



Nurturing the future

**Lactalis Group Animal Welfare
2022 PROGRESS REPORT**

Caring for animals all along our value chain



At Lactalis, contributing to animal welfare is not only a responsibility, but also a cornerstone for the sustainability of the group's activities. As the world's leading dairy group, Lactalis pays special attention to all the animals in its supply chain, in particular to the approximately five million dairy animals (cows, buffalos, sheep and goats) producing the milk the group processes daily. Lactalis fully recognises and respects them as sentient beings, capable of feeling emotions, that deserve both physical and mental health.

In this context, Lactalis has published the first version of its **Group Animal Welfare Policy in 2022**. The group aims to apply this policy to all the animals in its supply chain, regardless of the related finished product.

The version in force concerns three main products of animal origin in the group's supply chain: raw milk (dairy cows and calves), dairy ingredients (dairy cows and calves) and shell eggs¹ and egg products² (laying hens) used as ingredients.

In accordance with one of the commitments of its Group Animal Welfare Policy, Lactalis published its first Progress Report on animal welfare in 2023 (based on 2021 data). The present 2022 Progress Report, together with the first one (2021), provide a first picture of Lactalis' performance on animal welfare, before the effective implementation of the group's policy. Indeed, as the Group Animal Welfare Policy was published in May 2022, no significant progress was expected between the 2021 and 2022 reports.

01

Scope and methodological approach

01. SCOPE AND METHODOLOGICAL APPROACH

The present 2022 Progress Report covers two main animal-based products Lactalis processes or uses: raw milk from dairy cows and shell eggs and egg products from laying hens. Scopes and methodological approaches are different between these two animal-based products.

Raw milk (dairy cows and calves)

The scope of the 2022 reporting on raw milk from cows includes the direct³ volumes of raw milk collected by Lactalis in 8 pilot countries: Australia, Belgium, Brazil (Lactalis Do Brazil business unit), France, Italy, Spain, the United Kingdom, and the United States of America (Lactalis American Group and Stonyfield business units). These direct volumes represent 43% of the total annual volume of cow raw milk collected by Lactalis in 2022 (around 9.5 billion litres, 18,400 partnering farms, 1.2 million dairy cows and 0.6 million dairy calves – *cf. Appendix 1 for details*).

The 2022 reporting on raw milk from cows is based on data collected on representative

samples of Lactalis' direct⁴ partnering farms (one sample per pilot country, 491 farms in total). These samples were determined according to the Lactalis Farm Sampling Methodology set up with the help of experts from Wageningen University & Research. This sampling methodology is based on a confidence interval of 95% and a margin of error of 10% to 16% (depending on the countries). In the end, the averages at group-level reported in this document (weighted averages from the data collected in the 8 pilot countries) are estimations considered as representative of the direct volumes of the 8 pilot countries with a confidence interval of 95% and a margin of error of 13.5%.

(1) Whole raw eggs with the shell unbroken

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

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

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

The data were collected during 2022 through on-farm assessments, according to an internal assessment method. This method is inspired from recognised assessment protocols and programmes, such as the *Welfare Quality Assessment Protocol for cattle*, and has been discussed with international NGOs specialising in animal welfare. It is based on an on-farm visit

lasting 2 to 3 hours, during which a Lactalis dairy technician trained for this purpose (or, in rare cases, an external service provider commissioned by Lactalis and trained for this purpose) collects and analyses around 100 items of data. It includes measurable criteria assessing the respect of the "Five Freedoms" for animal welfare.

Shell eggs and egg products (laying hens)

The scope of the 2022 reporting on shell eggs and egg products is global, including a dedicated section for the European Union. Purchases of shell eggs and egg products used by R&D departments and in Russia are excluded.

The 2022 reporting on shell eggs and egg products is based on data collected during year 2022 from Lactalis' Purchasing management control information system.

02

2022 performances and discussions

02. 2022 PERFORMANCES AND DISCUSSIONS

Raw milk (dairy cows and calves)

As a first step on raw milk from cows, Lactalis is committed to focusing its efforts regarding animal welfare on the direct volumes collected in 8 pilot countries and, more precisely, on 10 sensitive topics.

The 2022 group's performances on these 10 sensitive topics are reported and analysed in the table below. All the key performance indicators (KPI) reported in this table are presented as percentages of the total direct volume of cow raw milk collected by Lactalis in the 8 pilot countries. It is reminded that behind these group-level performances, there can be significant variations within and between countries.

In general, as the Group Animal Welfare Policy was not implemented until May 2022, no significant progress was expected between the 2021 and 2022 performances. Any changes are likely to be due to a sampling effect (variation in volumes and farms assessed between the two years).

In addition to the following table, Lactalis' performances on all animal welfare topics on raw milk from cows are reported in the Appendix 2 of this document.

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2022
performances
and discussions

Reminder: Lactalis' commitments and positions (and related scopes)	Lactalis' initial performances				Explanations & analyses	
	Key performance indicators (KPI)	2021 values	2022 values	Optimal values		
Tethering						
Lactalis encourages loose housing systems and is committed to raising farmers' awareness not to build new tie-stall barns	All 8 Pilot countries	Percentage of direct volume coming from farms where lactating cows are free from tethering	97%	99%	100%	<p>Initial on-farm assessments have shown that most of the cows are free from tethering within Lactalis' partnering farms.</p> <p>However, traditional tie-stall systems are still in place in some regions of the world, especially in mountain areas where it can be challenging for farmers to switch to loose housing systems (regarding existing buildings, land availability, needs for investments, etc.).</p> <p>While taking care of potential social and rural impacts, Lactalis will continue raising farmers' awareness on this topic.</p>
Bedding space						
Farms supplying milk to Lactalis should provide cows with satisfying bedding space⁵	All 8 Pilot countries	Among direct volume coming from farms where lactating cows are housed and not tethered (loose housing and free-stall systems) ⁶ , percentage of volume coming from farms where lactating cows have a satisfying bedding space	70%	65%	100%	<p>In some countries, national guidelines on this topic are less ambitious than Lactalis' recommendations (for example, 100 cubicles for 110 cows).</p> <p>Lactalis has therefore launched actions to communicate its recommendations widely and convince farmers of the benefits (e.g. a cow with a satisfying bedding space will produce more milk). In Brazil, for example, Lactalis published in 2022 a technical guide on animal welfare for the attention of the farmers.</p> <p>Moreover, Lactalis firmly believes that its dairy technicians, whose daily work includes providing technical support to farmers, have a key role to play on this topic. That's why the group is planning to provide all of them with an enhanced and standardised training on animal welfare (via the CowSignals® Training Company) by the end of 2023.</p>

(5) See details after the table

(6) Percentage of direct volume coming from partnering farms where lactating cows are housed and not tethered: 88% (scope: all 8 Pilot countries)

02

2022 performances and discussions

Calves in groups						
Lactalis promotes group housing for calves from 4 weeks of age	All 8 Pilot countries	Among direct volume coming from farms rearing calves “on-farm” from at least 4 weeks of age, percentage of volume coming from farms rearing calves in groups from at least 4 weeks of age	54%	52% ⁷	100%	<i>Same analyses as for Bedding space above.</i>
In European Union Countries*, the UK*, Australia and Brazil, all dairy calves within Lactalis supply chain must be reared in groups from at least 8 weeks of age <i>*According to local regulations</i>	Belgium, France, Italy, Spain, UK, Australia, Brazil	Among direct volume coming from farms rearing calves “on-farm” from at least 8 weeks of age, percentage of volume coming from farms rearing calves in groups from at least 8 weeks of age	91%	95%	100%	In some EU countries, a few Lactalis’ partnering farms were identified as not complying with applicable regulations. As a first step, a reminder has been addressed to the farm managers. In Brazil, rearing calves in groups is not a common practice among Lactalis partnering farms (only 65% of the farms rear calves in groups from 8 weeks of age). The Lactalis’ local teams are therefore actively working to raise awareness on this topic among farmers and convince them of the benefits.
Access to pasture						
Lactalis endorses pasture grazing for dairy cows wherever appropriate	All 8 Pilot countries	Percentage of direct volume coming from farms where lactating cows have access to pasture at least 120 days per year (at least 6 hours per day)	62%	56%	/	In some milk production systems, grazing is limited due to low pasture availability or very wet or cold weather conditions.

(7) France is not included in 2022 value (data not available for technical reason)

Effective species-specific environmental enrichment						
<p>Lactalis encourages partnering farms to implement enrichment tools to give animals the opportunity to express their natural behaviours</p>	All 8 Pilot countries	<p>Among direct volume coming from farms where lactating cows are housed⁸, percentage of volume coming from farms where lactating cows have access to effective species-specific environmental enrichment (access to an outdoor loafing area at all times and/or to cow brushes)</p>	55% ⁹	49% ¹⁰	100%	<p>In some countries, cow brushes are not common, and their benefits seem not to have been widely communicated to farmers yet. Lactalis will continue to raise awareness among farmers on this topic, particularly with the effective implementation of the Group Animal Welfare Policy.</p>
Growth promoting substances						
<p>In European Union Countries*, the UK*, Australia and the USA, growth hormones are not permitted within Lactalis supply chain</p> <p><i>*According to local regulations</i></p>	Belgium, France, Italy, Spain, UK, Australia, USA	<p>Percentage of direct volume coming from farms not using growth promoting substances on lactating cows (including, among others, rBST, oxytocin and antibiotics at low dose in the feed)</p>	99%	100%	100%	<p>In 2021, a few farms were identified as using growth promoting substances and farmers have been reminded that it is against Lactalis' expectations. In 2022, none of the farms assessed in the listed countries used growth promoting substances on lactating cows.</p>
<p>In Brazil, Lactalis is committed to eliminate artificial growth hormones (rBST) by 2030</p>	Brazil		38%	65%	100%	<p>Use of growth promoting substances is common in Brazil. Lactalis has just started a long journey to encourage and support farmers to eliminate this practice. Progress was noted between 2021 and 2022, but this needs to be confirmed in the next progress report (2023).</p>

(8) Percentage of direct volume coming from farms where lactating cows are housed: 89% (scope: 8 Pilot countries)

(9) UK is not included in 2021 value (data not available for technical reason)

(10) France is not included in 2022 value (data not available for technical reason)

02

2022
performances
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Antibiotics						
<p>Lactalis aims to fight against antimicrobial resistance and supports partnering farms to reduce prophylactic use of antibiotics</p>	<p>All 8 Pilot countries</p>	<p>Percentage of direct volume coming from farms not using antibiotics for prophylactic use on cows (i.e. in a preventive way)</p>	<p>30%</p>	<p>44%</p>	<p>100%</p>	<p>Most of Lactalis' partnering farms do not use antibiotics for prophylactic use on cows except at the time of drying off. Indeed, it is a common practice to use antibiotics at this time when cows are at high risk of developing mastitis.</p> <p>To avoid antibiotic resistance that creates issues for both animal and human health, Lactalis' local teams recommend farmers to implement selective dry cow treatment (only cows with high level of somatic cell counts should be given antibiotics). A slight improvement was achieved in 2022, but this needs to be confirmed in the next progress report (2023).</p>
<p>In European Union Countries, according to local regulations, prophylactic use of antibiotics will be prohibited from 2022 (except in certain exceptional cases as described in the regulations)</p>	<p>Belgium, France, Italy, Spain, UK</p>		<p>38%</p>	<p>50%</p>		<p>In EU countries and the UK, the same analysis as the one at Group level (see above) applies. However, Lactalis aims to work faster with its partnering farms in these countries as regulations are increasing on this topic. Lactalis aims to address this topic with its stakeholders to improve results.</p>

Disbudding / dehorning						
<p>Lactalis promotes recognised best practices for disbudding (including before 8 weeks of age)⁽¹¹⁾. More precisely, Lactalis will eliminate routine dehorning (after 8 weeks of age) by 2025*</p> <p><i>*2026 for the last farms who will be assessed in 2025</i></p>	All 8 Pilot countries	<p>Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm"⁽¹²⁾, percentage of volume coming from farms practicing disbudding before 8 weeks (i.e. not practicing routine dehorning)</p>	90%	92%	100%	Same analyses as for Bedding space above.
		<p>Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm", percentage of volume coming from farms practicing disbudding according to recognised best practices</p>	23% ⁽¹³⁾	28%	100%	
Tail docking						
<p>Practicing routine tail docking is not permitted within Lactalis supply chain</p>	All 8 Pilot countries	<p>Percentage of direct volume coming from farms not practicing routine tail docking on dairy animals</p>	97%	100%	100%	<p>In 2021, a few farms were identified with at least 15% of dairy animals being tail docked, while it is against Lactalis' expectations. As well as raising farmers awareness on this topic, the group has decided to improve its assessment method to identify specifically farms currently performing tail docking (some farms may still have some animals tail docked, while the practice being performed in the past).</p> <p>In 2022, none of the farms assessed were practising routine tail docking.</p>

(11) See details after the table

(12) Percentage of direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm": 86% (scope: all 8 Pilot countries)

(13) UK is not included in 2021 value (data not available for technical reason)

Animal derived proteins in feed						
<p>All Lactalis partnering farms must be in compliance with national regulations regarding the use of animal derived proteins in dairy animal feed. In European Union Countries and Australia, according to local regulations, this practice is strictly forbidden for ruminants</p>	<p>All 8 Pilot countries</p>	<p>Percentage of direct volume coming from farms not feeding dairy animals with animal derived proteins</p>	99%	99%	100%	<p>The geographical areas have different laws on the prohibition of feeding dairy animals with animal derived proteins, which differ in the list of exceptions. To date, all the farms accounted as using feed with animal derived proteins comply with local regulations.</p>

Definitions :

Satisfying bedding space for lactating cows

Lactating cows have a satisfying bedding space when there is at least:

- In loose housing system with loafing area integrated: 10 m² per large-sized* cow or 7.5 m² per small-sized* cow
- In loose housing system with distinct loafing area: 7 m² per large-sized* cow or 5.5 m² per small-sized* cow
- In free-stall system: 1 stall per cow

**Large-sized cow: average live weight of cows ≥ 600 kg
Small-sized cow: average live weight of cows < 600 kg*

Recognised best practices for disbudding

The 3 following situations (method + age of the calves + analgesic and/or anaesthetic) are considered as "recognised best practices for disbudding":

- Chemical disbudding before 2 weeks with analgesic and/or anaesthetic
- Thermal disbudding before 4 weeks with analgesic and/or anaesthetic
- Thermal disbudding between 4 and 8 weeks with analgesic and anaesthetic

Shell eggs and egg products (laying hens)

As a first step on shell eggs and egg products, Lactalis is committed to focusing its efforts on the cage-free transition at European Union and at global level. The group's performances on this topic are reported and analysed in the table below.

02

2022 performances and discussions

Reminder: Lactalis' commitments and positions (and related scopes)		Lactalis' initial performances				Explanations & analyses
		Key performance indicators (KPI)	2021 values	2022 values	Optimal values	
In the European Union, Lactalis has committed to stop purchasing shell eggs and egg products coming from caged systems ("Code 3") from 2021	EU	Percentage of annual volume of purchased shell eggs in the EU coming from cage-free systems	96.29%	100%	100%	For several years now, the Lactalis' global and local buyers have been engaged in discussions with suppliers of eggs and egg products used as ingredients by the group to ensure that all volumes purchased come from cage-free systems. For shell eggs, this is now the case for 100% of the global volume.
		Percentage of annual volume of purchased egg products in the EU coming from cage-free systems	99.31%	99.92%	100%	
At global level, Lactalis will stop purchasing shell eggs and egg products coming from caged systems ("Code 3") by the end of 2025	Global	Percentage of annual volume of purchased shell eggs worldwide ¹⁴ coming from cage-free systems	96.29%	100%	100%	For egg products, the transition to cage-free systems in the EU could not be achieved before the 2021 deadline for a small part of the volumes purchased by Lactalis. This was due to technical reasons and the transition will take place in 2023. At global level, work is still in progress.
		Percentage of annual volume of egg products worldwide ¹⁴ coming from cage-free systems	91.81%	92.31%	100%	

(14) Excluding Russia

APPENDIX 1: OUR SCOPE ON RAW MILK FROM COWS

		Volume of cow raw milk collected by Lactalis in 2022 (billion litres)	Estimated number of partnering farms* (thousand)	Estimated number of dairy cows* (million)
Worldwide (49 countries)		22.2	417.5	3.8
Direct volumes in 8 Pilot countries	Values	9.5	18.4	1.2 (+ 0.6 dairy calves)
	% of Worldwide	43%	4%	33%

*Number of partnering farms and number of dairy cows (and dairy calves) have been estimated, country by country, on the basis of "Volumes of cow raw milk collected by Lactalis in 2022" and:

- For the 8 pilot Countries (Australia, Belgium, Brazil, France, Italy, Spain, the United Kingdom and the United States of America): data collected in 2022 on representative samples of Lactalis' direct partnering farms (one sample per pilot country)
- For the other countries: average 2021 data from IFCN¹⁵

(15) Hemme, 2021: IFCN Dairy Report 2021, IFCN, Kiel, Germany

APPENDIX 2: FULL REPORTING ON ANIMAL WELFARE FOR RAW MILK FROM COWS (SCOPE: 8 PILOT COUNTRIES)

Animal welfare topics	Key performance indicators (KPI)	2021 values	2022 values	Optimal values
Freedom from hunger, malnutrition and thirst				
Body condition	Percentage of direct volume coming from farms where more than 10% of lactating cows are very skinny (body condition score < 2)	1%	1%	0%
Access to water	Percentage of direct volume coming from farms where lactating cows have a satisfying access to water (2 water troughs per area, 6 cm linear access at water trough per cow and water troughs are clean)	59%	71%	100%
Freedom from heat stress or physical discomfort				
Cleanliness condition	Percentage of direct volume coming from farms where more than 10% of lactating cows have an unsatisfying cleanliness condition (cleanliness score)	22%	15%	0%
Tethering	Percentage of direct volume coming from farms where lactating cows are free from tethering	97%	99%	100%
Access to pasture and/or to an outdoor loafing area	Percentage of direct volume coming from farms where lactating cows have access to pasture at least 120 days per year (at least 6 hours per day)	62%	56%	/
	Among direct volume coming from partnering farms where lactating cows do not have access to pasture at least 120 days per year, percentage of volume coming from farms where cows have access to an outdoor loafing area at all times	23%	14%	100%
Bedding space	Among direct volume coming from farms where lactating cows are housed and not tethered (loose housing and free-stall systems), percentage of volume coming from farms where lactating cows have a satisfying bedding space ¹⁶	70%	65%	100%
Freedom from pain, injury and disease				
Lameness	Percentage of direct volume coming from farms where more than 5% of lactating cows have severe lameness	9%	13%	0%
Integument alterations	Percentage of direct volume coming from farms where more than 10% of lactating cows have integument alterations (hairless patches, lesions or swellings)	16%	10%	0%
Udder health	Percentage of direct volume coming from farms with a worrying udder health level (geometric average at farm level > 250,000 cells/ml)	37%	24%	0%

(16) See details above

Animal welfare topics	Key performance indicators (KPI)	2021 values	2022 values	Optimal values
Mortality	Percentage of direct volume coming from farms where the cow mortality rate is above 3.5%	42%	53%	0%
Disbudding / dehorning	Percentage of direct volume coming from partnering farms with disbudded / dehorned dairy animals	96%	96%	/
	Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm", percentage of volume coming from farms practicing disbudding before 8 weeks (i.e. not practicing routine dehorning)	90%	92%	100%
	Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm", percentage of volume coming from farms practicing disbudding according to recognised best practices ¹⁷	23% ¹⁸	28%	100%
Tail docking	Percentage of direct volume coming from farms not practicing routine tail docking on dairy animals	97%	100%	100%
Growth promoting substances	Percentage of direct volume coming from farms not using growth promoting substances on lactating cows (including, among others, rBST, oxytocin and antibiotics at low dose in the feed)	93%	97%	100%
Antibiotics for prophylactic use	Percentage of direct volume coming from farms not using antibiotics for prophylactic use on dairy animals (i.e. in a preventive way)	30%	44%	100%
Animal derived proteins in feed	Percentage of direct volume coming from farms not feeding dairy animals with animal derived proteins	99%	99%	100%
Freedom to express normal patterns of behaviour				
Non-housing systems	Percentage of direct volume coming from partnering farms where lactating cows are always in pasture (never housed)	19%	11%	/
Access to pasture	<i>See above</i>			
Effective species-specific environmental enrichment	Among direct volume coming from farms where lactating cows are housed, percentage of volume coming from farms where lactating cows have access to effective species-specific environmental enrichment (access to an outdoor loafing area at all times and/or to cow brushes)	55% ¹⁸	49% ¹⁹	100%
Freedom from fear and distress				
Human avoidance	Percentage of direct volume coming from farms where more than 30% of lactating cows show sign of human avoidance	2% ¹⁸	4%	0%

(17) See details above

(18) UK is not included in 2021 value (data not available for technical reason)

(19) France is not included in 2022 value (data not available for technical reason)

Animal welfare topics	Key performance indicators (KPI)	2021 values	2022 values	Optimal values
Calves				
Colostrum intake	Percentage of direct volume coming from farms giving colostrum to the calves during the first 6 hours	98%	85%	100%
Fibres intake	Among direct volume coming from farms rearing calves "on-farm" from at least 2 weeks of age, percentage of volume coming from farms giving ad libitum fibres (hay or straw) to the calves from at least 2 weeks of age	89%	94%	100%
Space allowance	Percentage of direct volume coming from farms where calves have a satisfying space (criteria depending on the age) ²⁰	98%	98%	100%
Rearing in groups	Among direct volume coming from farms rearing calves "on-farm" from at least 8 weeks of age, percentage of volume coming from farms rearing calves in groups from at least 8 weeks of age	91%	93%	100%
	Among direct volume coming from farms rearing calves "on-farm" from at least 4 weeks of age, percentage of volume coming from farms rearing calves in groups from at least 4 weeks of age	54%	52%²¹	100%

(20) Satisfying space for calves:

- Calf weighing less than 150 kg: 1.5 m²/calf
- Calf weighing between 150 and 219 kg: 1.7 m²/calf
- Calf weighing 220 kg or more: 1.8 m²/calf

(21) France is not included in 2022 value (data not available for technical reason)



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