

Sustainability Report 2023



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This is DeLaval's sustainability report for the period 2023 in accordance with the EU directive 2014/95/EU, including its statutory sustainability report according to the requirements in the Swedish Annual Accounts Act (ÅRL). The sustainability report includes DeLaval Holding AB, corporate registration number 556258-6981, and its subsidiaries.

SUSTAINABILITY AT DELAVAL

Innovation is at the heart of everything we do. It feeds into every part of our sustainability work and helps us and our customers run more sustainable operations. Governance surrounds our sustainability work ensuring proper and ethical ways of working.

2026 ESRS COMPLIANCE

We are aligning our reporting to comply with the European Sustainability Reporting Standards (ESRS) requirements by 2026.

THREE-YEAR PLAN

We have set a plan of action for the next three years to ensure we are ESRS compliant.

ESG Governance

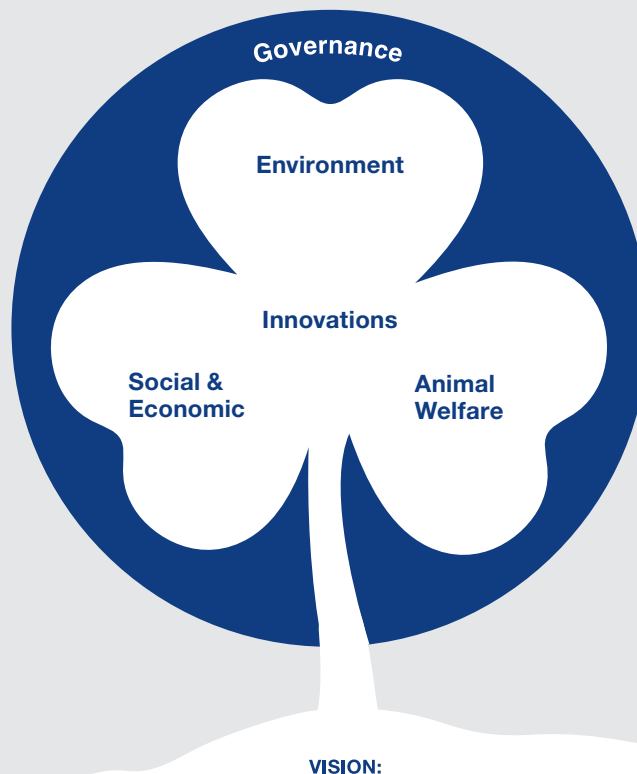
- Sustainability governance model
- Sustainability policies
- Risk reporting

ESG Strategy & Roadmap

- ESG goals, metrics and targets and action plans
- Resource management
- Sustainability improvements

ESG Reporting

- ESRS and EU Taxonomy alignment
- Data collection, international controls and subsidiary inclusion
- External assurance and independent verification

**14 FOCUS AREAS****INNOVATIONS**

- R&D, innovation and digital services
- Value generation and distribution
- Product safety, quality and compliance
- Collaboration and partnership

**ENVIRONMENT**

- GHG emissions
- Energy efficiency
- Water management

**ANIMAL WELFARE**

- Milk quality
- Animal welfare

**SOCIAL AND ECONOMIC**

- Employee safety and wellbeing
- Employee engagement, retention and talent acquisition
- Diversity, equity and inclusion
- Customer satisfaction

**GOVERNANCE**

- Governance and ethics

What we have done so far

We have started to map out the majority of our emissions, both direct and indirect. This is a starting point and gives us a good indication on where to focus. Our main focus is on scope 3 downstream.

The middle circle in the graph shows which scope of the Greenhouse Gas protocols we're referring to. The outer circle refers to what category within that scope. For example, most of our scope 3 downstream emissions come from the use of sold products.

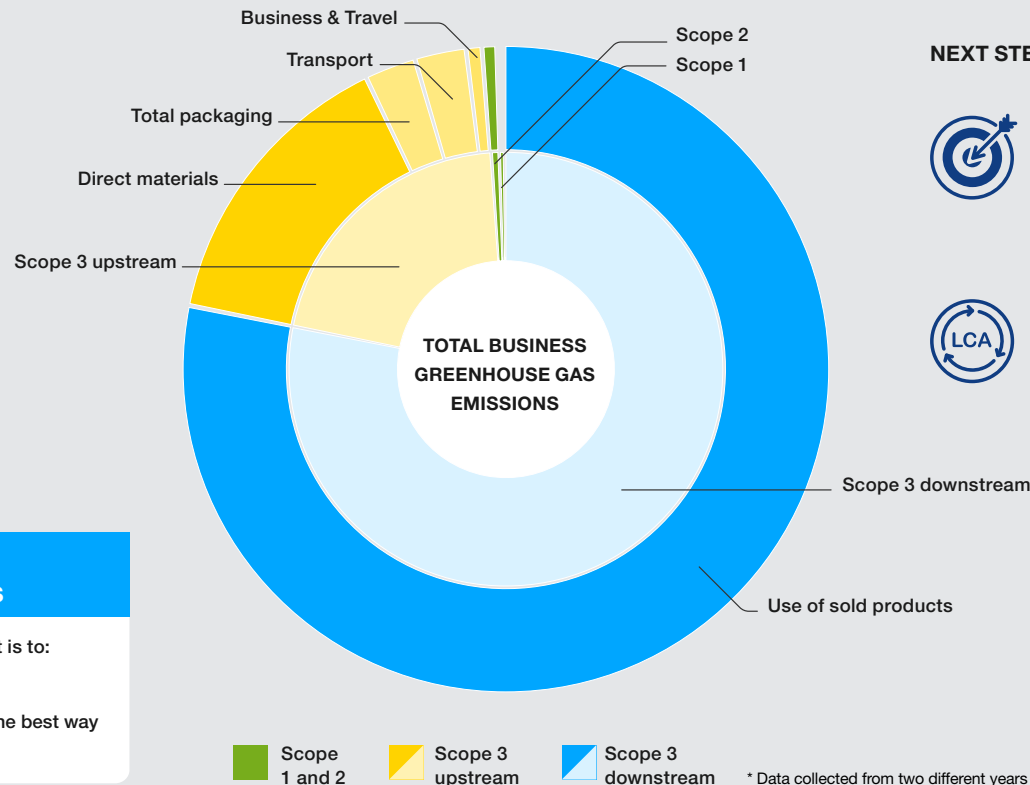
- Energy used by customers using our products
- Raw materials used in manufacturing
- Packaging and transport
- Our own direct emissions



REDUCE GHG EMISSIONS

The way for us to have the biggest impact is to:

- Innovate with energy efficient products
- Ensure customers use our products in the best way
- Focus on the use of sold products



NEXT STEPS



SCIENCE-BASED TARGETS
We aim to prepare for validation of our targets during 2024 by the internationally recognised Science-Based Targets initiative (SBTi)



LIFE-CYCLE ASSESSMENTS
LCA tool will support us to focus on the right things and help us take the right decisions in product development.

What we have done so far

WE'RE FOLLOWING THE INTERNATIONALLY RECOGNISED FIVE FREEDOMS OF ANIMAL WELFARE

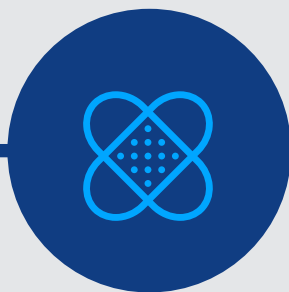
During 2024 we will look into setting up sustainability targets for animal welfare



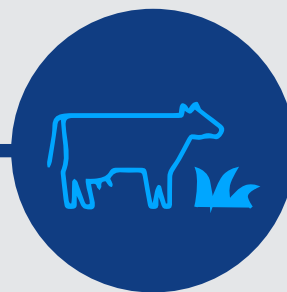
**FREEDOM FROM
HUNGER & THIRST**



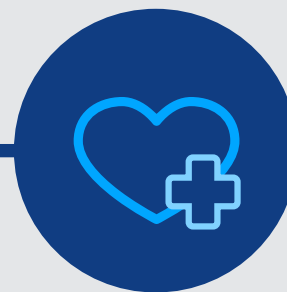
**FREEDOM FROM
DISCOMFORT**



**FREEDOM FROM
PAIN, INJURY & DISEASE**



**FREEDOM TO EXPRESS
NORMAL BEHAVIOUR**



**FREEDOM FROM
FEAR AND DISTRESS**



UPDATED POLICY

New animal welfare policy developed in 2023
– to be phased in during 2024

What we have done so far

AN ENGAGED WORKFORCE

A diverse, inclusive and engaged workforce where everyone's health, safety and wellbeing are a priority and talents thrive.



EMPLOYEE SAFETY AND WELLBEING

Our Goal is zero work-related illnesses and accidents. The actual lost-time accident rate is 3.64 per million hours worked*.

- Group Safety Induction training now mandatory
- Strengthened occupational health and safety team
- Working to move from reactive (putting in new measures after an accident has taken place) to proactive (looking for potential risk areas and mitigating against them before an accident takes place)
- 91% say DeLaval is a safe place to work

*3.64 accidents that have led to a person missing at least the next day's work



DIVERSITY, EQUITY AND INCLUSION

24% female employees (Goal 25% by 2025)

✓ 25.3% female managers (Goal 25%).



EMPLOYEE ENGAGEMENT, RETENTION AND TALENT ACQUISITIONS

Staff turnover is 13.5% (13.6% in 2022)



GOVERNANCE AND ETHICS

91% of our global sourcing spend has signed up to our Ethics and Sustainability Principles

"Diversity and inclusion creates a stronger organisation with a sharper innovative edge"

Paul Löfgren, President and CEO

1

DeLaval and sustainability



A word from the CEO

Our vision remains. In fact, 'We make sustainable food production possible' is increasingly relevant with every passing year as interest in sustainability issues escalates globally. Working with sustainability issues is not just the right thing to do ethically. It's good for business – ours and our customers'.

With this vision firmly in place, we have been able to focus on what really matters to us in terms of achieving that vision. We have kept a high innovation pace enabling farmers to do more with less, conducted a double materiality assessment, and made a scope 3 downstream emission calculation to further optimise our customer offering.

INNOVATION AT THE HEART OF SUSTAINABILITY

For both ourselves, our customers and society at large, innovation is a vital part of the picture. It's at the heart of everything we do at DeLaval and the one area that can affect every other part of sustainability. Whether it's improving the welfare of animals and people on farms or reducing environmental footprint, it all starts with innovation.

We are committed to driving the innovation agenda within dairy and we continue to invest in R&D. Sustainability issues are now embedded in every new



innovation we work with. Several of these innovations are already on the market such as DeLaval Rotary E500, a rotary milking system that follows cows' natural movements and physiology to achieve more throughput while at the same time making it easier and safer for workers. Another innovation is the DeLaval Plus Behaviour Analysis, a digital farm management tool that uses sensors to record each animal's behaviour and

artificial intelligence (AI) to help identify sick cows and cows in heat.

It's important that the market embraces new developments so that we can faster reach the UN's Sustainable Development Goals and the Paris Agreement on climate change. Every improvement a farmer makes today can have a long-term lasting effect down the road.



As the world's leading global supplier of dairy equipment, we feel obliged to drive this innovation agenda and improve farm sustainability. We can't do this alone though. It requires partnerships on several levels. We need to think about the whole ecosystem.

As the world's leading global supplier to the dairy industry, we feel obliged to drive this innovation agenda and improve farm sustainability, but we can't do this alone. It requires partnerships on several levels. We need to think about the whole ecosystem. An example of this is our partnership with John Deere to create the Milk Sustainability Center, which you'll [read more about in this report](#).

ACCURATELY REDUCING EMISSIONS

On the environmental side, we've made good progress in 2023 by mapping our entire emissions and are ready to set reduction targets for scope 3. This helps us focus on the right areas. Most emissions from the dairy industry occur at farm level and we can have a significant positive impact through our products and solutions.

SOCIAL SUSTAINABILITY AND GOVERNANCE

On the social sustainability side of things, we have already achieved our diversity goal of 25% female managers by 2025, but we are still not satisfied with the overall numbers of female employees and are working continuously to improve this figure. Our primary focus is on securing gender diversity, as it is a catalyst for ensuring other forms of diversity and inclusion. We are actively working to achieve a diverse and inclusive workplace with teams comprising people from different backgrounds, ethnicity, experience and skills. We firmly

believe that this builds a stronger organisation, with a sharper innovative edge and better ability to support our customers and increase revenue.

Another area of social sustainability that lies close to my heart is the area of human rights. To achieve our vision 'We make sustainable food production' we need social equity. We want everyone in the dairy industry to have fair and decent conditions, but it's for more than the obvious reasons of standing up for what's right. It's not possible to achieve environmental sustainability and good animal welfare if we don't also have decent conditions for those working on or with farms. We need every piece of the sustainability puzzle to align and work together for overall success.

We have consistently worked towards ensuring our suppliers and independent distributors sign up to the DeLaval Ethics and Sustainability principles, which reflects the commitment under our Code of Business Conduct. We use our leverage to ensure decent working conditions, anti-corruption and ethical business conduct broadly. But we have limited insight into what's happening with the hundreds of thousands of customers we have throughout the industry. It's a complex but important topic and you can expect to hear us raising it in several leading dairy forums in the year ahead.

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 efficient and safe food production.

At DeLaval, we supply a comprehensive range of products and solutions to dairy farmers 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

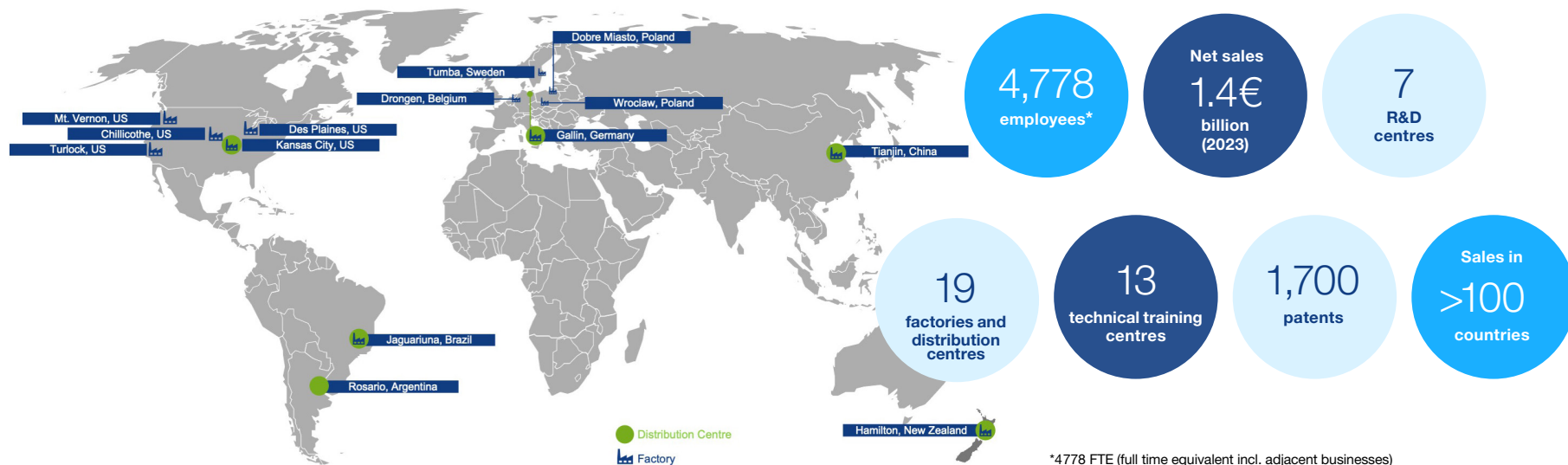
services via certified DeLaval distributors but also directly to dairy farmers.

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 Group net sales by geography in 2023 were as follows. Americas 21%, EMEA 56%, Asia & Pacific 16%.

Tetra Laval is headquartered in Switzerland
tetralaval.com

DeLaval is headquartered in Sweden, south of Stockholm.
corporate.delaval.com





Our take on sustainability

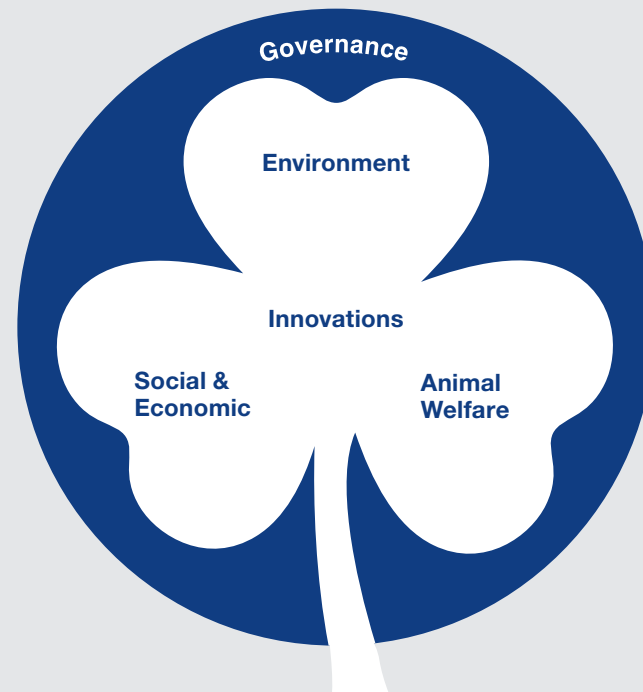
To make sustainable food production possible, we have to innovate and at DeLaval, innovation is at the heart of everything we do. It's been the backbone of DeLaval since our founder invented the centrifugal cream separator back in 1876.

It is also critical to achieving more sustainable dairy operations. In 2023, we undertook a benchmarking exercise with peers and downstream value chain players such as farmers, dairy processors and retailers. In addition, we reviewed the expectations from investors, banks, ESG ratings agencies and the dairy industry as a whole. This led to us creating a list of 20 ESG topics relevant for DeLaval.

MATERIALITY ANALYSIS

These 20 ESG topics were then placed in a double materiality matrix and evaluated to establish which were the most material (i.e. significant) to our operations and to society at large. This has led to a prioritisation of our future action plans.

Combining the results from the double materiality assessment with feedback from internal and external stakeholders, we have identified 14 ESG focus areas from the initial 20 to manage, improve, monitor, and report progress on.



VISION:

We make sustainable
food production possible

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.

3

Risk and risk mitigation



RISK – ENVIRONMENTAL TOPICS	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. For our customer, it means helping them reduce the environmental impact of every litre of milk produced in a way that is good for the animal and for anyone working on a farm.
GHG EMISSIONS Increasing greenhouse gas emissions are risking the environment we work in and the world at large. The dairy industry is also under pressure from consumers to reduce its emissions.	Healthy cows produce more milk per day which means a lower environmental impact per litre of milk produced. 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 they work with for every new project. A new life cycle assessment tool is being introduced to help focus on the right things and make the right decisions in product development and support.
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.

RISK – ANIMAL WELFARE TOPICS	RISK MITIGATION
MILK QUALITY 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.

RISK – SOCIAL AND ECONOMIC TOPICS	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.



RISK – SOCIAL AND ECONOMIC TOPICS	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.
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”. 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.
COMPLIANCE WITH LAWS AND REGULATIONS We see increased changes in laws and regulations related to sanctions, trade barriers, tax reporting, ESG. This results in an increased risk of not being compliant.	We have subscriptions and tools in place in order to take timely actions in order to assure compliance with laws and regulations.



RISK – SOCIAL AND ECONOMIC TOPICS	RISK MITIGATION
CHILD LABOUR Child labour in the dairy value chain.	We do not engage in or support the use of any child labour in our company or in our suppliers. 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 especially in factories, installation and service teams 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.

4

Innovations



For us, innovation is about creating new solutions that can help reduce the environmental impact on farms while improving the conditions for both the animals and people working there. It's also the key for profitability at DeLaval and for helping our customers run profitable operations.

Based on the results from our 2023 materiality analysis, we have now put innovation at the centre of our sustainability approach. New goals and targets will be created in 2024 in the four focus areas we have established.

- R&D, innovation and digital services
- Value generation and distribution
- Product safety, quality and compliance
- Collaboration and partnership

R&D, INNOVATION AND DIGITAL SERVICES

We have a dedicated team with members from our Product Management and Development unit and Digital Services unit to ensure that the organisation delivers according to the focus areas above but also the entire business strategy of DeLaval.

To achieve success within all other parts of sustainability at DeLaval, innovations are required, particularly when it comes to product development.

The group works to provide a common pathway towards a sustainable product offering, empowering and guiding the organisation to take actions and decisions that support the DeLaval business strategy.



As of 2024, any new product being developed will go through an 'improvement assessment' where it will be checked how the product is contributing to specified sustainability goals.

VALUE GENERATION AND DISTRIBUTION

An unprofitable farm is an unsustainable one. We innovate constantly so that we can help our customers generate profitability in their operations in a way that minimises damage to the environment and ensures decent working conditions and animal welfare.

For us, there is almost always a direct connection with

improving environmental impact, animal welfare, working conditions and on-farm profitability. Farms with good animal welfare can produce more milk resulting in higher profitability but also lower environmental impact per litre of milk produced. Similarly, robotic farming makes life easier for staff on a farm while providing a pleasant milking experience for the cow, which may result in more milk and lower environmental impact.

This is where we can have the biggest impact at DeLaval and make the biggest improvements to sustainability.



PRODUCT SAFETY, QUALITY AND COMPLIANCE

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 helps promote workers' safety on farms by providing products that are safe to use.

Compliance

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)). We are committed to complying with laws and regulations in every country where our products are sold. Through our compliance work DeLaval also works to ensure worker safety on farms by providing products that are safe to use.

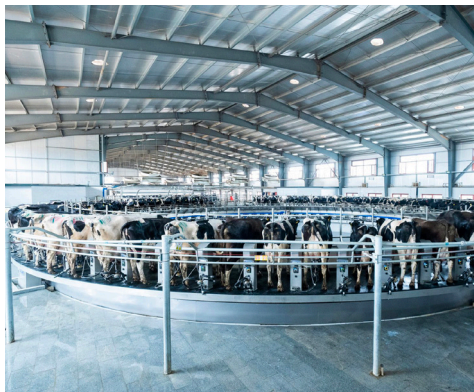
COLLABORATION AND PARTNERSHIP

A key aspect in our work with innovation is finding the right partners to break new ground. Making the dairy sector a net-zero emissions industry can only be done if we work together. [The John Deere partnership to create the Milk Sustainability Center](#) is a good example of this. Another example is iDDEN, an organisation built by a group of milk recording organisations, where DeLaval partnered together with Uniform-Agri and Dairy Data Warehouse to facilitate data exchange. This will allow farmers to easily send data from DeLaval systems to local animal track and trace organisations and local milk recording organisations.

[READ MORE](#)

We also appointed a vice-president for strategic partnerships, acquisitions and divestments. This is a new role that started in January 2024, as we place an even greater emphasis on partnerships.





NEXT GENERATION ROTARY MILKING SYSTEM E500

The cutting-edge integrated rotary system increases milking efficiency, streamlines worker routines, automates the selecting and sorting of cows and minimises stress on dairy cows.

[READ MORE](#)

THREE NEW TEAT DISINFECTANTS

New glycolic acid-based teat disinfectants were launched on the European market, OceanBlu™ spray, OceanBlu™ pro and OceanBlu™ barrier.

[READ MORE](#)

DELAVAL PLUS BEHAVIOUR ANALYSIS

A digital farm management tool that uses sensors and Artificial Intelligence (AI) to help identify sick cows and cows in heat.

[READ MORE](#)

DELAVAL PLUS DISEASE RISK

With Disease Risk, a DeLaval Plus Predictions application - our customers are supported to find cows that are at risk of mastitis, ketosis, or other diseases faster. Health attentions are calculated every day and for each cow in the milking period.

[READ MORE](#)

5

Environment



Environmental sustainability

1 Reduce greenhouse gas emissions

REDUCE GREENHOUSE GASES

30% reduction in Scope 1 and 2 emissions.
Target to be set for Scope 3 in 2024.

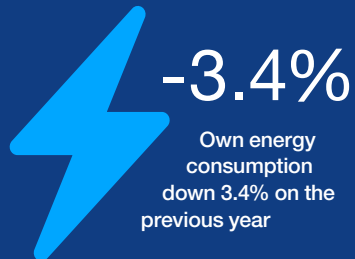


SCOPE 3 MEASURED

In 2023 we completed a high-level measurement of our scope 3 downstream emissions.

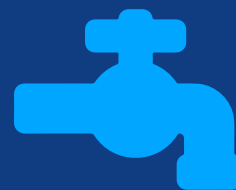


2 Reduce energy and waste



Waste -1.1% down
on previous year.
Approx. 13% lower
than 2020 figures.

3 Responsible water consumption



Focus on
products that
require less
water.

Partnerships making dairy more sustainable

A lot of data is gathered on dairy farms these days, providing farmers with massive amounts of information. The challenge is combining all this information to provide useful insights. There are tools to gather barn data and others to gather field data but nothing that combines the two to give useful sustainability insights for the whole farm. Until now.

The Milk Sustainability Center, a partnership between agricultural machinery giant John Deere and DeLaval, lets farmers connect both field and herd data into one system. “The Milk Sustainability Center will look at the whole cycle,” says Joanna Daugaard, Business Development Manager, Sustainability Digital Services at DeLaval. The centre will be launched in the summer of 2024.

Dairy farming is perhaps the most complex agriculture business today

The Milk Sustainability Center is built and powered by Dairy Data Warehouse BV (DDW), a Dutch based company in operation for the last 10 years offering data solutions for sustainable dairy.

“One of the insights farmers will be given is Nutrient Use Efficiency (NUE). This measures how efficiently a farmer is using nutrients such as nitrogen, phosphorus and

potassium on their farms,” says Daugaard. “For example, if you use nitrogen in your fertilizer there will be a point where more nitrogen will not help your soil or the crops growing in them. In fact, too much nitrogen could damage the environment. Measuring NUE will help farmers understand the right balance and make the most of their use of nutrients.”

The Milk Sustainability Center will also give farmers an overview of their CO₂e emissions and show them where they can make the biggest gains.

“Dairy farming is perhaps the most complex agriculture business today with no system integration between crop and animal performance. Dairy farmers often use five to seven different, non-connected software solutions to run their business,” says Dave Chipak, Director, Dairy & Livestock Production Systems at John Deere. “The Milk Sustainability Center will enable dairy farmers to calculate, benchmark, simulate, and optimise NUE and CO₂e for sustainable and profitable decision-making.”

Today, the partnership includes John Deere and DeLaval but both are keen to bring in new partners from all parts of the dairy value chain and help farmers get even better insights to reduce their environmental impact. And there are a lot of potential new partners who are interested.

“This is an inclusive project,” says Daugaard. “We want as



Joanna Daugaard, Business Development Manager, Sustainability Digital Services at DeLaval

many as possible to be involved to benefit the entire industry. By keeping it open, we can improve the data and insights given to farmers.”

“There are demands on farmers to quickly improve their environmental footprint. They are not alone in this. The industry needs to collaborate to support them to make sure we succeed.”

The Milk Sustainability Center will be released in mid 2024 as a free version. A premium version is to come later. Given the long list of potential partners, the team expects to see continuous improvements to the data quality, helping farmers around the world become more efficient and with a lower environmental impact.

Focus areas

Within environmental sustainability, we continue to focus on three areas.

	GOAL	TARGET	FIGURES	RESULT*	WHAT WE'RE DOING
1 GREENHOUSE GAS EMISSIONS	REDUCE EMISSIONS	↓ 30% in scope 1 and 2 emissions by 2030 compared with 2020. Set target for scope 3 emissions	All emissions just counted.	●	- Innovations to focus on scope 3 downstream emissions - Preparing for SBTi verification 29.5% of our own energy is renewable - Solar panels installed in some factories - LCA tool in place to help understand where the most improvements can be made
	REDUCE OWN ENERGY CONSUMPTION	↓ 35% by 2030 compared with 2020	↓ 3.4% compared with 2022	●	- Optimising internal transports (i.e. reduction of forklifts in the cooling factory) - Light and ventilation adjustments in several factories
2 ENERGY EFFICIENCY	REDUCE WASTE	↓ 20% by 2030 compared with 2020	↓ 1.1% compared with 2022. Approx. 13% reduction compared with 2020	●	- Introduction of multi-use metal pallets in several factories 60% reduction in grinding belts due to use of different type - Implementing return packaging from six suppliers in Dobre Miasto plant
	RESPONSIBLE WATER MANAGEMENT	Focus on products	Our own water consumption is so low that we will no longer focus on this measurement. We focus instead on developing products that lower water consumption on farms.		- Focus on product development - Lowering water consumption on farms
3 WATER MANAGEMENT					

* ● Ahead of target to meet goal ● On-target to meet goal ● Behind target to meet goal

1

GREENHOUSE GAS EMISSIONS

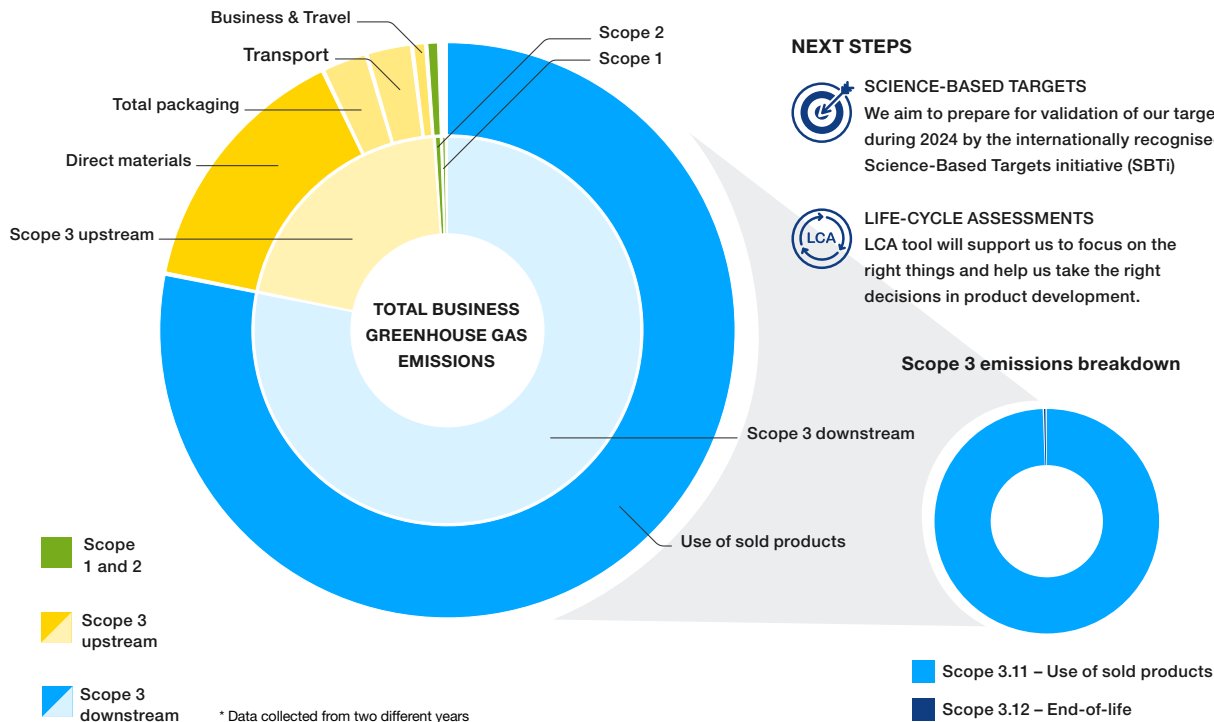
We have started to map out the majority of our emissions, both direct and indirect. This is a starting point and gives us a good indication on where to focus. Our main focus is on scope 3 downstream. Our largest emissions by far are indirect and caused by using the products we sell (also known as Scope 3 downstream emissions). These account for approximately 75% of our total emissions.

In other words, the energy required to use our products is where the bulk of our emissions lie. This is where we can make the biggest difference and is affecting how we develop products and solutions. We aim to:

- Innovate with energy efficient products
- Ensure customers use our products in the best way
- Focus on the use of sold products

Our next biggest emissions area is also indirect; use of direct materials, transport and packaging. Here we are looking at optimisations in these areas to reduce our emissions further.

With these figures we will now focus on reducing all our emissions. We have set the goal of a 30% reduction on scope 1 and 2 emissions and aim to set a goal for scope 3 emissions in 2024.



We have also taken a couple of initiatives including the implementation of a new tool for completing life cycle assessments (LCA's) on our products. We now have a member of staff trained to use this tool and intend to implement it with future product development.

In 2024, we will prepare material so that our work can be verified by the internationally recognised science-based targets initiative (SBTi).

2

ENERGY EFFICIENCY

ENERGY CONSUMPTION

Here we want to reduce both energy consumption and waste and we are referring to our own internal energy consumption and waste. If we compare with how we reported in 2022, we're down 3.4%. In reality, we are up 3.6% but this is due to acquisitions and divestments at DeLaval and the fact that we are now increasing the scope of our reporting.

WASTE

We implement waste reduction and recycling programmes throughout the supply chain. This includes reducing packaging material and implementing proper disposal methods for hazardous waste. We have reduced our waste by 1.1% compared with 2022 and an estimated 13% based on 2020's figures. These figures include the new increased changes in reporting, for example, due to acquisitions.

GOAL	TARGET	FIGURES	RESULT*	WHAT WE'RE DOING
REDUCE ENERGY	↓ 35% by 2030 compared with 2020	↓ 3.4% compared with 2022		- Solar panels installed in some factories - Optimising number of forklifts in cooling factory - Light and ventilation adjustments in several factories - Purchase of electric car for transport between factories in Wrocław
REDUCE WASTE	↓ 20% by 2030 compared with 2020	↓ 1.1% compared with 2022 Approximately 13% reduction compared with 2020		- Introduction of multi-use metal pallets in several factories 60% reduction in grinding belts due to use of different type - Implementing return packaging from six suppliers in Dobre Miasto plant - Optimising paper printing usage - Implementing cut cardboard as a filler - Elimination of two-component glue on some of our products as well as reducing degreaser and silicone

*  Ahead of target to meet goal  On-target to meet goal  Behind target to meet goal

3

WATER CONSUMPTION

WATER MANAGEMENT

Water consumption in our factories and distribution centres is generally very low. Our chemical factories are the only ones that use water in production and here, it is treated as a raw material. Since the figures are so low, we will no longer report on water consumption in our own facilities any longer but will maintain our focus on water usage related to the products we sell.

6

Animal welfare



2
ZERO
HUNGER



12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17
PARTNERSHIPS
FOR THE GOALS

Milk quality and animal welfare

Everything we do has food, human and animal well-being in mind. Our innovative solutions and services aim to improve milk quality, food production, animal welfare and both the animals' and humans' environment, enabling a lower environmental footprint and lower antibiotic usage.

1 Milk quality and animal welfare

We offer solutions throughout the dairy value chain.

MILKING

Our milking solutions enable gentle and efficient milking while supporting teat integrity and cow comfort during the milking process. This strengthens udder health and milk quality for highly efficient food production.

REPRODUCTION AND HEALTH

Our sensor technologies and digital solutions help farmers monitor the health, reproduction and welfare of their cows for timely interventions. This helps farmers make the best decisions and interventions for lower antibiotic usage.

CLEANING & SANITATION

Our cleaning solutions and teat disinfectants are designed for optimal performance in our milking systems. They help farmers to achieve high udder health and milk quality.

HOUSING AND COW COMFORT

Our cow comfort solutions aim to help cows express their natural behaviour and live free from discomfort.

We have solutions to provide a hygienic cow environment, mitigate heat stress, and supply feed and water following evidence-based recommendations.

Our advisory and maintenance services help farmers choose the best solutions for their needs.

We have discontinued the sale of new stanchion barns, while still fully supporting customers with existing stanchion barns.

COOLING

We offer cooling tanks that are targeted to our customer's needs, ensuring that milk holds its high quality before delivery to the dairy, and reducing food waste.

2 Animal welfare and cow longevity

As a world leader in dairy equipment and services, we are committed to ensuring good animal wellbeing. Our animal welfare policy follows and enhances 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

Cows come first in Kansas

The McCarty's began farming over 100 years ago with just a handful of cows. Today, four generations later, their operations span across the American mid-west, milking some 19,000 cows in four farms on top of their heifer rearing operations. But regardless of the size, the same focus on animal welfare has always been there.

"We still milk every cow one at a time," says Ken McCarty, co-owner at McCarty Family Farms LLC, Rexford, Kansas. "Animal welfare is something that has been ingrained in our family for over a century."

The only difference is how the family does it. Today, the McCarty's use big data to track their herd but also get detailed insights into how each cow is performing. "Having that granular data allows us to manage a large number of cows on an individual basis," adds Ken McCarty.

"It's all about treating the cow right. We make sure they have good housing and comfortable conditions. But we also have advanced methods like body condition scoring cameras to make sure our nutritionists have the right information to feed the cows in the right way. We do a lot of data tracking when it comes to health and productivity and we share that information with our vets and nutrition teams and monitor them ourselves on a weekly basis."



Ken McCarty also agrees that good animal welfare contributes to sustainable operations in every sense of the word. "Happy and calm cows are easier and safer to work with and the environment is better for our team members. Healthier cows are also more productive which decreases the carbon footprint. There are multiple benefits aside from our moral obligation to do the right thing, which is really what motivates us in the first place."

WALKING THE TALK: THIRD-PARTY CERTIFICATION

To make sure they are always performing in the best possible way, McCarty Family Farms have gone a step further than most. They have sought out third-party auditors to verify and validate their work as well as give them recommendations on improvements. "The most stringent audit we do is the Validus dairy care certification (validusservices.com). They do an annual independent audit of our farm but they don't just check our animals and



their physical health. They also interview team members to ensure we are doing what we say we are doing.”

The farms also work with the U.S Dairy FARM (Farmers Assuring Responsible Management) program and in addition, they have been B Corporation Certified. B Corporations are certified by the international non-profit B Lab network and must follow high standards of sustainable management in all areas to achieve certification.

“These certifications are all great and they have helped us get better by providing new inputs and recommendations, but we also try to go beyond that. It’s about enhancing the livelihood of our cows, such as grooming brushes in our pens, rubber mats, scratcher pads and even music in our barns.” It turns out that cows like classical music the most but also respond well to country music; something that the team members in the McCarty farms also like. The cows get a bit of both and everyone is happy.

DELAVAL CONTRIBUTION

McCarty Family Farms have brought in a considerable amount of DeLaval equipment to help reach the best levels of animal welfare, from milking rotaries (DeLaval Rotary E500) to the teat-spray robots (DeLaval TSR), but also swinging cow brushes and rubber mats as well as data analysis tools like DeLaval DelPro™ FarmManager.

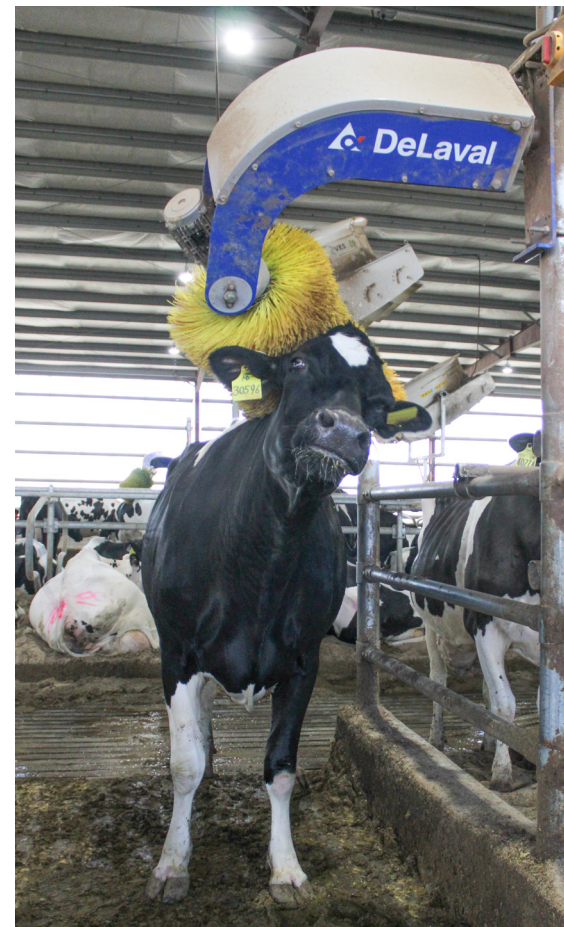
All of this equipment, together with a holistic view on sustainability helps the McCarty’s take the best possible care of their herd. The next step in their development is improving breeding strategies and using data to understand how to produce the most healthy and environmentally friendly animals they can.

“We may, for example, see that one cow has low resistance to mastitis and then we can breed her to a bull that is strong in this resistance,” says Ken McCarty as an example.

And beyond animal welfare, the farm is also working very closely with ensuring social sustainability, providing a safe and fulfilling workplace for all of the 250 people working there.

“We’re committed to the viability of our farm not just today and tomorrow but also for the next generation and beyond. We can’t achieve those things if we don’t take care of the animals and don’t have a viable ecosystem around us.”

[READ MORE ABOUT THE MCCARTY’S FARM](#)



FOCUS AREAS

When we focus on animal welfare, we can do more than improve the wellbeing of the herd. We can help farmers run more sustainable dairy operations with higher milk production and reproduction efficiency but also lower environmental output and higher profitability.

We have two clear focus areas:

1. Animal welfare
2. Milk quality

1 Animal welfare

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 32](#). 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.

Generally, good animal welfare benefits both the animals and the farmers. But dairy farming practices can also have an impact on 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.

We also work together with NGO's.

Eurogroup for Animals, for example, is an organisation we consult with regularly. They express their thoughts and concerns on animal welfare, which we take on board in our work. They also keep us in touch with legislation so that we and our customers remain compliant.

NEW ANIMAL WELFARE POLICY

We have also developed a new animal welfare policy in 2023, which will be phased in during 2024.

COW LONGEVITY

Cow longevity is a key area for good animal welfare and one that we have worked with for many years. By extending the productive lifetime of the cow, we need to make sure the cow is well taken care of from birth and stays free from disease as much as possible. Following the 'five freedoms' of animal welfare is a good starting point for this work. In addition, the longer a productive cow stays in the herd, the lower the environmental footprint of that cow per kg of milk produced and the more profitable that cow becomes for the farmer.

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
- Via strong partnerships with experts, dairy organisations, NGO's and leading academic institutions
- Supporting initiatives such as the FARM programme, the EU Reference Centre for animal welfare

FOCUS AREAS

Our milking solutions enable gentle and efficient milking while supporting teat integrity and cow comfort during the milking process. This strengthens udder health and milk quality for highly efficient food production.

We have two clear focus areas:

1. **Animal welfare**
2. **Milk quality**

2 Milk quality

Contaminated milk presents obvious risks to consumer health and our customer's operations. As a global company, we apply the most stringent national regulations to our global offering.

We have solutions throughout the dairy value chain that help ensure milk quality. For example, we have robust systems to ensure the avoidance of cross-contamination. Our solutions cover everything from the cow to the cooling systems to the delivery of milk to dairy milk tankers.

In addition, we have advisory services that help farmers choose the best solutions from an animal welfare perspective. This includes support in antibiotic use. This kind of support can help farmers not just prevent health-related diseases but also lower antibiotic consumption which leads to a lower footprint and less food waste.

[See also page 23](#) to read about our new innovation in 2023, DeLaval Plus Behavior Analysis.

HOW WE'RE DOING IT

We aim to:

- Meet all regulations on milk quality
- Ensure any product we launch has no negative effect on milk coming from a farm
- Always follow food contact compliance legislation rigorously. For DeLaval, direct contact means all surfaces that 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.

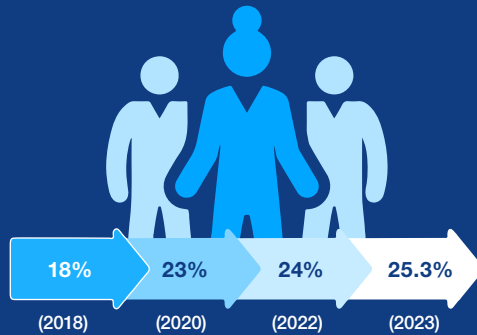
7

Social and economic



Social and economic sustainability

1 Diversity, equity and inclusion



The percentage of female managers.
The goal is 30% by 2030.



When shortlisting candidates, we
aim for a 50/50 gender split.

2 Employee engagement and wellbeing



Lost-time accident rate
has risen slightly



Staff turnover going down slightly



of our global sourcing spend
has signed up to our Ethics
and Sustainability Principles

GOAL	TARGET	FIGURES	RESULT*	WHAT
EMPLOYEE ENGAGEMENT, RETENTION AND TALENT ACQUISITION	On par with high performance companies	83% Engagement	 On par with manufacturing norm but not with high performance companies yet	• New global recognition programme in place • AI tool to help managers communicate messages • Mentoring programme
DIVERSITY, EQUITY AND INCLUSION	30% 30% female employees by 2030, 30% female managers by 2030	24% Female employees 25.3% Female managers These number include adjacent businesses	 Goal achieved for managers	• 50/50 gender split in recruitment • Employee resource groups • Increased diversity communication • New diversity and inclusion programme in 2024
EMPLOYEE SAFETY AND WELLBEING	0 ZERO accidents	3.64 Lost-time accident rate		• Mandatory group safety induction • CPR training • Increased OHS communication • OHS Global managers in place for field and supply chain

*  Ahead of target to meet goal  On-target to meet goal  Behind target to meet goal

The Sustainability Awards – Putting sustainability high on the DeLaval agenda

In 2023, DeLaval initiated a new set of awards to focus on sustainability efforts in the company. The DeLaval Sustainability Awards are given to teams or individuals that achieve particular success in an area of sustainability such as 'Safety,' 'Quality,' 'Environment,' and 'Invention.' The awards are given to employees during DeLaval's annual management meeting.

"At DeLaval, we have always been good at awarding efforts that improve our product performance or financial KPI's," says Helen Hu, Vice President Human Resources Asia Pacific, DeLaval.

"But now, we have taken a big leap forward in prioritising sustainability issues alongside that. That's what makes these new sustainability awards particularly valuable."

The awards, based on employee nominations, are part of a long-term plan to promote sustainability in the organisation and recognise formal and informal leaders who are proactively driving the topic forward in the organisation.

Helen Hu was one of the 2023 winners in the category 'Sustainability – Inclusive Leader.'

The motivation for the award read "she has built a diverse and inclusive team and coached many leaders at all levels

At DeLaval, we have always been good at awarding efforts that improve our product performance or financial KPI's – now, we have taken a big leap forward in prioritising sustainability issues alongside that.

across the Cluster about how to be aware of biases, how to improve psychological safety, and how to be more inclusive in their everyday work."

Helen Hu was delighted to receive the award but quick to claim it wasn't just for her "I take this award on behalf of the whole team," she says; just the kind of response you would expect from an inclusive leader.

After five years in DeLaval, her impact has been very clear. "I have the advantage of working with HR," says Helen Hu. "I get to meet people in all the different parts of the organisation from supply chain to the market area. When I first started at DeLaval, I could see that there were gaps that at times were making collaboration more challenging than it needed to be, and these gaps had mainly to do with communication."



Helen Hu, Vice President Human Resources Asia Pacific, DeLaval

“Asia-Pacific is a very diverse region,” adds Hu “There are 24 nationalities represented among the 900 employees located in 10 countries across 10 hours time zones, so, it’s important to build relationships across the region and functions.”

This led to Helen Hu starting the ‘One DeLaval Employee Club’ in China, where the biggest number of DeLaval employees are located in the Asia-Pacific region. Different groups were established to focus on different areas as Diversity & Inclusion, Learning & Thriving, Health and Wellbeing, Social Responsibility and Internal Communication. Each group is led by two coordinators; one male and one female and from different parts of the organisation to promote diversity and make sure all employees are included.

The ‘One DeLaval’ Employee Club has run 45 activities in the past 5 years with a specific purpose or theme but they are usually run in an informal and inspiring manner. Helen Hu’s experience has been that an informal set-up is the fastest and easiest one to break down barriers.

“The approach is to get people to think outside of the function and build up the trust and relationships. The focus is not on who you report to but it’s about using your own personal skills and influences and it helps highlight people in the organisation that might not otherwise be seen.”

Helen Hu has always had a passion for inclusivity, having spent many years working, living or travelling abroad and, at times, being the only ‘foreigner’ in the room and feeling excluded, to

The approach is to get people to think outside of the function and build up the trust and relationships.

being in multi-national organisations where inclusive cultures helped everyone thrive. This is what the ‘One DeLaval’ Employee Club aims to do.

“We all come from different countries with different life and work experiences, but we all work together under one name, DeLaval.”

THE 2023 DELAVAL SUSTAINABILITY AWARDS WINNERS

SUSTAINABILITY – SAFETY

Gallin warehouse team

QUALITY

Global Demand & Supply Planning team

INVENTION

Several winners.

FARM PERFORMANCE INNOVATION

Project DeLaval Plus Behaviour Analysis

SUSTAINABILITY – ANIMAL WELFARE & FOOD SAFETY

Enrique Bombal

SUSTAINABILITY – ENVIRONMENT

Product Management & Development and Digital Services Sustainability Group

SUSTAINABILITY – INCLUSIVE LEADER

Niklas Listermark & Helen Hu

FOCUS AREAS

Within social and economic sustainability, we have now established new focus areas based on a materiality analysis carried out in 2023.

1. Employee safety & wellbeing
2. Employee engagement, retention and talent acquisition
3. Diversity, equity and inclusion
4. Customer satisfaction

In addition, we continue to focus on:

- Human rights in the value chain
- Community engagement
- Business continuity
- Cyber security

1 Employee safety & wellbeing

Our ambition is to have a workplace where employee's health and wellbeing is a priority and the workplace is safe. This includes both mental and physical wellbeing. Our goal is zero work related illnesses and accidents.

We have initiated several activities in 2023 to improve in this area including:

- Group Safety induction now mandatory
- CPR training
- Global OHS field and supply chain manager in place
- Risk Assessment proforma now implemented for use by service technicians

The appointment of our Global Field and Supply Chain OHS Managers is particularly significant as this will enable greater focus within critical high risk safety areas as well as increased safety support and knowledge within the business. It will also allow an increased drive in reporting compliance and accurate investigations.

A new area we are also looking at is the

effect of manure gases on our technicians and how to measure it and mitigate against it.

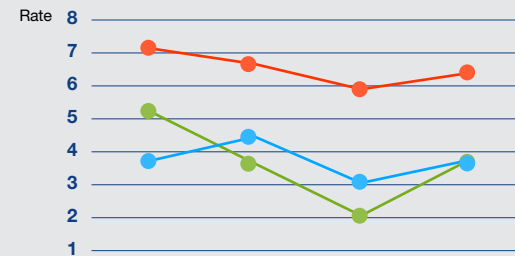
We are building a safety culture at DeLaval and implementing a clear OHS structure and several communications activities are in place to foster a culture of safety everywhere in DeLaval. It will take time however before we see the benefits of this work. For example, despite recent improvements, 2023 saw an upward trend in accidents. We expect the figures to fluctuate somewhat for the next couple of years before the OHS structure and culture is fully implemented in all parts of the organisation.

When it comes to wellbeing, activities have included:

- Wellbeing hotline support line in Oceania, the Americas and Europe
- Increased the health allowance in Sweden
- Yearly health checks in China
- A range of wellbeing activities across the organisation in September of 2023

STATS – WORKPLACE ACCIDENTS AND INCIDENTS

91% believe DeLaval is a safe place to work
(89% in 2021, 62% in 2019)

TRENDS 2020-2023

	2020	2021	2022	2023
● TRIFR	7,00	6,60	5,80	6,30
● SIFR	5,16	3,73	2,17	3,69
● LTAR	3,73	4,38	3,04	3,64

Figures are based on accidents per one million hours worked.

The figures above do not include the DeLaval subsidiary Milkrite I InterPuls. There were four accidents at Milkrite I InterPuls in 2023 which resulted in a person missing at least the next day of work.

TRIFR (Total Recordable Injury Frequency Rate): total of all injuries

SIFR (Serious Injury Frequency Rate): An incident or accident that could have caused a fatality or serious physical and ongoing impairment

LTAR (Lost Time Accident Rate): an accident that causes an employee to miss at least the next day of work

FOCUS AREAS

Within social and economic sustainability, we have now established new focus areas based on a materiality analysis carried out in 2023.

1. Employee safety & wellbeing
2. Employee engagement, retention and talent acquisition
3. Diversity, equity and inclusion
4. Customer satisfaction

In addition, we continue to focus on:

- Human rights in the value chain
- Community engagement
- Business continuity
- Cyber security

2 Employee engagement, retention and talent acquisition

Our aim is an engaged and passionate workforce. We measure engagement in our staff surveys every one to two years and want to achieve a level that puts on a par with the norm for high-performing companies set out by our independent survey company.

Employee engagement is closely linked to staff retention and talent acquisition. In order to attract the best people, we need a workplace with high engagement levels. Activities carried out to achieve all of the above in 2023 include:

- A global company-wide event to celebrate 140 years of DeLaval
- Career development path manual launched

- A new learning platform that includes an AI tool to help managers communicate messages
- A global recognition program 'Bravo Bravissimo'
- A new internal communications channel 'Viva Engage'
- Increased industry group collaboration for a mentoring program
- Use of LinkedIn to tell DeLaval stories to existing and potential employees
- Cooperation with universities around the world engaging students and potential employees
- The Gustaf de Laval fund for young scientists

[READ MORE](#)
STATS – STAFF TURNOVER

Staff turnover going down slightly

2020	2021	2022	2023
12%	11.6%	13.6%	13.5%

FOCUS AREAS

Within social and economic sustainability, we have now established new focus areas based on a materiality analysis carried out in 2023.

1. Employee safety & wellbeing
2. Employee engagement, retention and talent acquisition
3. Diversity, equity and inclusion
4. Customer satisfaction

In addition, we continue to focus on:

- Human rights in the value chain
- Community engagement
- Business continuity
- Cyber security

3 Diversity, equity 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 innovation. We aim for an inclusive work environment with full diversity where our talent thrives and enables us to achieve our strategic ambitions.

The number of female employees continues to rise slowly. We have initiated several activities in the past three years in a bid to bridge the gender gap but more is required. The gender diversity figures change significantly depending on geographic location but also whether the employees are white-collar workers or blue-collar workers. We are now looking at setting specific gender diversity goals at a local level to improve matters further.

We are focusing particularly on gender diversity at DeLaval as we have understood that reaching gender diversity is a catalyst to securing diversity in other areas also. As a predominantly male industry, the gender gap is also significant.

Inclusion is also important for us. We work cross-culturally in many projects and our company includes staff from forty different countries. See our case study on the sustainability awards at DeLaval and [the work of Helen Hu](#).

This year, we have had several activities to improve this number including:

- We continue to use a 50/50 gender split on shortlisting candidates for positions
- We are planning a reminder campaign internally for the 50/50 policy in 2024
- We continue to run local activities within our employee resource groups; DAWN (Diversity at Work Network), Women in Blue, Employee Club China
- Highlighting stories about female colleagues internally and externally
- Planning a diversity and inclusion program with a focus on managers in 2024

STATS – GENDER EQUALITY

24%

female employees
(2022 was 22%)
GOAL: 25% by 2025

25.3%

female managers
(2022 was 24%)
GOAL: 25% by 2025
Goal reached

*The 2023 figures include gender balance and staff turnover at Milkrite I Interpuls.

FOCUS AREAS

Within social and economic sustainability, we have now established new focus areas based on a materiality analysis carried out in 2023.

1. **Employee safety & wellbeing**
2. **Employee engagement, retention and talent acquisition**
3. **Diversity, equity and inclusion**
4. **Customer satisfaction**

In addition, we continue to focus on

- Human rights in the value chain
- Community engagement
- Business continuity
- Cyber security

4 Customer satisfaction

A strong customer focus is nothing new at DeLaval but based on our updated double materiality analysis, customer satisfaction has now become a focus area also within the framework of sustainability. We and our stakeholders all deem customer satisfaction to be not just critical for our own business but also when it comes to the impact it can have on the environment and society.

It is of utmost importance that we develop and deliver DeLaval products and services to the highest level of customer satisfaction

and in compliance with customer and regulatory standards through strong collaborative relationships with customers. A critical element to customer engagement is assuring products and services are highly reliable and of high-quality; observe relevant laws, environmental regulations, standards and safe design practices.

When we achieve quality products and services, we succeed in this focus area but we also succeed in our overall financial goals and economic sustainability for ourselves and our customers.

By providing farmers with solutions that make their farms more efficient for example, we provide a way of creating more environmentally sustainable operations but also more profitable ones. 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.

Sustainability goals will be set for this focus area in 2024.

Overall, 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 91% of our Global Sourcing spend have signed the DeLaval Ethics and Sustainability Principles.

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 hires and treats 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 promotes the idea that all employees shall 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.



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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:



Hamra Farm in Tumba, Sweden

- 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 in Control Declarations. In addition, our Whistle Blowing policy allows staff and other relevant stakeholders to raise concerns regarding illegal or unethical behaviour and other wrongdoing.

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.

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 Portfolio Committee "Idea to Offer"
Occupational Health & Safety Committee	Gate Board			Process Portfolio Committee "Offer to Order" & "Delivery to Customer Service"
	Product & Project Portfolio Committee			Process Portfolio Committee "Order to Delivery"
				Process Portfolio Committee "HR"
				Project Portfolio Committee "Communication and Collaboration"
				Project Portfolio Committee "Finance"
				Project Portfolio Committee "IT"
				Project Portfolio Committee Information Security and Data Privacy

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

In 2023, two of our policies were updated. A new animal welfare policy is now in place and will be launched in DeLaval in 2024. A new environmental policy was also created in 2023 and will be in use in 2024.

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 2023, 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 will be 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, will ensure that DeLaval establishes realistic goals and targets and accurately monitors and evaluates 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 the Senior Vice President Corporate 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 global sustainability group; a team of people representing all parts of the organisation.

The Global Sustainability Group reviews projects and initiatives. It also suggests targets, follows up on actions and implementation, evaluates the sustainability progress and informs and advises DeLaval Group Management, who is the main decision-making body.

The Global Sustainability Group consists of 10 senior experts from various DeLaval organisations. These include the Strategic Program Office, Supply Chain, Human Resources, Communications, Legal and Finance. The senior experts work in close collaboration with DeLaval Head of Sustainability who reports to DeLaval Senior Vice President of Corporate Communications & Sustainability.





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