



Nurturing Progress

2024 ESG REPORT



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LAND ACKNOWLEDGEMENT

Lactalis Canada acknowledges the land we live, work and gather on is the traditional territories of many Indigenous Nations across what is now called Canada. We recognize the enduring presence, knowledge, and contributions of First Nations, Inuit, and Métis Peoples, and their deep and ongoing connection to the land.

WE SUPPORT



UN GLOBAL COMPACT

Lactalis Canada shares the United Nations’ (UN) global vision for a more inclusive, peaceful and prosperous future. We are working to support progress on the Sustainable Development Goals (SDGs) of the UN’s Global Compact, and aligning our ESG Framework, priorities and activities more directly with 15 of the 17 SDGs.

Specifically, we are working to prioritize the SDGs that we are contributing to across our ESG Framework and pillars – People & Communities, Authentic Products & Heritage, and Land & Resources – and where we believe we can have a significant impact in advancing our industry.

ABOUT THIS REPORT



This report provides an overview of Lactalis Canada’s ESG (Environmental, Social and Governance) activities and performance for the calendar year 2024, unless otherwise noted.

As part of our ongoing effort to focus on the sustainability issues that matter most to our stakeholders, we have streamlined how we present our ESG objectives to more clearly align with our ESG priorities while still maintaining our commitments and targets.

We have applied the Global Reporting Initiative (GRI) Standards as a guide for organizing and presenting data in this report. GRI topic codes are noted in [the data table](#) to support transparency and comparability, and to demonstrate how our efforts align with best practices in sustainability and reporting.

We understand the value of a global perspective in dealing with global challenges and have used the UN’s Sustainable Development Goals (SDGs) to inform our ESG framework and priorities. Our support of the SDGs is also reflected in this report: look for the SDG icons to understand where and how our actions contribute to advancing these goals. A full list of related SDG targets is also included in our [ESG performance data table](#).

SUSTAINABLE DEVELOPMENT GOALS



MESSAGE FROM OUR PRESIDENT & CEO



At Lactalis Canada, our purpose is clear: to *enrich and nurture the lives of Canadians*. In 2024, we continued to lay a strong foundation to advance our Environmental, Social, and Governance (ESG) journey – one that is deeply connected to our values, our people, and our long-term business objectives.

This past year, from opening our zero carbon-ready Distribution Centre in Oshawa, Ontario, to being named one of Forbes’ Best Employers of 2025, our ESG progress reflects both our ambition and our commitment to doing what’s right – for our people, communities and our planet.

We also hosted our first-ever ESG Summit, bringing together passionate leaders from across the business to explore the intersections of our ESG priorities and identify actionable solutions. This collaborative spirit was further strengthened by the establishment of robust internal ESG governance structures, empowering subject matter experts to lead with purpose and clarity.

These actions are levers of change that demonstrate how, when we empower our teams and align around a shared vision, we can drive real impact. ESG is not an afterthought at Lactalis Canada; it is a core strategic imperative that unites us, challenges us, and inspires us to do better every day.

Looking ahead to 2025, we are enabling our teams with new tools and structures, including ESG goals for salaried employees and the integration of ESG as the theme for our annual NEXT Ventures intrapreneurship program.

These initiatives will spark innovation, deepen engagement, and allow every employee to contribute to our ESG ambitions in meaningful and impactful ways.

We are also developing our first ESG Strategic Plan, guided by a new materiality assessment from Lactalis Group. This plan will chart our course forward – building on our strengths in areas like community engagement and food safety and nutrition, while accelerating progress in climate action and sustainable packaging.

As we look to the future, we are energized by the opportunity to work hand-in-hand with our employees, partners, suppliers, farmers, and customers to shape a tomorrow defined by an engaged workforce, a thriving industry, healthier planet, and stronger communities across Canada.

We’ve made meaningful progress, but we know collectively, we are **Better Together.**

Mark Taylor
President and CEO,
Lactalis Canada



PERSPECTIVE FROM LACTALIS GROUP



In 2024, what were some of Lactalis Group’s key achievements that Canada contributed to?

In 2024, Lactalis Group made measurable progress in our sustainability roadmap, and Canada played a pivotal role in advancing our global Environmental, Social, and Governance (ESG) agenda.

I am especially proud that our Group carbon emissions reduction targets were officially validated by the Science Based Targets initiative (SBTi). This highlights the dedication of our global team and serves as a catalyst to intensify our efforts with actions already underway.

Additionally, our HR teams rolled out our Diversity, Equity, and Inclusion (DEI) initiative in all countries, notably Canada. This included employee training and initiation of empowerment and mentoring programs. These are meaningful first steps toward greater inclusion in our teams.

We achieved these first steps thanks to our partners and employees globally and in Canada who are passionate and dedicated to contributing to a better future for the next generation. I would like to sincerely thank them and assure them of my commitment to working alongside team members from around the world to continue this partnership and contribute to protecting our planet!

What Canadian ESG successes stood out to you in 2024?

Our Canadian team has been innovative, looking for solutions to reduce GHG emissions across the supply chain. I am impressed by our new “Zero Carbon Ready by Design” distribution centre in Oshawa, Ontario that is equipped with advanced technology and lowering our climate footprint. Additionally, the intermodal shift from Trucks to Rail Program received a Canadian Grocer Impact Award in 2024 for its impressive carbon reduction and inspired other countries like Slovenia. Sharing best practices within our global ESG network can create significant impact!

In packaging, a thoughtful design change aligned with the [Golden Design Rules](#) led to the replacement of 47,000 kg of black plastic lids on Krema yogurt with gold-coloured lids making them easier to be sorted and collected by recycling facilities, further reducing waste.

Beyond these projects, I’m inspired by people in Canada. I would like to thank our Canadian team for their bold determination and expertise in making responsible growth a reality.

What would be the call to action for 2025?

2025 will be an impactful year in our ESG journey. At the Group level, we are looking for opportunities to decarbonize across scopes 1, 2, and 3. To succeed, we need local champions to integrate more suppliers into this climate initiative across the value chain.

In terms of circular economy, we aim to improve the recyclability and light-weighting of our packaging, as well as maintain certification for sustainable sourcing of virgin paper in our packaging.

Lastly, the time has come to shift from ambition to action for key ESG topics identified during our materiality analysis: biodiversity, water, and waste roadmaps are underway.

I have no doubt that the Canadian team will continue to drive the way and contribute to deliver on our ESG ambition as we *nurture the future!*

Agnès Baudet-Barbezant
General Manager for Quality & CSR
Lactalis Group




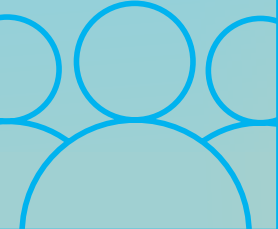




Photo Credit: Sylvain Malmouche

ABOUT US

LACTALIS GROUP

Lactalis Canada is part of Lactalis Group, the world’s #1 dairy group, headquartered in Laval, France. Established in 1933 by André Besnier, Lactalis Group is a family-owned global business with over 85,000 employees, 270 operational facilities and a presence in more than 50 countries.



<div>#1</div> <div>GLOBAL DAIRY COMPANY</div>		<div>50+</div> <div>COUNTRIES</div>
	<div>85,500+</div> <div>GLOBAL EMPLOYEES</div>	
<div>270</div> <div>PRODUCTION SITES</div>		<div>#3</div> <div>CANADA’S RANKING WITHIN LACTALIS GROUP*</div> <div><small>*Turnover</small></div>
	<div>9th</div> <div>GLOBAL AGRIFOOD COMPANY</div>	



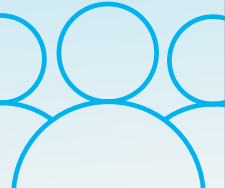





ABOUT US

LACTALIS CANADA



With over 140 years of brand heritage, Lactalis Canada is committed to enriching and nurturing the lives of Canadians by producing nutritious and great-tasting dairy products. The company’s iconic brands include: Cracker Barrel, Black Diamond, P’tit Québec, Balderson, Cheestrings Ficello, aMOOza!, Astro, Khaas, siggi’s, IÖGO, IÖGO nanö, Olympic, Lactantia, Beatrice, Bfit, Enjoy!, Marie Morin Canada, Galbani, and Président.

OUR PURPOSE <i>To Enrich & Nurture the Lives of Canadians</i>		#3 LARGEST BRANDED CPG IN CANADA		9/10 OF HOUSEHOLDS HAVE PURCHASED AT LEAST ONE LACTALIS PRODUCT ¹	OUR CORPORATE GOALS		BECOME AN EMPLOYER OF CHOICE	OUR VALUES	Ambition ✓ Performance ✓ Continuous Improvement ✓ People Development
	CANADIAN GROCER IMPACT AWARD RECIPIENT FOR 4TH CONSECUTIVE YEAR		4,000+ EMPLOYEES		ACHIEVE OUR BUSINESS GROWTH OBJECTIVES		BE THE INNOVATION LEADER		Commitment ✓ Entrepreneurship ✓ Tenacity ✓ Loyalty
GREATER TORONTO'S TOP EMPLOYERS 2025		NAMED ON FORBES LIST OF CANADA'S BEST EMPLOYERS		30+ OPERATING SITES INCLUDING 20 MANUFACTURING FACILITIES	CREATE AN EXCEPTIONAL CONSUMER & CUSTOMER EXPERIENCE		INCREASE PACE, AGILITY & RESPONSIVENESS TO BE THE EASIEST DAIRY COMPANY TO DO BUSINESS WITH		WITH Simplicity ✓ Accessibility, Modesty ✓ Transparency ✓ Pragmatism



1. 93 per cent of Canadians have at least 1 Lactalis Canada product in their household at any given time. Source AC Nielsen, National, Total Outlets, L52wks PE March 27/21 (excludes Ultima brands).

OUR APPROACH



Our ESG framework is built on three pillars that guide our decisions and focus our efforts: [People & Communities](#), [Authentic Products & Heritage](#), and [Land & Resources](#). These pillars reflect our commitment to supporting the economic and social well-being of our people and the communities we operate in, providing high quality, nutritious and great tasting dairy products, and caring for the planet. As a responsible business, we aim to meet evolving consumer and customer expectations, manage risk, and help make Canada’s food system more resilient.

Our ESG approach is closely tied to our business strategy and operations. At Lactalis Canada, we are committed to responsible growth by supporting environmental stewardship, fostering strong community partnerships, promoting healthy and nutritious products, and enhancing employee well-being. These pillars guide how we operate, invest, and innovate across our business.

Our ESG Priorities

We believe good decisions start with listening. In 2020, Lactalis Group engaged 175 stakeholders – 30% internal and 70% external – to understand their views on 33 ESG topics relevant to our business. Through the materiality assessment², we identified three Group-level priorities – areas where we can have the greatest collective impact and that matter most to our business:

- 1. Climate and carbon footprint reduction
- 2. Circular economy and responsible packaging
- 3. Animal welfare

Our [ESG framework](#) and actions are informed by the Lactalis Group-level priorities and are also shaped by our local context and stakeholder concerns. We collaborate closely with a wide range of stakeholders in our industry to bring about positive and lasting changes. Acknowledging that the challenges we face are multifaceted and extend beyond the scope of a single organization, we engage in strategic partnerships with our employees, consumers, customers, suppliers, dairy farmers, communities, industry partners and government bodies. Together, we aim to build trust and work toward shared goals.



2. Lactalis Group plans to release the new materiality assessment in 2025. The updated insights will inform the next phase of our ESG strategy.

OUR FRAMEWORK



1 PEOPLE & COMMUNITIES

Contribute to the economic and social well-being of our people and the communities where we live and work.



2 AUTHENTIC PRODUCTS & HERITAGE

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



3 LAND & RESOURCES

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



People

Health & Safety

Communities



Food Safety & Product Quality

Simple & Natural Ingredients

Animal Welfare & Milk Supply



Energy & Carbon

Supply Chain

Circular Economy & Packaging

Waste & Water



REPORTING AND GOVERNANCE

ESG GOVERNANCE



In 2024, we enhanced our ESG governance to connect ESG efforts across functions, divisions, and corporate strategy. Our governance framework includes:

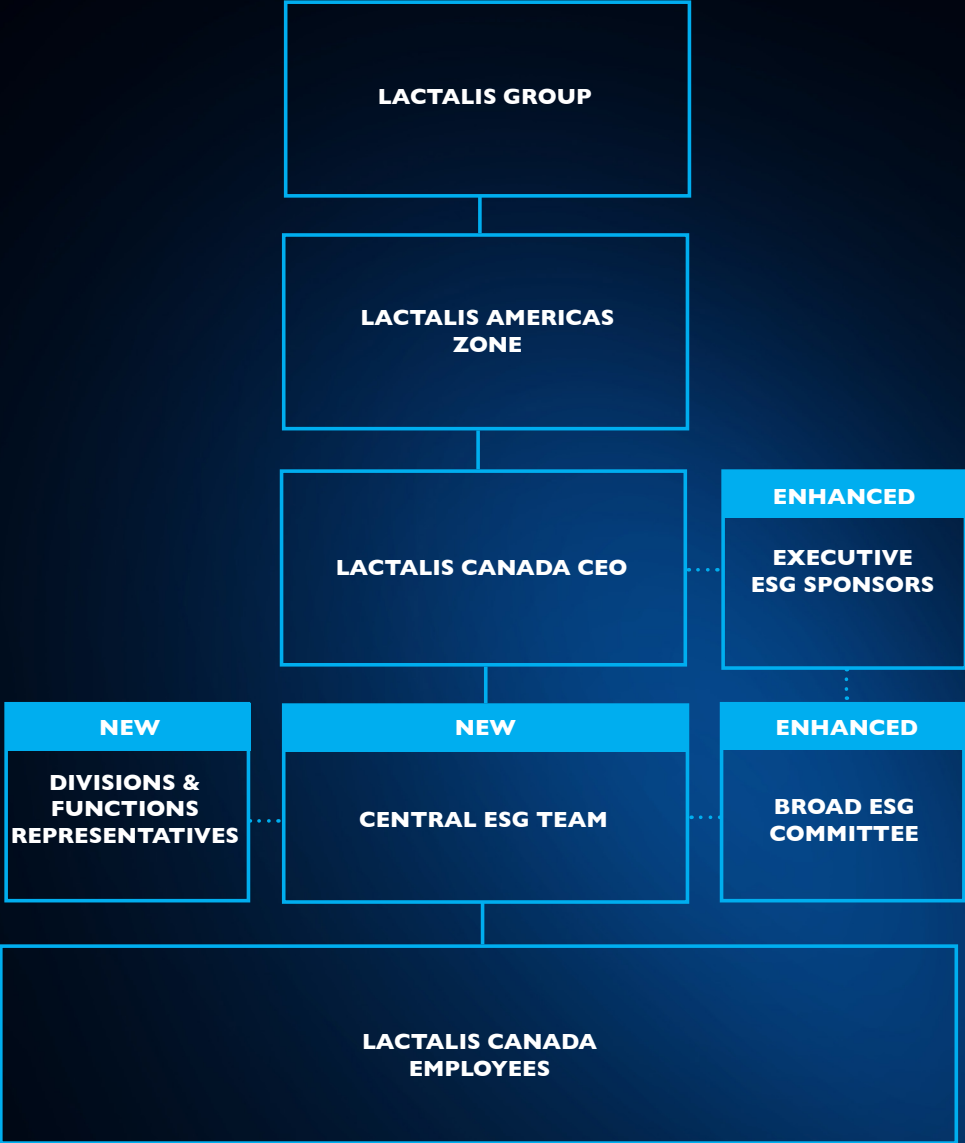
- **CEO and ESG Executive Sponsors:** Senior leaders champion and oversee progress, ensure strategic integration and compliance, and allocate resources.
- **Divisions and Functions:** Each business division and function is responsible for integrating ESG considerations into day-to-day operations.
- **Broad ESG Committee:** A cross-functional committee ensures alignment and coordination on key ESG topics.
- **Central ESG Team:** This core team leads ESG strategy development, provides technical guidance, supports reporting, and ensures a consistent approach across the organization.

Our approach to ESG governance keeps us on track and ensures responsibility at every level of the organization. Overall, our governance structure emphasizes communication, collaboration, accountability, and alignment to global standards, reinforcing our commitment to sustainable and responsible business practices.

In Canada, our President and CEO is responsible for ESG performance, supported by a clear and connected governance framework.

Our governance structure ensures a comprehensive and integrated approach to ESG governance, facilitating effective communication, collaboration, and alignment across all levels of the organization. Every Lactalis Canada employee plays a role in bringing our ESG framework to life by complying to our ESG policies and goals, supporting and participating in sustainability initiatives, fostering an inclusive work environment, and acting ethically in their day-to-day activities.

OUR GOVERNANCE AND REPORTING STRUCTURE



2024 HIGHLIGHTS



Opened the new Oshawa Distribution Centre, the largest in capacity for Lactalis Group, and a zero-carbon ready building.



Trained our executive leadership on Climate Fresk, to build understanding on climate change within our leadership.



133 ideas submitted for NEXT Ventures, our annual program to promote innovation and explore new opportunities in technology, products and processes.

In 2025, NEXT Venture’s theme will explore how ESG ideas can provide value to Lactalis Canada.



2 Canadian Grocer Impact Awards, in the Sustainability category for our intermodal program, and in the Communities category for our P’tit Québec project.



Hosted the first Lactalis Canada ESG Summit bringing together ESG Leaders from across the organization to learn about ESG topics and how we can approach these challenges together.

AT A GLANCE: OUR 2024 COMMITMENTS AND PROGRESS



PEOPLE & COMMUNITIES

Contribute to the economic and social well-being of our people and the communities where we live and work.



✗

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✓

★

Not MetIn Progress/OngoingAchievedNew

PEOPLE	HEALTH & SAFETY	COMMUNITIES
<p>Commitment 1: Support our people’s overall mental and physical well-being by putting effective programs and policies in place.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Increase awareness and engagement with employee wellness programs.• Continuously evaluate and align wellness initiatives with employee needs.• Expand mental health education, training and support resources.	<p>Commitment 1: Improve our year-over-year safety performance by advancing key initiatives that build a stronger culture of accountability and prevention.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Implement a certifiable and integrated EHS system by 2030, guided by recognized best practices. <p>Targets:</p> <p>Implement at least 80% of the potential health and safety improvements identified in our Environment, Health and Safety (EHS) Playbook, our internal guide to ongoing health and safety improvements, each year.</p> <p>✓</p> <p>Reduce Lactalis Canada’s year-over-year All Injury Frequency Rate by 15% in 2024.</p> <p>✗ * Not achieved, 12% reduction achieved</p>	<p>Commitment 1: Build and nurture strong philanthropic partnerships with key organizations, institutions, and special interest groups.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Support the well-being of youth and communities through Lactalis Canada’s long-standing corporate philanthropic partnerships with Kids Help Phone and the Grocery Foundation.
<p>Commitment 2: Support employee growth through training, career development, and performance planning.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Enhance training programs to support career development and improve employee retention.• Connect performance goals with personal development and growth opportunities.• Prepare for the future by helping new and existing talent build the skills they need to reach our key strategic objectives.		<p>Commitment 2: Promote positive community impact and generate consumer goodwill and awareness through Lactalis Canada’s trusted and iconic brands.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Harness the influence of Lactalis Canada’s brands “for good” to raise consumer awareness and support for community initiatives.
<p>Commitment 3: Build a unified, collaborative culture where everyone feels valued, included, and empowered to be their authentic selves.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Understand workforce demographics and experiences of inclusion.• Celebrate and leverage diversity in our teams.• Engage employees in DEI initiatives and encourage feedback.		<p>Commitment 3: Foster greener, healthier, and empowered communities where our employees live and work.</p> <p>Objectives:</p> <ul style="list-style-type: none">• Build and strengthen positive relationships as a trusted neighbour, partner and employer in the communities we operate in across the country.

AT A GLANCE: OUR 2024 COMMITMENTS AND PROGRESS



AUTHENTIC PRODUCTS & HERITAGE

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

SUSTAINABLE DEVELOPMENT GOALS



✗

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✓

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Not MetIn Progress/OngoingAchievedNew

FOOD SAFETY & PRODUCT QUALITY	SIMPLE & NATURAL INGREDIENTS	ANIMAL WELFARE
<p>Commitment 1: Ensure food safety and compliance with all relevant regulations to provide Canadians with brands and products they trust.</p> <p>Objectives:</p> <ul style="list-style-type: none">Ensure we meet all municipal, provincial and federal food safety regulations to continuously strengthen our entire food safety system. <p>Targets:</p> <ul style="list-style-type: none">100% of Lactalis Canada manufacturing facilities are Global Food Safety Initiative (GFSI) certified by 2025.100% of Lactalis Canada suppliers are GFSI certified by 2030.	<p>Commitment 1: Reduce the sugar and sodium content of our products.</p> <p>Objectives:</p> <ul style="list-style-type: none">Reduce sodium in select cottage cheese, processed cheese, natural cheese, and butter products to align with Health Canada’s voluntary sodium-reduction guidelines.Assess our product portfolio against Health Canada thresholds for Front-of-Package Labelling for sugar and saturated fat and identify products for reduction initiatives by 2025. <p>Commitment 2: Continue to enhance our products by focusing on simple and natural ingredients.</p> <p>Objectives:</p> <ul style="list-style-type: none">Share accurate science-based information about dairy’s nutritional benefits to support informed choices.Provide consumers with a range of yogurt products made with only simple ingredients, no artificial colours, flavours or sweeteners, and that are low in sugar and high in protein, by 2024. <p>Commitment 3: Continue to support the adoption of organic products and responsibly sourced ingredients in line with our consumer preferences and expectations.</p> <p>Targets:</p> <ul style="list-style-type: none">Ensure 100% of the eggs, soy and cocoa used in our beverage and margarine products are sourced in line with Lactalis Group’s Animal Welfare and Deforestation Policies by 2025.Maintain 100% certification of palm oil and derivatives under the Roundtable on Sustainable Palm Oil by 2025, in line with Group Lactalis’ Palm Oil Sourcing Policy.	<p>Commitment 1: Advocate for the implementation, deployment and reinforcement of ambitious animal welfare standards, working to phase out the most problematic practices while implementing the best ones.</p> <p>Objectives:</p> <ul style="list-style-type: none">Work closely with our value chain partners to:<ul style="list-style-type: none">Prevent animal cruelty and neglect.Comply with all applicable animal health and welfare regulations.Contribute to national and global initiatives, including the National Farm Animal Care Council, Dairy Farmers of Canada proAction Animal Care module, and the Lactalis Group’s Animal Welfare Policy which is aligned with the Five Freedoms of the World Organisation for Animal Health.Support research and industry initiatives to advance animal welfare science and drive new solutions.

AT A GLANCE: OUR 2024 COMMITMENTS AND PROGRESS



LAND & RESOURCES

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

ENERGY & CARBON

Commitment 1: Accelerate the transition to a net-zero future by reducing energy intensity in Canada and contributing to Lactalis Group’s Scope 1 and Scope 2 greenhouse gas (GHG) reduction targets.

- Objectives:
- Adopt new technologies that decarbonize our manufacturing processes.
 - Increase energy efficiency by ensuring facilities operate with the best available equipment, including energy reclamation technologies.

SUPPLY CHAIN

Commitment 1: Reduce our GHG emissions across transportation and warehousing operations by optimizing how we move and distribute our products to market.

- Objectives:
- Use a mix of transportation methods, including intermodal, to move products more efficiently.
 - Optimize use of trucks, trailers, other transportation assets and routes to cut fuel use.
 - Improve energy efficiency in our warehouses.

- Targets:
- Reduce transportation-related GHG emissions related to transportation by 30% by 2027 and 60% by 2033 (vs 2019).

CIRCULAR ECONOMY & PACKAGING

Commitment 1: Implement our Right Pack approach, which includes reducing the amount of non-returnable packaging used per product through eco-design and optimization.

- Objectives:
- Assess all packaging against the Canadian Plastic Pact’s Golden Design Rules for circular economy compatibility, which aim to ensure alignment with circular-economy principles, making plastic packaging more recyclable and reducing unnecessary waste.
 - Reduce packaging intensity performance.

- Targets:
- Maintain 100% screening rate of our expanding pillar product portfolio (46 products) and all new product innovations using the new eco-design tool.

Commitment 2: Strive to ensure packaging is made of safe, sustainable materials, and designed for circularity.

- Targets:
- 100% of retail packaging to be recyclable by design by 2025.
 - 100% retail packaging can be recycled (recyclable in practice) by 2030.
 - Maintain 100% sustainable sourcing certification for virgin paper materials.
 - Average of 30% recycled content in packaging by 2026.
 - Eliminate PVC from all packaging by 2025.

Commitment 3: Educate consumers and employees to help close the loop and support a circular economy.

- Objectives:
- Promote responsible waste-management and recycling practices.
 - Embed packaging education across our organization and public engagement efforts.

- Targets:
- Ensure 100% of product packaging includes on-pack waste management instructions by 2026.

WASTE REDUCTION

Commitment 1: Minimize our environmental impact by reducing waste generated by our operations and conserving natural resources.

- Objectives:
- Establish metering and baseline data to guide effective waste management strategies.

WATER

Commitment 1: Understand our water use and discharge (wastewater) to drive efficient resource management, improve wastewater quality, and mitigate compliance risks.

- Objectives:
- Establish metering and baseline data to guide effective water management strategies.





PEOPLE & COMMUNITIES



PEOPLE

Our purpose is to enrich and nurture the lives of Canadians, and that begins with our people. We want to create a workplace where everyone feels valued and included. We believe in supporting our team through fair pay, opportunities to grow, and meaningful recognition because when our people thrive, so does Lactalis Canada.

HEALTH & SAFETY

Our people come first. We are committed to creating a safe, healthy workplace, fostering a culture of care, prioritizing employee well-being, and working toward a zero-incident environment.

COMMUNITIES

We strive to enrich and nurture the lives of Canadians by offering nutritious, high-quality Canadian dairy products while engaging in strategic and impactful community-related programs that make meaningful impact where we live and work.

In 2024, we established our new community strategy that will focus on five key areas of community engagement: Community Relations, Philanthropic Partnerships, Brands for Good, Product Donations, and Stakeholder Initiatives.





PEOPLE

COMMITMENT 1:

Support our people’s overall mental and physical well-being by putting effective programs and policies in place.



Objectives:

1.

Increase awareness and engagement with employee wellness programs.
2.

Continuously evaluate and align wellness initiatives with employee needs.
3.

Expand mental health education, training, and support resources.

What We Did:



Launched new initiatives, including the Accommodation Program to support employees by promoting a fair and equitable process for workplace accommodations and ensuring that employees facing barriers can fully participate in their jobs.



Supported employees nearing retirement with the Employee Retirement Guide, providing an overview of retirement saving and post-retirement benefits.

What’s Next:



Launch Creating a Mentally Healthy Workplace training for our Leadership team, equipping them with tools to help support employee well-being.



Create a Wellness Toolkit for Managers so they can better support their teams.



Develop a Psychological Health and Safety Policy to protect the mental well-being of employees and create a respectful and supportive work environment.

2024 HIGHLIGHTS

25%

increase in utilization of our Mental Health Training

25%

increase in Employee Assistance Program registration

1,989

volunteer hours contributed from employees





PEOPLE

COMMITMENT 2:

Support employee growth through training, career development, and performance planning.



Objectives:

1.


Enhance training programs to support career development and improve employee retention.
2.

Connect performance goals with personal development and growth opportunities.
3.

Prepare for the future by helping new and existing talent build the skills they need to reach our key strategic objectives.

What We Did:

- 

Introduced the Leadership Academy featuring 360 assessments, 1:1 debriefs, and training.
- 


Continued to support key development programs like our International Engineer Apprenticeship Program, North America Industrial Academy, and New Graduate Rotational Program in Industrial Management Control.
- 


Introduced Leadership Role Model Awards to recognize Leadership team members (Director level and above) who exemplify our values, and to provide examples of how to lead and succeed at Lactalis Canada.

Our academies serve as valuable training platforms, helping employees build skills and deepen their industry knowledge.

What's Next:

- 

Grow our talent pipeline by hosting 60 interns across Canada as part of our NextGen Campus Program and strengthening university, college and post-secondary partnerships.
- 

Introduce two new Leadership Academy programs, one for people managers and the other for front-line supervisors with direct reports.
- 

Launch our Commercial Academy to support the Sales team with training and coaching for customer management and partnership building.

2024 HIGHLIGHTS

42%
of salaried roles filled by internal candidates

103%
use of our expected training and development budget, showing stronger-than-expected employee engagement with learning opportunities

110
employees trained in Year 1 in our Leadership Academy





PEOPLE

COMMITMENT 3:

Build a unified, collaborative culture where everyone feels valued, included, and empowered to be their authentic selves.



Objectives:

1.

Understand workforce demographics and experiences of inclusion.


2.


Celebrate and leverage diversity in our teams.


3.

Engage employees in Diversity, Equity and Inclusion (DEI) initiatives and encourage feedback.

What We Did:

- 

Launched three Employee Resource Groups (ERGs) – 1) Women, 2) Black, Indigenous and People of Colour (BIPOC), and 3) Multigenerational, based on employee feedback and best practices for an inclusive workplace.
- 

Introduced digital training on DEI topics and best practices, with six new modules to promote awareness and understanding.
- 

Piloted training on Indigenous Communities in Canada to improve understanding of cultural protocol and foster a greater sense of inclusion.

What's Next:



Develop shared DEI goals with Employee Resource Groups and the DEI Council to unify efforts, embed inclusive practices company-wide, and activate a strong, visible network of DEI champions.

Expand Mentoring Program to:



- 1) Digitize the mentor-mentee matching experience to make it more user-friendly
- 2) Introduce reverse mentoring to reduce intergenerational gaps
- 3) Offer resources to support mentor-mentee relationships for ongoing success and impact.

2024 HIGHLIGHTS

88%

response rate for company-wide engagement survey

24

new pairings in our Diverse Mentoring Program, designed to promote inclusion, support employee development, and provide exposure to senior leadership





GREATER TORONTO'S TOP 2025 EMPLOYERS SPOTLIGHT

SPOTLIGHT



Lactalis Canada has been recognized as one of Greater Toronto's Top Employers for 2025 by Mediacorp Canada Inc., recognizing employers that lead their industries in offering exceptional places to work. Winners are selected on a wide range of criteria, including 1) Workplace; 2) Work Atmosphere and Social; 3) Health, Financial and Family Benefits; 4) Vacation and Time-Off; 5) Employee Communications; 6) Performance Management; 7) Training and Skills Development; and 8) Community Involvement.





HEALTH & SAFETY

COMMITMENT 1:

Improve our year-over-year safety performance by advancing key initiatives that build a stronger culture of accountability and prevention.



Objectives:

- I.
- Implement a certifiable and integrated EHS system by 2030, guided by recognized best practices³.

Targets:



Reduce Lactalis Canada’s year-over-year All Injury Frequency Rate by 15% in 2024⁴.
*Not achieved, 12% reduction was achieved.



Implement at least 80% of the potential health and safety improvements identified in our Environment, Health and Safety (EHS) Playbook, our internal guide to ongoing health and safety improvements⁵, each year.

What We Did:



Created robust health and safety reporting mechanisms with specific actions and methods to track progress identified in the EHS Playbook, targets for each commitment, and assigned leaders to drive safety improvements.



Completed Safety Leadership Training for all site managers and directors to strengthen our safety culture and meet EHS Playbook requirements.



Delivered *TapRoot* training across all sites to help teams find the root cause of incidents. A minimum of one team member was trained at each site.

3. In our 2023 ESG Report, we reported this as a commitment for 2025. Recognizing this will not be achievable for 2025, yet an objective we still aim to achieve, we have moved this to a 2030 objective.
4. Target is calculated as: number of recordable incidents (with and without lost time) per 1,000,000 working hours.
5. Lactalis EHS Playbook outlines best practices for Health and Safety and is updated annually to align to long our term vision.

What’s Next:



Implement incident management training to build employee capacity in handling unexpected health and safety events.



Continue to develop training programs for critical issues such as confined space, power industrial trucks, noise exposure prevention programs, lifting, and additional evolving risks.



Roll out our expanded audit program, including Group Health, Safety and Loss Prevention and Playbook Cross-Functional Audits. These audits will assess EHS compliance, strengthen safety practices and support certification readiness by 2030.

2024 HIGHLIGHTS

12% improvements in year-over-year injury frequency rate, to 13.3





COMMUNITIES

COMMITMENT I:

Build and nurture strong philanthropic partnerships with key organizations, institutions, and special interest groups.





Objectives:


I.


Support the well-being of youth and communities through Lactalis Canada’s long-standing corporate philanthropic partnerships with Kids Help Phone and the Grocery Foundation.


What We Did:

- 

Strengthened our 35-year partnership with Kids Help Phone through a \$2.6 million multi-year corporate gift to support its “Feel Out Loud” campaign, Canada’s largest youth mental-health movement.
- 

Continued our sponsorship of the important work of The Grocery Foundation – supporting student nutrition programs.
- 

Funded Indigenous youth (Finding Hope) and Black youth (RiseUp) Kids Help Phone initiatives through corporate donations.
- 

Organized fundraising and engagement activities at sites nationwide via our Employee Community Engagement Committee.
- 

Demonstrated active leadership through Executives representation in our community initiatives: President & CEO Mark Taylor sits on the Kids Help Phone Campaign Cabinet and The Grocery Foundation board, and VP & General Counsel Tony Cugliari serves on the Kids Help Phone board.

What’s Next:

- 

Launch a refreshed campaign to promote participation in the Lactalis Canada-Kids Help Phone payroll deduction program to increase year-round employee engagement.
- 

Nurture partnerships with existing organizations while identifying new opportunities to address mental health, food insecurity, and community resilience.

2024 HIGHLIGHTS

\$3.3M

in total community investment, a 22% increase year over year

906,499

litres or kilograms of total product donated

6.6M

meals donated across Canada for those in need





COMMUNITIES

COMMITMENT 2:

Promote positive community impact and generate consumer goodwill and awareness through Lactalis Canada’s trusted and iconic brands.




Objectives:

I.

Harness the influence of Lactalis Canada’s brands “for good” to raise consumer awareness and support for community initiatives.

What We Did:

- 

Partnered with The Grocery Foundation through our Cheestrings, Astro, and Beatrice brands to provide nutritious breakfasts and snacks to school-aged children via the Back to School and Make Happy Tummies programs.
- 

Introduced the [Balderson Artisan Cheesemakers Scholarship](#) to support the next generation of Canadian cheesemakers.
- 

Continued our annual P’tits Projets pas si P’tits campaign with P’tit Lounge d’église in Delson, Quebec, transforming the church basement with a \$65,000 refurbishment, earning Canadian Grocer Magazine’s Impact Award for Community Service for the third consecutive year.



What’s Next:



Launch new Buy Canadian brand campaign to promote Canadian-made products, while supporting Canadian dairy farmers, suppliers and the communities we operate in through employment across Canada.



Introduce a new national campaign through our yogurt brands in support of Kids Help Phone.



Continue to provide in-kind product donations to Canadian food banks and launch a new partnership with Second Harvest to address food insecurity.

2024 HIGHLIGHTS

\$40,000
iÖGO, iÖGO nanö, Astro, Olympic, and Siggis’ brands donation to Kids Help Phone through the Snack, Give & Win back-to-school campaign

15,000+ kg
Black Diamond cheese donation as part of a \$75,000 contribution to Food Banks Canada





NO LONELY LUNCHES

SPOTLIGHT

In fall 2024, our Cheestrings Ficello brand partnered with Kids Help Phone to launch the No Lonely Lunches campaign. Each individual Cheestrings product wrapper featured the Kids Help Phone 24/7 e-mental health crisis line, helping make vital mental health support more visible and accessible to children and families across Canada.

To further support this initiative, the brand donated \$100,000 to Kids Help Phone, reinforcing our long-standing commitment to youth mental health.





COMMUNITIES

COMMITMENT 3:

Foster greener, healthier, and empowered communities where our employees live and work.



Objectives:

I.

Build and strengthen positive relationships as a trusted neighbour, partner, and employer in the communities we operate in across the country.

What We Did:

- 

Commemorated the 100th anniversary of our Laverlochère, Quebec plant with employees, government, industry and community partners including a donation to the Breakfast Club of Canada.
- 

Hosted over 300 local residents at our Montreal, Quebec plant for hands-on product tastings and sensory demonstrations.
- 

Hosted an event at our Sudbury, Ontario facility with employees, government, industry and community partners including a donation to the Sudbury Food Bank.
- 

6. Site-specific fund empowering employees to support community programs aligned with Lactalis Canada's purpose.

What's Next:

- 

Rollout Lactalis Canada's Community Strategy.
- 

Expand the Lactalis Canada Community Enrichment Fund by actively creating relationships with community stakeholders through our site-led committees.
- 

Grow the Lactalis Canada in the Community Program, with events planned for Etobicoke, Ontario and Ingleside, Ontario.

2024 HIGHLIGHTS

\$318,000

contribution to [Lactalis Canada Community Enrichment Fund](#)⁶

100+

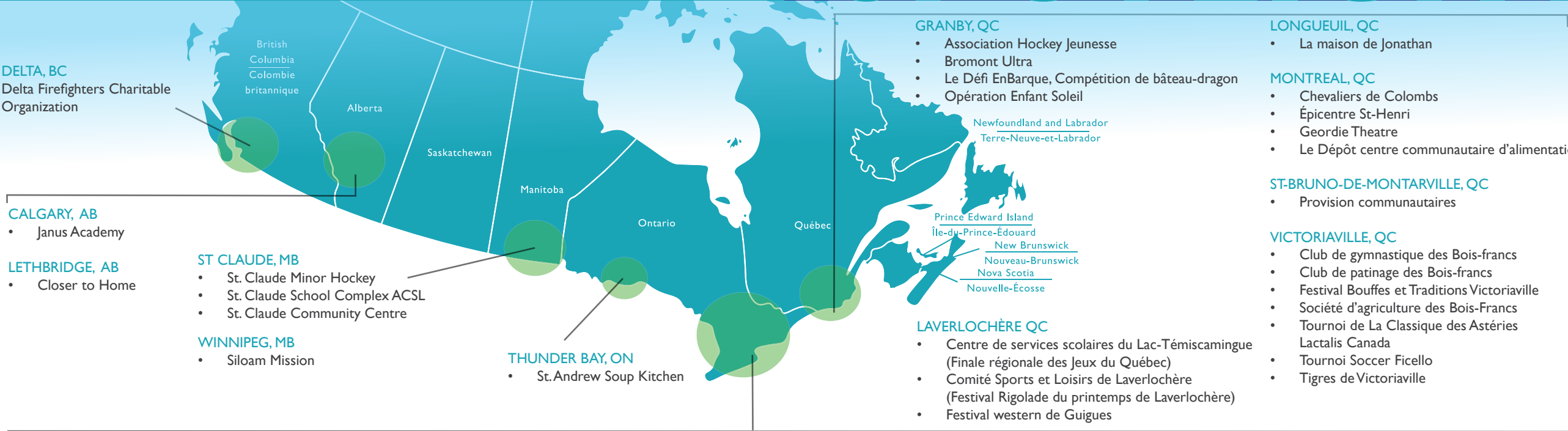
organizations supported





COMMUNITY ENRICHMENT FUND

SPOTLIGHT



BELLEVILLE, ON <ul style="list-style-type: none">Alzheimer Society of CanadaAddiction and Mental Health Services - Kingston, Frontenac, Lennox and AddingtonBelleville General Hospital FoundationChildren's Foundation Belleville, Hastings Prince Edward and KawarthaGleaners Foodbank Quinte & BellevilleHastings Prince Edward Food for Learning ProgramHospice PeterboroughBelleville Navy CadetsQuadzillas Wheelchair Rugby OrganizationSandy Pines Wildlife CentreStirling & Belleville Agricultural SocietyThree Oaks Women's ShelterVictim Services of Hastings Prince Edward CountyRandom Acts of Kindness BellevilleGreat Canadian Cheese FestivalRCAF 150 Anniversary Air ShowHumane Society Belleville	BRAMPTON, ON <ul style="list-style-type: none">Community Criket Tournament INGLESIDE, ON <ul style="list-style-type: none">4-H AssociationCanadian Mental Health Association Champlain EastCarefor South Stormont Support CentreCrysler Community CentreCornwall TyphoonsDairy Cares 4 SD&GHabitat for Humanity Cornwall & The CountiesMartintown ParkThe House of Lazarus	LONDON, ON <ul style="list-style-type: none">Arts 4 All KidsGrowing Chefs Ontario MITCHELL, ON <ul style="list-style-type: none">CS8 Memorial Walk/Run for Mental HealthCS8 Outdoor RinkMitchell Fall FairMitchell Food BankThe Salvation Army Stratford Community CentreWest Perth Lions PoolWest Perth Skating Days NIAGARA-ON-THE-LAKE, ON <ul style="list-style-type: none">United WayRed Roof	RAKELY, ON <ul style="list-style-type: none">Haven on Queensway SUDBURY, ON <ul style="list-style-type: none">Sudbury FoodbankSudbury Food & Drink Festival TORONTO, ON <ul style="list-style-type: none">Arts EtobicokeBGC CanadaFédération TricoloreHope AirMLSE FoundationPresident Choice Children's CharityRise Assets FoundationSecond HarvestWest Park FoundationYouth Without Shelter	WINCHESTER, ON <ul style="list-style-type: none">Bike NightChesterville FairCommunity Food ShareDairy FestMeet Me on MainstreetMountain Township Agricultural SocietyNorth Dundas Junior Hockey ClubSouth Mountain FairSpencerville FairWish LionsThe House of Lazarus MatildaWinchester Hawks Hockey ClubDairy Cares 4 SDG
--	--	---	--	--



AUTHENTIC PRODUCTS & HERITAGE



FOOD SAFETY & PRODUCT QUALITY

With 140 years of brand heritage, we are committed to enriching and nurturing the lives of Canadians by producing trusted, nutritious and great-tasting dairy products – guided by robust quality and food safety standards applied across our operations.

SIMPLE & NATURAL INGREDIENTS

We value the health and well-being of Canadians and aim to deliver high-quality, nutritious products made with clearly identifiable ingredients. Where feasible, we prioritize ingredients that are minimally processed⁷ and sourced to align with recognized health and sustainability standards.

ANIMAL WELFARE

As a leader in our industry, we are committed to building and fostering a responsible and sustainable business – one that positively impacts our people, customers, partners, suppliers and communities. This commitment extends to animal welfare and to the treatment of cows and laying hens.



7. Foods whose safety and nutritional quality have not been altered significantly, following the [Canadian Food Inspection Agency's guidance](#) for minimum processes.



FOOD SAFETY & PRODUCT QUALITY

COMMITMENT I:

Ensure food safety and compliance with all relevant regulations to provide Canadians with brands and products they trust.



Objectives:

I.

Ensure we meet all municipal, provincial, and federal food safety regulations to continuously strengthen our entire food safety system.

Targets:

- 100% of Lactalis Canada manufacturing facilities are Global Food Safety Initiative (GFSI) certified by 2025.
- 100% of Lactalis Canada suppliers are GFSI certified by 2030.

What We Did:

- Supported best practices in safety certification by completing the FSSC 22000 audit of corporate functions, including Procurement and Crisis Management.
- Partnered with Institut de Technologie Agroalimentaire du Quebec (ITAQ) to deliver a 45-hour training module on microbiology and lab safety training for lab supervisors and technicians.
- Implemented a digital system for managing ingredient and packaging issues, enabling better tracking, data analysis, compliance, and continuous improvement.

What's Next:

- Improve our food safety certifications by completing the transition to FSSC 22000 Version 6 certification.
- Rollout of digital Hazard Analysis and Critical Control Points (HACCP) tools to six additional plants, following a successful pilot at the Laverlochère, Quebec plant.
- Strengthen lab governance, improve sample traceability, streamline results management, and reduce manual processes by implementing a new Laboratory Information Management System (LIMS) with two pilot plants in 2026, and full deployment in 2027-2029.
- Install five new X-ray devices to enhance food safety and foreign-material detection.

2024 HIGHLIGHTS

19/20
of our factories completed FSSC 22000 certification, including the updated Version 6 requirements

95%
of ingredients sourced from Tier I supplier facilities were certified to GFSI

0
notices of food safety violations were received and 0 recalls were issued





FOOD SAFETY & PRODUCT QUALITY

COMMITMENT 2:

Deliver superior products and services that drive customer satisfaction.



Objectives:

1.

Continuously validate our Pillar Products by regularly checking their taste and quality through our Passion for Taste sensory monitoring program.
2.

Provide consumers with the best care experience in handling their feedback or complaints.
3.

Develop capabilities to assess product quality on retail store shelves.

Targets:

- ...

Implement expert sensory-trained panels for five new Pillar Products by 2026.

What We Did:

- Improved how we monitor product quality in stores by combining our Storecheck program and LOOP initiative (internal digital feedback system) into one system to streamline reporting.
- Implemented the Quality in Design process in the Cheese and Yogurt divisions, embedding quality and food safety in every stage of product development.

What's Next:

- Launch a new call centre partnership with 100% Canada-based support to enhance the customer care experience.
- Implement new expert-trained panels to monitor new Pillar Products.
- Complete the rollout of the Quality in Design process across all divisions, including Foodservice and Ingredients.

2024 HIGHLIGHTS

- 3

new sensory-trained panels implemented in plants for our pillar products to support consistent testing of product taste, smell, and other sensory aspects





FOOD SAFETY & PRODUCT QUALITY

COMMITMENT 3:

Provide great-tasting, high-quality products at the best value by making our processes more efficient and cutting down on waste and damaged goods.

Objectives:

1.

Enable productivity and waste reduction through projects focused on quality improvements.

2.

Improve “right first time” efficiency to reduce product destruction.



What We Did:



Boosted productivity, reduced waste, and improved lab technician safety by upgrading plants with cost-efficient technologies, such as the BioMérieux Tempo and CEM Oracle Fat Analyzer.



Introduced fast, highly sensitive lactose detection methods in fluid and yogurt plants to ensure products meet lactose-free claims and minimize product destruction.



Initiated a new Clean-Out-of-Place sanitation program⁸ in cheese plants to improve equipment cleaning and reduce contamination.



Achieved quality-related efficiencies through optimized Listeria Policy implementation and reducing reliance on external labs.

What’s Next:



Continue deploying CEM Oracle devices, with a focus on fluid plants to support greater efficiency and safety for technicians.



Expand the Clean-Out-of-Place sanitation program across cheese plants through 2028.



Move closer to our food safety goals by expanding daily quality and food-safety management processes across all plants, supported by digital tools for better tracking and performance.

8. Clean-Out-of-Place is a best practice sanitation program supported by an internal expert trained in 2023-2024 through a partnership with Commercial Food Sanitation.





SIMPLE & NATURAL INGREDIENTS

COMMITMENT 1:
Meet consumer preferences for sugar and sodium content of our products.

Objectives:



What We Did:



Assessed our product portfolio and identified opportunities to reduce sugar, sodium or saturated fat in our recipes.



Discontinued higher-sugar¹⁰ Astro yogurt products.

What's Next:



Continue to look for opportunities to reduce added sugar, saturated fat, and sodium in our recipes, aiming to keep levels below Health Canada's Front-of-Package Labelling thresholds. Planned improvements include:

- Reduce sugar content in milkshakes, eggnog, and Ultrapur chocolate milk.
- Reduce Parkay margarine's fat content by ~38% by 2026.

1.

Reduce sodium in select cottage cheese, processed cheese, natural cheese, and butter products to align with Health Canada's voluntary sodium-reduction guidelines⁹.

2.

Assess our product portfolio against Health Canada thresholds for Front-of-Package Labelling for sugar and saturated fat and identify products for reduction initiatives by 2025.



⁹. Where feasible based on product stability and food safety standards.
¹⁰. Higher sugar defined as above 15% Daily Value (DV) for sugars, as listed on the Nutrition Facts table.



SIMPLE & NATURAL INGREDIENTS

COMMITMENT 2:

Continue to enhance our products by focusing on simple and natural¹¹ ingredients.



Objectives:

1.

Share accurate, peer-reviewed information about dairy’s nutritional benefits to support informed choices.

2.

Provide consumers with a range of yogurt products made with only simple ingredients, no artificial colours, flavours or sweeteners, and that are low in sugar and high in protein, by 2024.

What We Did:



Developed and launched lactose-free cheese and butter products, complementing our efforts to provide more inclusive dairy options.



Removed sodium benzoate¹², a cheesemaking ingredient at our Winchester, Ontario facility.



Expanded our range of yogurt products that are made with natural ingredients, contain no artificial colours, flavours or sweeteners, and are low in sugar and high in protein (Siggi’s, Krema, and Olympic).



Removed starch and gums while maintaining taste and texture in Olympic Organic Sour Cream.



Introduced Lactantia Rich & Creamy Cream Cheese (Plain and Herb & Garlic), a cream cheese product made with five ingredients and no stabilizers.



What’s Next:



Introduce Président Leerdammer, a lactose-free cheese made with milk from pasture-raised cows.



Transition Cracker Barrel cheddar cheeses to non-animal-derived lipase to meet dietary needs of lacto-vegetarians and enhance ingredient transparency, while preserving expected flavour and texture.



Continue to work toward removing the preservative sodium benzoate from our cheese-making ingredients across all facilities.

¹¹ 1. Natural, as defined by [Government of Canada Method of production claims on food labels](#).
¹² Sodium benzoate is a chemical compound used as a preservative. Our aim is to remove any unnecessary chemicals/ preservatives from our foods which we achieved for cheese in Winchester by removing sodium benzoate from the rennet (microbial enzyme) we use in our cheesemaking in Winchester.



SIMPLE & NATURAL INGREDIENTS

COMMITMENT 3:

Continue to support the adoption of organic¹³ products and responsibly sourced ingredients in line with our consumer preferences and expectations.



Targets:



Ensure 100% of the eggs, soy and cocoa used in our beverage and margarine products are sourced in line with Lactalis Group’s Animal Welfare¹⁴ and Deforestation¹⁵ Policies by 2025.



Maintain 100% certification of palm oil and derivatives under the Roundtable on Sustainable Palm Oil by 2025, in line with Group Lactalis’ Palm Oil Sourcing Policy¹⁶.

What We Did:



Introduced the “Product of Canada” logo on all Cheestrings packaging, underscoring our dedication to domestic sourcing and production.



Transitioned all eggs used in Lactalis Canada products to cage-free¹⁷, except for Marie Morin brand (planned for 2025).

What’s Next:



Complete our shift to 100% cage-free egg use for Marie Morin products.

2024 HIGHLIGHTS

100%
of palm oil used in our
margarine produced from
sustainable sources.¹⁸

OLYMPIC ORGANIC

SPOTLIGHT

At Lactalis Canada, we believe the future of food depends on meeting consumer needs, supporting sustainable farming, and building strong local supply chains. As more Canadians choose organic dairy products, we face a key challenge: more locally produced organic milk is needed.

To help address this, we launched an initiative to support the long-term growth of organic dairy in Canada. By sharing insights on future demand and consumer trends with our farming partners, we help them confidently transition to organic and organic grass-fed production. Thanks to this collaboration, new suppliers are coming on board in 2024 and early 2025, boosting supply and supporting sustainable local farming.



¹³. Canadian Organic Standards.
¹⁴. Lactalis Group Animal Welfare Policy.
¹⁵. Lactalis Group Deforestation Policy.
¹⁶. Lactalis Group Palm Oil Sourcing Policy.
¹⁷. Certified by American Humane.
¹⁸. Roundtable on Sustainable Palm Oil (RSPO) certified.



ANIMAL WELFARE

COMMITMENT 1:

Advocate for the implementation, deployment and reinforcement of ambitious animal welfare standards, working to phase out the most problematic practices while implementing the best ones.

Objectives:

1.

Support research and industry initiatives to advance animal welfare science and drive new solutions.
2.

Contribute to national and global initiatives, including the National Farm Animal Care Council, Dairy Farmers of Canada proAction Animal Care module, and the Lactalis Group’s Animal Welfare Policy which is aligned with the Five Freedoms of the World Organisation for Animal Health.
3.

Work closely with our value chain partners to:

a) Prevent animal cruelty.

b) Comply with all applicable animal health and welfare regulations.



What We Did:



Maintained Lactalis Canada’s strict Zero Tolerance Policy against any mistreatment of farm animals. We require all cow handlers to follow proper care and handling methods at all times.



Partnered with Dairy Farmers of Canada to launch a [bilingual podcast](#), reaching more than 9000 dairy farmers, discussing the importance of continuously improving on-farm quality-assurance programs and the benefits they bring to farmers and value-chain partners.



Invested in the continued professional development of our Animal Welfare Specialist, who completed additional CowSignals¹⁹ modules, building on the CowSignals Master certificate received in 2023.



Continued to support scientifically informed practices on Canadian dairy farms as a member of the National Farm Animal Care Council, paying particular attention to:

- Animal care,
- Animal housing,
- Feeding,
- Transportation,
- Husbandry practices.

What’s Next:



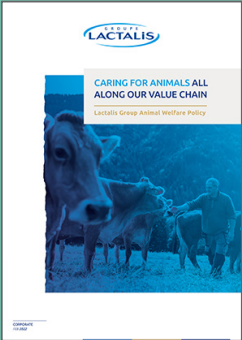
Support the adoption of the updated Code of Practice for the Care and Handling of Dairy Cattle, which was published by the National Farm Animal Care Council in March 2023 serving as the basis for the next iteration of Dairy Farmers of Canada’s proAction Animal Care module.



Use the latest codes, practices, and policies to guide our animal welfare practices and programs aligned with the evolving Lactalis Group Animal Welfare Policy.



Continue to communicate our expectations on animal welfare²⁰ throughout our supply chain.

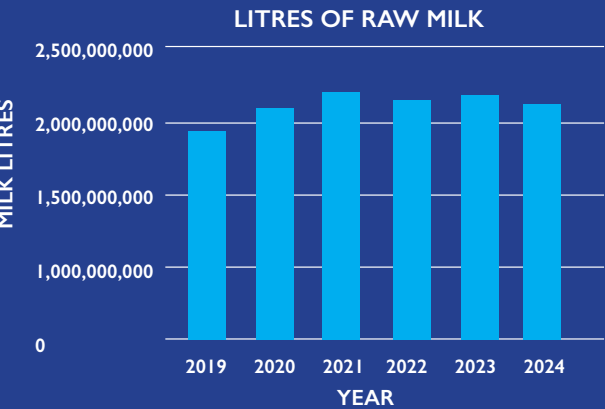


19. CowSignals Master training is a comprehensive program that teaches participants how to interpret cow behavior (signals) to improve animal welfare and farm management. It combines theory and practical workshops to equip individuals with the skills to identify and address issues related to cow health, comfort, and productivity. Successful completion of the training leads to a CowSignals Master license, allowing individuals to train others and advise farmers.
20. Aligned with [Lactalis Group’s Animal Welfare Policy](#).



CANADIAN MILK SUPPLY

We sourced 2.2 billion litres of milk from over 2,000 average-sized Canadian dairy farms located in Ontario, Quebec, British Columbia, Alberta and Manitoba.



REDUCING WASTE AND EMISSIONS

In 2024, we worked internally and with our industry partners to reduce the volume of milk processing by-products – such as whey, buttermilk, and permeate – sent to waste. The volume of by-product disposals solids was reduced by 8%, thanks to improved planning and plant efficiency across our 17 Canadian milk-receiving facilities.



SPOTLIGHT

SHOWCASING THE BLUE COW LOGO

As a leading national dairy processor, Lactalis Canada first began adopting the Blue Cow logo in 2018 and has since committed to rolling it out on hundreds of milk, cream, cheese, and yogurt products under the Balderson, Beatrice, Black Diamond, Cheestrings, Cracker Barrel, P’tit Quebec, Astro, iOGO, iOGO nano, Khaas, Olympic and siggi’s brands. Lactalis Canada provides close to 500 million consumer impressions to Dairy Farmers of Canada through the Blue Cow logo. When consumers see this logo – associated with the proAction initiative – they can trust that the product meets some of the world’s strictest standards for food safety, milk quality, biosecurity, animal welfare and stewardship.





LAND & RESOURCES



ENERGY & CARBON

At Lactalis, we’re focused on doing our part for a lower-emissions future. Collaboration will be key to success given the scale of the challenge, and we look forward to continue working with stakeholders across the value chain to develop and implement innovative solutions that reduce carbon emissions.

SUPPLY CHAIN

We are committed to delivering nutritious dairy products to Canadians across the country efficiently and responsibly. With operations spanning 30 sites in five provinces, we are working to reduce the carbon emissions associated with our supply chain.

CIRCULAR ECONOMY & PACKAGING

Our goal is to transition toward more circular and responsible packaging solutions as the right packaging protects our products, creates a positive experience for our consumers, and is better for the environment.

WASTE

Our approach to industrial waste management emphasizes minimizing resource use and practicing responsible disposal to safeguard the environment. We foster a culture of continuous improvement, striving to enhance our performance year after year.

WATER

Our long-term goal at Lactalis Canada is to reduce our water consumption, improve wastewater quality, and mitigate compliance risks. Recognizing the importance of water as both a critical natural resource and a key impact area for our business, we are committed to continuous improvement in how we manage and conserve it.





ENERGY & CARBON

COMMITMENT 1:

Accelerate the transition to a net-zero future by reducing energy intensity in Canada and contributing to [Lactalis Group’s scope 1 and scope 2 greenhouse gas \(GHG\) reduction targets](#).



Objectives:

1.

Adopt new technologies that decarbonize our manufacturing processes.

2.

Increase energy efficiency by ensuring facilities operate with the best available equipment, including energy reclamation²¹ technologies.

What We Did:



Installed high-efficiency boilers at our Winchester, Ontario facility.



Launched energy management training for all our Quebec plants to promote best practices in refrigeration, HVAC, and compressed air systems.



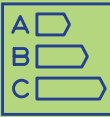
Actively worked on our GHG reduction roadmap to support Lactalis Group’s SBTi-approved climate targets.

21. Technologies that capture and reuse waste energy – such as excess heat, steam, or pressure – from industrial processes.
22. Re-opened Sudbury plant in 2024 after transitioning to plant-based operations, with an increase in emissions particularly in the first month of operation

What’s Next:



Initiate an ambitious decarbonization project in partnership with SOFIAC, to implement high-efficiency systems and targeted energy-saving measures at our Victoriaville and Laverlochère plants in Quebec, representing an investment of over \$10 million.



Conduct energy audits at our Winchester, Ingleside, and Mitchell plants in Ontario to assess cost-effective opportunities for reducing GHG emissions across our Ontario operations.



Roll out a training program focused on energy efficiency practices in refrigeration, steam, compressed air, and HVAC systems across Ontario and Western Canada.



Implement an Energy Management Information System to provide real-time visibility into plant energy use.



Install high-efficiency boilers at our Ingleside, Ontario plant that are anticipated to reduce annual emissions.

2024 HIGHLIGHTS

10.3%

reduction in Scope 1 and 2 emissions intensity compared to 2019 baseline

7.2%

reduction in total energy intensity compared to 2019 baseline

1.1%

reduction in overall GHG emissions compared to 2019 baseline²²

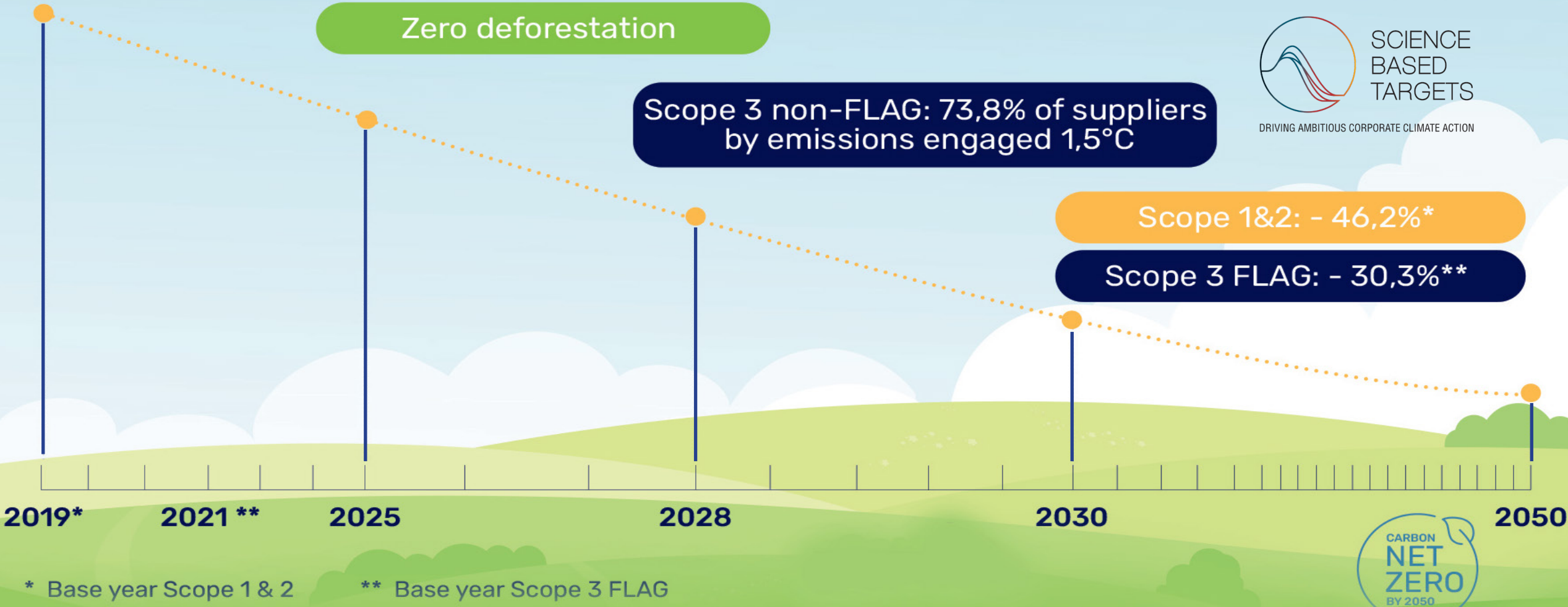


LACTALIS GROUP SBTI-VALIDATED NET-ZERO ROADMAP

SPOTLIGHT

In July 2024, the Science-Based Targets initiative (SBTi) officially validated Lactalis Group’s GHG reduction targets, marking a critical validation of Lactalis Group’s climate strategy.

In order to achieve its Net Zero ambition by 2050, Lactalis Group set intermediate targets to drive measurable reductions across scope 1, 2 and 3.





SUPPLY CHAIN

COMMITMENT 1:

Reduce our GHG emissions across transportation and warehousing operations by optimizing how we move and distribute our products to market.



Objectives:

1.

Use a mix of transportation methods, including intermodal²³, to move products more efficiently.
2.

Optimize use of trucks, trailers, other transportation assets, and routes to cut fuel use.
3.

Improve energy efficiency in our warehouses.

Targets:

- ...

Reduce transportation-related GHG emissions related to transportation by 30% by 2027 and 60% by 2033 (vs 2019).

What We Did:

- Reduced emissions along one of our busiest corridors by implementing the Montreal–Toronto Long Combination Vehicle program, using multiple connected trailers to carry more products in a single trip.
- Improved freight efficiency by reducing empty space in truck loads and optimizing capacity.
- Continued to modernize our fleet with hybrid plug-in refrigerated trailer upgrades.
- Continued our intermodal freight transportation model to Western Canada – which involves moving goods using a combination of rail and truck-offering a solution that is four times more efficient than road transportation alone.

23. Freight transportation including rail and road to move goods across long distance.

What's Next:

- Expand our established rail programs into Eastern Canada and increase rail usage to Western Canada, reducing reliance on road transportation.
- Explore opportunities to extend our Long Combination Vehicles program between additional sites.
- Advance our fleet renewal strategy, working toward upgrading our refrigerated trailers to hybrid models.
- Collaborate with carrier partners to assess the feasibility and potential implementation of electric vehicles to further reduce transportation-related emissions.

2024 HIGHLIGHTS

50%

of our refrigerated trailer fleet now consists of hybrid plug-in models



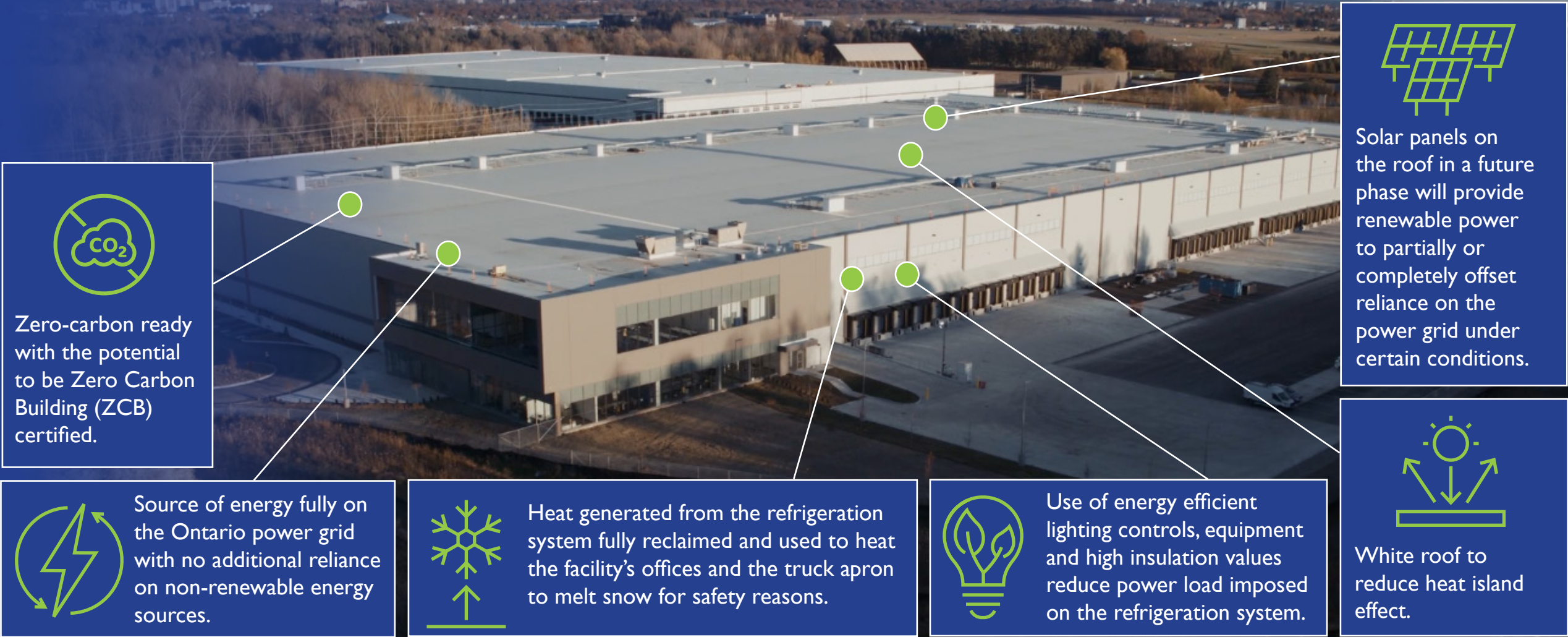
awarded Canadian Grocer Impact Award for Sustainability for the intermodal freight transportation model to Western Canada



OSHAWA DISTRIBUTION CENTRE

SPOTLIGHT

In December 2024, Lactalis Canada opened a new distribution centre in Oshawa, Ontario – now the largest distribution centre, from a capacity standpoint, within Lactalis Group globally. At 379,000 sq. ft., this state-of-the-art facility has storage for up to 60,000 pallets in both cooler and freezer environments, increasing the capacity and efficiency of Lactalis Canada’s supply chain network. The facility is sustainably designed with the following features:





CIRCULAR ECONOMY & PACKAGING

COMMITMENT I:

Implement our Right Pack approach, which includes reducing the amount of non-returnable packaging used per product through eco-design and optimization.



Objectives:

1.

Assess all packaging against the Canadian Plastic Pact’s Golden Design Rules for circular economy²⁴ compatibility, which aim to ensure alignment with circular-economy principles, making plastic packaging more recyclable and reducing unnecessary waste.

2.

Reduce packaging intensity²⁵ performance.

Targets:



Maintain 100% screening rate of our expanding pillar product portfolio (46 products) and all new product innovations using the new eco-design tool.

What We Did:



Completed eco-design assessments for all 46 pillar products and, where possible, identified opportunities to reduce weight and improve sustainability with smarter material decisions.



Reduced the amount of material in a component²⁶ of our Cheestrings packaging by 12.5%.

24. [The Golden Design Rules for Plastic Packaging.](#)
25. How much packaging is used per unit of product.
26. Material reduction was achieved in the forming film (also known as the base web) – the plastic layer that holds the cheese. This does not include the top film that is peeled off by the consumer.
27. Including primary packaging (that directly contains the product) and secondary packaging (that groups or protects primary packages during distribution or retail display).
28. Packaging designed and intended for multiple uses in a supply chain by returning it to the producer or another part of the supply chain (e.g. milk crates that are returned, cleaned, and reused).
29. Recyclable by Design: Designing products or packaging from the start to be easy to recycle, following the [Association of Plastics Recyclers \(APR\) guideline.](#)

What’s Next:



Continue to explore ways to use materials more efficiently to balance the extra weight that sometimes comes with our new Recyclable by Design packaging²⁹.



Review and prioritize upcoming Recyclable by Design packaging projects as part of our Golden Design Rules/Association of Plastic Recyclers guideline assessment, including potential solutions for shredded cheese, cheese bars/bricks, and cheese strings in 2025 and beyond.

2024 HIGHLIGHTS

48%

of our packaging²⁷ by weight this year was returnable²⁸

191,345 tons

of packaging avoided through 20 packaging-reduction projects.
Examples include:

- Reduced 11,794 kg of packaging in film packaging for Natural Cheese slices
- Reduced 29,933 kg of packaging for Cheestrings





KREMA BLACK LID TRANSITION

SPOTLIGHT

In line with the Golden Design Rules, we replaced 47,000 kg of black plastic lids for our Krema yogurt products, which are difficult to recycle, with gold-coloured lids that are more easily sorted and captured by recycling facilities. This simple change helps improve packaging recyclability and reduce waste.

Replaced
47,000 kg
of black
plastic lids





CIRCULAR ECONOMY & PACKAGING

COMMITMENT 2:

Strive to ensure packaging is made of safe, sustainable materials, and designed for circularity.



Targets:

- 100% of retail packaging to be Recyclable by Design²⁹ by 2025.
- 100% retail packaging can be recycled (Recyclable in Practice³⁰) by 2030.
- Maintain 100% sustainable sourcing certification³¹ for virgin paper materials.
- Average of 30% recycled content³² in packaging by 2026.
- Eliminate PVC from all packaging by 2025.

What We Did:

- Initiated packaging redesigns for over 400 cheese and yogurt products, prioritizing the removal of multi-material films and non-recyclable plastics.
- Collaborated with suppliers to ensure that the recyclable materials used met food safety standards and product-quality expectations.

What's Next:

- Evaluate the use of recycled content in secondary packaging, such as shrink wrap, pallet wrap, and overwraps, to ensure we align with our global goal of phasing out virgin inputs.
- Explore Recyclable by Design projects and packaging solutions for cream cheese, butter, and pouch formats.
- Working with industry partners on solutions for enabling Polystyrene recycling.
- Collaborate with our Producer Responsibility Organization to evaluate recycled content sourcing and cost effectiveness.
- Continue to work with suppliers to identify PET-G³³ free solutions for bottle projects, helping improve recyclability and reduce contamination in the recycling stream.

2024 HIGHLIGHTS

82%
of our packaging is Recyclable by Design (by weight)

100%
recycled or sustainably sourced
paper packaging achieved

20 Packaging Projects
identified, which would replace 4 million kg of
hard-to-recycle plastics with packaging that is
Recyclable by Design

0 kg of PVC³⁴
packaging was recorded by year-end following
successful transition projects in cheese and yogurt
packaging

29. Recyclable by Design: Designing products or packaging from the start to be easy to recycle, following the [Association of Plastics Recyclers \(APR\) guideline](#).
30.. Recycled in Practice: Consumers have access to a collection system that accepts this product or packaging, following the [Association of Plastics Recyclers \(APR\) guideline](#).
31. Sustainable sourcing certifications include Sustainable Forestry Initiative and Forest Stewardship Council.
32. Recycled content by weight, including primary packaging (that directly contains the product) and secondary packaging (that groups or protects primary packages during distribution or retail display).
33. Polyethylene terephthalate glycol.
34. PVC (polyvinyl chloride) is a type of plastic that is difficult to recycle and can release substances detrimental to effective plastic recycling. Its removal aligns with the Canadian Plastic Pact's Golden Design Rules, which recommend eliminating problematic materials to improve packaging recyclability and support a circular economy.



CIRCULAR ECONOMY & PACKAGING

COMMITMENT 3:

Educate consumers and employees to help close the loop and support a circular economy.



Objectives:

1.

Promote responsible waste-management and recycling practices.

2.

Embed packaging education across our organization and public engagement efforts.

Targets:



Ensure 100% of product packaging includes on-pack waste management instructions by 2026³⁵.

What We Did:



Waste management instructions were included in all new branded product launches for products where standardized guidance exists, helping ensure consumers receive clear and consistent recycling or disposal information.



Promoted Global Recycling Day and World Cleanup Day, including circulating a company-wide survey on “Recycling Heroes”.

What’s Next:



Add on-pack waste management instructions to our original product portfolio and begin extending this to Marie Morin products and food service packaging where feasible.



Launch Lactalis Canada Packaging Policy education modules for all employees and recycling-education modules for brand managers and other functions to support internal awareness and employee engagement.



Deliver training to educate our teams on Extended Producer Responsibility (EPR) and recyclability, led by the Association of Plastic Recyclers.

2024 HIGHLIGHTS

63%

of our retail products included on-pack waste management instructions³⁶

100%

of our fluid retail products now have on-pack waste management instructions

98%

of our yogurt and cultured retail products now have on-pack waste management instructions

7

Lactalis Canada locations participated in World Cleanup Day events

35. Target timeline was updated to 2026 to align with forthcoming federal and provincial labelling regulations and to reduce packaging waste associated with multiple transitional updates during brand redesign processes. Lactalis Canada remains committed to meeting this target within the revised timeframe.
36. Waste Management Information includes recycling and/or disposal instructions.



WASTE & WATER

WASTE COMMITMENT I:

Minimize our environmental impact by reducing waste generated by our operations and conserving natural resources.



Objectives:

- I. Establish metering and baseline data to guide effective waste management strategies.

What We Did:



Established systems to track our waste streams (including organic, recyclable, and landfill) at all our sites.



We aim to prioritize the highest-value³⁷ opportunity for repurposing our organic waste. For example, instead of sending it to landfill, organic sludge from our wastewater treatment processes is sent to a third-party facility to be used for biogas or land application.

What's Next:



Identify site-specific actions to reduce waste generation and keep waste out of landfill by redirecting it to other uses.

37. By “highest-value,” we mean recovery options that create the greatest environmental or economic benefit like turning waste into renewable energy or animal feed, instead of sending it to landfill.
38. Lactalis uses chemical oxygen demand (COD) as the primary indicator for water pollution.

WATER COMMITMENT I:

Understand our water use and discharge (wastewater) to drive efficient resource management, improve wastewater quality, and mitigate compliance risks.



Objectives:

- I. Establish metering and baseline data to guide effective water management strategies.

What We Did:

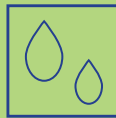


Develop a formalized plan for addressing wastewater and began standardizing data collection for water use and water pollution³⁸ across our sites, laying the groundwork to inform future strategies to cut water use and reduce pollution.



Selected pilot sites to establish water-use and water pollution baselines.

What's Next:



Establish a baseline for water pollution and water use at the pilot sites selected in 2024 to inform targeted actions to reduce water use and pollution.



Standardize and scale effective water management practices across all sites based on insights from the pilot.

2024 ESG REPORT CARD



Please note that the items listed on this ESG scorecard represent a selection of key metrics and are not exhaustive. For more ESG performance indicators please refer to our [Group Lactalis ESG report](#).

FOCUS AREA	KEY PERFORMING INDICATOR	UNITS	2024	2023	2022	2021	2020	GRI Disclosure Alignment
OUR PEOPLE	Percentage of salaried men	%	56	57	56	57	59	405-1
	Percentage of salaried women	%	44	43	44	43	41	405-1
	Percentage of salaried men in the extended leadership team	%	59	59	64	69	74	405-1
	Percentage of salaried women in the extended leadership team	%	41	41	36	31	26	405-1
HEALTH & SAFETY	Company frequency rate of workplace accidents with and without lost-time (TF2)	# of workplace accidents with and without lost time/ 1,000,000 working hours	13.3	15.1	15.8	19.8	N/A	403-9
COMMUNITY	Total value of community investment	\$	3.3 Million	2.7 Million	2.6 Million	2.9 Million	2.7 Million	201-1
	Total product donation	# (Litres or kg)	906,499	1,000,000	901,780	1,001,236	917,195	413-1
	Community Enrichment Fund (Program launched in 2022)	\$	318,000	250,000	143,557	N/A	N/A	201-1
FOOD QUALITY & SAFETY	% of facilities certified to GFSI standards	%	95	90	85	85	85	416-1
	% of industrial activities certified according to at least one of: FSSC 22000, ISO 22000, IFS, SQF	%	95	90	85	85	85	416-1
SIMPLE & NATURAL INGREDIENTS	% of purchased volumes of palm oil and derivatives covered by RSPO certification	%	100	100	N/A	N/A	N/A	–
CIRCULAR ECONOMY & PACKAGING	Sustainable sourcing certification for virgin paper material: Corrugated cardboard and boxboard	%	100	100	98	N/A	N/A	–
	Percentage of total packaging recyclable by design (by weight)	%	82	80	83	N/A	N/A	301-2
ENERGY REDUCTION	Absolute reduction in energy consumption since 2019	%	1.47	-1.9	-0.8	1.2	-0.4	302-1 / 302-4
	Total reduction in energy intensity since 2019	%	-7.2	-9.4	-6.8	-6.4	-9.1	302-4
GREENHOUSE GAS (GHG) EMISSIONS REDUCTION	Absolute reduction in scope 1 and scope 2 GHG emissions since 2019	%	-1.10	-3.2	-1.8	0.8	-0.4	305-5
	Reduction in scope 1 and scope 2 emission intensity since 2019	%	-10.3	-11.2	-8.3	-6.7	-9.0	305-4

In the ESG scorecard, the values for GHG emissions and energy reduction represent the percentage change relative to the 2019 baseline. Negative percentages indicate a reduction in emissions and energy usage, whereas positive percentages reflect an increase.

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We would like to thank all those who have contributed to our 2024 Environmental, Social, and Governance (ESG) Report.

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