



Sustainability Report 2021

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This is DeLaval's sustainability report for the period 2021 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. In 2021, the EU established the EU taxonomy, a classification system establishing a list of environmentally sustainable economic activities within different sectors. Within the EU Taxonomy was the launch of a first Delegated Act, a list of criteria required to make a substantial contribution to climate change mitigation and adaptation. These activities do not yet include the agricultural sector.

A blue-tinted photograph of a man in a Laval cap and jacket interacting with a cow in a barn. The man is holding a ring attached to the cow's halter. The cow has a tag on its ear with the number 0755. The background shows the wooden structure of a barn.

DELAVAL AND SUSTAINABILITY

01



Paul Löfgren, President & CEO

From the CEO

For over ten years, DeLaval has had the vision to make sustainable food production possible. The notion of putting sustainability first was unusual at the time; a bold statement that turned a few heads in our industry.

For us, it was a logical step. You could say it was inevitable. We knew we had to look at sustainability issues for our own long-term survival and we also knew that dealing with these issues would help our customers, dairy farmers around the world.

There's a direct link between a farm's profitability and their sustainability practices on the farm. The better you look after your herd, the better the quality and quantity of milk produced. At the same time, the more energy-efficient equipment on a farm, the lower the costs. All our innovations are based on helping a farmer do more with less.

Many are also designed to eliminate heavy lifting and other difficult or dangerous tasks. These are also vitally important for a farm's long-term future.

Our sustainability work over the last decade has focused

primarily on our customers. This was and still is the best way for us to contribute to sustainable food production. But in recent years, we have also looked closely at our own operations. Both when it comes to the environmental aspects but also when it comes to food security and ensuring our workplace is inclusive and diverse where the health and wellbeing of our employees is a priority.

This has resulted in a full emissions audit of our supply chain to see where we are using the most energy and how we can reduce it. It led us to reducing our emissions by 3.1 million kg CO₂e in our Polish factories, just by changing our electricity source to renewables. We have dozens of other activities underway to help us reduce this further, many of which you can read in this report.

The vision of making sustainable food production possible is an ambitious one but it's also the only way forward for our and the planet's long-term future.

For us, it was a
logical step.
You could say it
was inevitable.

From our Head of Sustainability

Dairy production is instrumental in delivering high-quality, nutrient-rich food to billions of people around the world. Dairy farmers work with this every day and in our regular conversations with them, we see that same level of engagement. They are committed to healthy people and communities, healthy animals and a healthy planet.

Our commitment is to make sustainable food possible through our products, services, and support systems. We know the biggest impact we can have on making sustainable food production possible is by providing our customers with the tools to help them do more with less.

We don't do it alone though. We work in close collaboration with farmers, governments, academic institutions, industry support groups and regulatory entities. When we work together, we can make the most progress.

When we work together, we can make the most progress.

When discussing sustainability, we consider all aspects of Environment, Social and Governance (ESG) and its application through the Sustainable Development Goals (SDG's).

We look at sustainability from three main perspectives;

- Environment,
- Food Safety and Animal Welfare and
- Social and Economic

We develop priorities and strategies in each of these three areas of sustainability. They serve as a guide for all of us at DeLaval. This applies to everything we do internally, from how we develop products and solutions to providing equitable and safe working conditions for everyone. We set goals and follow agreed-upon standard measurements and then report on our progress. This includes measurements such as greenhouse gas emissions, waste reductions and social responsibility improvements.

We understand that farmers operate under increasing pressure and need to fulfill growing environmental sustainability and animal welfare requirements under tight economic conditions. Ten years from now, a dairy farm will

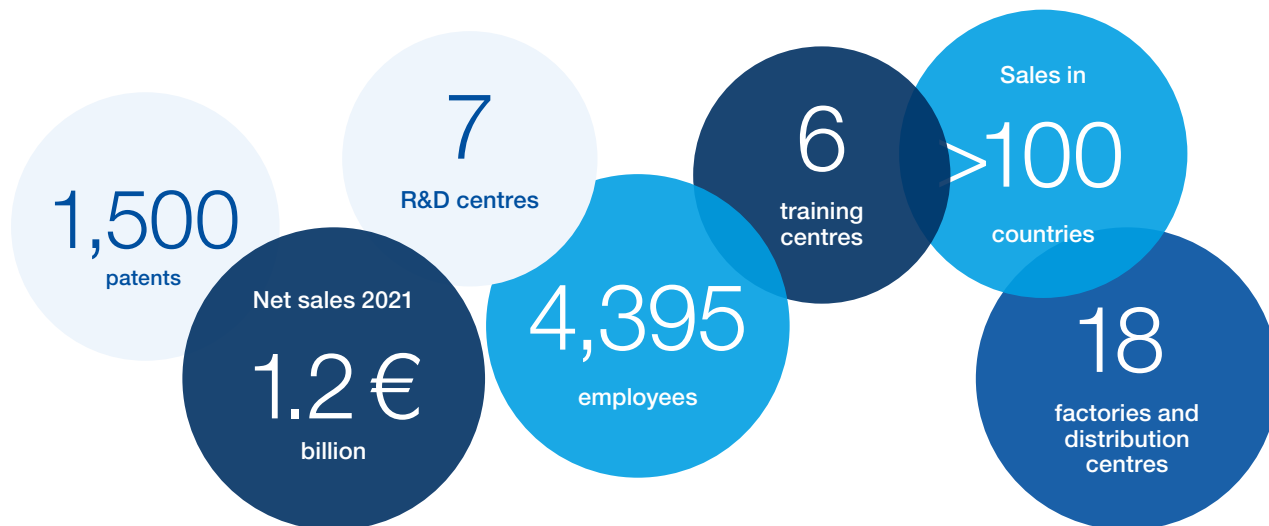


Fabian Bernal, Head of Sustainability

look different from today; farmers will be using their resources even more efficiently and reporting their emissions to industry-wide organisations. We'll be there, supporting them along the way.

We have to keep evolving. The challenges in the decade ahead require urgent and thoughtful action. We have made a lot of progress already during these unprecedented times and are confident we can continue with the same focus and get closer to fulfilling our vision.

Thanks for taking an interest in this report. We welcome your feedback.



Our Business

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.

Our vision is “We make sustainable food production possible.”

We have a presence in over 100 countries around the world.

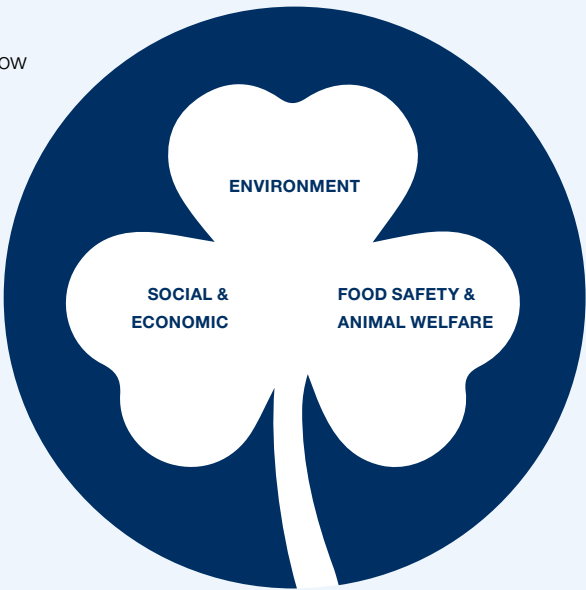
A blue-tinted photograph of a cow standing in a milking parlor. The cow is facing the camera, wearing a collar with a tag that reads '1185'. Above the cow's head is a DeLaval milking machine. To the left of the cow is a large, circular, white brush. The background is a wooden wall.

OUR TAKE ON
SUSTAINABILITY

02

Our Take on Sustainability

As a company, we always focus on our customers and we know that the biggest difference we can make when it comes to sustainability, is by maintaining that focus. By providing innovative solutions to our customers, we can help reduce the global dairy footprint and help provide decent working conditions to farmers around the world. At the same time, we are committed to everyone working at DeLaval. Based on direct customer insights and our materiality analysis, we have developed the following sustainability model. It looks at sustainability from three main perspectives and that applies to everything we do internally as much as it does to how we work with our customers.



ENVIRONMENT

The best way for us to reach the UN Goals on climate change is to reduce the 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.

What is Material to Us?

Our materiality analysis from previous years is still relevant. Based on our customers' main challenges, we have identified eight key areas of priority in 2021. Each focus area has a clear owner with the role of ensuring progress in each area. In 2020, we set actions, goals or KPI's for all eight areas.

The focus areas

ENVIRONMENT

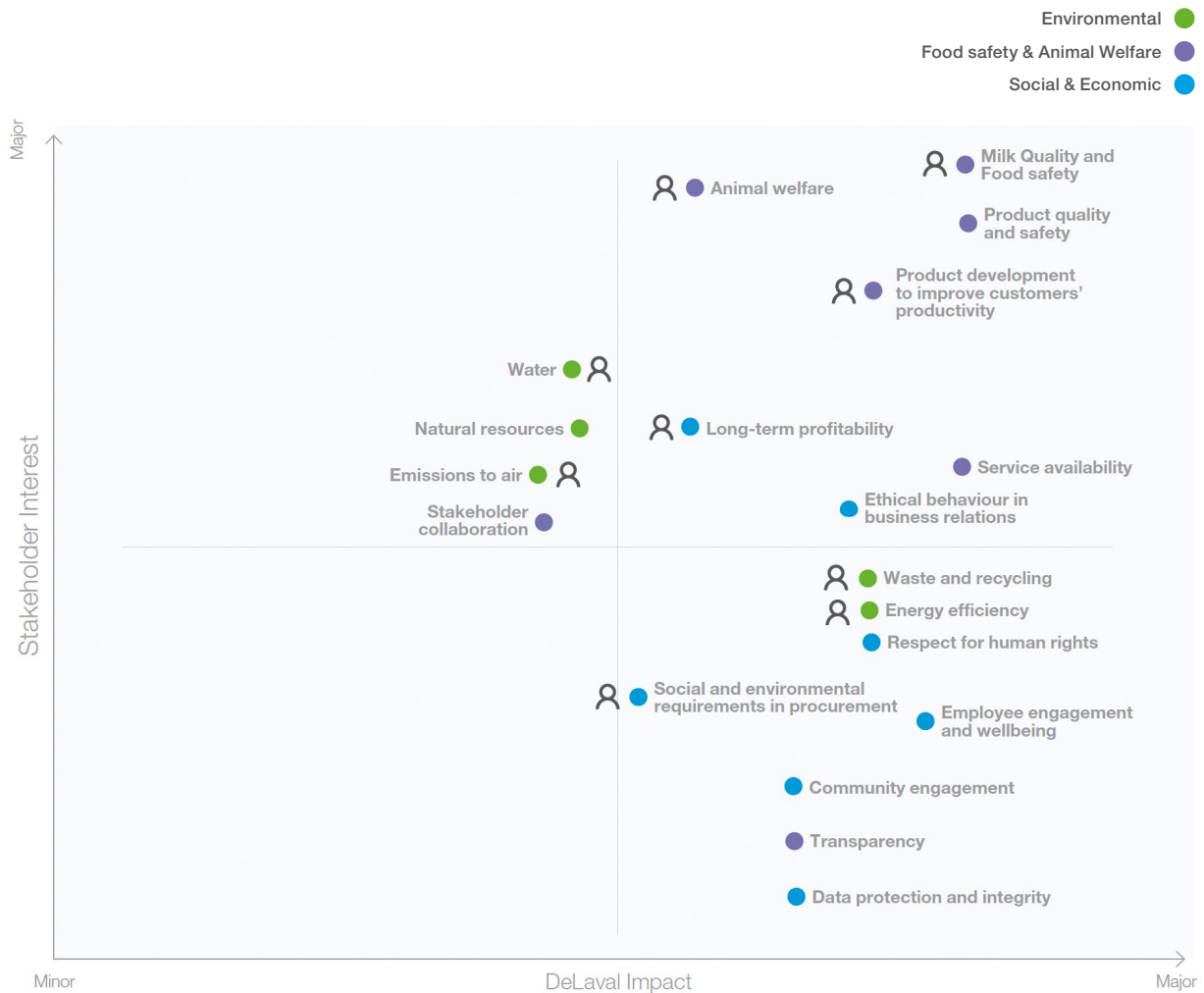
- Reduce GHG emissions
- Responsible water use
- Reduce energy and waste

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

During the product development phase our key focus areas are taken into consideration.

Our Product Management & Development team goes 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.

The following sustainability questions are always considered.



PRODUCT 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. This is essential for human and animal safety, environmental protection, market access, product liability and property protection.

DeLaval and the UN Sustainable Development Goals

Everything we do at DeLaval connects directly to the United Nations Sustainable Development Goals. We see that we can contribute to eight of these goals. Goal number 17 – Partnerships applies to everything we do. The remaining goals are linked to our focus areas in the following ways.



Partnerships



Turning the dairy sector into a net-zero emissions industry is something that can only be achieved together. We're working closely with several partners to achieve this goal. For example, we support the Pathways to Dairy Net Zero initiative, run by the Global Dairy platform.

We have collaborated with the Global Dairy

Platform for a long time and we're affiliated members of the Dairy Sustainability Framework. But we also work with the Innovation Center for US Dairy, European Dairy Farmers as well as other organisations, institutions and universities. These are just some of the partnerships we have forged over the years in our bid to make sustainable food production possible.

RISK AND RISK MITIGATION

03

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.
CHEMICAL SPILL AT OUR FACTORIES Many of the raw materials (chemicals) used by our chemical factories are classified as dangerous (corrosive, flammable, oxidizing, toxic, aquatic and dangerous). 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 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 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.
EXCHANGE RATE FLUCTUATIONS These can have a major impact on the consolidated result and shareholder's equity.	Measures are taken to control and mitigate the impact of such fluctuations on contracted and projected operational cash flows, revaluation of foreign subsidiaries' net assets and cash flows related to loans and investments.
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.
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.



Social and Economic Topics

Risk	Risk Mitigation
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.
CHILD LABOUR Child labour can occur across the dairy value chain.	We don't accept child labour of any sort. We cut all ties with any business partners that we know are using child labour.
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 by making working-life easier on farms. Our HR policy outlines how we work to create attractive working conditions at DeLaval.

 DeLaval

ENVIRONMENT

04



Environmental Sustainability

1 Reduce greenhouse gas emissions



We have mapped most of our scope 1, 2 & 3 upstream emissions, We are now focusing on completing the remaining work.*



We aim to reduce scope 1 and 2 emissions by 30% by 2030.

2 Reduce energy and waste



We aim to reduce waste by 20% by 2030 compared to the 2019 baseline.



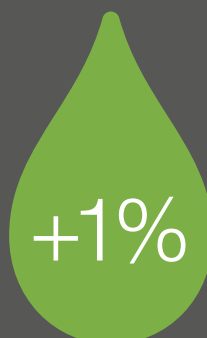
-8%

Our energy use has decreased by 8% since last year.

3 Responsible water consumption



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



Despite large volume increases, our water consumption has only gone up 1% since 2020.



CASE | Poland's Factories go Renewable



Back in 2019, a couple of masters students completed a thesis that included measuring DeLaval's CO₂e footprint in the supply chain. DeLaval then took action based on the results of the research. The measurements showed that the company's Polish factories had the biggest footprint on a kWh basis. Coal was in the energy mix and the team in Poland started looking at alternatives.

"When we found out about our emissions, my colleague Maciej Czarnecki (Sourcing Manager) was in the process of negotiating a new energy deal for 2021," says Katarzyna Dzusajew, Detergent Plant manager and part of the DeLaval Sustainability Group.

"We saw that green energy was available and it wasn't much more expensive than the traditional energy mix. We felt it was worth it as it would lower our emissions considerably."

The team signed an energy contract for 2021 and have now prolonged it into 2022. There are four factories in Poland today, three in Wrocław and one in Dobre Miasto. The Milking, Detergents and Dobre Miasto factories purchase Eko Premium green energy. This energy comes

from water and wind. The Cooling plant can't yet be connected directly to a green energy source so DeLaval buys the equivalent amount to put into the grid for other users.

"We saw that green energy was available and it wasn't much more expensive than the traditional energy mix"

The four plants used 3,6 million kilowatts of energy in 2021 and with the new energy mix, that has led to a reduction of 3,500,000 kg of CO₂e emissions.

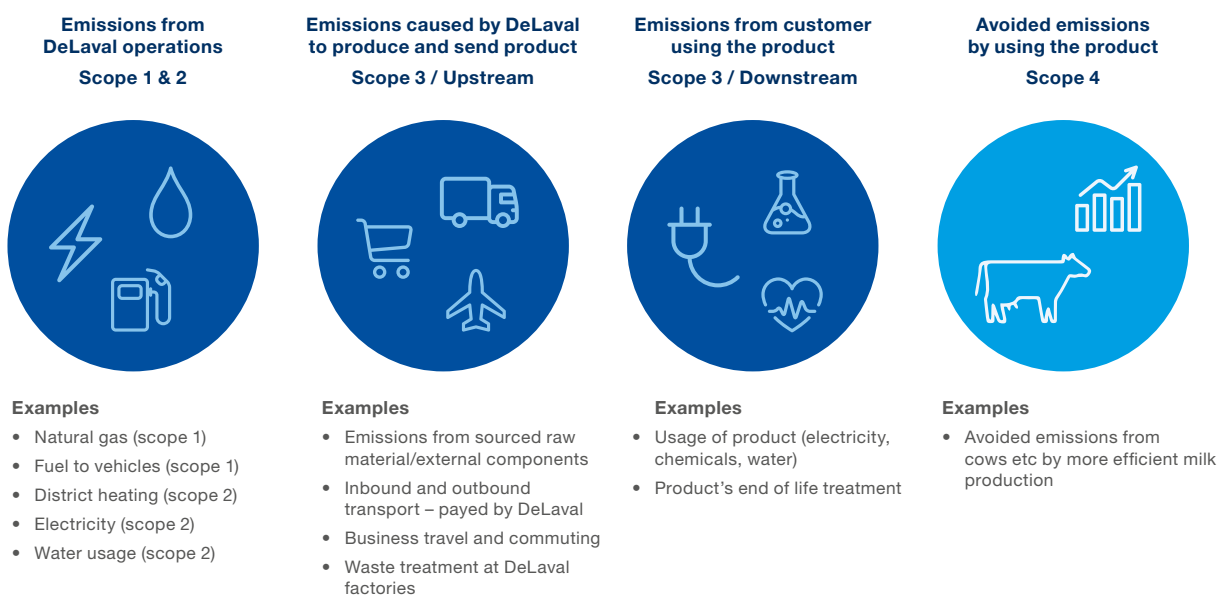
"Our Swedish plants and Gallin site in Germany are already running on renewable energy but when we made this transition, our Belgian sourcing colleagues looked at what we were doing and made the same decision," says Dzusajew.

"They are now saving 55,000kgs of CO₂e emissions as a result of the shift."

For Dzusajew, the shift to renewable energy has helped change the mindset of many at DeLaval in Poland. "We were already active before this. We have ISO14000 certification, but this took us another step. It makes you look at things in a different way."

How We Work with Environmental Sustainability

When we look at environmental sustainability we work mainly from the three established 'scopes' of the Greenhouse gas protocols 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 emissions in line with 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

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 emisisions per kilo of milk produced. Most of our innovations are based on providing 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

REDUCE GREENHOUSE GAS EMISSIONS

Goal

Reduce emissions from our own operations and throughout the value chain. Ensure customers know how to use our products in the most efficient way.

Targets

- We aim to reduce scope 1 and 2 emissions by 30% 2030
- Map our remaining emissions by 2023 as far as we can to understand further where improvements are needed

How it's going so far

We have started measuring scope 1, 2 & 3 according to the Greenhouse Gas (GHG) protocols.

What we're doing about it

- Collaborating with external organisations and research institutions
- Mapping out our remaining emissions for the entire DeLaval organisation
- We're changing the energy mix in our factories

REDUCE ENERGY AND WASTE

Goal

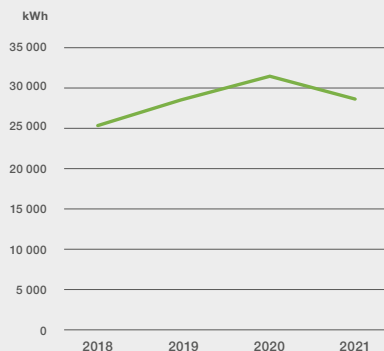
- Help our customers use our products in the most energy-efficient way
- Reduce energy and waste in our products and solutions. Ensure sustainable waste management and recycling policies

Targets

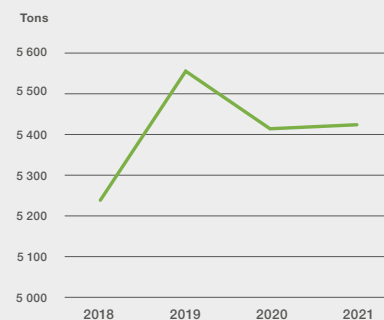
- Reduce internal waste by 20% by 2030
- Reduce CO₂e emissions from energy use by 35% by 2030

How it's going so far

Energy Consumption – down 8%



Waste – same as 2020



What we're doing about it

- We're sourcing and producing renewable electricity from our Polish, German and Swedish facilities
- We are looking at energy sourcing in the USA, China, Brazil and the rest of the EU
- Minimising the material used in our operations that goes to waste
- Setting targets for energy and waste reduction of our products

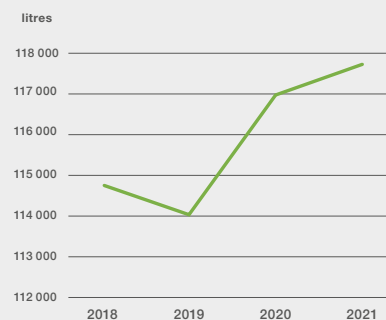
RESPONSIBLE WATER CONSUMPTION

Goal

Reduce water consumption in our own operations.

How it's going so far

Water – up 1%



Despite large production increase our water consumption has only gone up 1%.

Targets

- Evaluate internal consumption and set a target for reduction

What we're doing about it

- Optimising production at Tianjin plant to reduce cleaning frequency – expected savings 210m³
- Installed tap aerators in the social areas of our Polish factories. Expected 10% reduction in tap water usage in these factories
- Optimisation in Poland's hygiene plant – expected 2.3% reduction

FOOD SAFETY & ANIMAL WELFARE

05



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

The DeLaval teat spray robot TSR™ ensures teats are cleaned and disinfected before and after milking.

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

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.

Barn Management

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

DeLaval All-Inclusive helps ensure the farmer's systems are running smoothly and that farmers always have the right detergents and cleaners in place.

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

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



Ilka Klaas, Dairy Development Director

CASE | How Digital Developments are Improving Animal Welfare

Sensor technology is not particularly new on dairy farms but as time goes on, more and more technologies are emerging and farmers can now gather huge amounts of data.

When a cow is milked using a DeLaval VMS™ for example, there are several sensors in place that provide information on every udder quarter. Our sensors measure inflammation in the milk, e.g. white blood cells, but also biomarkers to check for diseases and fertility status. A 3D-image can even be taken every time a cow is milked to measure her body condition score.

All of this data helps the farmer know how healthy their animals are. This wealth of data can alert a farmer about potential mastitis or other illnesses and also provide other information on the cow's health and wellbeing.

"For a family driven farm, sensor technology gives farmers higher flexibility to plan their work while at the same time ensuring that cows get the attention they need," says Ilka Klaas, PhD and Dairy Development Director at DeLaval.

"When a farmer is busy with a dozen other tasks, it's important to give them the right information at the right time

so that they can make the best decisions for the cow."

DeLaval is constantly working on improving the data analysis to help the decision-making process on farms. "There's so much data out there now," says Ilka Klaas, "What's important is how to use it."

"We can improve the algorithms and increase the value of monitoring. In that way we can help farmers get the right risk profiles and give them the right tools that will identify the cows that need help," says Klaas.

Klaas is also keen to point out their use of sensor technology and big data is making progress because of collaboration. "We work with research institutions around the world and industrial PhD students working on the use of sensor technology for better mastitis management. But we also work closely with the International Dairy Federation and other stakeholders in the industry. Together we can make progress faster."

"There's so much data out there now. What's important is how to use it."

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 but also by focusing on animal health and welfare.

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
- Adhere to all regulations throughout the supply chain
- Ensure chemical safety. All our products need to live up to the RSL (Restricted Substances List) as well as chemical legislation, regulations and global agreements such as REACH, RoHs and PoPs

We have solutions throughout the dairy value chain that helps ensure food safety and milk quality. Our solutions cover everything from the cow to the cooling systems to delivery to the dairy milk tankers.

While the diagram on page 23 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 set standards such as ICAR and ISO and improve animal health and wellbeing.

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 23. 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.

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

- We develop solutions that support animal wellbeing and support good animal health
- Continuous internal education and training
- We proactively support 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
- We have strong partnerships with experts, dairy organisations and leading academic institutions
- We have a dedicated group of farm advisors that support our customers with trouble-shooting as well as general improvements of their herd management

SOCIAL AND ECONOMIC

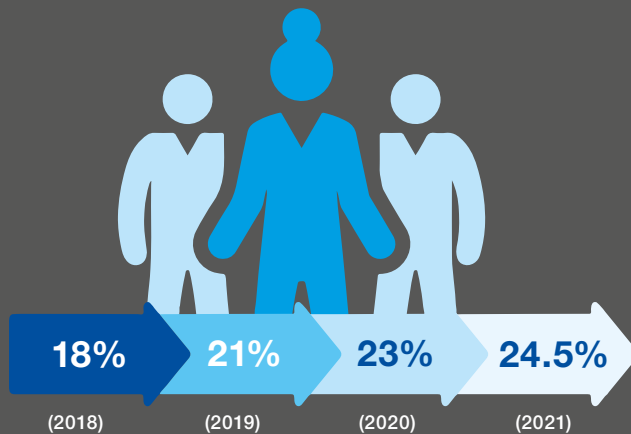


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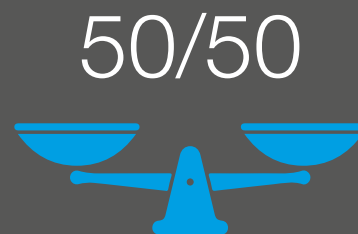


Social and Economic Sustainability

1 Diversity and Inclusion



The percentage of female managers. Our aim is to reach 30% female employees by 2030.



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

2 Employee Engagement and Wellbeing



89% believe DeLaval is a safe place to work (up 17% from 2019).



83% say they feel engaged (up 2% from 2019).



Staff turnover is falling as engagement improves. Down from 12.7% in 2019.

CASE | Diversity in the New Sustainability Team

When you start a team looking at sustainability, you need to walk the talk. So, when DeLaval re-organised on the sustainability front and created an official team, it was important to get the mix right.

The team now includes 10 senior staff members in leadership roles. They come from seven different countries and include three men and seven women. Everyone in the team comes with their specific expertise and from a different part of the organisation.

The newest member to the team is the Group Accounting Director, Anna Sommar. "I'm there to represent Finance but I also make sure we comply with the latest EU taxonomy and ensure deadlines and regulations," says Sommar.

"This is a group with a lot of expertise in different areas of sustainability," she adds.

Sommar's first impressions are positive. "It's a really good meeting climate and very friendly. We all have our different qualities and abilities and we are constantly adding to everyone else's perspective so it's very open in that way. There is a very high degree of mutual respect and this helps everyone."

"The geographic spread is also interesting and adds to the team. It provides new perspectives and helps us understand how people are thinking about these issues in different parts of the world. It stops us from seeing the world from our own perspective and gives us a more open view."



Anna Sommar, Group Accounting Director

"This is a group with a lot of expertise in different areas of sustainability."

Say Hi to the DeLaval Sustainability Group

We now have a dedicated team of ten people appointed by group management to ensure that we deliver on our sustainability promises and bring DeLaval closer to reaching the vision of making sustainable food production possible.

Several team members have been involved with sustainability at DeLaval for many years but in 2021, we formally created this team to focus our efforts better. The diverse team include senior personnel from seven different countries and is led by our Head of Sustainability, Fabian Bernal.

The team

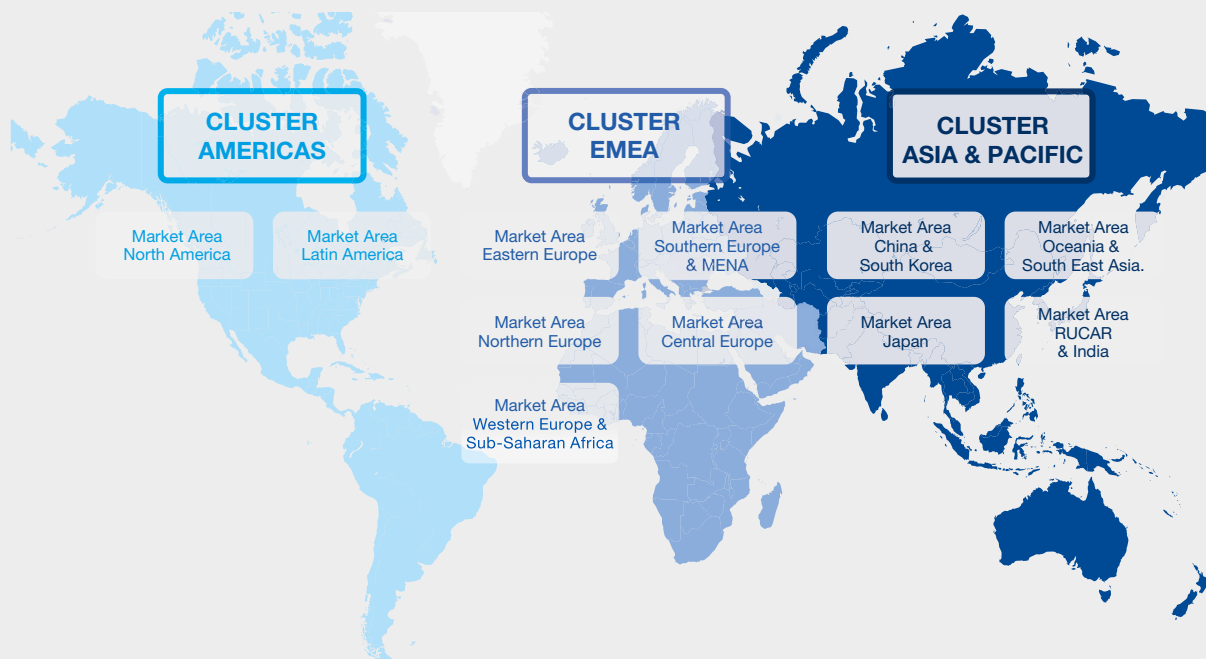
- Lars Johansson, SVP, Corporate Communications & Sustainability
- Fabian Bernal, Head of Sustainability
- Lior Yaron, Clusters
- Anna Lindquist, Product Management & Development
- Katarzyna Dzusajew, Supply Chain
- Helen Hu, Human Resources
- Katherine Sams, Group Legal
- Ilka Klaas, Dairy Development Director
- Jenny Gelin, Corporate Communications
- Anna Sommar, Group Accounting



Social and Economic

WHERE WE WORK

There were 4,395 employees at DeLaval on 31 December 2021. We serve over 100 countries globally working either directly in that country or via dealers.



DIVERSITY AND INCLUSION

Goal

Ensure an inclusive work environment with full diversity where our talent thrives.

Targets

- 25% female employees by 2025
- 30% by 2030

These figures may seem low but this transition can only occur in line with natural staff turnover which means it will take several years for our diversity measures to take effect.

How it's going so far

	2019	2020	2021	2025	2030
No of female employees	21%	21%	21.5%	25%	30%
No of female managers	21%	23%	24.4%	25%	30%

How we're doing it

In our bid to reach the goals above, we have several activities underway. Here is a list of some of them.

- Internal training on gender diversity and unconscious bias
- The non-profit organisation Catalyst helps us ensure job ads have a balanced language and attract the full talent pool
- When shortlisting candidates for roles, we aim for a 50/50 gender split
- We ensure our external imagery is diverse
- We highlight stories about female colleagues in internal and external channels
- We have several local communities focusing on the promotion of diversity, such as Women in Blue in the US, The Diversity At Work Network in Sweden and the Employee Club in China. These local communities are actively organizing varied activities to promote the diversity & inclusion culture and mindset

Social and Economic

EMPLOYEE ENGAGEMENT AND WELLBEING

Goal

An engaging workplace where employee's health and wellbeing are a priority.

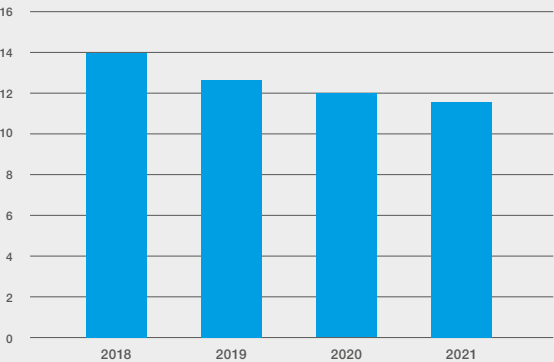
Targets

Reach the benchmark of a 'high-performing company' set by our independent survey company.

How it's going so far

Latest survey results show that 89% believe DeLaval is a safe place to work (up from 62% in 2019) This is 4% higher than the norm in manufacturing industries.

Staff turnover



Staff turnover in 2021 was 11.6% compared with 2020 with 12%, 12.7% in 2019 and 14% in 2018.

Ethics

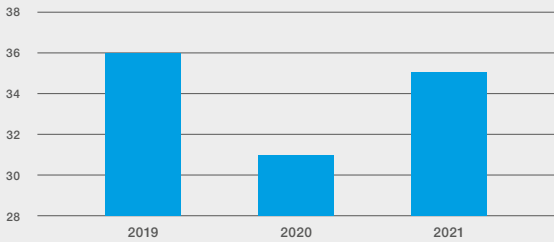
Number of suppliers who have signed the Ethics and sustainability principles:

- 2020 88,8% of our Global Sourcing spend
- 2021 90% of our Global Sourcing spend
- Target: 95% by 2023

Workplace accidents

Accidents leading to permanent disability or worse: 0 (this figure has been zero for over a decade).

Workplace accidents that result in being absent from work one day or more



Lost time accident rate

The lost-time accident rate is the number of injuries that result in an employee's inability to work the next full working day, relative to the total number of hours worked.

2019	2020	2021
4.34	3.73	4.38

How we're doing it

Below are a list of some of the activities in place to meet the goals above.

- We've strengthened our operational health and safety (OHS) committee with three new members
- Strengthened our team in Americas
- Updated our OHS policy and implemented into the Hamra Model
- Developed an OHS e-learning course – Working Safely in a Cow Environment
- In the process of developing a digitalised OHS Management System
- New OHS Handbook to be launched early 2022
- Added specific questions relating to wellbeing in the 2021 engagement survey
- Offered a 'BoostCamp' to employees plus specific guidelines about caring and wellbeing
- Established remote working policies and offered support
- Launched new pulse survey system to improve feedback from employees

How We Work with Social and Economic Sustainability

All of our work with social and economic sustainability is guided by our vision. But in practical terms, all 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
- Corporate Governance Policies
- All other policies such as
 - HR policy,
 - Workplace Conduct policy,
 - Guidelines on Conflicts of Interest,
 - Whistle blowing policy
 - Occupational Health and Safety policy etc.

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

ANTI-CORRUPTION

Under our anti-corruption commitment, we require all employees and companies of the DeLaval Group 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.

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. The Code of Business Conduct, Corporate Governance Policies and other supporting documents and information.

We also partner with suppliers to address social risks in our supply chain. Our suppliers and distributors sign and follow our [Ethics and Sustainability Principles](#) where Ethics and Labour Principles reflecting Human Rights are vital parts. So far, suppliers covering 89% of our Global Sourcing spend

have signed up and we're talking to the others. No new suppliers will be approved unless they sign up to these principles. The adherence to the Ethics and Sustainability Principles is based on audits of new suppliers and the self-declaration of the document before the supplier is accepted by DeLaval. During supplier audits we can observe any discrepancies related to the principles.

DeLaval has an established and well-defined corporate governance framework providing guidance on how we go about our business. In accordance with our legal obligations, we verify that all parts of our organisation comply with the laws and regulations of the countries in which they operate, behave as good corporate citizens and role models and respect human rights.

► [Read more about our Corporate Governance Framework, Policies and Procedures by clicking here.](#)

Economic Sustainability

We work to make sure both our own operations and 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.

► [You can read more about DeLaval and sustainability by clicking here.](#)



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