

Sustainability Report 2022



Contents

EXECUTIVE SUMMARY	3	FOOD SAFETY & ANIMAL WELFARE	33
DELAVAL AND SUSTAINABILITY	7	Food Safety & Animal Welfare	34
A word from the CEO	8	CASE Human interaction critical for Animal Welfare on robotic farms	36
From our Head of Sustainability	9	CASE Farm sustainability and the DeLaval Dairy Advisor	37
Our Business	10	How We Work with Food Safety & Animal Welfare	38
OUR TAKE ON SUSTAINABILITY	11	SOCIAL AND ECONOMIC	40
Our Take on Sustainability	12	Social and Economic Sustainability	41
What is Material to Us?	13	How We Work with Social and Economic Sustainability	43
Sustainability is in Our Core	14	Our Three Focus Areas within Social and Economic Sustainability	45
DeLaval and the UN Sustainable Development Goals	15	CORPORATE GOVERNANCE	49
RISK AND RISK MITIGATION	17	Corporate Governance	50
Environmental Topics	18	Sustainability Governance	53
Food Safety and Animal Welfare Topics	20	THOUGHTS FROM OUR CONTENT MANAGER	54
Social and Economic Topics	21		
ENVIRONMENT	24		
Environmental Sustainability	25		
CASE Ensuring sustainability in every product we develop	28		
How We Work with Environmental Sustainability	29		
Our Three Main Goals within Environmental Sustainability	30		

Executive Summary / Environment

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS
REDUCE EMISSIONS	Scope 1 and 2 Reduce emissions from our own operations and throughout the value chain	30% reduction of scope 1 and 2 emissions by 2030 compared to the 2019 baseline	Scope 1 and 2 measurements have started according to the Greenhouse Gas (GHG) protocols	- We're changing the energy mix in our factories - We're sourcing renewable electricity for our Polish, Belgian, German and Swedish facilities - We are looking at energy sourcing of green electricity and green heating in the USA, China, Brazil and the rest of the EU
	Scope 3 Reduce emissions throughout the value chain (upstream and downstream emissions)	Map remaining scope 3 emissions by 2023 Ensure a process that supports decision-making to reduce CO ₂ e emissions	We have started measuring scope 3 according to the Greenhouse Gas (GHG) protocols	- Optimising transportation for CO₂e reduction - Evaluating our suppliers' sustainability and collecting primary data - Minimising plastic waste from packaging - Collaborating with external organisations and research institutions - A methodology for measuring scope 3 downstream emissions is beginning in 2023 - High level estimate on emissions expected to be complete in 2023 - Sustainability group established to support decision-making in product development - Investigating the use of an LCA (life-cycle analysis) tool to improve decision-making on sustainability issues when developing new products - Developing a process for product sustainability improvements, including energy and water usage, circularity and material efficiency

Executive Summary / Environment

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS	
REDUCE ENERGY AND WASTE	Reduce energy in our operations	35% reduction in CO ₂ e emissions from energy use by 2030 (compared to 2019)	Energy consumption dropped 8% in 2021 and an additional 1.8% in 2022	- Transitioning to LED lighting throughout all factories - Adding motion sensors in corridors etc	- Reduction of gas consumption by 40% at our Gallin distribution centre - Carrying out new measurements in some factories to get more accurate figures
	Reduce waste in our operations	20% reduction in waste by 2030 (compared to 2019) Ensure sustainable waste management and recycling	Waste is down 12% compared to the 2019 baseline	- Working with suppliers to reduce their waste - Reducing plastic packaging - Increasing use of recyclable packaging	- Recycling more materials such as drums, batteries and cardboard - Reducing potential oil spillages and leaks by improving Preventive Maintenance
	Reduce energy usage and waste generated by sold products	Not set	Ongoing	Developing products with reduced energy consumption	Developing products with reduced waste on farms
RESPONSIBLE WATER CONSUMPTION	Reduce water consumption in our own operations	Evaluate internal consumption and set a target	Water consumption is the same as 2021	- Education initiatives on smart water use across all factories - Rainwater used to water lawns at Dobre Miasto plant	Lawns not watered at Mount Vernon plant saving 260m³
	Reduce water consumption of sold products	Not set	Ongoing	Developing products with reduced water consumption	Develop products that requires lower water temperature and lower chemical concentrations to clean our systems

Executive Summary / Food Safety and Animal Welfare

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS
FOOD SAFETY	Always follow the country with the strictest legislation on milk quality and food contact compliance and apply that globally	Meet the appropriate standards for food and product safety together with any other regulatory compulsory requirements when used for their intended purpose	Ongoing	• Meet all regulations on milk quality and ensure it is safe for consumers • Ensure any product we launch has no negative effect on milk coming from a farm • Always follow food contact compliance legislation rigorously • Adhere to all regulations throughout the value chain
ANIMAL WELFARE	Full commitment to following the globally established 'five freedoms' of animal welfare Helping farmers to increase the productive lifetime of their animals with high quality animal care solutions for disease prevention, detection and management, thus increasing animal welfare and animal performance		Ongoing	• Ensuring animal welfare is an integrated part in the development of our products and solutions • Developing solutions that support animal wellbeing either directly or via precision dairy farming tools that help farmers through intelligence and monitoring • Continuous education and training both internally but also externally with dealers and farmers • Proactively supporting our customers with dairy advisors around the world • We have an internal procedure in place in the US for how to deal with a farm if we witness poor animal welfare. We have similar processes in other countries • Increase awareness of animal welfare standards via strong partnerships with experts, dairy organisations and leading academic institutions • Supporting initiatives such as the FARM programme, the EU Reference Centre for animal welfare • During 2023 we will update and launch a new global Animal Welfare Policy

Executive Summary / Social & Economic

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS	
EMPLOYEE ENGAGEMENT AND WELLBEING	An engaged and passionate work force where employee's health and wellbeing are a priority, and the workplace is safe	Employee engagement on par with global high performance company norm	We are the same as the manufacturing norm but below the 'high-performance norm'	- Employee assistant program (hotline for support about wellbeing) - Continued support for working from home	- Career development path manual developed. Launch in 2023 - New personalised learning platform developed. Launch 2023
		Zero accidents and work-related ill health	44% decrease in lost-time accident rate on 2021	- Intranet site on occupational health and safety launched - Four key safety behaviours implemented - OHS handbook launched	- OHS e-learning training developed. Launch Jan 2023 - New global OHS field manager appointed
DIVERSITY AND INCLUSION	Attract and retain a diverse workforce and build an inclusive culture in order to innovate better, build a stronger organization, support our customers better and increase revenue	25% female employees and female managers by 2025 30% female employees and managers by 2030	22% female employees in 2022 24% female managers in 2022	- Diversity and Inclusion is now part of the overall DeLaval company strategy - We continue to use a 50/50 gender split on shortlisting candidates for positions - We have run several webinars on matters relating to diversity and inclusion - Communications activities highlight a more even gender mix to promote diversity	- We highlight stories about female colleagues in internal and external channels - We continue to develop our employee resource groups; DAWN (Diversity at Work Network), Women in Blue, Employee Club China with local activities in each - A new Inclusive Leadership Award in Sweden has been launched



DELAVAL AND SUSTAINABILITY

A word from the CEO

For any business that wants to survive in the long-term, sustainability has to be an integral part of its operations. Consumers demand it. And when consumers speak in numbers, we all need to listen whether we're legislators or businesses.

Consumers are today demanding food with a lower environmental impact. They want to buy from companies with the right values and respect for human rights. This demand for more sustainable products and more sustainable practices will continue. We have to be a part of that. Our planet depends on us finding more sustainable ways to provide food to a growing global population. Our customers at DeLaval depend on us helping them in this regard and our business' long-term survival depends on it.

At DeLaval, we are guided by our vision 'we make sustainable food production possible.' This vision places demands on us while at the same time inspires us. It's the reason we go to work in the morning. Making sustainable food production possible means, for us, going beyond the basic minimum legal requirements on sustainability. It means paving the way for future generations and finding new ways to accelerate the speed of change to a more sustainable dairy industry.

We have made progress in this regard, particularly in the areas of automation, animal welfare and digitalisation. We remain committed to investing even more in these areas as we believe they are crucial to making our industry more sustainable.

Automation has a direct effect on the efficiency of a farm and using our advisory services, we can decrease the amount of emissions per litre of milk produced. Similarly, animal welfare benefits both the animal and the environment. A healthy cow is a productive cow making animal welfare key to a successful dairy business. Digitalisation is another area we are focusing on. It's the next step in better understanding what is happening on a farm. By gathering data and making the right analysis, farmers can make better decisions as a result. This will make their operations more efficient, more profitable and more sustainable.

Sustainability is not just a 'must'. It is much more of an opportunity. In other words, it makes good business sense for us and our customers, if we do it right. This is one of the reasons sustainability is fully integrated into our business strategy.

Internally, we are also focusing on making our own operations more sustainable. We have a good understanding of our greenhouse gas emissions and will focus on a deeper



assessment of our Scope 3 downstream emissions in 2023. We also see the discussions on sustainability increasing internally. It's important not to underestimate the power of talking. It's how everything starts and we're seeing that at DeLaval. The engagement levels for sustainability have blossomed in recent years and this increased support is leading to increased action.

Each person at DeLaval plays a decisive role in the sustainable transformation that we have embarked on. We have a dedicated team of ten people appointed by group management to ensure that we deliver on our sustainability promises but we rely on everyone to move us closer to the vision of making sustainable food production possible.

From our Head of Sustainability

A year of focus and progress

The greatest challenge of our lifetime is upon us. We have to find a way of feeding a hungry and growing world population while at the same time adapting to the new realities of climate change. Today, the dairy sector nourishes over 6 billion people bringing nutrient-rich food while providing livelihoods to one billion people around the world¹. At DeLaval, we are

The greatest challenge of our lifetime is upon us

We know we will succeed if we focus on our customers through innovation and understanding their business needs and sustainability goals. When the right tools and best farm practices are in use, dairy and livestock production can have minimal environmental impact and positively affect billions of people across the world. The Association of Equipment Manufacturers (AEM) newly released study, **Environmental Benefits of Modern Dairy, Hay, and Forage Production Technologies 2022**, in which DeLaval has been closely involved, supports this claim. The report clearly defines and

actively participating and supporting the industry through our vision of making sustainable food production possible.

quantifies the improvements and opportunities that the dairy industry has made and is currently making. As we learn more from studies like these and from our partners around the world, we continue to rethink, reform, and redefine our approach to sustainability through innovation and best-in-class manufacturing practices, with our customers always in mind.

2022 was also a year where we moved from laying the foundations of our sustainability strategy into taking concrete action. Now that the strategy is largely set, we have put more energy into making things happen. We have built out our organisational capacity and improved our reporting capabilities. With more people involved working with a clear focus on sustainability within the organisation, we are accelerating our pace of change and the speed at which our organisation is maturing.

We are experiencing a strong company-wide engagement in sustainability matters and project opportunities. Everyone at DeLaval has a part to play in our sustainable transformation. We aim to deliver greater value to all our stakeholders using Environmental, Social and Governance (ESG) factors. We have aligned our business strategy and sustainability framework with the United Nation's Sustainable Development Goals



Fabian Bernal, Head of Sustainability

(SDGs) and furthered our focus on delivering tangible activities to help reach the SDG's targets. For us, environmental, social & economics and food safety & animal welfare are inextricably linked. Internally, our sustainability group ensures we achieve those tangible results by making sure we focus on our priorities, meet our goals and measure progress along the way.

2022 has affirmed for DeLaval the vital importance of collaboration, drive, and dedication. We are committed to a sustainable future with dairy producers, the wider community, and the planet at the centre of our priorities.

¹ <https://globaldairyplatform.com/development>

Our Business

DeLaval is one of three companies in the privately owned Tetra Laval Group. The other two are Tetra Pak and Sidel. All three focus on technologies for the efficient and safe production of food.

At DeLaval, we supply a comprehensive range of products and solutions to dairy farmers and other professional food producers around the world. We develop, manufacture and distribute equipment and systems for milk production and animal husbandry. Services, aftermarket solutions, original parts, knowledge sharing and advisory services are also key aspects of our operations and offerings. We sell our products and services via certified DeLaval distributors but also directly to dairy farmers.

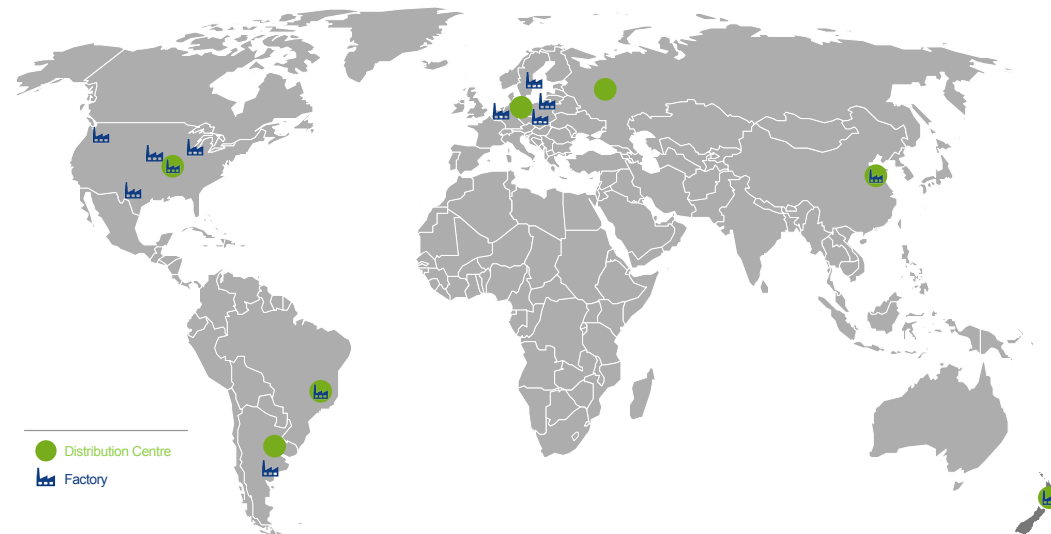
Our vision is “We make sustainable food production possible.” This means that we find ways to help our customers – dairy farmers across the globe – conduct sustainable operations. We strive to make it possible for our customers to produce more

food while reducing environmental impact and costs ensuring long-term profitability. Our products and solutions are also designed to ensure good animal welfare and provide decent working conditions on farms.

DeLaval net sales per geography were as follows: 21% Americas, 52% EMEA, 18% Asia Pacific (9 % adjacent businesses).

Tetra Laval is headquartered in Switzerland (www.tetralaval.com).

DeLaval is headquartered in Sweden, south of Stockholm (Gustaf De Lavals väg, 147 41 Tumba).



*4,783 FTE (full time equivalent incl. adjacent businesses)



OUR TAKE ON SUSTAINABILITY

Our Take on Sustainability



Sustainability for us is about doing more with less and doing it well. For our customers it means helping them reduce the environmental impact of every litre of milk produced in a way that is good for the animals and for anyone working on a farm.

Internally, it's about innovating to achieve these goals but also minimising our own waste and energy while providing decent working conditions in an inclusive company. We break it down into three focus areas.

ENVIRONMENT

The best way for us to reach the UN Goals on climate change is to reduce the environmental impact of every litre of milk sold. We're also reducing our own emissions internally in everything we do.

FOOD SAFETY & ANIMAL WELFARE

We use stringent compliance controls to ensure food safety. This is critical for the entire industry. Healthy animals produce more and better quality milk and live longer. We provide technologies to support them.

SOCIAL & ECONOMIC

We innovate to provide solutions that make dairy farmers' lives easier and more profitable. Internally, we use a Corporate Governance framework to ensure good working conditions. Our goal is long-term economic growth that contributes to social and environmental sustainability.

Our reporting is done with reference to the GRI (Global Reporting Initiative) 2021 standards. This is to ensure our Environmental, Social and Governance (ESG) reporting follows international frameworks.

What is Material to Us?

Based on our customers' main challenges and materiality analysis, we identified eight key areas of priority in 2021, and they were still our priority in 2022. Each focus area has a clear owner with the role of ensuring progress in each area. We have set actions and goals or KPI's for all eight areas.

The focus areas

ENVIRONMENT

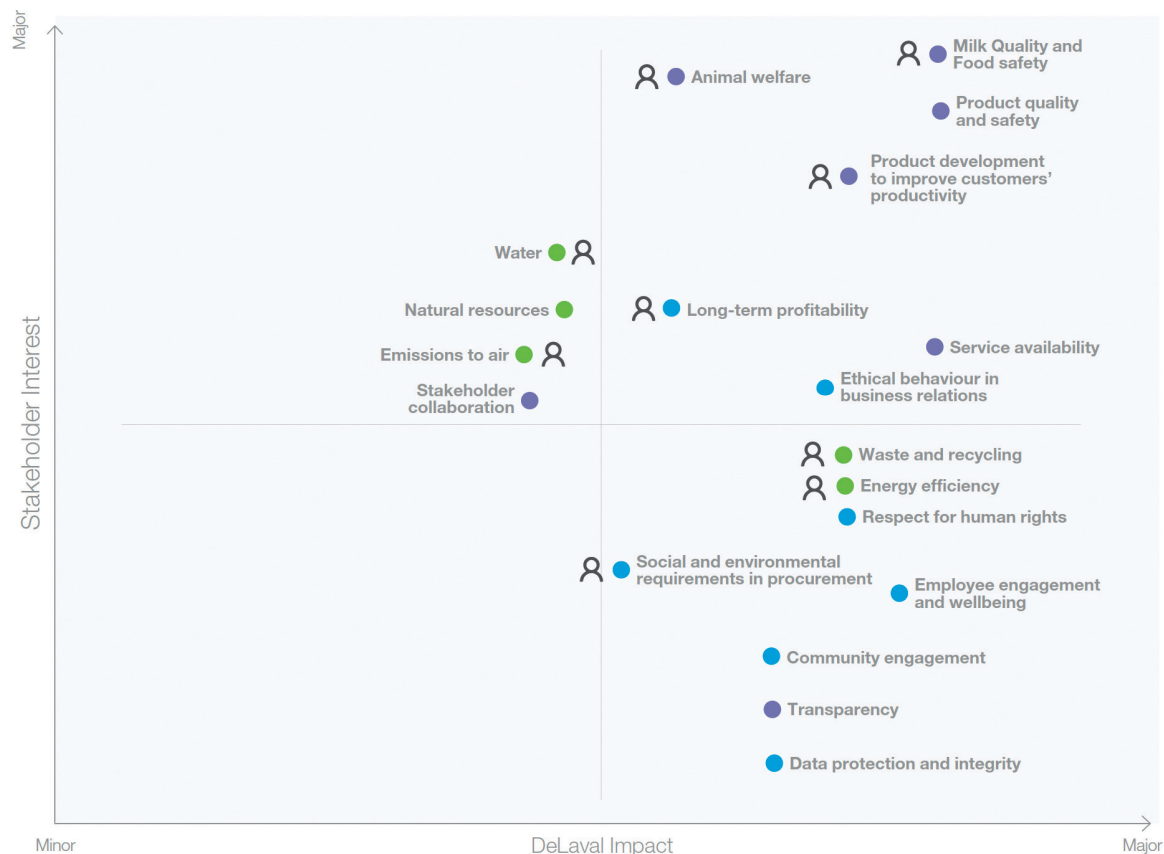
- Reduce GHG emissions
- Responsible water use
- Reduce energy and waste

FOOD SAFETY & ANIMAL WELFARE

- Animal welfare & cow longevity
- Food safety & milk quality

SOCIAL & ECONOMIC

- Diversity & inclusion
- Employee engagement & wellbeing
- Profitability



Sustainability is in Our Core

Our Product Management & Development teams go through an idea and concept phase before they start any development. At this point, several factors are taken into account, one of which is sustainability.

Today a dedicated team within product management and development has been established at DeLaval to help specifically with sustainability issues. Their aim is to make DeLaval customers more sustainable by offering sustainable products.

The illustration on the right shows the sustainability questions we consider when developing products.

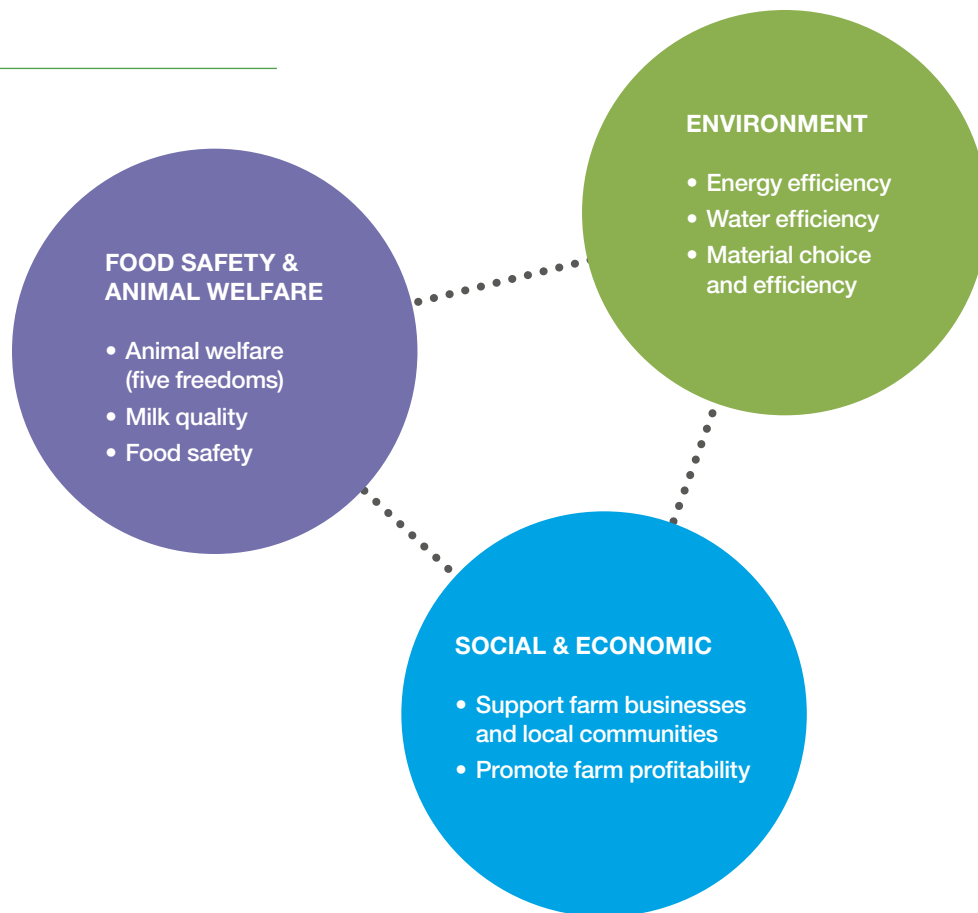
COMPLIANCE IN PRODUCTS

We are committed to complying with laws and regulations in every country where our products are sold. Our products are designed and tested to meet the appropriate standards for food and product safety together with any other regulatory compulsory requirements when used for their intended purpose.

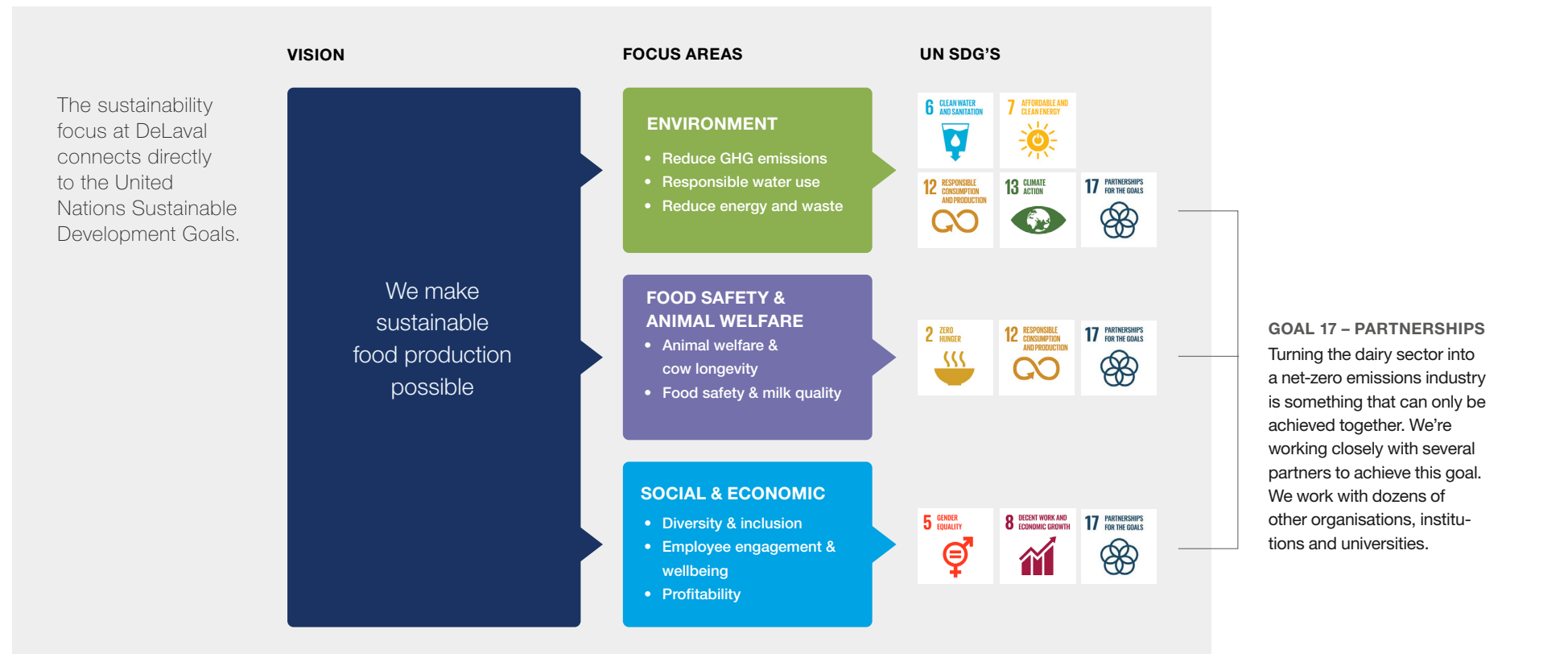
We ensure we fulfil the regulations on hazardous substances in the development of our products. This is essential for human and animal safety, environmental protection, market access, product liability and property protection.

Through our compliance work DeLaval also ensure workers' safety on farms by providing products that are safe to use. To ensure product safety DeLaval always follows the country or region with the strictest regulations and applies these globally.

All of our products need to live up to the DeLaval RSL (Restricted Substances List) to restricted SVHC (Substances of very high concern) in our products as well as to chemical legislation. DeLaval products must also live up to other regulations and global agreements such as WEEE (Waste of Electric and Electronic Equipment), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), RoHs (Restriction of Hazardous Substances Directive) and PoPs (Persistent Organic Pollutants (for example flame retardants).



DeLaval and the UN Sustainable Development Goals





UN SDG #2

END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

In UNSDG #2 DeLaval has identified these targets where we are committed to making a difference.

2.1 UNIVERSAL ACCESS TO SAFE AND NUTRITIOUS FOOD

By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

2.4 SUSTAINABLE FOOD PRODUCTION AND RESILIENT AGRICULTURAL PRACTICES

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

2.6 INVEST IN RURAL INFRASTRUCTURE, AGRICULTURAL RESEARCH, TECHNOLOGY AND GENE BANKS

Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.

2.8 ENSURE STABLE FOOD COMMODITY MARKETS AND TIMELY ACCESS TO INFORMATION

Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.



RISK AND
RISK MITIGATION

Environmental Topics

RISK	RISK MITIGATION
TRUST FOR MILK AS A FOODSTUFF The global population is growing and the need for highly nutritious foods is increasingly important to combat global hunger. At the same time, there are growing public concerns over milk, both from an environmental and health perspective.	We work with associations and academic institutions to provide varied scientific facts regarding the nutritional value of milk and its impact on the environment.
CARBON FOOTPRINT An increasing carbon footprint is risking the environment we work in and the world at large. The dairy industry is also under pressure from consumers to reduce its carbon footprint.	Healthy cows produce more milk per day which can reduce the relative carbon footprint. This aligns with our business objectives: providing products and solutions that let farmers do more with less. Our product development teams have a list of conditions to bear in mind for every new project. We make demands on our suppliers in this area also.



Environmental Topics

RISK	RISK MITIGATION
CHEMICAL SPILL AT OUR FACTORIES Many of the raw materials (chemicals) used by our chemical factories are classified as dangerous (corrosive, flammable, oxidizing, toxic and aquatic). A spill or leak would have a negative environmental impact on the immediate surroundings and potentially neighbourhood areas. Additionally, some chemicals could cause severe burning to staff that come in contact with them.	Our factories comply with all environmental, health, safety and other legal regulations as well as programmes for preventing accidents. All necessary precautions are taken to avoid any chance of a chemical spill. We have full and audited environmental controls. We use external independent experts and our staff to improve procedures. We also carry out additional controls with external partners. Our facilities are designed to contain a spillage should it occur and prevent it from reaching the natural environment.
HAZARDOUS MATERIALS New evidence emerges all the time concerning hazards with existing chemicals. New potential risks are discovered regularly regarding the use of certain chemicals in processing, whether its potential risk is for the factory operators or in the use of the final finished product.	We work with a Restricted Substances List and keep it updated by monitoring the regulatory landscape in our main markets globally. We are committed to comply with Regulatory Requirements in our markets, such as REACH.

Food Safety and Animal Welfare Topics

RISK	RISK MITIGATION
MILK QUALITY AND FOOD SAFETY Contaminated milk presents obvious risks to consumers, our customers and to our own brand. Food safety is critical for all parts of the dairy value chain.	Our compliance and R&D teams work to ensure that no hazardous or potentially hazardous materials and chemicals are used in or involved in the production of our products. We are using recognised food standards such as food grade stainless steel as specified in food contact legislation.
ANIMAL WELFARE High prevalence of production related diseases in cattle herds.	We provide sensor technology to monitor the health, fertility and production performance of a farm's cows, so that health and welfare issues can be detected early and treated appropriately. These technologies also help farmers improve milk production efficiency and decrease their climate footprint.

Social and Economic Topics

RISK	RISK MITIGATION
BREACH OF POLICY There is always a risk that our Business Code of Conduct and our policies are not adhered to.	We have a 'whistle blower' policy in place to allow staff to report breaches of policy in confidence. We also have a tool in place where everyone can anonymously report concerns. We conduct audits and self-assessments to ensure that we stick to our Corporate Governance Framework. Our Corporate Governance eLearning course is mandatory for all new employees. The training is also re-deployed to existing employees (reinforcing the lessons) every other year.
CYBER SECURITY Exposure to cyber attacks or data breaches resulting in potential loss or harm to technical infrastructure, use of technology or reputation of DeLaval.	Through our cyber security risk methodology we have a cyber security program covering several types of controls, including people, technology and processes, with the intention to protect, detect and respond to different types of cyber threats.
FRAUD RISKS This can be fraud in general, electronic fraud and or forgery of financial orders or of signatures on financial documents.	We mitigate this risk via our Internal Control Framework.
SUPPLY CHAIN Supply chain risks are numerous and varied. They can stem from increased trade disputes, custom barriers, global transportation issues, shortage of supply and system dependency (both internally used systems and operating DeLaval equipment on a farm).	We are monitoring the risks closely and mitigate by updating the supply chain footprint to enable supply chain business continuity.



Social and Economic Topics

RISK	RISK MITIGATION
CORRUPT BUSINESS PRACTICES We see risks when working with suppliers but also customers operating corrupt business practices.	Our Ethics and Sustainability Principles are also used to mitigate corruption from suppliers. See Corporate Governance below – 'Supplier and distributor commitments.' Our Code of Business Conduct is used to mitigate corruption within DeLaval. See Corporate Governance below.
FUTURE PANDEMICS	We have established methods for securing our supply-chain operations to ensure that food production continues despite global societal lockdowns.
HEALTH AND SAFETY There is always a risk for accidents whether employees are working • In our factories and offices • On customers' farms	We have safety procedures in place at our own facilities and monitor workplace accidents carefully. We provide guides and training to our own staff on "How to stay safe in a cow environment" and we support farmers on safe behaviour. We also provide advisory services to farmers on how to use our products in a safe and efficient manner and help them with safe farm behaviour. We have clear reporting procedures should an accident occur on the customers' premises.



Social and Economic Topics

RISK	RISK MITIGATION
CHILD LABOUR Child labour can occur across the dairy value chain.	We don't accept child labour of any sort. We require our business partners to commit and adhere to certain fundamental principles and business rules. This includes not using any form of child labour. We work with them to build their capacity to be able to meet these standards.
GENDER DIVERSITY Our gender diversity is uneven and is a long-term risk as we are not attracting all the available talent on the market. Gender diversity is an issue for the dairy industry as a whole.	We have several measures in place to deal with the imbalance. Our HR Policy outlines how we encourage gender diversity. Several solutions that we sell make life easier for those working on farms from an ergonomic perspective eliminating the need for physical strength to carry out farm tasks.
ATTRACTING THE NEXT GENERATION There is a generation shift occurring within the dairy industry. The industry, including DeLaval, must be an attractive employer for this new generation of farmers. We already have a gender imbalance and risk missing out on recruiting the best qualified people.	We work with precision dairy farming and digitalised sensor technology. These cutting edge developments attract young people from a broad spectrum. We also work closely with universities. Several of our solutions improve the work-life balance for farmers. Our HR policy outlines how we work to create attractive working conditions at DeLaval.



ENVIRONMENT

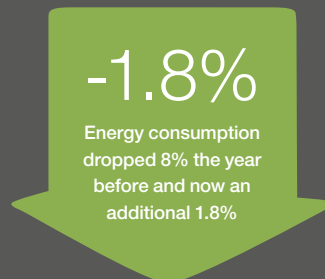
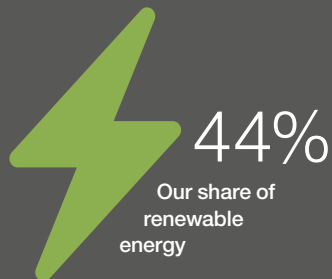
Environmental Sustainability

1 Reduce greenhouse gas emissions



In 2023, we aim to complete a high-level measurement of our scope 3 downstream emissions

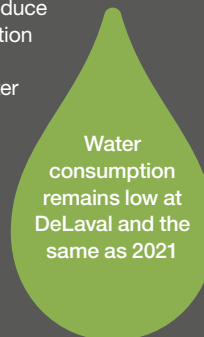
2 Reduce energy and waste



3 Responsible water consumption



Our goal is to reduce water consumption and ensure responsible water use in our products and operations.



Environment

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS
REDUCE EMISSIONS	Scope 1 and 2 Reduce emissions from our own operations and throughout the value chain	30% reduction of scope 1 and 2 emissions by 2030 compared to the 2019 baseline	Scope 1 and 2 measurements have started according to the Greenhouse Gas (GHG) protocols	- We're changing the energy mix in our factories - We're sourcing renewable electricity for our Polish, Belgian, German and Swedish facilities - We are looking at energy sourcing of green electricity and green heating in the USA, China, Brazil and the rest of the EU
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Environment

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CASE | Ensuring sustainability in every product we develop

DeLaval has always looked at sustainability criteria when developing a product. But in the past two years, the product development teams have raised the bar a notch. A Product Management & Development (PMD) and Digital Services Sustainability Group has been established to integrate sustainability into everything we do.

"We're a tactical forum," says Anna Lindquist, Director Strategic Program Office. "We are initiating what we call 'enabler projects.' These are projects that make it easier for

It should be easy
to integrate
sustainability goals
into any project

the organisation to work with sustainability. This will be an important foundation for future improvements in the area of sustainability."

Lindquist explains that the goal is to make it simpler for the organisation to do the right

thing. For example, they are working on including improvement goals into new projects. "It should be easy to integrate sustainability goals into any product development project," says Lindquist. "So, we are including sustainability requirements into the product development process for example."

"We're also looking at how we can use an LCA (life-cycle analysis) tool to help the organisation in its decision-making. This will help us understand if it's better to choose a metal or plastic component for a product for example. An LCA-tool can help us understand the most sustainable option."

The tool will also help them understand if energy usage is the biggest emissions factor when a product is in use, or if it's something else. This kind of information can affect how product development teams work at DeLaval and how they innovate. Armed with the right information, they can make better and more sustainable choices.

The sustainability group is also about to embark on assessing the company's Scope 3 downstream emissions. Scope 3 downstream emissions are all the emissions that occur after a sold product has left the factory. So far, DeLaval has measured scope 1 and 2 emissions and scope 3 upstream emissions. The last piece of the puzzle are the downstream emissions and completing this measurement could affect how future products are developed.

"The downstream footprint could really help us," says Lindquist. "By creating a baseline, we will have something to measure and can then monitor progress over time in a much better way."

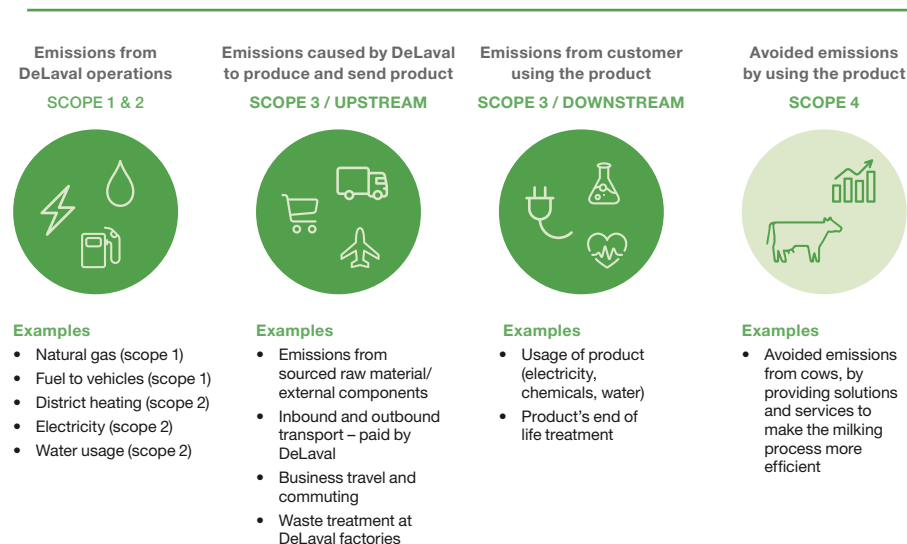


The PMD & Digital Services Sustainability Group

Lindquist says that the group is already seeing a difference across DeLaval. "There is a mentality shift within the organisation. There is a greater sustainability awareness today and a groundswell of interest with more and more colleagues wanting to learn more and contribute to our sustainability journey."

How We Work with Environmental Sustainability

When we look at environmental sustainability we work mainly from the three established 'scopes' of the Greenhouse Gas Protocol and the additional fourth scope that looks at how we can help others reduce their emissions.



Scope 1, 2 and 3

Our major goal here is to reduce our own emissions in line with the UN Paris Agreement on Climate Change and become climate neutral by 2050. Today, we have measured most but not all our emissions. When we have a baseline compliant with the GHG protocol we will start to create specific science-based targets and align with the Science Based Targets initiative (SBTi).

We measure all our data in CO₂e (carbon equivalents).

Scope 4 – Our Biggest Impact

Based on Carbon footprint analyses of dairy farms, we know that the biggest difference we can have on the environment is through our innovations that support farmers to do more with less. These avoided emissions fall under the category that many call 'scope 4.'

For example, we know already that our swinging cow brush improves not just animal welfare but also milk yield and therefore reduces the emissions per kilo of milk produced. Most of our innovations are based on improving energy efficiency, better waste management or improved animal welfare which in turn leads to higher milk production efficiency. While we have no overall measurements on the avoided emissions created by our entire portfolio of products and solutions, we know that this is the area where we, together with our customers, can have the biggest impact in environmental improvements.

Our Three Main Goals within Environmental Sustainability

1

REDUCE GREENHOUSE GAS EMISSIONS

When it comes to reducing emissions, we have made progress on reducing Scope 1 and 2 emissions from our own operations. We have also measured Scope 3 upstream emissions. In 2023, we will complete a high-level measurement of Scope 3 downstream emissions.

GOAL	TARGET	PROGRESS
Reduce emissions	30% reduction of scope 1 and 2 emissions by 2030	Ongoing and on track In 2023 we will have an aggregated baseline including scope 3. In 2024 a new study will confirm our baseline and any improvements from 2019
	Map remaining Scope 3 emissions by 2023	This project is beginning in early 2023
	Ensure processes to support decision-making to reduce emissions	Processes in place for scope 1 and 2. More to come

What we're doing about it

REDUCE SCOPE 1, 2 AND 3 EMISSIONS

- We're changing the energy mix in our factories
- We're sourcing renewable electricity for our Belgian, Polish, German and Swedish facilities
- We are looking at electricity and heating sourcing in the USA, China, Brazil and the rest of the EU
- Optimising transportation for CO₂e reduction
- Evaluating our suppliers' sustainability and collecting primary data
- Minimising plastic waste from packaging
- Collaborating with external organisations and research institutions

MAP REMAINING SCOPE 3 EMISSIONS

- A methodology for measuring scope 3 down-

stream emissions is beginning in 2023

- High level estimate on emissions expected to be complete in 2023

ENSURE PROCESSES TO SUPPORT DECISION-MAKING TO REDUCE EMISSIONS

- Sustainability group established to support decision-making in product development
– see page 28
- Investigating the use of an LCA (life-cycle analysis) tool to improve decision-making on sustainability issues when developing new products
- Developing a process for product sustainability improvements, including energy and water usage, circularity and material efficiency

DELAVAL IN LATIN AMERICA OPTIMISES PACKAGING AND LOGISTICS

After opening a new warehouse in Rosario, Argentina, the team in Latin America has halved air-freight imports and doubled sea-freight cutting costs and lowering emissions. They are also reducing packaging materials by 7% by increasing the amount of chemical products

per pallet from 36 to 48.

This will result in a reduction in outbound kilometres in transport of 50,000km per year in Argentina alone. The team is now looking to do the same in Brazil which will result in an additional reduction of 63,000km.

READ MORE

Our Three Main Goals within Environmental Sustainability

2

REDUCE ENERGY AND WASTE

To measure energy accurately, we are monitoring the energy use per reported hour in our factories.

What is new is that we now have a good overall picture on the share of renewable energy (44%). This includes energy from heating and electricity. The majority of our electricity consumption comes mainly from renewable sources. We see an opportunity in increasing the amount of heating from renewable sources.

GOAL	TARGET	PROGRESS
Reduce Energy and Waste	35% reduction in CO ₂ e emissions from energy use by 2030	Energy is down 1.8% compared with 2021. The share of energy from renewable sources is 44%
	20% reduction in waste by 2030 (compared to 2019)	12% reduction in 2022 (compared to 2019)
	Ensure sustainable waste management and recycling	Ongoing

What we're doing about it

REDUCE ENERGY

- Transitioning to LED lighting throughout all factories
- Adding motion sensors in corridors etc
- Reduction of gas consumption by 40% at our Gallin distribution centre
- Carrying out new measurements in some factories to get more accurate figures
- Developing products with lower energy consumption

REDUCE WASTE

- Working with suppliers to reduce their waste
- Reducing plastic packaging
- Increasing use of recyclable packaging
- Recycling more materials such as drums, batteries and cardboard
- Reducing potential oil spillages and leaks by improving Preventive Maintenance
- Developing products that reduce waste on farms

Some 5% of our energy consumption is from heating our factory in Gallin, Germany with natural gas. The supplier is offsetting their carbon emissions, which we see as positive. However, we don't count this as a reduction in emissions.

Our Three Main Goals within Environmental Sustainability

3

RESPONSIBLE WATER CONSUMPTION

Water consumption in our factories and distribution centres is generally low. Our chemical factories are the only ones that use significant amounts of water and here, it is treated as a raw material.

GOAL	TARGET	PROGRESS
Reduce Water consumption in our operations	Evaluate internal consumption and set a target	The water consumption in 2022 was the same as 2021
Reduce water consumption of sold products	Not set	Ongoing

What we're doing about it

- Education initiatives on smart water use across all factories
- Rainwater used to water lawns at Dobro Miasto plant
- Lawns not watered at Mount Vernon plant saving 260m³
- Developing products with reduced water consumption
- Developing products that require lower water temperature and lower chemical concentrations to clean our systems
- Ensuring equipment and chemicals are compatible to increase the life of equipment, reduce service calls and replacements
- Adapting equipment to chemical use by providing right temperature, physical action, dilution control, etc. resulting in more efficient chemical use and thus lower waste



CLEANING PRODUCTS THAT REDUCE DETERGENT USE

Our CIP (clean in place) method is constantly evolving. Our latest solution reduces the amount of water and time needed to wash contact surfaces, as well as reducing the temperature required in washing. This reduces the amount of chemicals and detergents needed to ensure clean facilities.

One of our strengths at DeLaval is that we have both the milking systems and cleaning chemicals to ensure there's a perfect match to guarantee the best possible food safety and milk quality.



FOOD SAFETY & ANIMAL WELFARE



Food Safety & Animal Welfare

Everything we do has food, human and animal safety in mind. With a long history of innovation in the dairy industry, we aim to improve milk quality, food production, animal welfare and both the animals' and humans' environment. Today, we split our work into two areas:

1 Food Safety and Milk Quality

We offer solutions throughout the dairy value chain.

Milking

Solutions such as the DeLaval VMS™ ensure gentle milking.

DeLaval liners and clusters provide a gentle grip on the teat throughout the milking cycle.

Reproduction and Health

We provide sensor technology and digital solutions to monitor and manage cows and dairy production.

This helps farmers make the best decisions and interventions.

Cleaning & Sanitation

DeLaval has different types of automatic pre and post teat spraying included in our VMS™ and TSR™ to ensure teats are cleaned and disinfected before and after milking.

We have a range of teat dips depending on the requirements.

Farm Management

Our sensor systems help farmers attend to cows with potential illnesses early, helping ensure high milk quality.

DeLaval InService™ All-Inclusive helps ensure the farmer's systems are running

smoothly and that farmers always have the right detergents and cleaners in place.

Manure robots such as the RC550 and RC700 are adapted to keep barn floors clean.

Cooling

We offer cooling tanks with capacities up to 40,000 litres. This helps ensure that milk holds its high quality before delivery to the dairy.

2 Animal Welfare and Cow Longevity

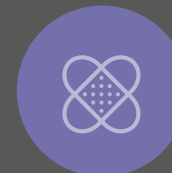
As a world leader in dairy equipment and services, we are committed to ensuring a good animal state of mind and wellbeing. In addition, we are committed to following the globally established 'five freedoms' of animal welfare. These are:



Freedom from
hunger & thirst



Freedom from
discomfort



Freedom from
pain, injury & disease



Freedom to express
normal behaviour



Freedom from
fear and distress

Food Safety and Animal Welfare

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS
FOOD SAFETY	Always follow the country with the strictest legislation on milk quality and food contact compliance and apply that globally	Meet the appropriate standards for food and product safety together with any other regulatory compulsory requirements when used for their intended purpose	Ongoing	• Meet all regulations on milk quality and ensure it is safe for consumers • Ensure any product we launch has no negative effect on milk coming from a farm • Always follow food contact compliance legislation rigorously • Adhere to all regulations throughout the value chain
ANIMAL WELFARE	Full commitment to following the globally established 'five freedoms' of animal welfare Helping farmers to increase the productive lifetime of their animals with high quality animal care solutions for disease prevention, detection and management, thus increasing animal welfare and animal performance		Ongoing	• Ensuring animal welfare is an integrated part in the development of our products and solutions • Developing solutions that support animal wellbeing either directly or via precision dairy farming tools that help farmers through intelligence and monitoring • Continuous education and training both internally but also externally with dealers and farmers • Proactively supporting our customers with dairy advisors around the world • We have an internal procedure in place in the US for how to deal with a farm if we witness poor animal welfare. We have similar processes in other countries • Increase awareness of animal welfare standards via strong partnerships with experts, dairy organisations and leading academic institutions • Supporting initiatives such as the FARM programme, the EU Reference Centre for animal welfare • During 2023 we will update and launch a new global Animal Welfare Policy

CASE | Human interaction critical for Animal Welfare on robotic farms

Between 2020 and 2022, DeLaval conducted a comprehensive study on the effects of large robotic farming on animal welfare. “Automatic milking has been in place for more than 30 years but there are very few animal welfare studies,” says Enrique Bombal, Master of Science in Animal welfare and researcher at DeLaval.

Bombal and his team wanted to rectify this situation and add some fresh knowledge to help both DeLaval’s farmers but also the industry at large. They conducted a study on one of the world’s largest robotic farms, the Agricola Ancali farm with its 6,500 cows and 90 milking robots (DeLaval VMS™).

One of the most unexpected results was the importance of human interaction. While there is not as much human interaction on an automatic milking farm compared with a conventional milking farm, the study showed that it has the same level of importance as with a conventional milking farm.

“What we’ve learnt is that anyone working on a robotic farm needs to be trained to know how to deal and interact with the animals. There are optimal ways of moving among the cows and ensure they remain calm,” says Bombal.

“This was a surprise for us as we normally associate robotic farms as ones where the people aspect is not as critical but it turns out to be very important.”

The other main finding was on barn design and in particular in pre-milking. There are three different barn designs at the Ancali farm, which gave the researchers an opportunity to see how the different designs affected animal welfare.

“We see that it’s very important to make sure there is a good relationship between the cows in the pre-milking zone and even with the people interacting here.”

“We found differences in the expression of the different behaviours of the cows when we compared the three designs (a pre-milking waiting area with one, two or three robots), and we even found differences depending on the zone of the pre-milking area where the cows were.”

“The design of the pre-milking area could influence the expression of different cow’s behaviours and this impacts animal welfare”.

The other part of the study assessed the overall welfare of the animals in an automatic milking farm compared with a conventional farm. The team used the Welfare Quality® Assessment Protocol for cattle quantifying animal welfare and found that the results were similar to a conventional farm, apart from the two areas noted above.

The findings of the study were presented at the 2022 World



Enrique Bombal, Master of Science in
Animal welfare and researcher at DeLaval

Buiatrics Congress in Madrid and are now undergoing a peer-review.

“The study shows that we don’t just follow the five freedoms of animal welfare but we are going beyond that,” says Fabian Bernal, Head of Sustainability Officer at DeLaval.

“A study like this can affect the way barns are designed and managed in the future and improve animal welfare across the globe. It shows that it’s possible to further improve animal welfare even in these well-run automatic farms.”

CASE | Farm sustainability and the DeLaval Dairy Advisor

Advisory services are one of the most important parts of our business strategy and an important way for DeLaval to be able to reduce emissions on our already installed base.

When Dairy Advisor William Smits arrives at a farm, he's interested in two things; helping farmers increase their output and improving animal health. The two go hand in hand.

The more milk produced per cow, the lower the environmental impact per litre of milk produced and the higher the profitability for the farmer. But to achieve high milk yields the farmer has to take great care of animal welfare.

"It's all in the teat," says William Smits when probed about the best way to help a farm run both profitable and sustainable operations.

"If a cow is milked perfectly, the teat will close soon after after milking," he says. "If not, the teat can remain open for eight hours and be susceptible to bacteria and other pathogens. That means the cow will now potentially have to fight off germs instead of spending its energy producing milk."

After nearly 30 years working for DeLaval around the world and particularly in Asia and the Middle East, Smits has seen just about every kind of dairy operation on the planet. In his role as a dairy advisor, he spends a lot of time helping farmers improve their operations through observation and advice. But

he also spends a lot of time ensuring the best use of the DeLaval machinery the customer has bought. There are default presets on all milking robots for example but these need to be tweaked to suit the needs of each farm.

"You have to look at each farm separately and be aware that even different countries also have different dairy cultures. The Americans have a history of high-vacuum fast milking while the Europeans are much slower but they try to get more milk from the cow on each occasion."

"Take China for example," says Smits, who has spent a large portion of his career there. "There are a lot of rotary operations there and they are also using our farm management system, Delval DelPro, so we could see an enormous difference in how long it takes to milk the cow from one farm to another. It's about understanding how to best use the machinery but also understanding the people aspect on each farm. How well do you treat the cow in pre-milking? How much time do you spend stimulating the cow to release the milk? How much time separates pre-milking and cleaning the cow and who is doing what? You need to bring all of that information together and you can make a big difference for

your own operations and for the cow's welfare."

"With Delpro, we can see the milk curves and when the cow reaches peak flow," says Smits. "You still need someone on-site from time to time looking at the farms and looking at those teats to make sure everything is healthy, but the data can tell you a lot."

Smits also notes that there are clear improvements on the individual farms he works with, not just from a profitability and animal welfare perspective, but the advisory services Smits and his colleagues provide are also resulting in farms reducing their greenhouse gas emissions.

"We are the only ones gathering this kind of data in China and making our results available," says Smits. "So, we're setting a benchmark and showing that very large farms can have extremely low mastitis levels for example. When others see these kind of results, they want to do the same and this helps speed up the spread of knowledge."

Smits is convinced that this kind of benchmarking is making all farms in a region more efficient and, as a result, more sustainable.



William Smits, Dairy Advisor

How We Work with Food Safety & Animal Welfare

Everything we do has food, human and animal safety in mind. With a long history of innovation in the dairy industry, we aim to improve milk quality, food safety, animal welfare and both the animals' and humans' environment.

FOOD SAFETY AND MILK QUALITY

Contaminated milk presents obvious risks to consumer health and our customer's operations. Food safety is critical for all parts of the dairy value chain. We work with food safety through stringent compliance controls and we also engage our supply chain to make sure that their products are compliant to start with.

As a global company, we apply the most stringent national regulations to our global offering.

While the diagram on page 34 shows how we actively work with animal welfare on the farm level, we are also working in close cooperation with academic institutions, veterinarians, consultants research organisations and international dairy federations to develop standards in organisations such as ICAR and ISO (International Standardisation Organisation) and improve animal health and wellbeing.

FOOD SAFETY AND SUSTAINABILITY THROUGH OUR VALUE CHAIN

Our development teams collaborate to ensure our chemicals and milking equipment are compatible. This increases the life of the equipment, resulting in fewer services calls and fewer replacements.

We can also adapt the equipment to use chemicals in a smarter way by providing the right temperature, physical action, dilution control, etc. Our chemicals follow the country or region with the strictest regulations and we apply these globally.

DeLaval has cleaning solutions that can be used at lower temperatures (saving time and electricity), or that combine two cleaning steps in one (saving chemicals and water), or that allow for longer runs between cleanings (saving water, time, electricity, chemicals and increasing the capacity of the equipment).

How we're doing it

WE AIM TO

- Meet all regulations on milk quality and ensure its safe to consumer
- Ensure any product we launch has no negative effect on milk coming from a farm
- Always follow food contact compliance legislation rigorously. Food contact materials (FCM) are materials that are intended to be in direct or indirect contact with

food. For DeLaval, direct contact means all the surfaces that will touch the milk intended for human consumption but also surfaces from which milk splash, condensate or other materials can drain, drip, diffuse or be drawn into the milk

- Adhere to all regulations throughout the value chain



How We Work with Food Safety & Animal Welfare

ANIMAL WELFARE AND COW LONGEVITY

Animal welfare lies close to our hearts. We truly care about these amazing animals but we also know that when we focus on animal welfare, our customers can run more sustainable dairy farms with higher milk production and reproduction efficiency. This leads to lasting results.

Animal welfare can be described as the animals' mental and physical state of well-being. Good animal welfare means more than just good health and physical well-being. Mental wellbeing and the ability to express species-specific behaviour is an important part of this.

As a world leader in dairy equipment and services, we are committed to following the globally established 'five freedoms' of animal welfare shown on page 34. We are against any act of animal cruelty. This includes, but is not limited to, willful mistreatment and neglect of animals and acts that maliciously cause pain, injury, or suffering. But we also want to go beyond the 'five freedoms' and add new insights into the dairy industry to the benefit of the animals (see the article above on our latest animal welfare research above).

Dairy farming practices can impact animal welfare. This is why we are committed to working hand in hand with our customers and partners to raise awareness of animal welfare issues and standards across the industry and value chain.

How we're doing it

- Ensuring animal welfare is an integrated part in the development of our products and solutions
- Developing solutions that support animal wellbeing either directly or via precision dairy farming tools that help farmers through intelligence and monitoring
- Continuous education and training both internally but also externally with dealers and farmers
- Proactively supporting our customers with dairy advisors around the world
- We have a protocol in place in the US for how to deal with a farm if we witness poor animal welfare. We have similar processes in other countries
- Increase awareness of animal welfare standards via strong partnerships with experts, dairy organisations and leading academic institutions
- Supporting initiatives such as the FARM programme, the EU Reference Centre for animal welfare

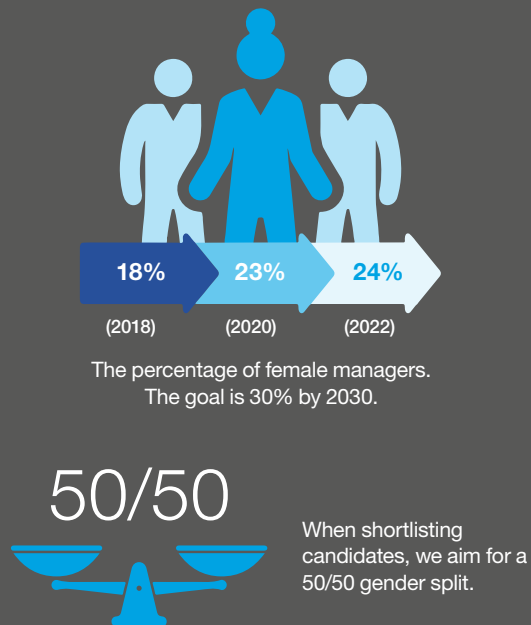


SOCIAL AND ECONOMIC

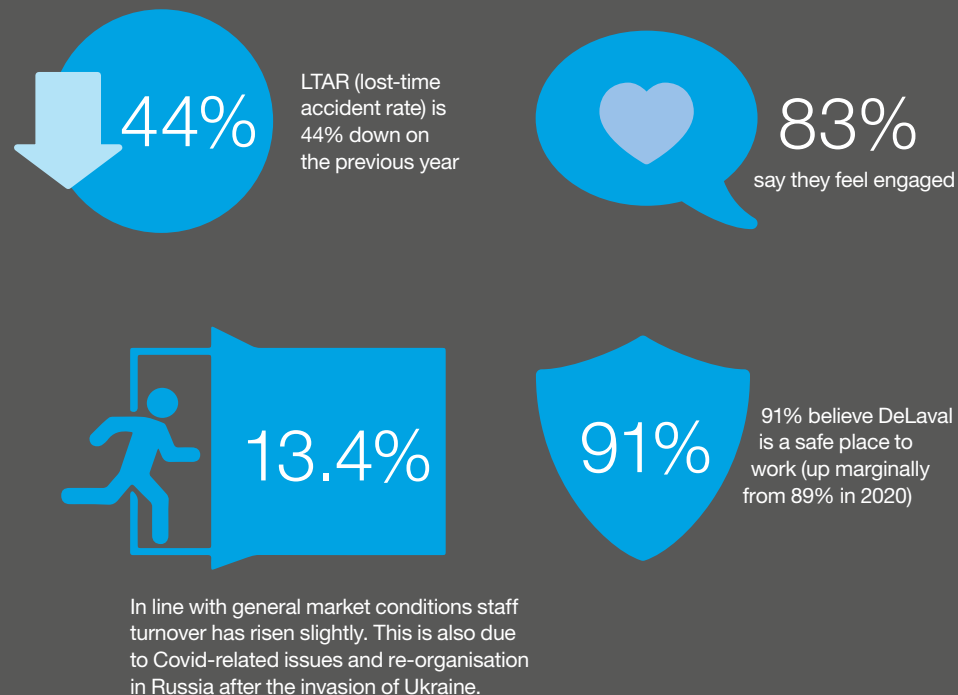


Social and Economic Sustainability

1 Diversity and Inclusion



2 Employee Engagement and Wellbeing



Social & Economic

FOCUS AREA	GOAL	TARGET	STATUS	ACTIONS	
EMPLOYEE ENGAGEMENT AND WELLBEING	An engaged and passionate work force where employee's health and wellbeing are a priority, and the workplace is safe	Employee engagement on par with global high performance company norm	We are the same as the manufacturing norm but below the 'high-performance norm'	- Employee assistant program (hotline for support about wellbeing) - Continued support for working from home	- Career development path manual developed. Launch in 2023 - New personalised learning platform developed. Launch 2023
		Zero accidents and work-related ill health	44% decrease in lost-time accident rate on 2021	- Intranet site on occupational health and safety launched - Four key safety behaviours implemented - OHS handbook launched	- OHS e-learning training developed. Launch Jan 2023 - New global OHS field manager appointed
DIVERSITY AND INCLUSION	Attract and retain a diverse workforce and build an inclusive culture in order to innovate better, build a stronger organization, support our customers better and increase revenue	25% female employees and female managers by 2025 30% female employees and managers by 2030	22% female employees in 2022 24% female managers in 2022	- Diversity and Inclusion is now part of the overall DeLaval company strategy - We continue to use a 50/50 gender split on shortlisting candidates for positions - We have run several webinars on matters relating to diversity and inclusion - Communications activities highlight a more even gender mix to promote diversity	- We highlight stories about female colleagues in internal and external channels - We continue to develop our employee resource groups; DAWN (Diversity at Work Network), Women in Blue, Employee Club China with local activities in each - A new Inclusive Leadership Award in Sweden has been launched

How We Work with Social and Economic Sustainability

Our work with social and economic sustainability issues are guided by our vision. But in practical terms, all of our processes and frameworks can be found in a global management system we call the Hamra Model. This includes our Corporate Governance Framework, Code of Business Conduct as well as all corporate policies. See our section on Governance.

Our staff are encouraged to report any breaches to our Corporate Governance Framework through a 'whistleblowing' tool. We also ensure all employees are aware of our codes of conduct via e-learning programs that are available in 12 languages.

Below are extracts from our Corporate Governance Policies dealing with the key areas of anti-corruption and human rights.

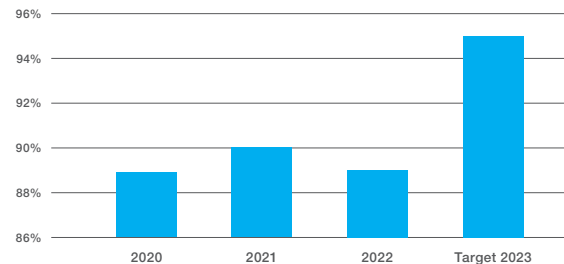
ANTI-CORRUPTION

Under our anti-corruption commitment, we require all companies and all employees of DeLaval to refrain from offering, paying, requesting or accepting any form of illegitimate contribution. It equally bans the requesting of any customer or supplier to do the same.

ETHICS AND SUSTAINABILITY

Our suppliers and distributors commit to our Ethics and Sustainability Principles where anti-bribery, sound labour principles reflecting human rights are vital parts. So far, suppliers covering 89% of our Global Sourcing spend have signed the DeLaval Ethics and Sustainability Principles. In 2020, the figure was 88,8%. In 2021, the figure was 90%. Our target is 95% by 2023.

PERCENTAGE OF OUR GLOBAL SOURCING SPEND THAT HAS SIGNED OUR ETHICS AND SUSTAINABILITY PRINCIPLES



No new suppliers will be approved unless they sign up to these principles. The adherence to the Ethics and Sustainability Principles is governed by audits of new suppliers and self-declaration of the current supplier base.



MORE MILK FOR A BETTER LIFE

We support and collaborate with Tetra Pak's Food for Development Program. In 2022, the program helped 30,000 smallholder farmers increase dairy productivity and income, whilst at the same time involve more women and young people in the dairy value chain. See how the program made a real difference in Kenya.

[READ MORE](#)

How We Work with Social and Economic Sustainability

HUMAN RIGHTS

DeLaval supports and respects the principles set out in the Universal Declaration of Human Rights as well as the Children's Rights and Business Principles. We also partner with suppliers to address social risks in our supply chain.

Our commitment to respecting human rights is stated in our Code of Conduct and Ethics Sustainability Principles for Suppliers and Partners as well as our HR Policy.

Our HR Policy outlines that DeLaval supports freedom of association and all employees have the right to be a member of a trade union of their choice and to bargain collectively.

DeLaval does not engage in or support the use of any child labour in our company or in our suppliers. DeLaval supports the elimination of all forms of forced and compulsory labour. By right, labour should be freely given and employees should be free to leave in accordance with established rules.

In addition, we have a Whistle Blowing policy, where not just

staff but also suppliers and other stakeholders are encouraged to report any breaches of our corporate governance policies. See also our section on Governance.

Further relevant extracts from our HR Policy are outlined below

NON-DISCRIMINATION

DeLaval constantly strives to hire and treat its employees in a manner that does not discriminate with regard to gender, nationality, religion, race, age, disability, sexual orientation, political opinion, union membership, or social or ethnic origin.

EQUAL OPPORTUNITIES AND DIVERSITY

DeLaval strongly believes that all employees should be treated with equal respect and dignity and shall be provided with equality of opportunity to develop themselves and their careers. Diversity benefits DeLaval's continuous development. We promote a culture of diversity where appointments to jobs, rewarding and personal success depend on individual ability and performance. Equality also

entails zero tolerance of sexual harassment and other gender-based offences. DeLaval does not tolerate behavior, including gestures, language and physical contact, that is sexually coercive, threatening, abusive or exploitative in the workplace.

MINIMUM WAGE AND WORKING HOURS

As a minimum, DeLaval complies with the legal requirements regarding wages and working hours in each country in which we operate. Compliance is monitored locally.

WORKING CONDITIONS & REMUNERATION

DeLaval believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in local markets and in the industry. If any employee has concerns about working conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors or to Human Resources.

Our Three Focus Areas within Social and Economic Sustainability

1

EMPLOYEE ENGAGEMENT & WELLBEING

Our ambition is to create an engaged and passionate work force where everyone's health and wellbeing is a priority and the workplace is safe. We complete staff surveys at least once every two years and we want our employee engagement and wellbeing results to be on the same standards as 'global high performance companies' set out by our independent survey company.

Additionally, we want to ensure a safe workplace and our ultimate goal is zero accidents and work-related ill-health. We have recruited specifically in this area in recent years and have improved our reporting procedures. We have added focus to both reporting and preventing accidents in the field.

GOAL	TARGET	PROGRESS
An engaged and passionate workforce where everyone's health and wellbeing is a priority.	On a par with 'high performance companies'	We are the same as the manufacturing norm but below the 'high-performance norm'
A safe workplace	Zero accidents and work-related ill-health	The Lost-time accident rate of 3.04 is the lowest since we started measuring in this way (2019).

What we're doing to improve

ENGAGEMENT AND WELLBEING

- Employee assistant program (hotline for support about wellbeing)
- Continued support for working from home
- Career development path manual developed. Launch in 2023
- New personalised learning platform developed. Launch 2023

OCCUPATIONAL HEALTH & SAFETY

- Intranet site on occupational health and safety launched
- Four key safety behaviours implemented
- OHS handbook launched
- OHS e-learning training developed. Launch Jan 2023
- New global OHS field manager appointed

FUNDING YOUNG SCIENTISTS

Every year, the Gustaf de Laval Fund supports projects from young scientists around the world in the area of sustainable food production. In 2022, scientists could seek funding for projects related to precision dairy farming and production management.

[READ MORE](#)

Our Three Focus Areas within Social and Economic Sustainability

91%

EMPLOYEE ENGAGEMENT SURVEY

Engagement levels remained the same between 2021 and 2022 (83%). We see these results as positive but want to keep improving.

In 2022, 91% of employees believed DeLaval was a safe place to work. This is 2% higher than in 2021 and 29% higher than 2019.

13.4%

STAFF TURNOVER

Staff turnover in 2022 was 13.4% compared with 11.6% in 2021. The increase is due to the market situation after Covid. In addition, the war in Ukraine has affected our organisation in Russia in particular.

0

WORKPLACE ACCIDENTS

For over a decade, we have thankfully had no accidents at DeLaval that have led to permanent disability or worse.

25

WORKPLACE ACCIDENTS THAT RESULT IN BEING ABSENT FROM WORK ONE DAY OR MORE.

This figure is down from 36 in 2021 and 31 in 2020.

5.80

TOTAL RECORDABLE INCIDENT FREQUENCY RATE (TRIFR)

This new figure is the total number of recordable incidents (excluding First Aid cases) per one million hours worked. In future, we will use this figure instead of the actual number of accidents.

The 2022 figures show a decrease from the 2021 figures.

2021	2022
6.60	5.80

3.04

LOST-TIME ACCIDENT RATE (LTAR)

The lost-time accident rate is the number of injuries that result in an employee's inability to work the next full working day per one million hours worked. LTAR is down 44% in 2022 compared with 2021.

2021	2022
4.38	3.04

The gender split on accidents and incidents is as follows. 89% of all reported incidents involved males and 84% of lost-time accidents were injuries to males.

Our Three Focus Areas within Social and Economic Sustainability

2

DIVERSITY AND INCLUSION

We aim to attract and retain a diverse workforce and build an inclusive culture. This leads to a stronger organisation and one that is better geared for innovations. This, in turn, helps our customers and increases revenue at DeLaval. We are working to ensure an inclusive work environment with full diversity where talent thrives.

GOAL	TARGET	PROGRESS
Attract and retain a diverse workforce	25% female employees and managers by 2025	22% female employees in 2022
	30% female employees and managers by 2030	24% female managers in 2022

In 2019, 21% of our employees and managers were female. This figure is slowly climbing in line with natural staff turnover. We are not satisfied however with the speed of growth. There are ongoing discussions on how to increase our efforts here.

There is a significant difference between our blue collar workforce and white collar workforce with the blue collar employees 8.1% female and the remainder male.

29.1% of our white collar workforce is female. There are also significant geographic differences in our gender split.

	FEMALE	MALE	TOTAL	FEMALE %
Blue collar	124	1411	1535	8.1%
White collar	847	2062	2909	29.1%
Grand Total	971	3473	4444*	21.8%

*2022 headcount excl adjacent businesses 4444, FTE (full time equivalent) including adjacent businesses 4783

What we're doing to improve

- Diversity and Inclusion is now part of the overall DeLaval company strategy
- We continue to use a 50/50 gender split on shortlisting candidates for positions
- We have run several webinars on matters relating to diversity and inclusion
- Communications activities highlight a more even gender mix to promote diversity
- We highlight stories about female colleagues in internal and external channels
- We continue to develop our employee resource groups; DAWN (Diversity at Work Network), Women in Blue, Employee Club China with local activities in each
- A new Inclusive Leadership Award in Sweden has been launched.

Our Three Focus Areas within Social and Economic Sustainability

3

PROFITABILITY – ECONOMIC SUSTAINABILITY

PROFITABILITY AT DELAVAL

We work to make sure our operations are profitable in the long-term. We believe that a company with a diverse and engaged workforce in an inclusive culture is more profitable.

FARM PROFITABILITY

We also work to make sure our customers' businesses are profitable in the long-term. By providing farmers with solutions that make their farms more efficient, we provide a way of creating more environmentally sustainable operations but also more profitable operations. These two factors align as farms that produce more milk per animal have a lower environmental footprint and at the same time are more economically sustainable businesses.

Animal welfare is also a key factor in this model as the better a farm takes care of its animals, the more productive those animals are. Healthy animals also live longer and require less medical intervention helping a farmer reduce costs in this area. Better quality milk also leads to higher milk prices for the farmer and therefore improved income. Our products and solutions are developed to meet the above criteria.



17 PARTNERSHIPS
FOR THE GOALS



CORPORATE GOVERNANCE



Corporate Governance

Our global management system is called 'Hamra Model,' named after Hamra Farm in Tumba, Sweden where the company's founder Gustaf de Laval began the DeLaval journey in the late 19th century. Hamra Model reflects the fundamental processes and governance framework consisting of our Code of Business Conduct, policies, procedures and guidelines, which sets the baseline for how we act in our operations worldwide.

The foundation of Hamra Model is our Vision, Mission and Strategy, our Core Values and Behaviours, supported by our Corporate Governance commitment. In turn, it reflects our way of working through our Main Processes: Idea to Offer, Offer to Order, Order to Delivery & Customer Services.

The Corporate Governance Framework of DeLaval (the Framework) sets the baseline for how we act in our operations worldwide, both internally and in our external relations. Outside the Framework, DeLaval also has a

number of policies, procedures and guidelines to govern the business and ensure a common way of working.

The Framework is key to the sustainable and successful business of DeLaval. It is developed and mandated by the Tetra Laval Board and DeLaval's Group Management and consists of the following components:

- The Code of Business Conduct
- Corporate Governance Policies, supporting the Code of Business Conduct statement
- Roles & Responsibilities, defining the areas of responsibility of different bodies and functions within DeLaval
- Controls, including external and internal audits, Control Self-Assessment and Management Declarations. In addition, our Whistle Blowing policy allows staff and other relevant stakeholders to raise concerns regarding illegal or unethical behaviour and other wrongdoing.



Hamra Farm in Tumba, Sweden

The Corporate Governance Council is the ultimate decision-making body governing DeLaval's adherence to the Framework and the management of corporate governance matters in DeLaval, including whistle blowing investigations.

The Code of Business Conduct, Corporate Governance Policies and other supporting documents and information within the scope of the Framework are all easily accessible to all our staff on our intranet.

Corporate Governance

ROLES & RESPONSIBILITIES

The DeLaval Board delegates to our CEO the responsibility to implement and enforce the Code of Business Conduct, the Corporate Governance Policies and all other parts of the Framework. Group Management has decided to organise its way of working in Group Management Councils. Each Council works within its assigned area of responsibility, as a sub-set of Group Management. In turn, subject matter Committees report to the respective Council.

THE CODE OF BUSINESS CONDUCT

The Code of Business Conduct is the ethics foundation of DeLaval. The Code of Business Conduct is a set of rules outlining the responsibilities and proper practices for our work. It is essential that all employees comply with the rules of the Code of Business Conduct to allow DeLaval to act as a responsible corporate citizen.

The Code of Business Conduct sets standards on our relations in the value chain, eg. regarding:

- Anti-corruption
- Child exploitation
- Environmental responsibility

The Code of Business Conduct sets standards for how we organise our operations, eg. regarding:

- Confidentiality and security
- Control and financial reporting
- Authorisations

The Code of Business Conduct sets standards for how we treat people and how people treat the company, eg. regarding:

- Work safety
- Freedom of association
- Conflict of Interest

GROUP MANAGEMENT				
Supply Chain Council	Innovation & Assortment Council	Research & Innovation Council	Corporate Governance Council	Business Transformation Council
Quality Committee	Marketing & Customer Communication Committee	Scientific Committee		Enterprise Architecture Committee
Indirect Sourcing Committee	Product & Trade Compliance Committee	Innovation Committee		Process & Project Portfolio Committee "Idea to Offer"
Occupational Health & Safety Committee	Gate Board			Process & Project Portfolio Committee "Offer to Order"
	Product & Project Portfolio Committee			Process & Project Portfolio Committee "Order to Delivery"
				Process & Project Portfolio Committee "Delivery to Customer Service"
				Project Portfolio Committees Supporting Processes

Corporate Governance

CORPORATE GOVERNANCE POLICIES

The Code of Business Conduct is further supported by the Corporate Governance Policies, which in more detail sets standards for DeLaval's operations in the various areas covered by the Code of Business Conduct. The Corporate Governance Policies include policies on areas such as Confidentiality and Information Management, Risk Management, Conflicts of Interest, Whistle Blowing, External Audits and Internal Audits.

CONTROLS

Controls in the Framework include audits, external as well as internal, and Controlled Self Assessments. These controls ensure adherence to the Framework.

EXTERNAL AUDITS

External audits are an independent examination of the financial statements of the DeLaval legal entities, resulting in the publication of an independent opinion on

whether or not those financial statements are relevant, accurate, complete and fairly presented.

INTERNAL AUDITS

Internal audits are carried out to provide independent assurance that our operations are performed in accordance with our corporate governance commitment and with due internal control.

MANAGEMENT DECLARATION AND CONTROLLED SELF-ASSESSMENT (CSA)

The head of an operating unit is responsible for enforcing policies with the support of the unit's management team. Internal control procedures must be in place to ensure full compliance. The head of the operating unit will be requested to give statements of conformance with DeLaval Policies in the annual Controlled Self-Assessment (CSA).

The yearly Management Declaration is reviewed by management in different parts of the DeLaval organisation. The Management Declaration is ultimately signed off by our CEO, assuring to the Board conformance to the Framework.

WHISTLE BLOWING

Through our Policy on Whistle Blowing, our staff and other relevant stakeholders are encouraged to escalate breaches of the Framework or any other serious inappropriate behaviour that comes to their knowledge. A person "blowing the whistle" in good faith is explicitly protected from disciplinary actions or other HR consequences by reason of the whistle blowing.

EDUCATION

There are e-learning courses available for all employees also. In 2022, the following e-learning courses were launched:

- Good Governance 2022 – mandatory for all staff
- Security Awareness
- Occupational Health and Safety
- Responsible Business Communication

There are also online courses assigned to all new employees including:

- Phishing Awareness
- Safe Social Networks
- Corporate Governance Training
- Information Security Essentials

Sustainability Governance

A specific governance framework for sustainability has now been established to ensure that we run our business according to the vision 'We make sustainable food production possible.'

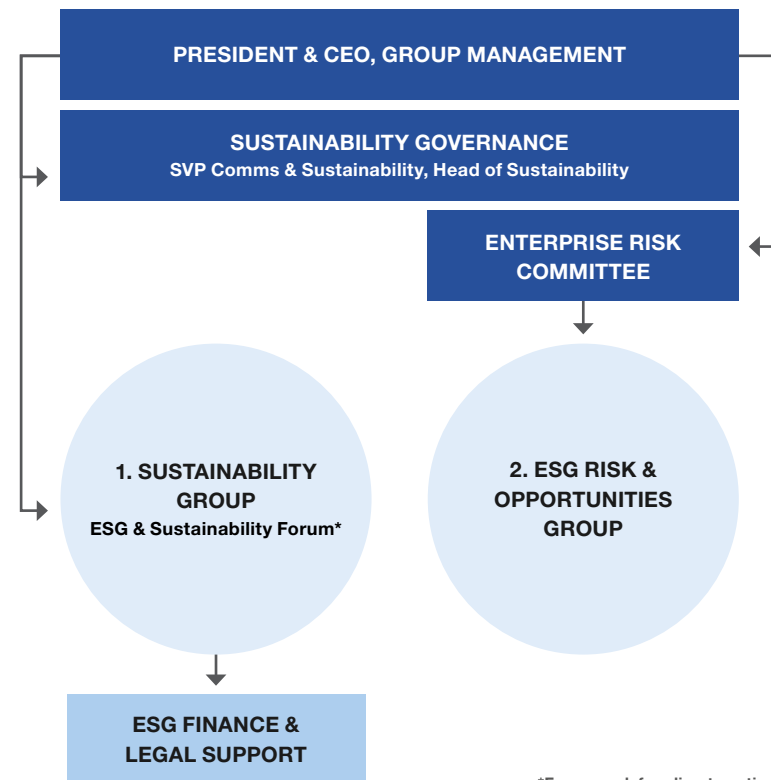
The framework, known as the DeLaval ESG & Sustainability Governance Model, ensures that DeLaval establish realistic goals and targets and accurately monitor and evaluate progress while supporting the organisation in achieving the activities in place to achieve those goals.

The President and CEO with the support of DeLaval Group Management are responsible for corporate governance at DeLaval. Governance of sustainability issues is delegated to a member of the general management, the Executive Vice-President for Communications and Sustainability, together with the Head of Sustainability.

The head of Sustainability is responsible for the ESG framework on climate action, social responsibility and governance and works with these issues together in a sustainability group; a team of people representing all parts of the organisation. This sustainability group is comprised of an ESG & Sustainability Forum as well as Finance & Legal support.

This sustainability group is the main decision-making body when it comes to setting, implementing and evaluating progress on sustainability goals and targets.

Supporting the group is an ESG Management Committee that has been sponsored by group management. The main role with this group is to look at all Enterprise ESG-related risks and opportunities.



*Framework for climate action, social responsibility and governance

Thoughts from our Content Manager

Every year, Jenny Gelin, Content Manager at DeLaval and part of the sustainability group, gathers all the material required to put together this report. She takes part in the conversations, discusses the goals and KPI's set by every team and gathers all the results. In short, she ensures that we have everything required to provide a transparent report. Who better to talk to as we summarise 2022.

"I've been doing this for four years and the change between then and now is really big. This year in particular has seen a lot of change. We have more hands on deck today working with sustainability in a dedicated way than ever before.

We have several sustainability groups and we see conversations on sustainability in every part of the organisation from the factory floor to the R&D team and the senior management.

It used to be difficult to get a hold of the information we need for every report but now it is a much smoother process as

everyone is used to reporting on sustainability issues now and the level of commitment is much higher.

I think for me, some of the things worth looking at in this report is

- The fact that we're now starting to find a way to measure the remaining scope three (downstream) emissions
- The measurement of our scope 1 and 2 and scope three upstream emissions are already resulting in changes that are reducing our carbon footprint
- We have an established structure to govern our work on sustainability

It's also been a big learning curve for the organisation. Many people have really educated themselves on the subject so that we do the right thing. There's a groundswell of interest and commitment which makes the role of content manager even more satisfying.



Jenny Gelin, Content Manager



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