OUR PLAN: LACTALIS CANADA CORPORATE RESPONSIBILITY 2020/2021 OVERVIEW

LACTALIS

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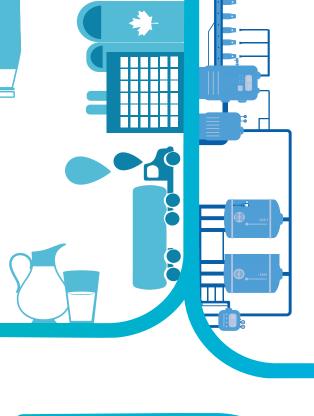


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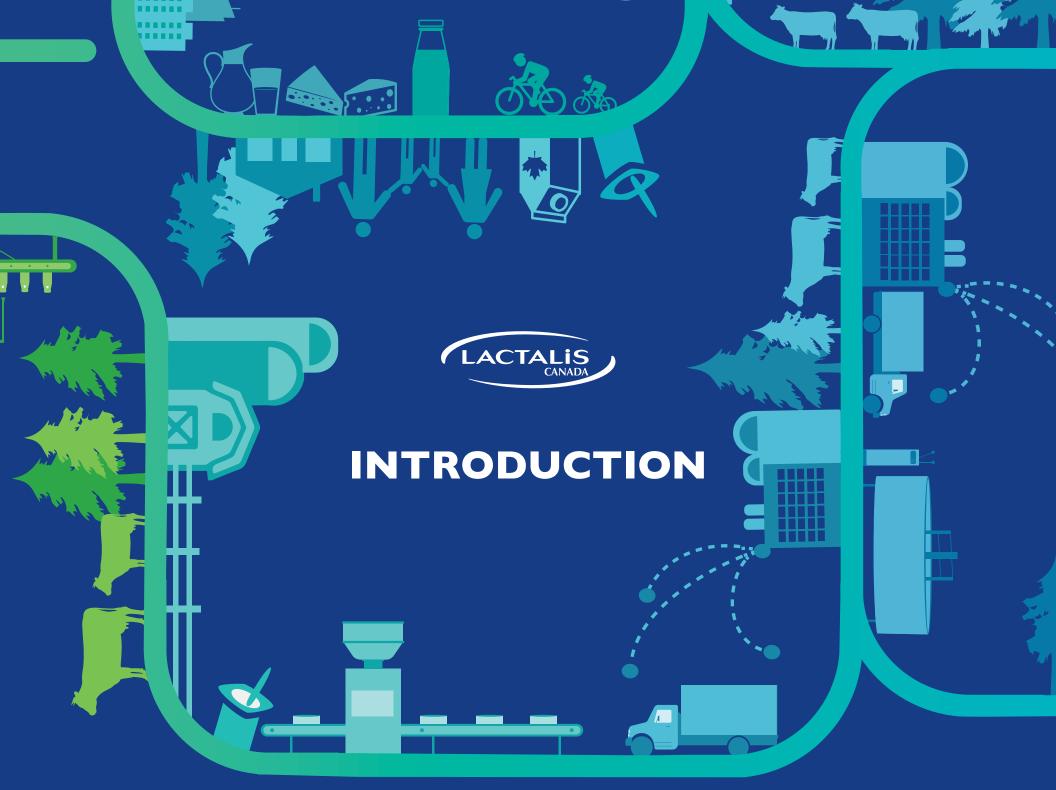
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"Our Plan" is our Corporate Responsibility roadmap. It is our way to help build and foster a sustainable future by being a responsible business that enables our key stakeholders
our people, consumers, customers, suppliers, dairy farmers, government and industry partners
to have a positive impact on the wellbeing of our communities and the planet through all that we do.



A MESSAGE FROM OUR PRESIDENT & CEO

We are pleased to present Lactalis Canada's corporate responsibility overview that will continue to evolve and provide a view into "Our Plan" to build and nurture a sustainable future.

We are living in complex times and this report coincides with an unprecedented period in our history. A global pandemic against the backdrop of urgent environmental issues and social inequality have added uncertainty in our world and we are all more aware, than perhaps ever before, of our individual and collective impact.

Our organization's strength, resilience and accountability has been tested more than ever before, and yet through this trying time, it has affirmed the essential role Lactalis Canada plays in **feeding the nation** and the importance of our economic and social contribution to our people, communities, industry and country. Each and every day, our 4,000 colleagues across the country deliver on our purpose to **enrich and nurture the lives of Canadians.**

"OUR PLAN" IS OUR CORPORATE RESPONSIBILITY ROADMAP.

It is our way to help build and foster a sustainable future by being a responsible business that enables our key stakeholders – our people, consumers, customers, suppliers, dairy farmers, government and industry partners – to have a positive impact on the wellbeing of our communities and the planet through all that we do. It is a multi-year transformation plan that will be continually updated to reflect the evolution and innovation of our business and the risks and opportunities that social and environmental issues pose.

"OUR PLAN" AIMS TO CREATE LONG-TERM SUSTAINABLE BUSINESS VALUE.

Through our long-term plan and business transformation strategy, we aim to enable sustainable, profitable growth and deliver long-standing value for all our stakeholders. Our priority is to evolve Our Plan to reflect our new growth ambition and embed it into our core strategy rather than continuing to exist in parallel with our business and operations.

"OUR PLAN" TAKES A HOLISTIC VIEW.

Over the past year, we have listened, consulted and taken into account the views of our people, customers, group leadership, special interest groups and government bodies, and conducted a benchmarking exercise against the wider consumer goods and retail sector.

"OUR PLAN" IS FOUNDED ON LACTALIS GROUP'S AMBITION: "TOGETHER AND COMMITTED TO PROFITABLE AND RESPONSIBLE GROWTH."

Profitability as well as societal and environmental responsibility interact. We cannot be a leader in our markets without also being a leader in our social and environmental responsibility. That is why Lactalis Group's corporate social and environmental responsibility commitment is an integral part of our business vision, guided by three pillars:

- I) People & Communities
- 2) Authentic Products & Heritage
- 3) Land & Resources

OUR FOCUS IS ON THE JOURNEY, NOT THE DESTINATION.

True to Lactalis' heritage and values, we want our actions and behaviours to be authentic and to support real and meaningful change. While we aspire to achieve large-scale goals, we understand the need to take smaller and important steps in the short-term that will lead to longer-term benefit. Therefore, our focus is on the journey, not the destination. We know where we want to get to, and each tangible gain will be important as we strive to be better one day at a time.

Mark Taylor President & CEO Lactalis Canada

A PERSPECTIVE FROM LACTALIS GROUP

A GLOBAL APPROACH ADAPTED TO LOCAL REALITIES: Q&A WITH AXEL BIGOT, GROUP DIRECTOR FOR SUSTAINABILITY AT LACTALIS GROUP

Q. HAVING ALREADY BEEN INVOLVED IN A NUMBER OF INITIATIVES FOR SEVERAL YEARS, WHY DID LACTALIS GROUP DECIDE TO FORMALIZE A CORPORATE RESPONSIBILITY APPROACH NOW? Q. WHAT ARE SOME OF THE KEY CONSIDERATIONS THAT NEED TO BE TAKEN INTO ACCOUNT WHEN SETTING UP LACTALIS GROUP'S CORPORATE RESPONSIBILITY APPROACH?

Q. WHAT STRENGTHS CAN LACTALIS GROUP DRAW ON TO ENSURE SUCCESS?

This was an important decision based on several factors. First, it is becoming increasingly important in the agri-food sector, for the entire value chain – from the producer to the consumer – to consider their responsibility on a wider scale rather than their immediate perimeter.We therefore wanted to put in place a structure to be able to respond to the needs of all these players. Second, with the many corporate responsibility initiatives already in place at all levels across the organization, it is important that we have a Group Corporate Responsibility Framework to highlight them. Lastly, we must also respond to societal changes and expectations - including those of our own employees - and the growing importance of social and environmental responsibility. We want to increase dialogue with our stakeholders and engage in innovative partnerships on a larger scale.

Lactalis Group was built around an industrial culture. Taking care of raw materials, saving resources, and being uncompromising about the quality of our products is part of our DNA. However, we are not a uniform and homogeneous group and Lactalis Group is a network of individual dairy entities which respect local diversity, regions, cultures, traditions and expertise. We have very different levels of maturity on corporate responsibility issues depending on the countries in which we operate. Additionally, we operate in countries with very different regulatory requirements and sometimes multiple variations in the regulatory framework within a single country, for example, Canada. We knew that a "one size fits all" strategy would not be the right approach for us. We therefore wanted to initiate a collective approach with the aim of defining a common baseline and establishing benchmarks and reporting methods that can bring some uniformity to our approach and allow us to track progress in a large, complex organisation against recognised standards.

To start, the Group's governance. The arrival of Lactalis Group CEO, Philippe Palazzi has put the response to consumer and customer expectations back at the centre of our strategy. Given the realities of our business and the expectations of society, this is essential if our approach is to not only be credible, but above all, operationally achievable. Additionally, because of the Group's expertise and heritage, there is a natural trust in the decisions taken at corporate level. Finally, adaptability to the local context is perhaps the most important guarantee of our success. A uniform top-down strategy would be contrary to our way of doing things. We provide the impetus and a common language, but it is our subsidiaries that have the local knowledge required to facilitate implementation. Lactalis leadership is about local responses within a global framework. The same applies to corporate responsibility.

ABOUT US

LACTALIS GROUP

Established in 1933 by André Besnier, Lactalis Group is a family-owned business headquartered in Laval, France. As the world's leading dairy group, Lactalis naturally has unique insight into industry trends and consumer needs. We are of course a global organization, but we are also local and are able to blend these perspectives when developing and implementing policy and process.





To Enrich and Nurture the Lives of Canadians



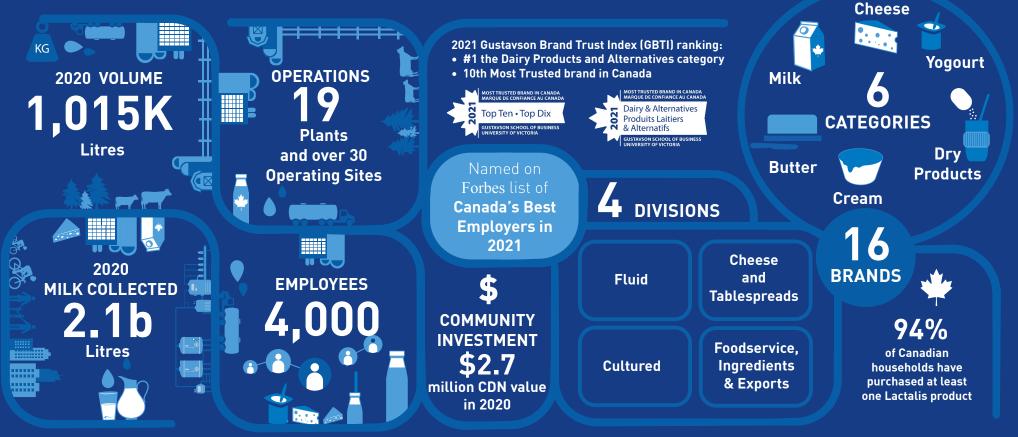
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ABOUT US

LACTALIS CANADA

With 140 years of brand heritage in this country, Lactalis Canada is committed to enriching and nurturing the lives of Canadians by producing nutritious and great tasting dairy products. We directly employ 4,000 Canadians, support hundreds of farming families and contribute to the livelihoods of thousands of Canadians who provide essential services to more than 30 operating sites including 19 manufacturing facilities operated by Lactalis Canada in various communities across Canada. Lactalis Canada is a subsidiary of Lactalis Group.





94% of Canadian households have purchased at least one Lactalis product. Source: AC Nielsen, National, Total Outlets, L52wks PE March 27/21 (excludes Ultima brands)

OUR PURPOSE AND VALUES

To Enrich and Nurture the Lives of Canadians

AMBITION

- ✓ Performance
- ✓ Continuous Improvement
- People Development

ENGAGEMENT

- **Entrepreneurship**
- **Tenacity**
- Loyalty

with **SIMPLICITY**

- Accessibility, Modesty
- Transparency
- Pragmatism

OUR CORPORATE GOALS



Achieve Our BUSINESS GROWTH OBJECTIVES



Become an EMPLOYER OF CHOICE



Create an EXCEPTIONAL CONSUMER & CUSTOMER EXPERIENCE



Be the INNOVATION LEADER Increase Pace, Agility & Responsiveness to be the EASIEST DAIRY COMPANY TO DO BUSINESS WITH



OUR BRANDS

Our iconic brands include many of the "Nations Favourites", Cracker Barrel, Black Diamond, P'tit Québec, Balderson, Cheestrings Ficello, aMOOza!, Astro, siggi's, Stonyfield, IÖGO, IÖGO nanö, Olympic, Lactantia, Beatrice, Galbani, and Président.





GOVERNANCE & APPROACH



GOVERNANCE

Our Corporate Responsibility overview outlines Lactalis Canada's commitment to being a sustainable and responsible manufacturer for our key stakeholders – including our people, consumers, customers, suppliers, dairy farmers, government, and industry partners.

We continuously work to foster and enhance sustainable business practices throughout the organization. Recognized as one of Canada's most trusted consumer brands, our responsibility to building a sustainable future is paramount and we are taking strategic action to improve our footprint across Canada.

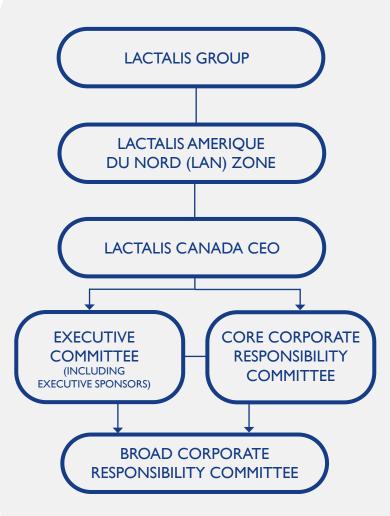
Lactalis Canada is a subsidiary of Lactalis Group which has recently established a global Corporate Responsibility Framework with defined pillars and working groups. Lactalis Canada is represented and actively participates in these global working groups.

At Lactalis Canada we have built "Our Plan", our own roadmap which includes initiatives and priorities that are established at the local level but are guided by the overarching Group mandate.

Our Corporate Responsibility Roadmap brings together divisional and department strategies into a shared objective to engage our stakeholders and report performance at the Lactalis Group level.

Lactalis Canada's President & CEO has ultimate accountability. The Executive Committee – which serves as Lactalis Canada's senior leadership team and is responsible for the day-to-day operation of the business – is accountable for the Corporate Responsibility Roadmap in its entirety. This includes ensuring compliance with Lactalis Canada's policies and regulations to help drive behavioural and operational change throughout the organization. Alongside the Executive Committee, the Core Corporate Responsibility Committee defines, tracks and ensures execution of the Corporate Responsibility Roadmap in conjunction with the Executive Committee and global vision, methodology and structure. The Broad Corporate Responsibility Committee under the leadership of executive sponsors have oversight of their respective areas, participate in the global working groups and are each responsible for building and defining their respective roadmaps, executing projects and initiatives, and tracking Key Performance Indicators (KPIs) as part of our reporting and governance process.

OUR GOVERNANCE AND REPORTING STRUCTURE



OUR APPROACH

COLLABORATION

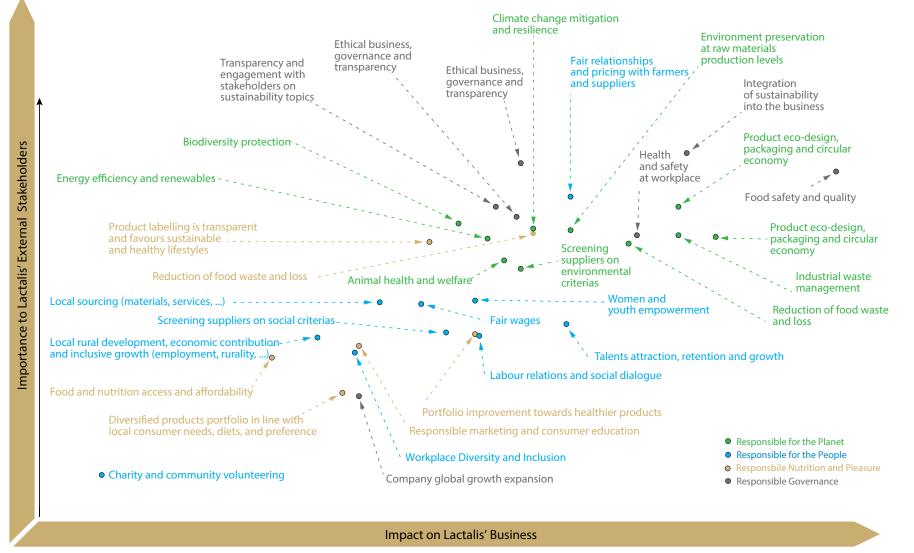
Listening to understand, discovering, responding and working with others is a critical part of how we conduct business. Many of our corporate responsibility opportunities and challenges are too large or complex for us to undertake singlehandedly, so it is important we belong to, and work within, a larger ecosystem – which includes partnering with our people, consumers, customers, suppliers, dairy farmers, government and industry partners. Through collaboration, we mutually benefit by finding solutions, improving our understanding of issues and inspiring change. For example, local food banks across Canada have shown us how we can use our brands and network to support groups of people in need while the Ontario-based Dairy Distillery has helped us understand how we can capture and supply the by-product of unfiltered milk production to help create milk-based vodka, an added value product from what would otherwise be a waste by-product.

MATERIALITY ASSESSMENT

As a company steeped in a long tradition of dairy innovation, food science and production, we acknowledge our business decisions have implications for all our stakeholders. To assess this impact and inform our strategy, Lactalis Group initiated a methodical review of our value chain at every stage. The materiality assessment was conducted in 2020 across 165 external and internal stakeholders on 33 topics.



OUR APPROACH





OUR CORPORATE RESPONSIBILITY FRAMEWORK: THREE PILLARS

Based on the findings of the materiality assessment, Lactalis Group identified and established three key pillars that serve as the Corporate Responsibility Framework at the global and country level. The pillars are: 1) People & Communities; 2) Authentic Products & Heritage; and 3) Land & Resources. This framework informs the structure and resources required to support our roadmap and will continually evolve to align with the organization's growth and direction.



OUR CORPORATE RESPONSIBILITY FRAMEWORK: THREE PILLARS



COMMUNITY

Corporate

Partnerships

Corporate Giving

Community

Relations

& Engagement

PEOPLE & COMMUNITIES

PEOPLE

Human

Resources

Wellness

Health and Safety

Diversity, Equity &

Inclusion

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



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

FOOD SAFETY / INGREDIENTS / NUTRITION Nutrition

Food Safety & Quality

Milk Supply

Responsible Sourcing

3 LAND & RESOURCES

Act responsibly and sustainably to foster a thriving planet for the future.

PLANET RESOURCES	CIRCULAR ECONOMY & PACKAGING SUSTAINABILITY
Energy & Environment	Circular Economy & Packaging
Transport & Logistics Carbon Footprint	Food Waste
Animal Health & Welfare	
	LACTALIS

REPORTING AND GOVERNANCE

ENGAGING ON A GLOBAL SCALE

WE SUPPORT



We do not operate in a vacuum and believe that strategic external collaboration is key to innovating toward 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 United Nations (UN) Global Compact to inform our Corporate Responsibility Framework and priorities.

While we are directly engaging in activities that support 15 of the 17 SDGs, 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 link the SDG framework to our activities more directly.

In addition, Lactalis Canada's Senior Vice-President of Government and Industry Relations signed the Dairy Declaration of Rotterdam in July 2017 as the President of the Canadian National Committee of the International Dairy Federation (FIL-IDF Canada) at the time. He continues to play an active role as a member of the Board of Directors helping to steer and align the global dairy sector with the overarching strategic sustainable development goals of the UN SDGs.



From left to right: Gilles Froment, Senior Vice-President, Government and Industry Relations, Lactalis Canada and President of the Canadian National Committee of the International Dairy Federation (FIL-IDF Canada); Dr. Judith Bryans, President of IDF and Chief Executive of Dairy U.K.; Wally Smith, President of Dairy Farmers of Canada; and Jacques Lefebvre, President and Chief Executive Officer of the Dairy Processors Association of Canada - Edmonton, AB, July 2017.

SUSTAINABLE

DEVELOPMENT

GALS

ALIGNMENT TO SUSTAINABLE DEVELOPMENT GOALS







PEOPLE & COMMUNITIES





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



PEOPLE AND COMMUNITIES

At the heart of our company, are our people and our communities. With 30 operating sites located across the country in the provinces of Québec, Ontario, Manitoba, Alberta and British Columbia, our 4,000 employees play a vital role in supporting the communities in which we live and operate. Both by providing Canadians with nutritious, high quality Canadian dairy products and through our active community involvement, we proudly deliver on our core purpose of enriching and nurturing the lives of Canadians each and every day.

PUTTING OUR PEOPLE FIRST

Our ambition is to be an employer of choice and we are dedicated to providing our people with programs, policies and initiatives that support overall employee wellbeing. We strive to create a culture of respect, diversity, inclusion, and fairness to support and nurture our employees both professionally and personally and to provide a sense of belonging at work. We continue to fuel our people through our competitive training, development, recognition, benefits, flexible work options, pension and compensation programs and policies.



PEOPLE 8

COMMUNITIES

PROTECTING OUR PEOPLE & WORKPLACES THROUGH COVID-19

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.

Some of these measures include:

- COVID-19 hygiene, sanitization and cleaning protocols and best practices
- Distribution and supply of personal protective equipment for all employees
- Installation of physical/plexiglass barriers
- Staggered shift start-times and breaks to reduce traffic in common areas
- COVID-19 on-site screening and non-essential personal restrictions
- Mandatory health and safety/food safety e-learning training for all employees
- Added hand sanitizers stations. motion sensors faucets

- Enhanced COVID-19 communication and reporting
- Addition of designated external washroom facilities for truck drivers
- Risk assessment on travellers by zone
- Distribution of COVID-19 kits (hand sanitizer, surface sanitizer, masks, gloves) for in-field employees
- Complimentary milk and dairy products for our employees onsite
- Remote working for all office employees and renovation of offices for an eventual safe return to work
- Return to Work Survey for salaried employees



COVID-19 ON-SITE SCREENING and non-essential personal

restrictions



PEOPLE 8

COMMUNITIES



MANDATORY HEALTH AND SAFETY/FOOD **SAFETY E-LEARNING** TRAINING for all employees

TITET

23

The stringent efforts and protocols that Lactalis Canada put in place before the pandemic was declared, combined with the commitment of our 4,000 employees to protect themselves and their co-workers, has meant all our plants across the country have been able to operate safely and at full capacity since the start of the pandemic. This has allowed Lactalis Canada to meet the various surges in consumer demand for healthy and nutritious milk and dairy products during the pandemic. While we certainly do not take this accomplishment for granted, we are grateful to each of our teammates for helping us continue to feed the nation during a time of unprecedented change. This global crisis has forced us to re-evaluate many practices. The lessons learnt will contribute to Lactalis Canada's evolution of the future of work.



STAGGERED SHIFT start-times and breaks to reduce traffic in common areas.



INSTALLATION OF PHYSICAL/PLEXIGLASS BARRIERS where required to create physical distancing.



Distribution and supply of **PERSONAL PROTECTIVE EQUIPMENT** for all employees.



COMPLIMENTARY MILK AND DAIRY PRODUCTS for our employees onsite.

LACTALIS CANADA FEED THE NATION HERO PAYMENT

As an essential service, our employees play a vital role in helping feed the nation with healthy and nutritious products. During first and second waves of the pandemic, our employees worked tirelessly to meet the surge in consumer demand. As a token our appreciation, Lactalis Canada provided all hourly and salaried plant and distribution centre employees across the country with a one-time Feed the Nation payment. This payment was also extended to all third-party supply chain partners who focus solely on the Lactalis Canada business.









OUR PEOPLE WELLNESS

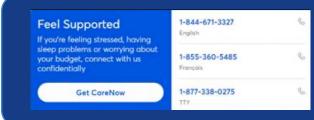
At Lactalis Canada, we place great importance on our people's total health and wellbeing.

We offer our employees a competitive Total Rewards package including but not limited to competitive Health and Dental Care, Short-Term Disability (STD) and Long-Term Disability (LTD) coverage, Life and AD&D coverage with optional purchase of additional coverage. Additionally, all employees have robust access to wellness resources and tools including LifeWorks, an Employee Family Assistance Program (EFAP) which provides employees with support on work/life challenges and opportunities.

MENTAL HEALTH & COVID-19 RESOURCES

The following are some additional programs we have made available to help support employees during COVID-19:

- Mental health, wellbeing and leadership workshops
- A 24/7 digital resource called LifeSpeak available to employees and their families to support them on navigating and managing through COVID-19 with information on various topics from mental health, stress management to financial health and parenting.
- Enhanced LifeWorks Employee Family Assistance Program with additional benefits such as increased counselling sessions, proactive support, online clinical programs and health insights.





PEOPLE EXPERIENCE, ENGAGEMENT AND DEVELOPMENT

WORK FROM HOME

To help keep our people safe during COVID-19, we initiated a full Work from Home strategy for all office-based employees and plant employees where possible who are able to perform their job remotely. This has created an opportunity to lower our carbon footprint both by reducing daily commuting and business travel and by lowering our electricity and utility consumption in office locations. Our initiatives around the future of work beyond COVID-19 will continue to have a corporate responsibility lens.

LACTALIS VIRTUAL ENGAGEMENT COMMUNITY (VEC)

A Virtual Engagement Community (VEC) program was launched in May 2020 to connect and engage our employees working from home. The five-month program included various engagement activities related to learning and health and wellness including yoga workshops, biking challenges and a resilience-building series facilitated by keynote speaker and leadership coach Kevin Rempel.

PERSONAL TIME

We believe our people should have the time they need to focus on family, community, and personal pursuits.

- Our Salaried Vacation Policy was enhanced in 2021 to provide a minimum of four weeks of vacation to all salaried employees.
- Company-observed holidays have been adjusted to ensure equality when providing provincial floater days to ensure all eligible persons enjoy the same total amount of time annually.
- A summer hours program and elimination of Friday afternoon meetings were implemented to give Salaried employees extended weekend time in the summer months.
- Our Hourly employees are provided with various options to facilitate planned time off as per their collective bargaining agreements e.g. fixed shift times, advanced schedules and optional overtime.

SIMPLE & GREEN



PROJECT PRINTLESS A campaign to print less by reporting on high print usage.



PROJECT SPOONLESS

An initiative to replace all plastic spoons with reusable, dishwasher safe spoons in the office.



LACTALIS VEHICLE /ALLOWANCE PROGRAM

A program offered to eligible positions was enhanced to include a hybrid vehicle option.

PEOPLE & COMMUNITIES



PAPERLESS PAY

Extended electronic pay statements to hourly employees.



PEOPLE EXPERIENCE, ENGAGEMENT AND DEVELOPMENT

TUITION REIMBURSEMENT

Lactalis Canada provides a tuition reimbursement program for all salaried employees, enabling employees to improve and develop themselves by continuing their education and pursuing continuous learning and professional development opportunities outside of working hours.

TRAINING & DEVELOPMENT PLATFORM

Lactalis Canada has made a significant investment to further support the training and development of our employees by partnering with Alchemy who are recognized as global leaders in training and developing frontline employees on a wide range of topics from Health and Safety to Food Safety. Lactalis Canada will be further be implementing CrossKnowledge, Lactalis Group's digital training platform for employees worldwide, with 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.

TALENT DEVELOPMENT & CAREER GROWTH

In 2021, Lactalis Canada established a robust management review process for leaders, that aims at better identifying key talent and building development and succession plans to prepare for the next steps in their career. In turn, this will facilitate professional growth for our leaders and contribute to the growth of the company. Additionally, Lactalis Canada offers student positions every year in a variety of functions such as Quality, Customer Service, Sales, Supply Chain, Purchasing, and Finance. Throughout the year, we often partner with local University and College Co-op programs to hire students into these functions.

DID YOU KNOW?

In 2020, 9,805 hours of training were completed by our employees and 717 training programs were available through our training platforms.



8 DECENT WORK AND ECONOMIC GROWTH



OUR COMMITMENT TO DIVERSITY, EQUITY & INCLUSION (DE&I)

OUR DIVERSITY IS OUR STRENGTH

At Lactalis Canada, we are committed to creating a diverse, inclusive and equitable workplace that is positive, respectful, and where our employees feel they belong and can bring their full authentic selves to work. We believe our workforce should be reflective of all the communities in which we operate and support a culture where all differences are acknowledged, celebrated and included. 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. This is a journey we are beginning and will evolve with input and participation from our employees.

In 2021, some of our key initiatives and action plans include but are not limited to:

- Program Launch: Announce Lactalis' North American DE&I commitment statement and action plan.
- Executive Training: Conduct Awareness and Challenge Your Bias comprehensive training module.
- DE&I Survey: Rollout voluntary confidential survey to obtain demographic information, understand employee sentiment and gather data and insights to inform DE&I priorities.
- Events & Awareness: Initiate DE&I celebrations and awareness activities throughout the year.
- Employee Training: Build and deliver DE&I training to all employees.
- DE&I Committee: Build the first committee for Lactalis Canada incorporating a broad cross section of our employees who will help lead and drive our programs in the future.

COMMITMENT STATEMENT

PEOPLE &

COMMUNITIES

5 GENDER EQUALITY

8

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED

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 unforeseen growth and allow individuals to bring their full authentic selves to work. In order to celebrate the uniqueness of our people and the communities in which we operate, we are committed to cultivating a fair and inclusive workplace that fosters a real belonging for all.

INVESTING IN OUR COMMUNITY



\$2.7 M

MILLION CDN

VALUE IN

COMMUNITY

INVESTMENT



917,195

LITRES/KILOGRAMS IN KIND DONATIONS IN 2020



50+

COMMUNITY INITIATIVES IN 2020



99,632

CASES OF DAIRY PRODUCT DONATED TO FOOD BANKS ACROSS CANADA IN 2020



8 DECENT WORK AND ECONOMIC GROWTH

PEOPLE &

COMMUNITIES







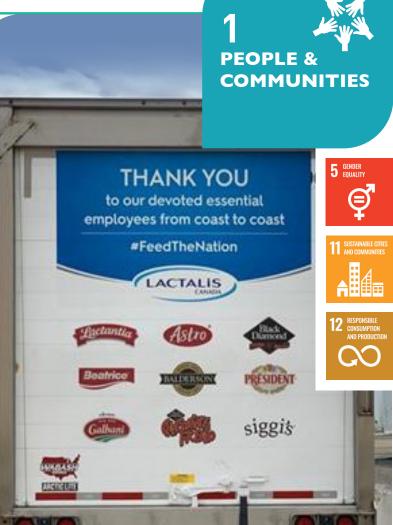
INVESTING IN OUR COMMUNITY

#FEEDTHENATION

As part of our core purpose of enriching and nurturing the lives of Canadians, Lactalis Canada plays an essential role in feeding the nation and supporting the communities in which we live and work.

In 2020, our community investment was valued at over CDN \$2.7 million through donations, sponsorships and in-kind contributions to more than 50 charitable organizations and community initiatives across the country, including close to one million litres/kilograms of milk and dairy products alone. "During a year unlike any other, our team stepped up to empower, support and make a difference in the lives of our fellow Canadians. Our community investment in 2020 sets the stage for our continued commitment to making a social and economic contribution to the communities we live and operate in – a core pillar of our Corporate Responsibility Framework."

> Mark Taylor, Lactalis Canada President & CEO





LACTALIS CANADA WAS AWARDED THE 2020 PAUL MISTELE MEMORIAL AWARD FROM FEED ONTARIO FOR ITS SIGNIFICANT COMMITMENT TO ENDING HUNGER IN ONTARIO. Anos employés essentiels devoués d'un bout à l'autre du pays NourrirLaNation CACTALIS

CORPORATE PARTNERSHIPS



KIDS HELP PHONE

Lactalis Canada's long-standing commitment to Kids Help Phone began 32 years ago and has remained strong. As a founding partner of Kids Help Phone, Lactalis Canada has supported youth mental health and wellbeing, through an annual corporate donation and the work of a dedicated Kids Help Phone employee committee. Our employees have volunteered their time to support various internal and external fundraising initiatives throughout the year including virtual dance-a-tons, bingo nights, scavenger hunts and more. In 2020, more than \$18,000 was raised for Kids Help Phone through employee-led initiatives.

Kids Help Phone

About Kids Help Phone: Now, more than ever, kids and youth are increasingly in need of support and Kids Help Phone is the only national, bilingual, 24/7 resource for young people, offering anonymous and confidential counselling and support. Lactalis Canada's 32-year partnership with Kids Help Phone has enabled more than 40-million connections.

DID YOU KNOW?

Lactalis Canada employees can participate in the Kids Help Phone contribution program and donate a percentage of their earnings directly to Kids Help Phone.



*Source: Kids Help Phone



CORPORATE PARTNERSHIPS

GROCERY FOUNDATION

Lactalis Canada is a proud and long-standing sponsor of the Grocery Foundation, an organization supported by Canada's grocery retailers, food, beverage and consumer good brands in support of its School Breakfast Programs, the annual Night to Nurture gala and the Toonies for Tummies campaign.





Katelyn Roetcisoender, Human Resources Manager in Mitchell, Ontario congratulates local High School graduate and Lactalis Canada scholarship recipient. 11 SUSTAINABLE CITIES



Kids Help Phone

1-800-668-6868

LACTALIS CANADA PROUDLY CARRIES THE KIDS HELP PHONE LOGO ON A VARIETY OF ITS DAIRY BRANDS INCLUDING ITS BLACK DIAMOND, CHEESTRINGS, LACTANTIA AND BEATRICE PRODUCTS. "As a founding sponsor, it is an honour and privilege for employees at Lactalis Canada to help support kids' mental health and wellbeing through Kids Help Phone and be ambassadors and help spread awareness in our communities."

 Kari Stokes, Research Scientist, Lactalis Canada

LACTOSE

COMMUNITY ENGAGEMENT

SUPPORTING OUR COMMUNITIES FROM COAST-TO-COAST

Lactalis Canada supported well over 50 organizations and initiatives across the country last year including contributions to the communities we operate in through initiatives such as local scholarships, youth sporting events, as well as support for veterans' causes and local hospital and hospice support.

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STRONGER TOGETHER

From the very start of the pandemic, our teams reacted swiftly by putting in place the necessary measures to limit exposure in our facilities, and protect our people, our communities, and our consumers. In fact, various Lactalis Canada employees became personally involved in the production of face masks at a time when they were in short supply.





BUILDING ON OUR COMMUNITY-ORIENTED FOCUS, LACTALIS CANADA PROVIDES SALARIED EMPLOYEES ONE PAID DAY PER YEAR TO VOLUNTEER FOR CAUSES AND INITIATIVES THEY CARE ABOUT. Proceeds from the sale of employee-made cloth masks were donated to local shelters and community initiatives.





OUR BRANDS FOR GOOD

siggis

The siggi's brand supported the Time to Dream Foundation – which aims to make youth sports, including hockey, more diverse, inclusive, affordable and accessible to all, regardless of race, gender and socioeconomic background – by providing a significant in-kind contribution.

tind contribution.

BURGENER PORFUNE PO

LACTALIS CANADA'S COMMUNITY INVESTMENT CONTRIBUTIONS **INCLUDED A VARIETY OF INITIATIVES FROM BRAND-LED ACTIVITIES SUCH AS THE** LACTANTIA RAINBOW AND P'TIT QUÉBEC FOOD DONATION **CAMPAIGNS AND MILK** AND DAIRY PRODUCT **DONATIONS TO FOOD BANKS ACROSS** CANADA.





SPECIAL DELIVERY!

While we weren't able to hold the NBAxCheestrings School Spirit event in 2020 due to the pandemic, the two winning Canadian schools received a special delivery from the NBA and Black Diamond Cheestrings including basketballs, nets, jerseys and more, for their physical education programs.



12 RESPONSIBLE CONSUMPTION AND PRODUCTIO





SUSTAINABLE CITIES

SUPPORTING LOCAL ECONOMIES & RURAL COMMUNITIES

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(19)

We are steeped in our rural identity and take great pride in supporting the communities in which we live, work and play. Our 30 operating sites that include 19 manufacturing plants span the country and include operations in rural communities such as Ingleside and Mitchell in Ontario, Laverlochère in Québec and Grunthal and St. Claude in Manitoba. Lactalis Canada plays an important role in these rural areas by supporting Canadian farmers and agricultural communities and creating jobs. These jobs provide economic stability for many families in rural communities across Canada by offering competitive wages, healthcare and dental benefits, as well as short-term disability and long-term disability insurance and retirement as well as savings programs.

Operating Sites | Sites d'opération •



New Brunswick Nouveau-Brunswick

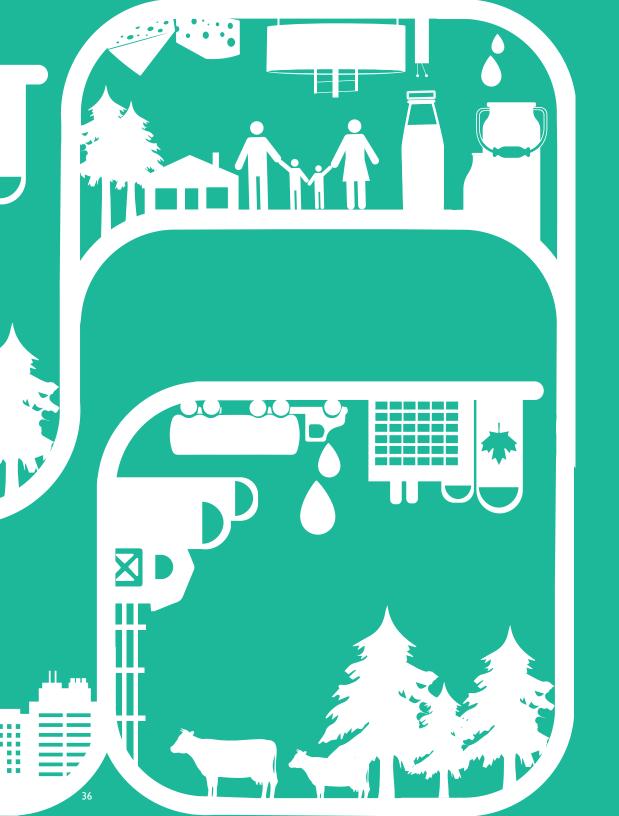
01	Belleville, ON 🕒 🧧	
02	Brampton, ON 🛛 🔍	
03	Calgary, AB 🛛 🔵 🔍	
04	Delta, BC 🛛 🔴	
05	Granby, QC 🛛 🔴	
06	Grunthal, MB 🧧	
07	Ingleside, ON	
08	Laverlochère, QC 🧧	
09	Lethbridge, AB 🛛 🔴	
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15	Niagara-on-the-Lake, ON 🛛 📃 🔴	
16	Richmond, BC	
17	St. Claude, MB	
18	Sudbury, ON 🛛 🔍 🗖	
19	Thunder Bay, ON 🛛 🔵 🔵	
20	Toronto, ON (405 The West Mall) 🌘	
21	Toronto, ON (Rakely) 🛛 🛛 🔴	
22	Trenton, ON 🛛 🔷	
23	Vaudreuil, QC 😑	
24	Victoriaville, QC	
25	Winchester, ON e	
26	Winnipeg, MB 🛛 🔍 🔍	



Legend | légende

- Corporate Offices | Bureaux d'entreprise
- Fluid Plant | Usine de lait et crème
- Distribution Centres | Centres de distribution
- Cultured Plant | Usine de produits laitiers de culture
- Cheese Plant | Usine de fromage
- Research and Development | Recherche et développement

ova Scotia Nouvelle-Écosse



2 AUTHENTIC PRODUCTS & HERITAGE



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





AUTHENTIC PRODUCTS AND HERITAGE

We take pride in 140 years of Canadian tradition, history and local craftsmanship while at the same time leveraging our global expertise in offering our consumers high-quality, wholesome and nutritious dairy products. We are committed to staying true to our roots while continuing to innovate with quality ingredients and simple product formulas.

The nutrient dense and healthy foods we create for Canadians rely on the quality ingredients we source and the hundreds of communities across the country that serve as their stewards. We understand and promote the important nutritional role of dairy in people's diets at all ages and stages of life. We are also mindful of the fact that this is important for those consumers who may be geographically or economically isolated. Our role is also to honour the efforts of farmers with the foods we make. We do this by being a reliable partner to our suppliers, while at the same holding them to the highest of standards. Our plan is to continue to expand our supplier network in order to purchase ingredients, supplies and equipment which have positive environmental and social impacts, while also supporting innovation and leveraging our strong and trusted voice in the dairy industry to advocate for efficient sustainable practices throughout the Canadian dairy supply chain.



FOOD SAFETY AND PRODUCT QUALITY

At Lactalis Canada we understand the significant role that Food Safety and Product Quality plays in achieving global sustainability goals, expectations, and ambitions. Our commitment to this is the basis of everything we do and is reflected in the care we take every step of the way and the significant resources we allocate to continuously improve in these areas.

Our commitment to Food Safety and Product Quality is addressed through six key objectives:

I. ASSURED REGULATORY COMPLIANCE

Lactalis Canada's processing facilities are federally and provincially licenced and are regularly inspected to ensure compliance with federal requirements of the *Canadian Food and Drug Act* and *Regulations, the Safe Food for Canadians Act* as well as provincial/municipal acts and regulations. All manufacturing and distribution processes, procedures and activities meet or exceed these requirements, ensuring safe, wholesome dairy products, free of chemical and pesticide residues, residual antibiotics and microbial contaminants.

2. FOOD SAFETY GUARANTEE

Lactalis Canada's facilities operate under globally recognized food safety management principles termed "Hazard Analysis Critical Control Point "or HACCP. Lactalis Canada facilities are certified as compliant to these principles through Global Food Safety Initiative (GFSI) audits. Compliance is measured and monitored through targeted sustainable improvements in audit compliance year over year.



FOOD SAFETY AND PRODUCT QUALITY

3. CONSUMER PREFERENCE

Consumer Preference for Lactalis Canada's brands is key in keeping our business healthy. Healthy businesses provide economic growth within Canada and the many communities in which we operate. We monitor and quantify our success by measuring consumer satisfaction through feedback – both positive and negative, identifying areas for corrective actions, setting targets and achieving continuous and sustained improvements year over year.

Key products are pillars of our portfolio. They are supported, nurtured and protected fiercely by multiple stakeholders.

Innovation has been identified by the United Nations as a Sustainable Development Goal and is fully integrated across Lactalis Canada's activities. The innovation process identifies the needs and preferences of consumers in determining new products development and renovation of existing lines.

4. CUSTOMER SATISFACTION

We are partners with our customers and have a responsibility to ensure we meet and exceed their expectations, drive innovation to grow each of our businesses and collaborate to respond to the changing needs of Canadian consumers. We continually measure our success, and identify areas for improvements, employing incident review and corrective/preventive action planning. We are fortunate to be able to benchmark our performance in Canada against many other markets around the world where Lactalis has a presence. This also helps us identify and plan for changing global trends that may impact the Canadian market.



FOOD SAFETY AND PRODUCT QUALITY

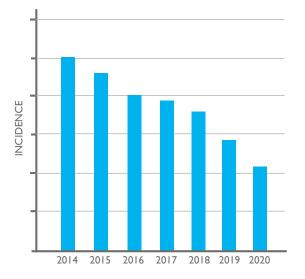
5. SUPPLIER ASSURANCE

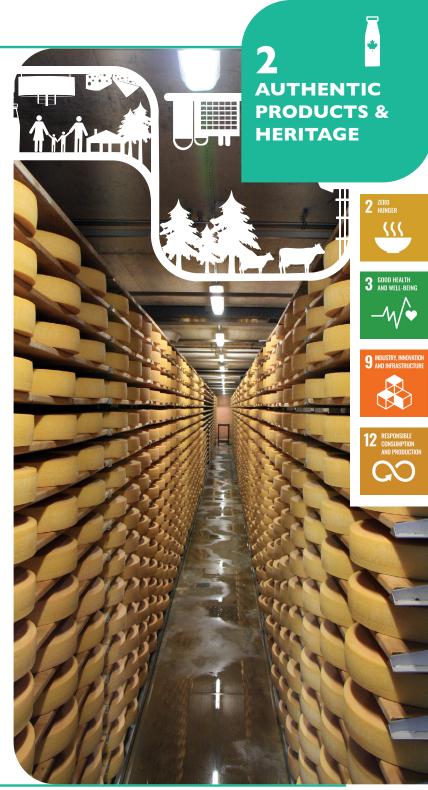
Our suppliers are key partners in the success of our business. Their sustainability efforts, combined with ours, reflect the values of Lactalis Canada and by extension ensure environmental responsibility, healthy businesses and the success of the broader economy. Lactalis Canada uses the Lactalis Group Supplier Management, Qualification and Approval process ensuring that all inputs we purchase, use or contract out meet the highest standards of safety, quality and consistency as implemented globally by the Lactalis Group and other international food safety governing bodies.

6. QUALITY AT THE BEST PRICE

In providing consumers with best-in-class products at the best possible price, our brands and private label products will be the consumer's choice, while ensuring a safe, reliable food supply for Canadians across the country.

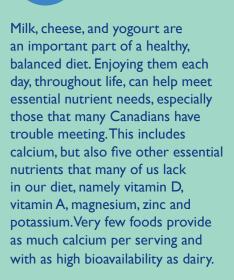
INCIDENCE PER YEAR





NUTRITIONAL VALUE OF DAIRY

5 NUTRITIONAL GOODNESS





Calcium, but also proteins and phosphorus, are all present in milk, and these nutrients in particular are needed to maintain bone health during the stages of life. Consuming dairy products within a varied and balanced diet, combined with vitamin D, sunlight exposure and exercise is the best way to care for bone health. For an adult, dairy products help cover 56 per cent of calcium needs, 30 per cent of phosphorus, 33 per cent of Vitamin B2, and 31 per cent of iodine.



Protein found in dairy products is considered a "complete" protein that provides all nine essential amino acids that the human body cannot produce. Research confirms that milk proteins rank as some of the highest quality proteins available and dairy products contain an abundant supply of these high-quality proteins. Evidence continues to support that consuming dairy plays a critical role when it comes to reducing chronic diseases, and promoting bone health in growing children, and aging adults.

2 AUTHENTIC PRODUCTS & HERITAGE

THE GOOD FAT

Recent research on dairy fat has



3 GOOD HEALTH AND WELL-BEING

made significant progress. Findings show that the different saturated fatty acids in milk are involved in some very important biochemical functions and physiological impacts, underlining the nutritional value of dairy fat, provided it is part of a balanced diet. Because of its saturated short and medium chain fatty acids, milk fat allows the consumer to optimize the nutritional availability of Omega 3 fatty acids, by improving their absorption in the digestive tract, even though milk fat contains very little or no Omega 3. Therefore, milk fat helps the body maintain or synthesize Omega 3 fatty acids, especially long-chained EPA and DHA which are essential for brain development and the prevention of cardiovascular disease.

SUSTAINABLE DIETS

Stakeholders all agree that the environmental impact of global food production can and must be reduced. In the case of dairy, it is imperative that we contextualize these impacts with nuanced consideration of the dairy nutritional matrix rather than on a caloric basis. A successful assessment of sustainable diets has to consider four different dimensions, namely 1) nutrition and health 2) ecological impact 3) economics and 4) cultural aspects.



MOVING TOWARDS SIMPLE AND NATURAL INGREDIENTS

Driven by consumer demands for natural and easily recognizable ingredients as well as the avoidance of artificial, highly processed ingredients in their foods, the move towards simple and natural ingredients has become an important cornerstone in the sustainable manufacturing of food products. Dairy is, and has always been, well poised to meet these consumer requirements, with most dairy products containing short, simple and natural ingredient declarations.

ENSURING GREATER TRANSPARENCY

Understanding the ingredients and where they come from has never been more important for our consumers. At Lactalis Canada we are striving for greater transparency with simpler ingredient declarations and the use of locally-sourced ingredients to further reduce food miles.

TAKING A GLOBAL VIEW

Through a Lactalis Group initiative, a comprehensive global database has been developed with a profile on every product within the Group, including its ingredients and core nutritional value. As part of this global database, Lactalis Canada has contributed data on 700 products along with their ingredient information and nutrient profiles. This database will classify our ingredients in groupings ranging from 'Positive' to 'Avoid' and will allow us to identify opportunities for further improvement and to observe best practices across Lactalis countries.

A NOTE ON PALM OIL

Lactalis Canada does not add any palm oil to any of the dairy products it manufactures. We continue to be committed to our goal of "providing Canadian consumers with authentic products that are nutritious and simple." 2 AUTHENTIC PRODUCTS & HERITAGE









MOVING TOWARDS SIMPLE AND NATURAL INGREDIENTS

OUR PROGRESS SO FAR

Lactalis Canada is committed to our goal of providing Canadian consumers with authentic products that are nutritious and simple. We have embarked on several "clean label" initiatives to meet the expectations of our consumers to simplify ingredient declarations on a number of our products, including the removal of artificial colours and flavours across a variety of products. It is also worth noting that Lactalis Group has identified 13 ingredients they expect to remove from the Group's products globally by the end of 2023.



AUTHENTIC

PRODUCTS & HERITAGE

3 GOOD HEALTH

-/h/

HEALTHY EATING – REDUCING ADDED SUGAR AND SODIUM

Health Canada's vision includes strategies for healthy living, mental health and healthy eating. At Lactalis Canada our purpose – to enrich and nurture the lives of Canadians by offering consumers healthy and nutritious food products – aligns with Health Canada's vision. In support of this vision we have achieved the elimination of added industrially produced trans-fat from all our products and are now focusing our efforts on reducing both sodium and sugar in products where they are added.

CUTTING DOWN ON THE ADDED SUGAR!

With obesity rates for Canadian adults at an all-time high, and having tripled in children since the 1980s, carbohydrates, specifically sugars, and their contribution to Canadians overall daily calorie intake have become a national focus.



4 X 140 g 3.2% M.E. • M.B DGURT • YOGOUR

CREAMY

CRÉMEUX

HARVESTE IN CANAD

THE SWEETNESS OF CANADIAN FRUIT

Our Canadian Harvest yogourt line highlights Canadian-sourced fruits and flavours ranging from cherries and maple syrup to cranberry-raspberry blends.



AUTHENTIC

PRODUCTS & HERITAGE





HEALTHY EATING – REDUCING ADDED SUGAR AND SODIUM

OUR PROGRESS SO FAR

At Lactalis Canada we have been gradually reducing the added sugar in various products while ensuring we continue to deliver the quality products our consumers expect. To date we have made strides in the flavoured yogourt and milk categories with additional opportunities being planned, including added sugar reductions of up to 25 per cent in our milkshake line.



AUTHENTIC

PRODUCTS & HERITAGE

3 GOOD HEALTH AND WELL-BEING

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9 INDUSTRY, INNOV AND INFRASTRUC

HEALTHY EATING – REDUCING ADDED SUGAR AND SODIUM

A PINCH OR TWO LESS SALT

An industry-wide voluntary effort to reduce sodium levels in food starting in 2010 saw modest but important reductions in the average daily sodium intake by Canadians to 2760 milligrams (mg).The target established by Health Canada remains to reduce the average daily salt intake to 2300 mg/day by 2025 and Lactalis Canada will play a role in helping Canadians achieve this goal.

OUR PROGRESS SO FAR

Lactalis Canada has already made important contributions to the Health Canada target by reducing the sodium content in a wide variety of our dairy products, including our entire cottage cheese portfolio. The majority of our natural cheese and selected cream cheese and processed cheese products already meet the new 2025 targets. Additionally, while salt is not a natural ingredient in butter, we produce unsalted, semi-salted and salted butter to ensure consumers have a variety of options to meet their dietary preferences and requirements.

OUR EFFORTS CONTINUE

We are analyzing our entire portfolio of products to identify additional opportunities to help meet the 2025 voluntary sodium reduction targets wherever it is technically possible without compromising food safety, product integrity or our consumers' expectations.



RESPONSIBLE SOURCING

Identifying and partnering with suppliers and other key stakeholders to ensure the most sustainable sourcing of our ingredients is a priority for Lactalis Canada.

DAIRY FARMERS OF CANADA BLUE COW LOGO

More than 450 of our milk, cream, cheese and yogourt products now bear the Dairy Farmers of Canada iconic Blue Cow logo signifying 100 per cent Canadian-sourced milk. Since 2010, the Blue Cow logo has been the face of the proAction initiative which demonstrates that Canadian dairy farmers are meeting world-leading standards on food safety, milk quality, traceability, biosecurity, animal welfare and environmental stewardship.



Mark Taylor, President & CEO, Lactalis Canada (right) with Pierre Lampron, President, Dairy Farmers of Canada.



AUTHENTIC

PRODUCTS & HERITAGE

B DECENT WORK AND

15 LIFE ON LAND

3

CANADIAN MILK SUPPLY

PROTECTING OUR PLANET

Lactalis sources more than 2.1 billion litres of milk from Canadian dairy farms every year. These milk purchases are equivalent to the milk produced by more than 2,000 average size Canadian dairy farms in Alberta, British Columbia, Manitoba, Ontario and Québec.

It is widely recognized that on-farm milk production is the largest source of carbon emissions in our industry's total supply chain. However, the 2019 life cycle assessment conducted by Groupe AGÉCO for Dairy Farmers of Canada (DFC) concluded that the average emission of Canadian dairy farms dropped approximately nine per cent from a decade earlier and was less than half of the global average. The report also shows improvement in water consumption and land use.

DFC has been implementing its proAction initiative to ensure "dairy farmers collectively demonstrate responsible stewardship of their animals and the environment, sustainably producing high-quality, safe, and nutritious food for consumers." The proAction initiative has six pillars, including one specifically focused on the environment. Through our involvement in the Environment Committee of the Dairy Processors Association of Canada and as a key stakeholder, Lactalis Canada is providing input into the development of this module which comes into effect in September 2021.

REDUCING MILK WASTE DURING THE PANDEMIC

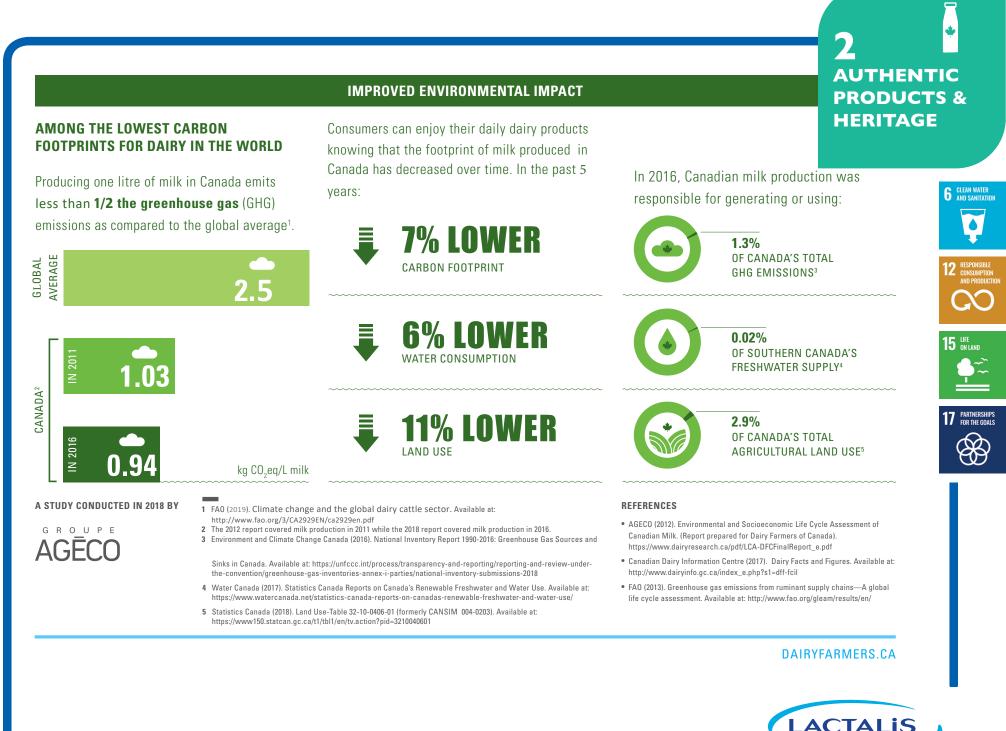
In a continuous effort to meet the sharp increase in retail demand during the pandemic, Lactalis Canada was able to optimize the milk supply available by processing more than 40 million litres of surplus milk in the last year alone. In turn, we were able to fulfil our commitment to feed the nation with wholesome, healthy and nutritious dairy products, all the while preventing milk waste.

Looking ahead, Lactalis Canada will continue to work closely with and positively influence DFC and provincial milk boards to develop strategies and support ambitious initiatives that will further reduce emissions and waste at the farm and throughout the supply chain.

DID YOU KNOW?

Lactalis Canada was able to optimize the milk supply available by processing more than 40 million litres of surplus milk in 2020. In turn, we were able to fulfil our commitment to feed the nation with wholesome, healthy and nutritious dairy products, all the while preventing milk waste.





CANAD

Source: https://dairyfarmersofcanada.ca/sites/default/files/2019-06/PLC-Info-%20EN.pdf

ANIMAL WELFARE

As a leading dairy processor, Lactalis Canada plays an important role in ensuring the industry's milk-producing cows are managed to the highest health and husbandry standards. In collaboration with dairy farmers and other key stakeholders, Lactalis Canada is committed to ensuring our products are made with milk produced under the best possible conditions for dairy cattle and that the highest standards of animal welfare practices have been implemented and observed.



2 RESPONSIBLE CONSUMPTIO AND PRODUC

17 PARTNERSHIPS FOR THE GOALS

8



ANIMAL WELFARE

WORKING TOWARDS COMMON GOALS

In early 2020, Lactalis Canada joined the National Farm Animal Care Council (NFACC). As a key member of the NFACC partnership of diverse stakeholders, Lactalis Canada has had the opportunity to proactively support the development and adoption of scientifically-informed practices on Canadian dairy farms. NFACC's focus has led to continuous improvement in areas such as:

- Animal Housing
- Animal Care
- Feeding
- Transportation
- Husbandry Practices

In addition, through its involvement in the Animal Welfare Committee of the Dairy Processors Association of Canada, Lactalis actively contributes to DFC's ProAction Animal Care Module. Under the proAction program Canadian dairy farmers share with consumers and customers how they adhere to some of the most stringent standards in the world.

GOOD EGGS

As part of our overall effort to improve animal welfare, since 2020, Lactalis Canada has eliminated the use of all eggs sourced from battery cages in our branded products.

ZERO TOLERANCE

Our authentic products and outstanding brand heritage begin with excellent quality milk from well-cared for and healthy animals. Lactalis Canada views any mistreatment of animals as unacceptable. We expect all cow and animal handlers to adopt and adhere to proper animal care and handling methods in all circumstances. Thorough and recognized training received by the producers and their farm employees is essential. All are required to handle and treat animals with respect and in accordance with farm policies and rules, as well as the government regulations under which the farm operates. In the event of an alleged animal abuse/cruelty situation from a credible source, it is our expectation that provincial authorities will:

- **Suspend** a producer's license and milk pickup from the farm;
- **Notify** impacted processors immediately and provide all relevant information; and
- **Prevent** milk from an implicated farm from being shipped to any dairy processing plant until assurance is provided by a third-party veterinary animal welfare auditor that the farm is in compliance with the Code of *Practice for the Care and Handling of Dairy Cattle.*

2 AUTHENTIC PRODUCTS & HERITAGE

> 17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE INGREDIENTS

Beyond the implementation and enforcement of our *Supplier Standards Of Conduct* in 2021, we are working to identify a *watch-list* of specific ingredients using a risk assessment that accounts for environmental and social attributes. Once identified we will evaluate the appropriate certifications, suppliers, and use cases, to define a policy around the responsible sourcing of these ingredients. We will continue to pursue certification and increased traceability for all our ingredients to promote positive environmental and societal impacts.

2 AUTHENTIC PRODUCTS & HERITAGE

> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

 $\mathcal{C}\mathcal{O}$

15 LIFE ON LAND



LACTALIS

OUR SUPPLIER STANDARDS OF CONDUCT ("STANDARDS")

Lactalis Canada Inc. recognizes that, as a distinguished leader in the dairy industry, our corporate responsibility extends to our supplier network. To this end, Lactalis Canada Inc. and its subsidiaries (collectively "Lactalis Canada") 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 Canada, our supplier network, and further serve to 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 Canada 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, suppliers to Lactalis Canada are expected to meet the following Standards:

Safety Culture - Suppliers are expected to:

- establish and maintain standards, procedures and management controls to ensure compliance with applicable health and safety laws and regulations at all times; and
- encourage employees to be actively involved in the improvement of their health and safety.

Human Rights - Suppliers are expected to:

- support and respect the protection of internationally proclaimed human rights; and
- ensure they are not complicit in human rights abuses by knowingly providing practical assistance, encouragement or moral support that has a substantial effect on the perpetration of the abuse.

Labour Standards - Suppliers are expected to:

- uphold freedom of association and the effective recognition of the right to collective bargaining;
- support the elimination of all forms of forced and compulsory labour;

- support the effective abolition of child labor; and
- support the elimination of discrimination in respect of employment and occupation.

Environment - Suppliers are expected to:

- encourage the development and implementation of technologies that protect the environment, reduce pollution, engage in sustainable resource management and use, increase recycling of their waste and products, and undertake and continuously improve acceptable waste management; and
- share available environmental data and risk analysis for the purpose of identifying best practices and areas of improvement.

Business Conduct and Ethics - Suppliers are expected to:

not engage in any form of corrupt activity, and should adhere to policies that require compliance with applicable anti-corruption laws and promote anti-corruption compliance practices.

Compliance

We expect that our suppliers will proactively monitor and assess their

business practices and seek opportunities for continuous improvement. To this end, our suppliers must conduct risk assessments to identify areas of potential non-compliance and implement appropriate measures to safeguard against such non-compliance.

Lactalis Canada may periodically review a supplier's conformity with these Standards. During such review or at any time, Lactalis Canada may ask a supplier to provide documentation to demonstrate its adherence to these Standards and/or Lactalis Canada may appoint a third-party auditor to audit a supplier's compliance with these Standards.

At any time, Lactalis Canada may terminate its business relationship with a supplier due to the supplier's failure to conform to these Standards.

Reporting

Violations of these Standards may be reported anonymously as follows:

Lactalis Canada Inc. 405 The West Mall, 10th Floor

Toronto, Ontario M9C 5JI Attn: Legal Department Email: compliance@ca.lactalis.com



AUTHENTIC PRODUCTS &



8 DECENT WORK AND ECONOMIC GROWT



3 LAND & RESOURCES





Act responsibly and sustainably to foster a stable and thriving planet for the future.



LAND AND RESOURCES

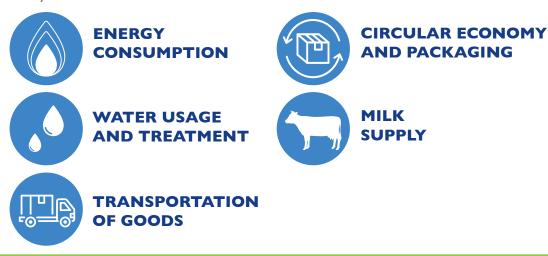
At Lactalis Canada, we understand and recognize that the rate at which our industry consumes finite planetary resources is unsustainable. We believe the first step in contributing to actionable and meaningful progress is to accurately assess our baseline inputs and emissions data so that we may carve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

Working with Science Based Targets (SBTi) and using the Greenhouse Gas (GHG) Protocol we expect to set a target by the end of 2021 to mitigate emissions by 2030 in alignment with the Paris Climate Agreement.

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 Canada 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 innovation that reduces our combined impacts and emissions.





ENERGY AND CARBON



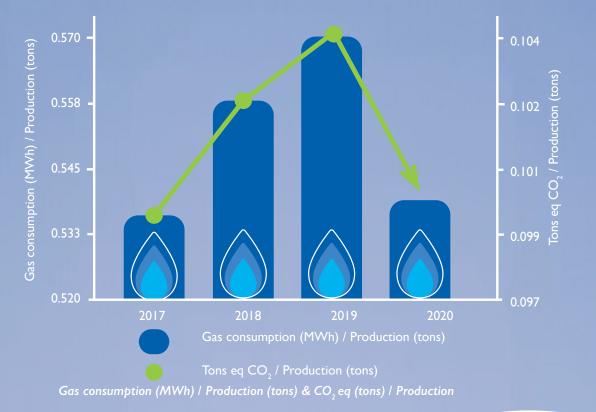
13 CLIMATE

NATURAL GAS

REDUCING OUR NATURAL GAS CONSUMPTION

Natural gas is currently the standard method for powering dairy processing plants and we track our consumption for each of our plants across the country. Gas usage is the biggest contributor to our carbon emissions at the plant level, therefore we have a long-term, project-based action plan to reduce our gas consumption. There are currently no viable alternatives for natural gas, so our approach is to reduce our consumption with improved efficiencies, such as updating obsolete equipment and using energy reclaim technology.

OUR PROGRESS SO FAR





ENERGY AND CARBON

NATURAL GAS

Our Victoriaville, QC plant installed two new steam boilers in 2017, increasing energy efficiency up to 92 per cent (vs 78 per cent previously) and reducing natural gas consumption by 1,500,000 m3/ year (2,900 tons equivalent CO_2).

Our Victoriaville, QC plant installed a 139m² solar wall to pre-heat boilers, lessening the need for heating, ventilation and air conditioning, which has led to a reduction of 36 tons of greenhouse gas emissions per year.

OUR EFFORTS CONTINUE

Through 2025 our work to improve energy efficiency and reduce greenhouse gas emissions will focus on upgrading our heating, ventilation, and air conditioning (HVAC) systems, as well as our drying and steam equipment as they will represent the main contributors to our controlled emissions.



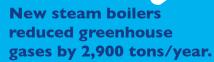
VICTORIAVILLE, QC

Québec

Installation of solar wall reduced greenhouse gases by 36 tons/year

Solar wall at Victoriaville







9 INDUSTRY, INNOVATIO AND INFRASTRUCTUR

2 RESPONSIBLE CONSUMPTION AND PRODUCTION

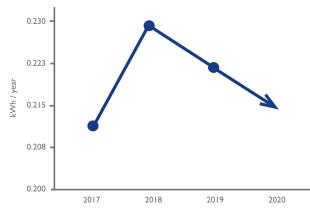
Lactalis Canada I Corporate Responsibility 2020/2021 Overview

ENERGY AND CARBON



FINDING ALTERNATIVES TO THE POWER GRID

Currently, Lactalis Canada relies exclusively on the traditional power grid for our electricity requirements. Our focus now is on reducing that dependence with the exploration of alternative sources in conjunction with our suppliers and various levels of government.



OUR PROGRESS SO FAR

At 10 of our major sites, Lactalis Canada invested \$1.5 million to replace lights with LED technology which has led to a reduction in energy consumption of 2.5 million kWh / year – equivalent to the electricity used annually by 100 homes.

OUR EFFORTS CONTINUE

Lactalis Canada will continue to enhance its energy reclaim technology (air compressors, replacement refrigeration efficiency). The batteries and cogeneration used for on-site biosolids has been identified as a potential opportunity which we will begin work on later in 2021.



10 OF OUR MAJOR LACTALIS CANADA SITES INVESTED

\$1.5 MILLION

to replace lights with LED technology

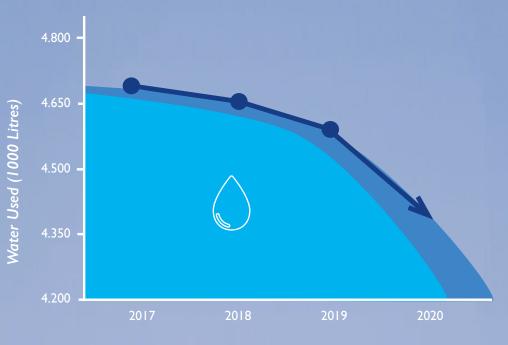


WATER

WATER USAGE

We use water as a necessary input in the manufacture 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 by installing samplers (water quality measurement systems) as well as volumetric flow meters. As we await the implementation of this data collection technology, we have been gathering data on our water usage through other means and have seen positive trends that we expect to continue.

WATER USED (1000 LITRES) / Tons of products since 2017



Water usage (1,000 litres) / Production (Tons)





6 CLEAN WATER AND SANITATION



OUR PROGRESS SO FAR

At our Victoriaville, QC plant, replacement of the city's water network with new glycol cooling technology for our production lines has reduced water consumption by 241,000 litres per day or 8.4 per cent. That's the equivalent of 1,600 showers.

At our Ingleside, ON plant, a project to reduce potable water usage in cooling and sanitation systems in the plant has reduced the facility's potable water consumption by 200,000 litres/day.That's the equivalent of the amount of water consumed daily by 608 residents.

At our Grunthal, MB plant, installation of a reverse osmosis system in 2020 has decreased waste, repurposed by-product into animal feed and allowed the facility to re-use purified water, decreasing the plant's potable water needs. The project has resulted in a decrease of 50,000 litres of potable water/day. That's the amount of water used to run 645 dishwashers.

OUR EFFORTS CONTINUE

Lactalis Canada continues to apply various reusable water best practices such as the implementation of a membrane filtration process to reduce the use of water in our facilities.

In Calgary, AB, Lactalis Canada has initiated a project to centralize all Clean-In-Place (CIP) systems to collect and use water more efficiently will see the facility introduce a new CIP system and recovery tank by 2023, resulting in an overall reduction of water use.

REDUCED WATER CONSUMPTION 8.4% PER DAY



6 CLEAN WATER AND SANITATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CALGARY, AB

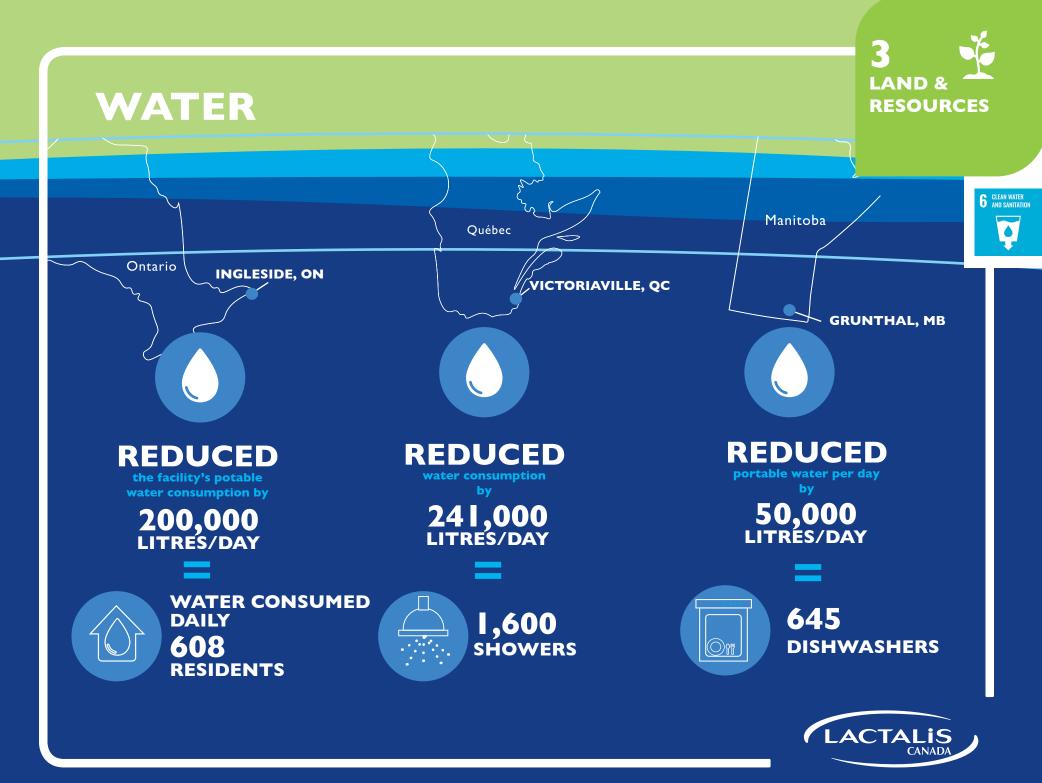
Glycol water loop at Victoriavill

VICTORIAVILLE

A project to centralize all Clean-In-Place (CIP) systems to collect and use water more efficiently will see the facility introduce a new CIP system and recovery tank by 2023, resulting in an overall reduction of water use.

DECREASE OF **50,000 LITRES** OF POTABLE WATER PER DAY





PRESERVING OUR WATERSHEDS

Lactalis Canada has long been committed to reducing pollution in wastewater at source by measuring and controlling material losses by using the Good Manufacturing Practices (GMP) tool. At a minimum, we ensure that all Lactalis facilities respect federal, provincial, and local regulations.

OUR PROGRESS SO FAR

A four-year, \$18 million project at our Winchester, ON plant has created a state-of-the-art wastewater treatment plant that has substantially reduced odours in the surrounding community and led to a 35% reduction in electricity consumption.

OUR EFFORTS CONTINUE

Lactalis Canada will continue to monitor the GMP system to reduce our impact associated with wastewater. Each year additional projects are planned to improve our wastewater quality (creating less pollution to treat for our own wastewater systems and for the wastewater treatment plants of the cities in which we operate).

 Winnipeg, MB – In 2022 a project to install a dissolved air flotation system will remove approximately 50 per cent of Carbon Oxygen Demand (COD) in our wastewater before being discharged to the city's wastewater treatment facility. Ontario

WINCHESTER, ON

A FOUR-YEAR, \$ 8 MILLION

STATE-OF-THE-ART WASTEWATER TREATMENT PLANT



LAND &

6 CLEAN WATER AND SANITATION

> 9 INDUSTRY, INNOVATIO AND INFRASTRUCTUR



AFTER New wastewater treatment facility at Winchester

WINCHESTER, ON

Winchester, ON plant has created a **STATE-OF-THE-ART WASTEWATER TREATMENT PLANT** that has substantially reduced odours in the surrounding community and led to a **35% REDUCTION IN ELECTRICITY CONSUMPTION.**





TRANSPORTATION

At Lactalis Canada we aim to reduce 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. In the spirit of continuous improvement, we have plans to further develop our partnerships in transportation and logistics to further mitigate the impact that this activity has on our planet.

Our approach is to reduce our carbon footprint through more efficient use of our equipment, reducing the total number of trucks on the road, increased use of the country's efficient rail network and partnership with strategic suppliers who invest in alternative energy sources for the transportation of goods.

OUR PROGRESS SO FAR

Through an increased use of Canada's railway network, we increased our total intermodal kilometres by 7 per cent (700,000 kilometres) between 2019 and 2020, despite the challenges caused by the pandemic.

In partnership with a key customer and our sales team, we implemented a new shipping schedule and ordering pattern to reduce the truck delivery frequency to that customer without any negative impact on service levels. With this action we removed the equivalent of 156 trucks from the road.

DID YOU KNOW?

Between 2019 and 2020, our use of rail on the country's east to west corridor increased from 35 per cent to 42 per cent.

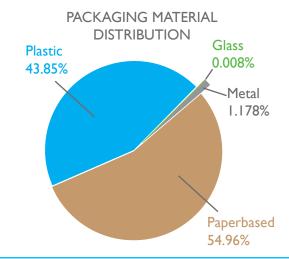


CIRCULAR ECONOMY AND PACKAGING

RESPONSIBLE PACKAGING

In addition to providing important product and nutritional information, our packaging materials must protect our products and optimize freshness while minimizing the impact on the environment. But we know there are challenges with plastic. Today, the use of plastic is rapidly increasing around the world, yet just 9 per cent of all plastic gets recycled. Virgin plastics remain an industry standard and at Lactalis Canada, we want to play our part to help change this.

At Lactalis Canada, the right packaging takes care of our products, consumers and the environment. In 2019, Lactalis Canada produced almost 550 million kilograms of branded retail product using approximately 16 million kilograms of packaging. This includes not only the packaging the consumer sees but also the shipping cartons used to deliver the product to our customers. We have established packaging intensity (PI) baselines (the weight of packaging compared to the weight of the product (kilogram of packaging/kilogram of product) for the company as a whole and for each of our retail business segments. This baseline will be used to establish meaningful targets for recyclability and recycled content in the years ahead. The overall PI for Lactalis Canada is 29 grams of packaging to 1 kilogram of product.



PACKAGING PROJECTS IN 2020

Lactalis Canada eliminated 108,000 kgs of corrugate cardboard from use as packaging.



13 CLIMATE

3,735 TREES

LAND &

RESOURCES

DID YOU KNOW?

Changing our shipping case size for some natural cheese bars and shredded cheese bags by only a few millimetres resulted in a REDUCTION OF 63,500 KILOGRAMS OF CARDBOARD, the equivalent of 3,735 TREES ANNUALLY.

DID YOU KNOW?

Our product packaging is 90% recyclable and 20% is made from recycled material.

CIRCULAR ECONOMY AND PACKAGING

SOLUTIONS TO **PLASTICS**

While today we rely on plastic packaging to safely share our products with consumers, we believe that innovations in sustainable packaging are on the horizon and we will make the responsible choice when they become available. We are looking for our current suppliers to continue innovating in their offerings as well as new partners who can offer novel solutions to the plastic problem.

In the meantime, we support government plans to improve Canada's recycling system which incentivizes businesses to select environmentally friendly and recyclable materials while ensuring all our plastic gets recycled here in Canada.

We believe our current efforts are best focused on the reduction of our overall use of plastic. To do this, we are taking three key actions:

I. Reducing the plastic we use in our business

2. Working collaboratively to reform Canadas's waste and recycling systems 3. Making it easier for consumers to reuse and recycle plastic

REDUCING

If we cannot completely remove plastic, we are redesigning our packs to use as little as possible.

- Black Diamond Natural Slices now use 20 per cent less plastic (6,000 kilograms) in its bottom film thickness, the equivalent of 108,000 plastic water bottles.
- Nine packaging initiatives completed in 2020 resulted in keeping 7,275 kilograms of non-recyclable plastics from the landfill annually and an elimination of 108,000 kilograms of corrugate cardboard (equivalent of 6,350 trees).
- Changing our shipping case size for some natural cheese bars and shredded cheese bags by only a few millimetres resulted in a reduction of 63,500 kilograms of cardboard, the equivalent of 3,735 trees annually.

Lactalis Canada continues to look for opportunities to reduce its overall packaging material usage and Pl, identifying the potential for almost 400,000 kilograms or 5 per cent of our paper-based packaging.

LAND & RESOURCES Marble Cheddar • Cheddar mar NATUR 20% CHEESE LESS Black PLASTIC Diamond THE EQUIVALENT **DID YOU** OF **KNOW**? 108,000 **Black Diamond Natural** Slices now use 20 per cent

plastic water bottles

2 RESPONSIBLE CONSUMPTION AND PRODUCT

13 CLIMATE ACTION

blastic water bottles.

less plastic (6,000 kilograms)

in its bottom film thickness,

the equivalent of 108,000



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE

17 PARTNERSHIPS FOR THE GOALS

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CIRCULAR ECONOMY AND PACKAGING

WORKING 2. **COLLABORATIVELY**

Expanding upon our current efforts supporting our provincial stewardship programs, Lactalis Canada has modified its packing usage tracking capabilities to include recyclability, recycled content and percent of virgin materials used. The system will be refined further, expanding the plastics classifications beyond those used in our provincial stewardship programs to the seven plastic resin identification codes used by the industry.

PLASTIC RESIN IDENTIFICATION CODES

A1 PETE	HDPE
Polyethylene Terephthalate	High-Densi Polyethyler

ל	A PVC



Chloride





Low-Density Polyethylene



Other





LDPE



Polypropylene





LAND &

2 RESPONSIBLE CONSUMPTION AND PRODUCTI

14 LIFE BELOW WATER

17 PARTNERSHIPS FOR THE GOALS

B

CIRCULAR ECONOMY AND PACKAGING

PROVINCIAL PARTNERS

Across Canada, Lactalis actively supports the provincial stewardship programs operated Québec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia including blue box recycling fee contributions and deposit systems. Through active participation in stewardship programs, Lactalis Canada has contributed more than \$15 million in the last five years. These contributions are expected to increase by more than 50% in the coming years to an estimated \$5 million annually under Extended Producer Responsibility (EPR) programs. The successful path forward under EPR transition programs will require all partners; governments, processors, recyclers and consumers to play their full roles. Lactalis Canada will work with provincial governments pressing for coordination of provincial programs, comprehensive industry guidance, consumer education, required infrastructure investments and the economic impact mitigations required for the development of both sustainable and economically viable solutions.

3. MAKING IT EASIER FOR CONSUMERS TO REUSE AND RECYCLE PLASTIC

Lactalis Canada has developed new performance indicators regarding clear and easily understandable recycling instructions on all our packaging. Modification of our tracking system will provide us with a clear picture of the percentage of our products that provide clear recycling instructions to our consumers and allow meaningful targets to be established.

PACKAGING PROJECTS IN 2020

Lactalis Canada kept 7,275 kgs of non-recyclable plastics from reaching landfill annually.

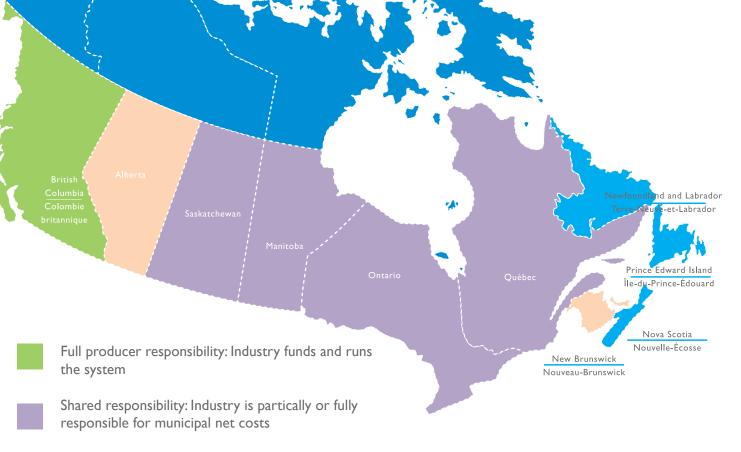
AT A GLANCE: PROVINCIAL RECYCLING RESPONSIBILITY



13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

B



Consideration of new program development underway



No program in place, no consultations ongoing

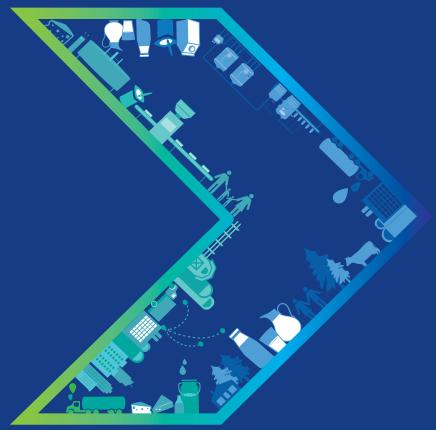


"OUR PLAN" FORWARD

Our objective is to enable responsible, profitable growth and deliver long-standing value for all our stakeholders – our people, consumers, customers, suppliers, dairy farmers, government, industry and community partners. This overview is the foundation of "Our Plan", providing a baseline of where Lactalis Canada is today with respect to corporate responsibility. In keeping with the true Lactalis way, we know our success is not in our words, but in our actions. Going forward, "Our Plan" will focus on establishing targets to track actions and measure our progress in the following three areas: 1) People & Communities; 2) Authentic Products & Heritage; and 3) Land & Resources.

We will outline our Key Performance Indicators (KPIs) and measure our performance and progress in our CR Report, which will be issued annually and will be available internally and externally. "Our Plan" will evolve and continue to be guided by our core values and through our regular engagement with our people, partners and suppliers. Additionally, with Lactalis Group's recent participation in the United Nations (UN) Global Compact, we are proud to support and align our own corporate activities more directly to the UN's Sustainability Development Goals (SDGs).

"Our Plan" will be inspired by insights from our Group and best practices from other countries where Lactalis has a presence and influenced by the outcomes of global initiatives including the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow, UK in November 2021 and its actions towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.





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COMMITTEE & CONTRIBUTORS

We would like to thank all those who have contributed to our 2020/2021 overview.

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