



FROM SOURCE TO SUSTAINABILITY, PRESERVING WATER RESOURCES ACROSS OUR VALUE CHAIN

Lactalis Water Stewardship Policy





Lactalis water stewardship policy is comprised of four sections:

- our vision;
- our guiding principles;
- our approach & ambitions;
- our governance.

We aim to apply this policy to all Lactalis entities and our full value chain worldwide, regardless of the related finished product. Precise scopes of each ambition are detailed in section 3. Our approach & ambitions.

The Lactalis water stewardship policy is regularly updated by the Group CSR Department, and all changes will be communicated to all involved parties.

01. OUR VISION

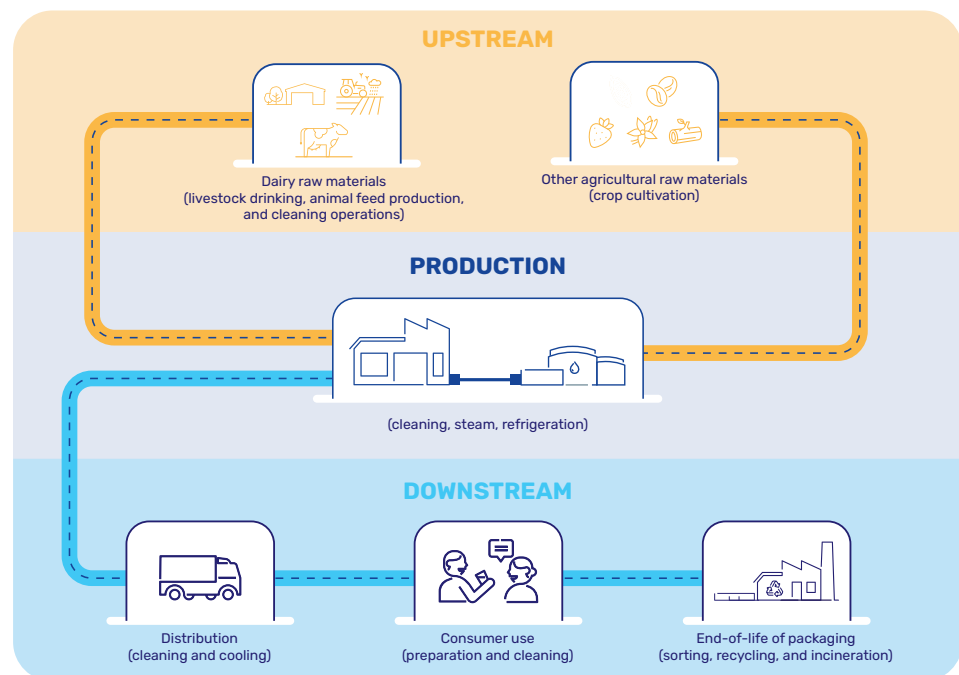
A vital resource for ecosystems as well as for human activities, water is essential to the sustainability of our dairy operations. It is notably critical to food security, animal welfare, crop development, as well as the resilience of the communities in which we operate. At Lactalis, we recognize water as a shared and finite resource that must be protected and managed responsibly.

Although our planet is often referred to as the 'blue planet', with seas and oceans covering 71% of its surface, the amount of water available for human activities and ecosystems is in reality limited. Only 2.5% of Earth's water is freshwater, and less than 0.03% is directly accessible for human and ecological needs. This accessible water is unevenly distributed across regions of the world and seasons, contributing to water stress, when demand exceeds available supply during a given period.

Today, according to the World Resources Institute, at least 50% of the global population experiences high water stress for at least one month each year. And this limited resource is under increasing pressure from three major factors:

- **Rising global demand:** According to the Food and Agriculture Organization (FAO), water withdrawals increased by a factor of 7.3 during the 20th century, while the global population grew by only 4.4. Projections from the Organization for Economic Cooperation and Development (OECD) suggest a further 55% increase in water demand by 2050, exacerbating water stress in many regions.
- **Pollution from human activities:** Chemical, biological, and physical contaminants degrade water quality, reducing its availability for safe use.
- **Climate change:** Altered precipitation patterns, increased evaporation, and more frequent extreme weather events are disrupting the water cycle. Droughts and situations of water stress are becoming more intense and widespread. Water scarcity is not the only impact of climate change on the water cycle. Cyclones, storms, and floods will also be increasingly frequent and intense.

MAIN USES OF WATER IN OUR VALUE CHAIN



As a global dairy group, water is essential to every stage of our value chain. Water scarcity directly affects the availability and cost of our raw materials, and ultimately, our ability to deliver nutritious dairy products to consumers.

We are committed to strengthening our responsible water management, reducing our impact, and contributing to collective efforts to preserve water resources. By leveraging science- and nature-based approaches, and by collaborating with public and private stakeholders, we aim to ensure that water remains accessible to all, today and in the future.

Our vision : to preserve water resources across our value chain by reducing water withdrawal, preventing pollution of aquatic environments, and promoting efficient and sustainable practices, from source to sustainability, while enhancing our capacity to adapt to growing climate-related risks linked to the disruption of water cycle.

02. OUR GUIDING PRINCIPLES

At Lactalis, we are committed to managing water responsibly across our entire value chain.

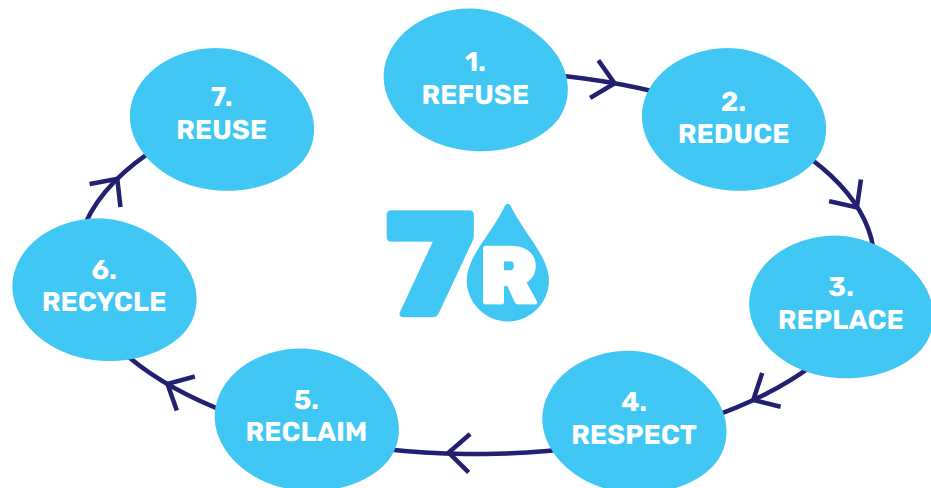
Our approach is guided by three key principles:

1. REDUCING WATER WITHDRAWALS

We aim to limit the amount of water withdrawn across our value chain, especially in water-stressed areas, by applying a hierarchy of actions:

- **Prioritising sobriety:** avoiding unnecessary use and promoting behavioural change;
- **Improving efficiency:** practices, processes, and equipment to reduce consumption;
- **Reusing water:** implement reuse only when necessary and in compliance with quality requirements and local regulations.

Across its production sites, Lactalis applies a 7R method:



1. Refuse, avoiding water use when alternatives exist;

2. Reduce, prioritising sobriety and efficiency through awareness, monitoring, and process optimisation;

3. Replace, transitioning to more sustainable water sources, guided by water risk assessments and hydrogeological studies;

4. Respect, complying with local regulations on water reuse, especially regarding sanitary constraints in food contact applications;

5. Reclaim, recovering water from raw materials (e.g. milk, fruit) via evaporation or membrane processes for technical or cleaning uses;

6. Recycle, reintegrating water into processes (e.g. reuse rinse water for pre-wash) and extend recycling to new applications;

7. Reuse, using treated wastewater only when business continuity is at risk, ensuring separation of networks and compatibility with agri-food standards.

2. MINIMISING OUR IMPACT ON WATER QUALITY

Beyond quantity, we are committed to preserving the quality of water in the environments where we operate. This includes:

- Controlling discharges;
- Preventing pollution;
- Ensuring compliance with local and international water standards.

We aim to protect aquatic ecosystems and ensure that water remains safe and usable for surrounding communities and future generations.

3. ADAPTING OUR ACTIVITY TO CLIMATE-RELATED RISKS

Climate change is disrupting the water cycle, increasing the frequency and intensity of droughts, floods, and other extreme events. To ensure business continuity and support the resilience of our stakeholders, especially our partnering farmers, we are committed to:

- Assess water-related risks across our sites and supply chain;
- Strengthen resilience through infrastructure, contingency planning, and local partnerships;
- Support adaptation by sharing knowledge and promoting sustainable practices in farming and production.

These principles guide our ambition to preserve water resources, protect ecosystems, and ensure the long-term sustainability of our dairy activities.



03. OUR APPROACH & AMBITIONS

a. Understanding our impact and risk

As a first step, a preliminary assessment conducted in 2025 identified that the most impactful stages of our value chain regarding water resources are agricultural upstream and industrial operations. Accordingly, specific commitments have been defined for these two priority areas, detailed in the following sections of this policy.

In parallel, Lactalis will conduct a more comprehensive assessment to refine its understanding of water-related impacts across the entire value chain, ensuring that no stage with potential significant impact is overlooked and that future actions are grounded in robust and complete knowledge.

To achieve this, Lactalis is undertaking a comprehensive assessment covering both its value chain and its exposure to natural water-related hazards.

OUR AMBITION

1. Value chain evaluation

By the end of 2027, we commit to running a study to identify and prioritize the most critical stages of our entire value chain, operationally and geographically, in order to focus our efforts on where it matters the most.

2. Water-related natural hazards evaluation

By the end of 2027, we commit to conducting a study to determine which of the company's assets, particularly production sites, are most exposed to water-related natural hazards in the short and long term, and to assess the associated financial impacts in order to strengthen adaptation measures and ensure business continuity.

By combining these evaluations, Lactalis enhances its ability to anticipate risks, guide investments, and refine its understanding of water-related challenges across the entire value chain.

b. Limiting our impact at industrial level

Lactalis ensures compliance with all applicable local and national regulations governing water withdrawals, discharge quality, and wastewater treatment. Beyond compliance, at Lactalis we commit to reduce the two main pressures exerted by our industrial activities on water resources:

- the quantity of water withdrawn;
- the quality of water discharged into natural environments.

We aim to minimize our impacts by improving efficiency, strengthening pollution prevention, and adapting our practices to the sensitivity of local water ecosystems. Our ambition is to ensure that our industrial footprint supports resilient water cycle and contributes positively to the regions where we operate.

OUR AMBITION*

1. Water withdrawn reduction

To reduce pressure on freshwater resources and increase efficiency across our operations, we commit to:

- reducing our water withdrawals, in intensity (m^3 per ton produced), at the industrial sites under hydric pressure**, by 25% between 2024 and 2040, with an intermediate milestone of 10% by 2033.
- reducing our total water withdrawals by 10%, in intensity (m^3 per ton produced), between 2024 and 2040, with an intermediate milestone of 5% by 2033.

2. Water resources quality protection

To preserve natural ecosystems and reduce pollution risks, we commit to:

- adapting wastewater treatment technologies to the sensitivity of the receiving environment
- measuring Chemical Oxygen Demand (COD) at the outlet of all industrial sites discharging more than $50 \text{ m}^3/\text{day}$, fully aligned with group standards, by 2030.

* Ambition applies to all industrial sites belonging to the Lactalis group as of 31/12/2024

Water used for open-circuit cooling is excluded

** Industrial sites under hydric pressure = sites:

- located in a water-stress area, as determined by the Lactalis water stress index based on WRI Aqueduct data;
- or experiencing unreliable water supply, affecting operational continuity
- or subject to administrative constraints requiring a reduction in water withdrawal volumes

c. Building resilience in our agricultural upstream

Strengthening resilience in our agricultural upstream relies on farming practices that enhance the soil's natural capacity to manage water. Soil-respecting methods such as regenerative agriculture practices improve soil structure and organic matter, allowing rainwater to infiltrate more easily. This facilitates groundwater recharge, improves the soil's ability to store moisture, and reduces the need for external water inputs.

By limiting runoff, these practices also reduce the risk of agricultural pollution and help soils function as natural buffers during heavy rainfall, thereby lowering erosion and flood risks.

Supporting farmers in adopting these approaches is essential to securing water resources, protecting ecosystems, and ensuring long-term resilience across our value chain.

OUR AMBITION

1. Agricultural practices adaptation

We encourage our partnering farmers to adopt, among other things, regenerative agriculture practices. By the end of 2026, we commit to launching a pilot project to gain further expertise on this topic.

2. Awareness raising

By the end of 2026, we commit to strengthen awareness of water resource management among milk supply CSR referents.

04. OUR GOVERNANCE

Water resource management at Lactalis follows the same governance structure as all CSR topics, ensuring consistency, accountability, and alignment with the group's sustainability strategy.

In accordance with its model based on the autonomy of its subsidiaries, Lactalis maintains a local CSR approach, primarily driven by field initiatives. However, to foster convergence on shared challenges and meet its ambitious objectives, the group has developed a multi-level CSR governance framework.



For water stewardship, as for each CSR topic, the Group CSR Department leads a corporate multifunctional working committee, involving technical experts from relevant departments. This committee is responsible for developing strategies, policies, action plans, and reporting methodologies, both at group level and locally.

A Strategic Committee discusses and validates these proposals and submits them to the Group Management Committee. The latter is informed at least once a year of the implementation of CSR roadmaps and the associated performance indicators.





Lactalis

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

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