External fleet
Total 2023 Gross Weight Transported	lbs	1,434,047,850
Maximum Capacity of Trucks	lbs	44,300
Number of Trips	Nb	38,253
Maximum Weight that Could be Transported	lbs	1,694,607,900
<b>Transport Saturation Index</b>	%	85%



**MORE TO COME**

**This is just the beginning of our journey...**