

Sustainability report 2024



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This is DeLaval’s sustainability report for the period 2024 in accordance with the EU directive 2014/95/EU, including its statutory sustainability report according to the requirements in the previous wording in the Swedish Annual Accounts Act that applied before July 1, 2024. The sustainability report includes DeLaval Holding AB, corporate registration number 556258-6981, and its subsidiaries.



Executive summary

For a sustainable future

Shaping the future of innovation for farmers

Sustainability is at the heart of everything we do. It shapes our actions, informs our decisions, and reflects our responsibility to create long-term value for farmers, their animals and the communities they serve.

We help our customers produce their milk with less environmental impact by improving operational efficiency and smarter resource use. At the same, our products are aimed at improving animal welfare and working conditions on farms. We do this in several ways but innovation is an underlying theme.

Innovation is key and allows us to keep on creating products and services that reduce emissions and improve animal welfare. Legislators and consumers, as well as retail chains and dairy processors, all expect an increased focus on animal welfare today. It's necessary to gain social acceptance for farming.

Our animal welfare products and longstanding knowledge on improving animal health and cow longevity puts us in a strong position here.

In addition, we have several innovations that improve working conditions on farms. When we do it right, our environmental, social and animal welfare efforts also support profitability - both for farmers as well as ourselves.

We incorporate sustainability into every part of our operations. This is not just as a response to the increasing expectations of industry partners, banks and customers. Sustainability is essential for building a resilient and future-ready business.

For us, compliance with the **EU Corporate Sustainability Reporting Directive (CSRD)** by 2026 is an opportunity to strengthen our leadership in the dairy industry and prepare for the future.

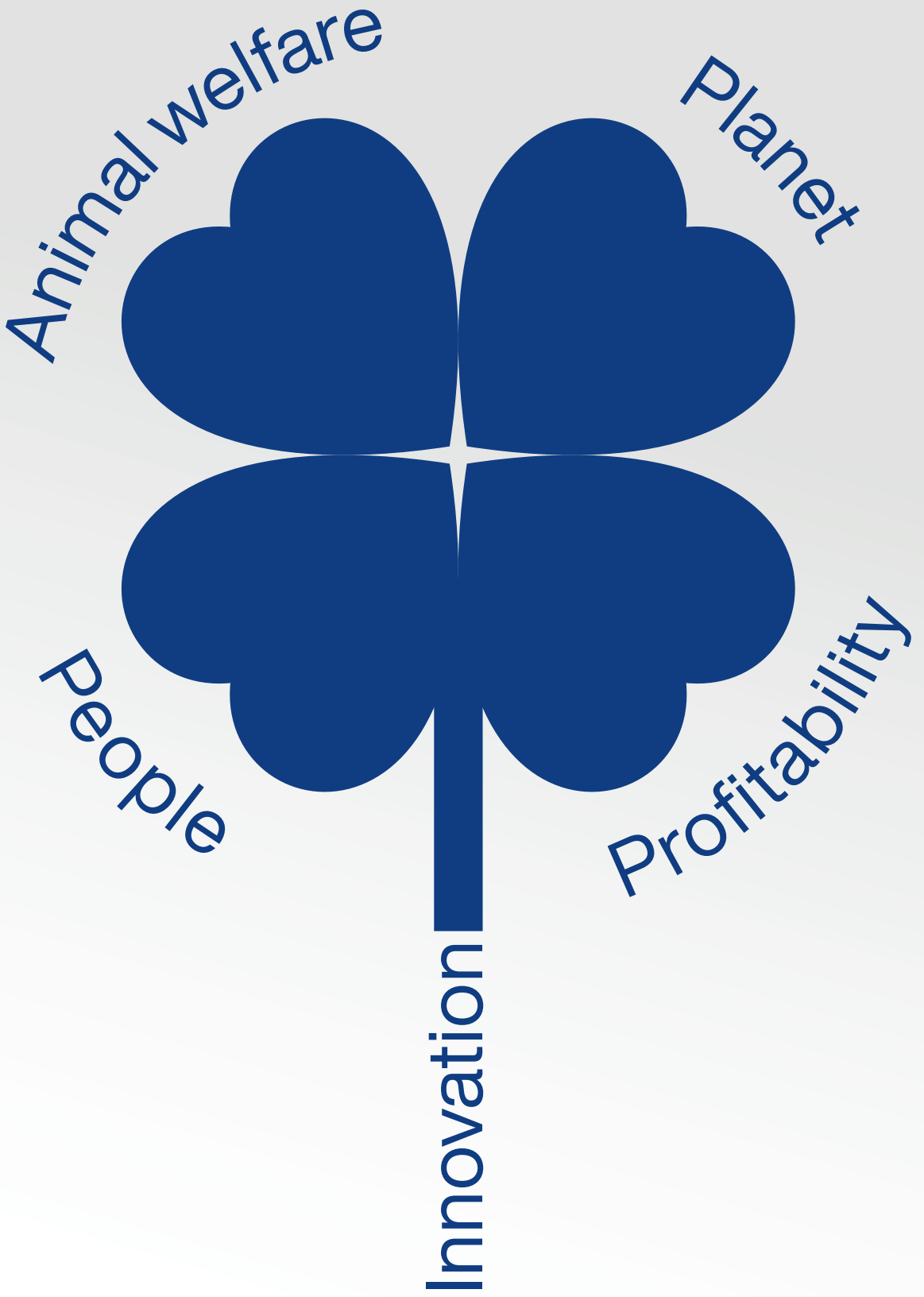
Partnership is key

Together with our customers, partners and employees, we build a resilient business that delivers value for all stakeholders. Sustainability is a shared responsibility and we are proud of the progress we have contributed in our part of the dairy value chain.

In 2023, we carried out an environmental, social and governance (ESG) reporting audit which led to a list of prioritised topics. We put these topics through a double materiality assessment and evaluated this with key stakeholders. This has now led to a three-year plan that we are currently working with. That plan includes **10 topics** to focus on.

We concentrate our sustainability efforts where we can create the greatest impact and add business value both for our customers and ourselves.

Our commitment is clear: by advancing our sustainability priorities and fostering collaboration, we aim to secure the future of our business. Together, we are shaping a sustainable tomorrow.



We make sustainable food production possible

Highlights 2024

Animal welfare

Cow longevity programme in place increasing awareness on the benefits of extending the productive lifetime of a cow

Added AI-insights to our digital solutions revolutionising herd health management

People

Target reached for 25% female managers by 2025. Working towards 30% by 2030

85% sustainable engagement rate in staff survey (up from 83%)

Innovation

New capabilities in DeLaval Plus – our farm management platform

Introduced Titan™ Sprayable Barrier – a pioneering teat disinfectant

Introduced the Milking Automation MA Series – a milking control unit for conventional parlour systems

John Deere and DeLaval joined forces to create the Milk Sustainability Center (MSC)

Planet

Completed the calculations for our CO₂e baseline greenhouse gas emissions

Investments made in renewable energy sources

All our product development focuses on lowering energy consumption and improving animal welfare

Profitability

Launched the DeLaval Performance Plan providing personalised services to farms

New customer segmentation model rolled out to better meet specific customer needs



Aligning our targets to support the UN SDGs

We have identified 10 topics where we believe we can have the biggest impact. These topics emerged based on a Double Materiality Assessment (DMA) and are aligned with the European Sustainable Reporting Standards (ESRS). They are:

- | | |
|---|----------------------------------|
| 1. R&D, innovation, and digital services | 6. Greenhouse gas emissions |
| 2. Product safety, quality and compliance | 7. Energy efficiency |
| 3. Collaboration and partnership | 8. Water management |
| 4. Milk quality | 9. Employee safety and wellbeing |
| 5. Animal welfare | 10. Customer satisfaction |

This detailed mapping has enabled us to develop a clear roadmap, ensuring that sustainability is integrated throughout our operations and that our initiatives align with our internal targets. Our approach goes beyond merely meeting compliance requirements; it's about future-proofing both our business and that of our customers. Focusing on these 10 critical areas allows us to standardise our reporting, monitor progress effectively, and drive continuous improvement across our entire value chain.

Through innovative product design, efficient resource management, and close collaboration with suppliers, we work to reduce the environmental impact of every litre of milk produced. This, in turn, benefits our customers by enhancing productivity and profitability while promoting animal welfare and sustainable agricultural practices. We believe that by embracing these strategic priorities, we contribute to a more sustainable future for the dairy industry and create long-term value for our customers, employees, and the planet.

To us, sustainable food production is more than an ambition, it is the cornerstone of our entire business strategy. We have aligned our sustainability work with the UN Sustainable Development Goals and concentrated on the ones where we believe we make the biggest difference. **See below.**



SDG 2 (zero hunger): We enhance food security by improving milk production efficiency, ensuring that every litre of milk is produced with minimal resource use.



SDG 5 (gender equality): We champion equal opportunities in agriculture and ensure that our innovations benefit everyone, regardless of gender.



SDG 8 (decent work and economic growth): We support our customers by providing advanced technologies that improve operational efficiency and promote fair working conditions. We also work with our suppliers on this.



SDG 12 (responsible consumption and production): We commit to optimising resource use and reducing waste throughout our processes.

A word from our CEO

Innovation has been in our DNA for more than 140 years. Today, we remain just as committed to shaping the future of dairy farming as ever. We do that by helping farmers improve productivity and reduce the environmental footprint of every litre of milk in a way that is good for the animal and for anyone working on a farm. By setting high sustainability standards, enhancing animal welfare, and cutting emissions, we're driving the future of responsible agriculture. Our vision remains clear: through innovation and action, "we make sustainable food production possible."

Driving sustainability in dairy farming

We're not just setting targets, but taking action. To drive meaningful change, we have established a baseline for our overall CO₂e emissions and reviewed our global sustainability targets and KPIs across our focus areas to ensure measurable progress and accountability. Our efforts in this area include:

Long-term sustainability targets

We are revising our targets for 2030 and are establishing new targets for 2050. Taking this long-term approach requires a broader perspective. For example, the majority of our emissions come from product use on farms. This means that the biggest impact we can have is innovating to help our customers do more with less.

We are also actively improving our purchase of goods and services that result in less emissions.

United Nations Sustainable Development Goals

We have updated our focus on the UN Sustainable Development Goals (UNSDG) and selected four key goals to contribute to: 2 (zero hunger), 5 (gender equality), 8 (decent work and economic growth), and 12 (responsible consumption and production).

EU Corporate Sustainability Reporting Directive (CSRD)

We are preparing for the EU Corporate Sustainability Reporting Directive (CSRD) to

ensure that our processes are connected, measurable, and traceable. We have recently launched an internal training programme about sustainability to further elevate competence in this area among our employees. We're rolling this out in 2025. Additionally, we have expanded the Global Sustainability Group to include representatives from all functional units, ensuring that sustainability remains top of mind across all business areas.

Innovation for the future

Innovation is central to the continued success of DeLaval. We have spent many years changing how we do things, innovating to make them better. During the year, we enhanced DeLaval Plus, our farm management platform designed to turn data into actionable insights, with improved applications that detect diseases, optimise milking performance and safeguard milk hygiene on farms. New physical products included our Titan™ teat disinfectant for automated spray systems, which use advanced technology to take udder health management to the next level. ▶▶▶

"Our vision remains clear: through innovation and action, we make sustainable food production possible."

– Paul Löfgren, President & CEO DeLaval



▶▶▶ Collaboration and partnership: building a sustainable future

Collaboration with farmers and stakeholders is key to sustainable agriculture. The global dairy community must unite to drive climate action, share knowledge, and work together to achieve its goals. At DeLaval, our collaborations with organisations like the Global Dairy Platform (GDP) and their initiative Pathways to Dairy Net Zero, enable us to understand how we can contribute to optimising productivity and reducing emissions. We also recognise the necessity of cooperating with various scientific organisations, NGOs and governmental entities to achieve our sustainability targets. In terms of working with other companies, our partnership with John Deere to establish the Milk Sustainability Center (MSC) is a prime example, with both companies investing significant effort to help farmers improve their operations by automating and consolidating farm data flows as well as providing valuable insights into how they can enhance both sustainability and profitability. Additionally, we advanced our

research collaborations with KTH Royal Institute of Technology in Sweden, shaping the future of robotic milking and pushing the boundaries of what's possible in dairy automation.

Our people and customers

Sustainability is not just about the environment; it includes people throughout our value chain. We are committed to promoting diversity, equity and inclusion in all its forms, particularly when it comes to gender imbalance. This is crucial for achieving our strategic ambitions and driving innovation. Another significant challenge the industry faces is the need for generational renewal, as younger individuals are increasingly reluctant to enter the agricultural sector. To address this, we are eager to adopt new technologies and continue collaborating with organisations like CEJA – European Council of Young Farmers. As agriculture is essential for food security, it is crucial that we work towards advancing technologies that enable increased production, ensuring both a stable food supply and a sustainable future.

Looking ahead to 2025 and beyond

We have established a clear path for the future – gaining a deeper understanding of our baseline and CO₂e while also recognising that collaboration is key. Internally, we have become more strategic, working cross-functionally across all areas. In 2025, we will continue to tackle regulatory requirements and ensure we have processes in place to measure our progress. We will identify further areas where we can make an impact and focus on those opportunities for significant change. Training and skill development are essential to this endeavour – we are becoming more informed, making better decisions, and increasing efficiency. The future of the dairy industry is promising, driven by the adoption of a long-term vision that balances social responsibility with animal welfare. At DeLaval, we look forward to continuing to support the dairy value chain in 2025 and beyond to make sustainable food production possible.

“Sustainability is not just about the environment; it includes people throughout our value chain.”

– Paul Löfgren, President & CEO DeLaval

From guiding principle to operational focus

Maria Collin is making sure sustainability is embedded into every part of DeLaval

When Maria Collin joined DeLaval in April 2024, she could see that the company already had a strong sustainability foundation.

“They had completed a double materiality assessment and identified risks and opportunities relating to environmental and social issues,” says the new Head of Group Sustainability.

“My initial priority was to conduct a gap analysis, identify key priorities, and develop a clear roadmap for achieving DeLaval’s sustainability targets.”

To achieve those targets, she is setting out to embed sustainability as a natural part of every department at DeLaval. “The challenge is to make sustainability a practical and measurable part of everything we do; not just a guiding principle, but an operational focus throughout the business,” she says.

“It’s essential to have concrete objectives in every part of the organisation. My role is to chart the path forward, and from a sustainability perspective ensure that we work in accordance with our strategy and deliver towards our vision.”

Communication is key

Monitoring progress and fostering transparent communication have also been central to the approach. “Collecting data and tracking progress are critical components,” she says. “Equally important is creating a constructive dialogue across the organisation so everyone understands our targets, key performance indicators (KPIs), and how we plan to achieve them. After all, this work cannot be done alone – every part of the organisation needs to work together. Transparency and inclusivity enable us to tackle challenges collectively and ensure that everyone remains aligned with our shared targets.”

To make sustainability a natural part of every department in DeLaval, Collin has worked to empower the DeLaval Global Sustainability Group. “Over the past year, we’ve clarified the group’s responsibilities and established clear leadership roles to drive progress,” says Collin.

“Every member of the group leads this work and spreads it to throughout the organisation. Each department then sets its own strategy and roadmap. There is a sense of ownership across the company.”

Ensuring compliance

The Global Sustainability Group has also played a critical role in responding to evolving legislation efforts. Operating in a global market, DeLaval must navigate a diverse array of regulations while ensuring alignment with its broader strategy. “It’s about respecting local requirements and integrating them into a cohesive global approach,” Maria explains.

One of the more significant regulatory demands is the EU’s Corporate Sustainability Reporting Directive (CSRD), which comes into play in 2025. Collin and the Global Sustainability Group have been working to align DeLaval’s targets with the CSRD requirements.

“This directive elevates standards for transparency and accountability across the value chain. It also reinforces DeLaval’s commitment to sustainability leadership and its vision to make sustainable food production possible.”

Collin is proud of the progress made by DeLaval in 2024 but knows that much more is required. “Our sustainability efforts this year have set the company on a strong path toward a more

sustainable future by laying the groundwork – revising targets, refining strategies, and strengthening the organisation’s structure, both for the present and the years ahead,” Collin explains.

“Our focus this year wasn’t on reaching the finish line, but on ensuring our targets and KPIs are achievable and aligned with our broader vision. After all, sustainability isn’t just a guiding principle; it’s central to DeLaval’s identity and what we offer as a company.”

Looking ahead

With a collaborative approach, data-driven strategies, and a clear vision, DeLaval is well-positioned to support the dairy industry in its journey toward a more sustainable future.

“The challenge is to make sustainability a practical and measurable part of everything we do – not just a guiding principle, but an operational focus throughout the business.”



DeLaval in brief



DeLaval's story began in 1883 and was founded by the visionary Gustaf de Laval, whose ground-breaking invention of the centrifugal cream separator in 1878 set the foundation for modern dairy farming. Born in 1845 in Dalarna,

Sweden, Gustaf de Laval was a descendant of 17th-century French émigrés and a prolific inventor who left a lasting legacy in the agricultural sector. Today, with over 140 years of history, we honour our rich heritage while remaining firmly committed to future innovation.

With more than 320 inventions since our inception, we have over 1800 patents and pending patent applications worldwide. Today, we're still at it. Every single one of those inventions has one thing in common:



empowering dairy producers to be more profitable and more efficient while keeping them at the forefront of people and animal welfare, food safety and reducing their environmental impact.

Our mission remains as strong as ever: to support farmers in producing high-quality milk efficiently and sustainably.

We strive to improve milk production, enhance food quality, prioritise animal welfare, and create better environments for both animals and humans. Our vision is to make sustainable food production possible, empowering our customers to reduce their environmental footprint while improving profitability, operational efficiency, and the well-being of the people and animals at the heart of their farms.



Innovation is at the core of everything we do. It drives our sustainability efforts, enabling both us and our customers to operate more responsibly and effectively. Our commitment to governance ensures that ethical practices are embedded in all aspects of our sustainability

work. This helps us have a positive impact long-term.

Hamra Farm has been essential to DeLaval's journey since its early days. Established as a commercial farm in 1894, it remains a vital hub for innovation, research, training, and collaboration. Hamra Farm serves as a model of excellence, providing real-world insights into the needs of farmers and showcasing

cutting-edge solutions. This proximity to the practical realities of dairy farming ensures that DeLaval continues to address the challenges and opportunities of modern agriculture.

In 2025 we will inaugurate a significant expansion of Hamra Farm. The development plan includes three new barns; for robotic milking, calves and heifers and updated visitor areas, all located in the existing farm area.

Through our dedication to innovation and sustainability, we aim to shape the future of dairy farming, helping farmers worldwide achieve their goals while advancing a shared vision of a sustainable food system for generations.

“By setting high sustainability standards, enhancing animal welfare, and cutting emissions, we’re driving the future of responsible agriculture.”

– Paul Löfgren, President & CEO DeLaval



Our business

DeLaval is one of three companies within the privately held Tetra Laval Group, which also comprises Tetra Pak and Sidel. Each of these companies specialises in technologies that improve the efficiency and safety of food production.

We provide a wide array of products and solutions specifically designed for dairy farmers around the globe. Our activities include developing, manufacturing, and distributing equipment and systems focused on milk production and animal husbandry. We also prioritise services, aftermarket solutions, original components, knowledge sharing, and advisory support. Our products and services are provided through certified DeLaval distributors and directly to dairy farmers.

Our vision is simple: “We make sustainable food production possible.” This principle informs how we support our customers, dairy farmers, in achieving sustainable operations. We strive to empower our customers to increase milk production while reducing environmental

impact and costs, thereby supporting their long-term profitability. Our offerings are intended to foster good animal welfare and satisfactory working conditions on farms.

The geographical distribution of DeLaval Group’s net sales stands at Americas 23% EMEA 56% Asia & Pacific 14%, and adjacent business 7%.

DeLaval group consists of the DeLaval core business plus additional companies that we have acquired over the years. We refer to these as adjacent businesses. They are Dairy Data Warehouse, milkrite | InterPuls, Uniform Agri and Lattec.

DeLaval has its headquarters in Sweden, south of Stockholm.

For further details, please visit tetralaval.com and corporate.delaval.com.



*4,813 FTE (full time equivalent incl. adjacent businesses)



A man and a woman are standing in a dairy processing facility, smiling at the camera. They are both wearing black and blue DeLaval jackets. The woman is on the left, and the man is on the right. They are standing in front of a large piece of machinery, likely a milking system. The background shows rows of milking stalls with blue and white checkered flooring.

2

Innovation

► Building a future where businesses thrive sustainably

Sustainability through innovation

Our innovations aim to enhance dairy production sustainability, benefiting animals, farmers, and the environment while ensuring profitability. This approach supports farmers in becoming more sustainable and maintaining healthy herds.

A healthy, well-cared-for cow leads to greater productivity. Each product and software solution we introduced in 2024 features attributes that enhance both sustainability and animal welfare. We refrain from developing products that do not meet these essential standards.

To ensure compliance, every new product undergoes a thorough improvement assessment to evaluate its contribution to our sustainability

objectives, with the process continually refined to fit our evolving targets.

Our targets and vision guide us

Our targets direct us in providing sustainable solutions that generate long-term value while adhering to our principles. Our strategy aims to help farmers flourish. By improving conditions for both workers and animals, we promote sustainable farming practices that yield tangible benefits, including reduced energy consumption, fewer accidents, and healthier herds - all of which contribute to increased profitability.

We strengthen the future of farming through advancements in automation, digital services, animal welfare, and sustainability. By combining consumables, services, advisory, and digital solutions into a unified offering, we help farmers operate more effectively, sustainability, and successfully.

Partnerships

- The **Milk Sustainability Center (MSC)**, together with **John Deere** is accelerating sustainable innovations in dairy farming
- Collaborations with Sweden's **KTH Royal Institute of Technology** aim to shape the future of robotic milking by using AI to enable the DeLaval VMS™ to articulate its operations, thereby reducing reliance on manual calculations and enhancing the efficiency of the milking process.
- We have started another project with **KTH** looking into how to refurbish and re-use a DeLaval products and its components.

How we work with innovation

We focus on innovation via two dedicated teams: Product Management & Development and Digital Services.

The teams work closely together and use a process where every new product development undergoes an 'improvement assessment.'

This evaluation ensures each product directly contributes to our sustainability targets, enhancing both environmental and operational performance.

By taking an integrated approach to product development, we are building a culture of innovation that addresses today's challenges for our customers, our business and the planet.

Product safety and quality

We ensure compliance with laws and regulations in every country where our products are sold. Our commitment to product safety and quality allows us to meet the highest global standards. By adopting the strictest legislation worldwide, we align our operations with the most rigorous requirements.

Additionally, we have implemented a new quality improvement process that enhances speed, transparency, and effectiveness, empowering every team member to achieve excellence at every stage.

Our ambition

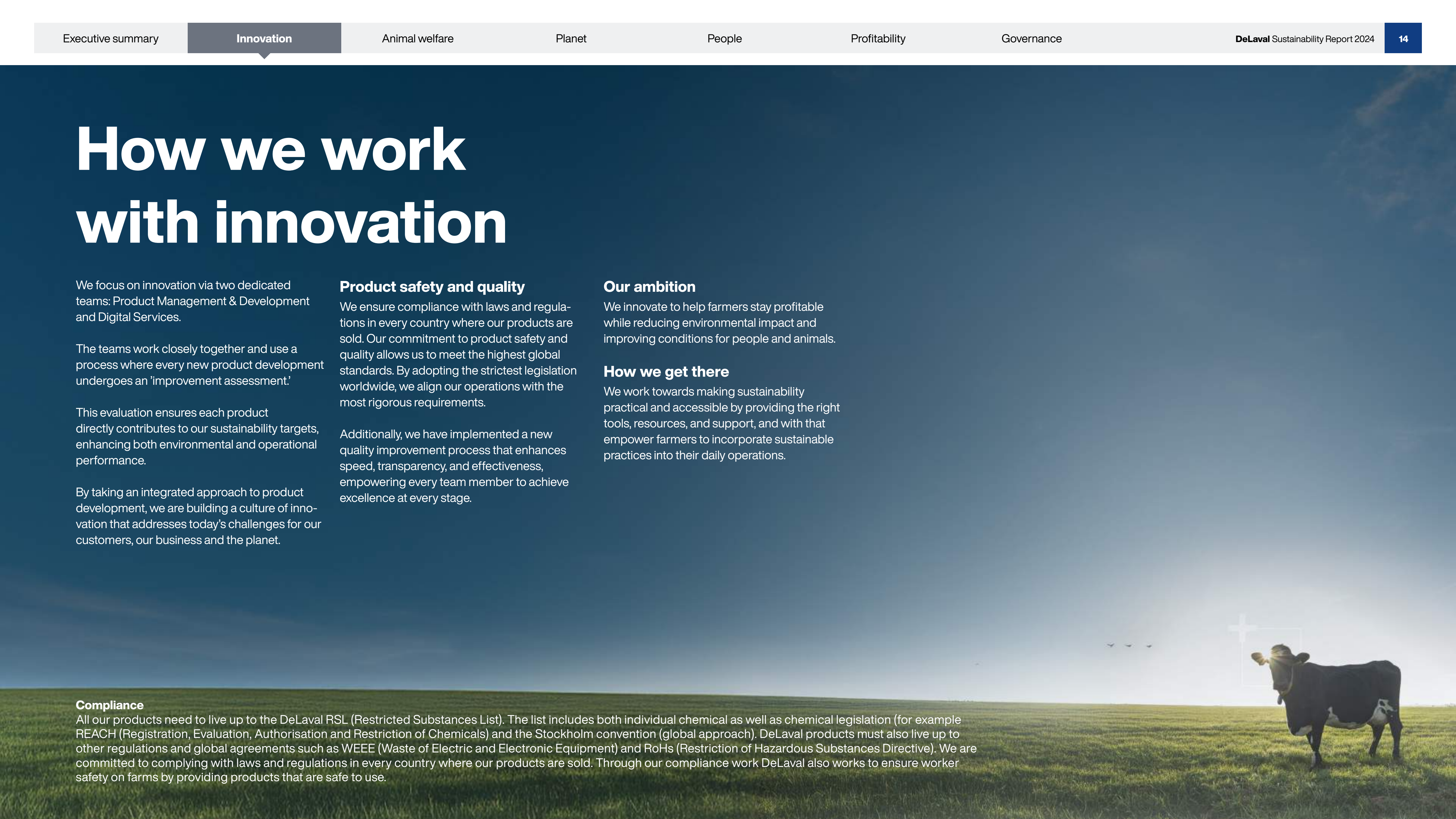
We innovate to help farmers stay profitable while reducing environmental impact and improving conditions for people and animals.

How we get there

We work towards making sustainability practical and accessible by providing the right tools, resources, and support, and with that empower farmers to incorporate sustainable practices into their daily operations.

Compliance

All our products need to live up to the DeLaval RSL (Restricted Substances List). The list includes both individual chemical as well as chemical legislation (for example REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and the Stockholm convention (global approach). DeLaval products must also live up to other regulations and global agreements such as WEEE (Waste of Electric and Electronic Equipment) and RoHs (Restriction of Hazardous Substances Directive). 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.



Innovations launched in 2024

- **New capabilities in DeLaval Plus** – our farm management platform, designed to turn data into actionable insights. They range from disease risk predictions, milking performance optimisation and behaviour analysis.
- **DeLaval Titan™ sprayable barrier** – a pioneering barrier teat disinfectant.
- **DeLaval Milking Automation MA Series** - an advanced milking control unit for conventional parlour systems designed to meet the evolving needs of dairy farmers.
- **DeLaval dairy fan DDF1500** for cow comfort, supporting herd performance and well-being.
- **DeLaval body condition scoring, BCS2**, a next-generation fully automatic scoring system to ensure the cow's body fat reserves are healthy, promoting milk production, reproductive efficiency and cow longevity.

Notable achievements in 2024

DeLaval teat spray robot TSR2: Awarded Overall Agriculture Robotics Solution of the Year at the AgTech Breakthrough Awards, recognising its transformative impact on farm automation and robotics.

DeLaval Plus: Received the Golden HofGenie Innovation Award at AgroTier for its innovative approach to simplifying farm management with integrated digital solutions.

OceanBlu™: Won gold at the Elmia Agricultural Innovation Award, highlighting its outstanding contributions to sustainable water solutions in farming practices.

The Milk Sustainability Center (MSC): Won an AE50 Award, a prestigious accolade that recognises 50 of the most innovative and practical breakthroughs in agriculture, food, and biological systems.

Case: Recycled rubber liners get a new life

Items like rubber liners and tubes can’t be recycled and re-used for hygiene reasons. A team at DeLaval France decided something had to be done. Tired of seeing the growing amount of rubber waste on farms, they took action. It turns out, they weren’t the only ones who wanted change.

Loïc Leobold, Cluster Solution Manager Liners & Tubes, EMEA and Marie Le Luel, MSM L&T and SOP started the initiative from DeLaval.

“I had been thinking about recycling rubber liners and tubes for a while,” says Leobold. “Seeing the volume we used and knowing they couldn’t be reused as liners and tubes, I realised we needed a solution.”

They started by seeing if they could find a way to make it easy for farmers to recycle their old liners and tubes and find a partner who could do something useful with the material.

To validate the market need, the project conducted surveys with farmers and dealers. The feedback revealed two key insights. First, farmers in the survey showed strong interest in recycling solutions, but the market lacked

accessible systems to meet their needs. Second, limited recycling infrastructure had led to improper disposal practices, such as burning or landfilling. With these findings, they sought the right partner to turn this vision into reality.

Marie le Luel says collaboration was key. “We partnered with Aliapur, a company with the recycling capabilities and logistics needed to make the project successful. Their 25 collection points across France provided an efficient framework for gathering rubber waste.

During the pilot implementation, we prioritised clear communication to ensure buy-in from dealerships. Many dealers were already collecting rubber waste but weren’t recycling it. Educating dealers about recycling transformed collection challenges into collaborative opportunities to reduce waste.”

Engaging farmers was equally important. While they were eager to participate, they needed a solution that was simple and cost-effective. By focusing on transparency and creating streamlined processes, the DeLaval team empowered farmers to join them in making a difference.

Currently, recycled rubber from liners and tubes cannot be used to create new liners. However, the recycled material finds new life in products like athletic tracks, which contributes positively to the overall sustainability footprint. While this isn’t a fully circular solution within DeLaval’s operations, it demonstrates meaningful progress toward reducing waste.

The project has significant potential to scale, and the team is exploring additional materials that could be recycled. Aliapur remains a vital partner in this effort, with their dedication inspiring confidence in recycling. Reflecting on the collaboration, Marie Le Luel comments, “They want to recycle everything!”

“Collaboration is key for finding sustainable solutions like this great example of circularity. It is leading the way for us to expand and implement more circular cooperations,” says Maria Collin, Head of Group Sustainability at DeLaval.

The initiative proves that with the right partnerships and a shared vision, we can all achieve more with less.



Clear communication that effectively conveyed the purpose and impact was key to the project’s success.

“Collaboration is key for finding sustainable solutions like this great example of circularity. It is leading the way for us to expand and implement more circular cooperations”

– Maria Collin, Head of Group Sustainability



3

Animal welfare

► Healthier, happier animals through sustainable and ethical practices

Our commitment to animal welfare

Animal welfare is a cornerstone of ethical dairy farming. At DeLaval, we are committed to ensuring that cows are healthy and able to express their natural behaviours.

By prioritising animal welfare, we not only enhance the wellbeing of the herd but also support farmers in operating more sustainable dairy farms. This approach leads to higher milk production and improved reproduction efficiency, while simultaneously reducing environmental impact and increasing profitability. We collaborate with NGOs, like Eurogroup for Animals, to gather valuable insights and tackle important animal welfare challenges together.

We actively develop farming practices that reduce stress and discomfort for animals, enhancing their overall quality of life.

Through our innovative solutions and products coupled with strong partnerships in the agricultural community, we support farmers in adopting best practices that promote responsible management and animal welfare.

Our advanced sensor technologies, effective health monitoring systems, and thorough welfare assessments enable farmers to make informed decisions that positively impact their herds.

By improving animal welfare through early detection of diseases, we do not just improve the general wellbeing of the cow but also cut down on the need for antibiotics.

This also helps reduce waste as healthier animals lead to more efficient operations and result in less milk being discarded.

Our ambition

As a world leader in dairy equipment and services, we are committed to following the globally established 'five freedoms' of animal welfare. 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.

How we achieve our ambition

Our animal welfare policy sets the foundation for ethical and sustainable farming. We also run several initiatives such as our cow longevity programme. See page 20.

Highlights

- Our animal welfare policy is setting the foundation for a more ethical and sustainable future.
- Our cow longevity programme is extending the productive lifespan of herds. This also lowers their environmental impact while improving animal welfare.
- By combining AI-powered insights with advanced digital solutions, we're revolutionising herd health management and reducing environmental impact.



ABEA Certificate in Latin America – Friend of Animal Welfare

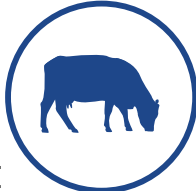
We seek sustainable methods to produce milk while ensuring access to nutritious food for all. We proudly earned the "Animal Welfare Friendly Company" seal, reflecting our commitment to these values.

Milk quality and animal welfare

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.

We offer solutions throughout the milk harvesting value chain

Milking



Our milking solutions enable gentle and efficient milking while supporting teat integrity and animal welfare 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 and sanitation



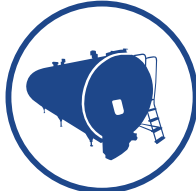
Our cleaning solutions and teat disinfectants are designed for optimal performance in our milking systems. They help farmers to achieve high udder health and milk quality.

Housing and animal welfare



Our animal welfare solutions aim to help cows express their natural behaviour and live free from discomfort. The solutions provide a hygienic cow environment, mitigate heat stress and supply feed and water following evidence-based recommendations. Our advisors help farmers to optimise their equipment.

Cooling



Partnering with market leaders, we offer cooling solutions that are targeted to our customers' needs, ensuring that milk holds its high quality before delivery to the dairy, and reducing food waste.

Five freedoms

As a leading provider of dairy equipment and services, we are deeply committed to upholding the internationally recognised 'Five Freedoms' of animal welfare. The Five Freedoms serve as a framework developed by the Farm Animal Welfare Council (FAMC), which monitors and promotes the welfare standards within the livestock production sector. We stand firmly against any form of animal cruelty, including deliberate mistreatment, neglect, or actions that cause pain, injury, or distress.

Freedom from hunger & thirst

Freedom from discomfort

Freedom from pain, injury & disease

Freedom to express normal behaviour

Freedom from fear and distress



The case for cow longevity

Cow longevity

Ensuring cow longevity is crucial for maintaining high standards of animal welfare, a commitment we have upheld for many years. To extend the productive lifespan of our cows, it is essential to provide excellent care from birth and minimise the risk of disease. Adhering to the 'five freedoms' of animal welfare serves as a solid foundation for this effort. Moreover, the longer a cow remains productive within the herd, the lower her environmental footprint per kilogram of milk produced, and the more profitable she becomes for the farmer.

Our cow longevity programme

In line with our vision, we have launched a long-term cow longevity programme in the EMEA (Europe, Middle East & Africa) region. This initiative aims to raise awareness, both internally and externally, about how enhancing the lifetime productivity of cows directly contributes to sustainability and farm profitability. To support our cow longevity programme, we have a range of solutions designed to help our customers extend the productive lifespan of their herds. We plan to expand this program to others regions.

How we achieve this

- We create solutions that aim to promote animal well-being directly or by utilising precision dairy farming tools that assist farmers with intelligence and monitoring.
- Dealers and farmers receive ongoing education and training, both internally and externally.
- Our aim is to establish protocols globally for how to deal with a farm if we witness poor animal welfare.
- Active participation in initiatives like the FARM program in the US, contributing research and implementing recommendations from the EU Reference Centre for Animal Welfare.



Case:

Researching to improve herd health

Our Scientific Committee serves as a crucial hub for research opportunities, linking our market representatives and R&D teams to facilitate global research partnerships that drive progress in dairy farming.

Ilka Klaas, Dairy Development Director and chair of the committee, outlines their role: "We support multiple initiatives, including aiding master's and PhD students, engaging in scientific networks, and participating in reference groups."

One of the committee's tasks is to manage the 'Gustaf de Laval Fund awards.' These awards invite master's and PhD students to submit project proposals that focus on advancing precision dairy farming. The goal is to drive innovation in cow monitoring and management, enabling more sustainable production practices.

In 2022, PhD student Ao Wang from China Agricultural University's College of Animal Science and Technology was among the award recipients. His project, completed in 2023, explored cow resilience using machine learning models based on our milking data. The research

developed innovative methods to analyse milk yield trends and identify reliable indicators of resilience in Holstein cattle.

By enhancing our understanding of cattle resilience, this study contributes to helping herds adapt more effectively to environmental challenges, improving animal welfare and advancing sustainable dairy farming practice.

Using data to improve animal welfare

Discussing the impact of environmental stress on cows, Ao Wang says, "Cows, like any other animal, respond to stress. This directly affects their welfare and ability to cope with challenges like disease and human interaction. Creating environments that reduce stress and build resilience in cows is essential." His findings on milk yield fluctuations offer insights that will help our customers enhance management practices, improving both economic outcomes and animal welfare. This study enhances the value of milking data for managing cow health and guiding breeding efforts toward healthier, more robust herds. At DeLaval, we can apply the new insights

from this research within our operations and share them with our customers to improve animal welfare both immediately and over the long term.

Larsson Jiao, a member of the Scientific Committee, describes the challenges of hot summers in northern China.

"Heat stress has historically caused significant milk yield losses. Although most farms now use sprinklers and fans, summer milk production remains low, affecting profitability. A study of 42,738 lactating cows in Ningxia over two summers provided essential data to identify resilient animals. By focusing on key indicators like 305-day milk yield, ideal milk yield, and milk loss, farms can select efficient cows to improve profitability amidst low milk prices. This research lays the groundwork for further resilience-focused improvements."

Milking data plays a vital role in this study. High-frequency session records, such as ►►►



PhD student Ao Wang (middle) as the keynote speaker, shared his research and his collaboration with the Gustaf de Laval Fund at DeLaval Mind+ Dairy Farm Summit, in Zhuhai 2024. After his master thesis Ao Wang is now proceeding as a PhD student in the team of Professor Yachun Wang.

▶▶▶ those collected every 8 hours on farms milking three times daily, can identify drops in milk production that signal health issues like mastitis, often before farm staff notice them. Detecting health problems early through milk yield patterns enables timely intervention, although further study is needed to refine early disease warnings based on milk yield.

Resilient cows are less prone to illness and continue producing well, even under challenging conditions. This study supports improved resilience-based selection, helping reduce disease prevalence and promoting healthier herds.

Collaboration is key

“We always maintain a win-win relationship with farmers,” explains Ao Wang. “This provides a strong foundation for our research. Whether you are running your business or conducting a research study, we all share the goal of improving animal welfare and promoting sustainable production on farms. This shared purpose enables us to collaborate effectively.

In our project, the farm invested significant time in collecting raw data and making it available to us. This was a great advantage for us and we will, in turn, share our findings with the farm. In this way, they can integrate our results into their herd management practices and make step-by-step improvements. We believe this creates a positive cycle of continuous improvement.”

Improving through continuous feedback

Ao Wang adds that farmers were also able to provide valuable feedback to his machine learning models.

”For instance, they highlighted areas where our model might not fully align with real production scenarios. This feedback is helping us refine our research methods and improve how we present our results, ensuring farmers can easily understand and apply the insights. Through this collaborative process, farmers also identified management issues that could help them enhance their production practices. Together, we are driving positive change and fostering continuous improvement. We are now doing further studies on how we can improve the applicability of our models by including more data.”

Larsson Jiao adds another example on how the data is being used for practical purposes. ”We are integrating our existing data collection to include information on the incidence of common dairy cow diseases, such as mastitis, lameness, and metabolic disease, to provide farms with more valuable and reference-worthy information, thereby enhancing the profitability and sustainability of the farms.”

Another study in China funded by the Gustaf de Laval Fund was conducted by Hui Wang at Tianjin Agricultural University as part of a master’s thesis titled Application of Cow Handling Without Stress From Barn to Milking Parlour. Hui Wang’s research explored how training milking staff can enhance cow welfare during milking while also reducing water usage. China has

seen rapid growth in large-scale dairy farms, with those housing over 1,000 cows now accounting for 50% of the nation’s dairy cow population. These farms require significant staffing, particularly in the milking parlour, which typically employs the most workers. The milking process can also expose cows to stress, negatively affecting milk production. Training for milking parlour staff is therefore crucial, helping to reduce cow stress and enhance efficiency. Well-trained staff contribute to consistent production and support sustainable farm operations. This study provides valuable insights for improving large-scale dairy farming by emphasising the importance of staff training and operational excellence.

At Delaval, we believe it is our responsibility to support the education of students as the next generation of dairy and animal experts. We want to inspire them to see the dairy industry, and the opportunities we offer, as an exciting and rewarding career path. These experts are essential to achieving our shared targets for sustainable dairy farming.

Through the Gustaf de Laval Fund, we can continue to invest in student education and create valuable career opportunities. The insights and results from funded studies and projects play a key role in driving our innovation and advancing the transition toward a more sustainable dairy industry.

“We always maintain a win-win relationship with our customers, which provides a strong foundation for our research.”

– Ao Wang, PhD Student



Our commitment to milk quality

Our milking solutions are designed to ensure gentle and effective milking, prioritising teat integrity and cow comfort. By focusing on these critical aspects, we help strengthen udder health and enhance milk quality, which contributes to efficient and sustainable food production.

Improving milk quality decreases risks to consumer health and improves farm efficiency. That's why we adhere to the strictest regulations in all markets. As a global company, we are committed to maintaining the highest standards in every solution we offer.

Throughout the dairy value chain, we implement robust systems designed to prevent cross-contamination, ensuring that milk remains pure and of high quality from the cow to the cooling systems and ultimately to the dairy tankers.

Blending technology with animal welfare

In addition to our advanced milking solutions, we offer digital and advisory services to help farmers optimise their operations while upholding high standards of animal welfare. Using data from sensors installed on the farm, our DeLaval DeepBlue AI model analyses cow behaviour, providing actionable insights and early disease detection.

This cutting-edge technology helps farmers make informed decisions about herd health and management, preventing health issues before they escalate. By improving overall well-being, farmers reduce reliance on antibiotics, lower their environmental footprint, and minimise food waste.

Blending technology with animal welfare ensures farmers can achieve more sustainable operations while promoting the comfort and productivity of their cows.

How we ensure milk quality

- Meet all regulations on milk quality
- Ensure any product we launch has no negative effect on milk
- Always follow food contact compliance legislation rigorously.
- We take a broad view on food contact surfaces. For Delaval, direct contact means all surfaces that touch the milk intended for human consumption but also surfaces from which milk can splash, condensate, drain, drip, diffuse, or be drawn into the milk.





4

Planet

► We share one planet and it's our responsibility to protect it

Our total emissions and carbon intensity

Greenhouse gas (GHG) emissions are a key factor driving climate change. We are committed to reducing our emissions and contributing to the global effort to operate within the scientifically defined planetary boundaries while supporting more sustainable dairy farming.

In 2024, we established our greenhouse gas emissions baseline at 1.4 million tonnes CO₂e, with a carbon intensity of 1.0 kg CO₂e per EUR revenue. This baseline is based on our 2022 emissions data, calculated using the GHG Protocol accounting standard. By setting this clear starting point, we are building a solid foundation for our sustainability journey.

Our largest GHG emissions arise from the use of sold products on farms, as the operational efficiency and environmental footprint of our equipment directly influence overall emissions.

When our products are employed in daily farming activities, their energy consumption, maintenance, and overall effectiveness play critical roles in shaping the sustainability of agricultural practices.

By providing training, resources, and support for best practices, we can help farmers implement our solutions in a manner that minimises their environmental impact. This focus on the use of sold products extends to our procurement of goods and services as well. Understanding how our choices in sourcing materials can affect our emissions is crucial.

The findings from our analysis underscore the importance of collaborating closely with our suppliers and customers to reduce emissions throughout our entire value chain.

Through these partnerships, we aim to develop innovative approaches that enhance performance while reducing environmental impact, ultimately contributing to a more sustainable future for the dairy industry.

By aligning our actions with the principles of planetary boundaries, we are tackling climate change while reinforcing our commitment to sustainability and innovation. In collaboration with our customers and partners, we can achieve significant progress in reducing our environmental impact, supporting farmers, and fostering a sustainable future for the dairy industry and the planet.

Highlight

In 2024 we established our CO₂e emissions baseline. The baseline is based on our 2022 emissions data.

Understanding the planetary boundaries

The concept of planetary boundaries is rooted in science and defines the environmental limits humanity must respect to maintain a healthy and sustainable planet. Developed by leading researchers, these boundaries identify nine critical systems, such as climate change, biodiversity loss, freshwater use, and biochemical flows, that regulate the stability and resilience of our Earth.

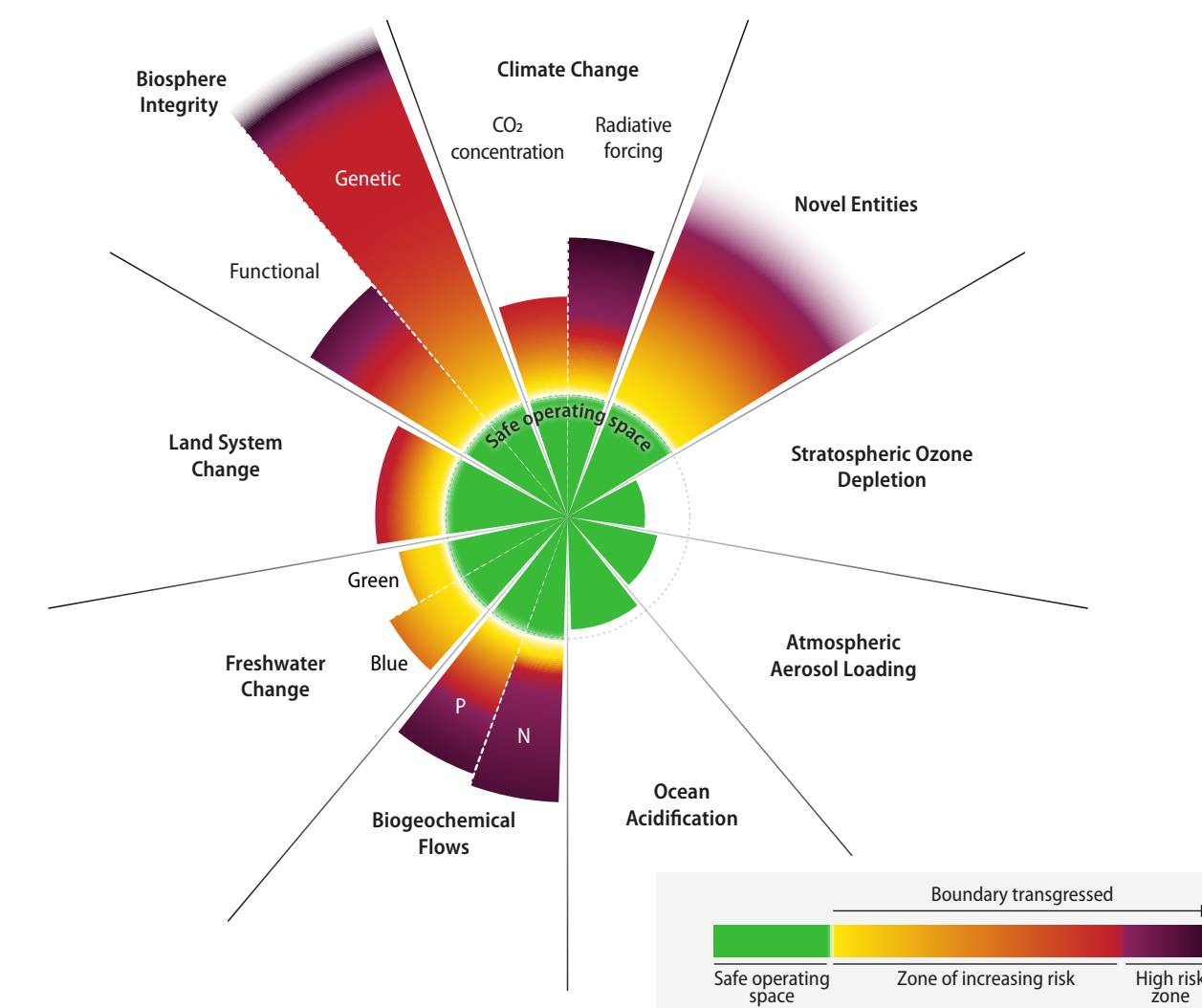


Illustration J. Lokrantz/Azote

Source: Richardson, J., et.al. 2023. Earth beyond six of nine Planetary Boundaries. Science Advances, 9, 37.

Setting targets and taking action

Now that a baseline measurement of our entire greenhouse gas emissions has been established, we are focused on setting clear and measurable targets to reduce those emissions.

A specific focus is being put on the areas of biggest impact, such as the use of sold products and the raw materials used in the manufacturing of them.

DeLaval also sets targets in areas such as waste reduction, recycling, energy use and efficiency. We're also looking into the sustainable use of materials and even circularity of packaging.

We have already started an initiative with the Swedish University, KTH where we are looking into how to refurbish and re-use DeLaval products and its components.

This is in its early stages but shows our ambition to create more circular products. In addition, we're also measuring the amount of investments we make into R&D that contribute to more sustainable solutions.

An example of a concrete action we are taking is the DeLaval Production System (DPS) which has been implemented globally in our manufacturing units and distribution centres. DPS enhances our processes, reduces waste and optimises resource use to lessen our environmental footprint. We have been working with this lean management system for many years and continue to improve it.

Each individual department will also start its own activities also aimed at reducing emissions. Our ambition is to commit to setting targets with the Science Based Targets initiative (SBTi) in the coming years.

Highlights

- We have established a baseline for our CO₂e emissions (2022).
- We focus our efforts on innovations that help our customers produce more milk with less resources.
- We collaborate both internally and externally to optimise our processes, including freight logistics and packaging.
- We implement energy efficiency initiatives in our own operations.

Our greenhouse gas emissions

Own emissions, Scope 1:

These direct emissions come from our operations, including energy use at our facilities and emissions from our vehicle fleet, which we directly control.

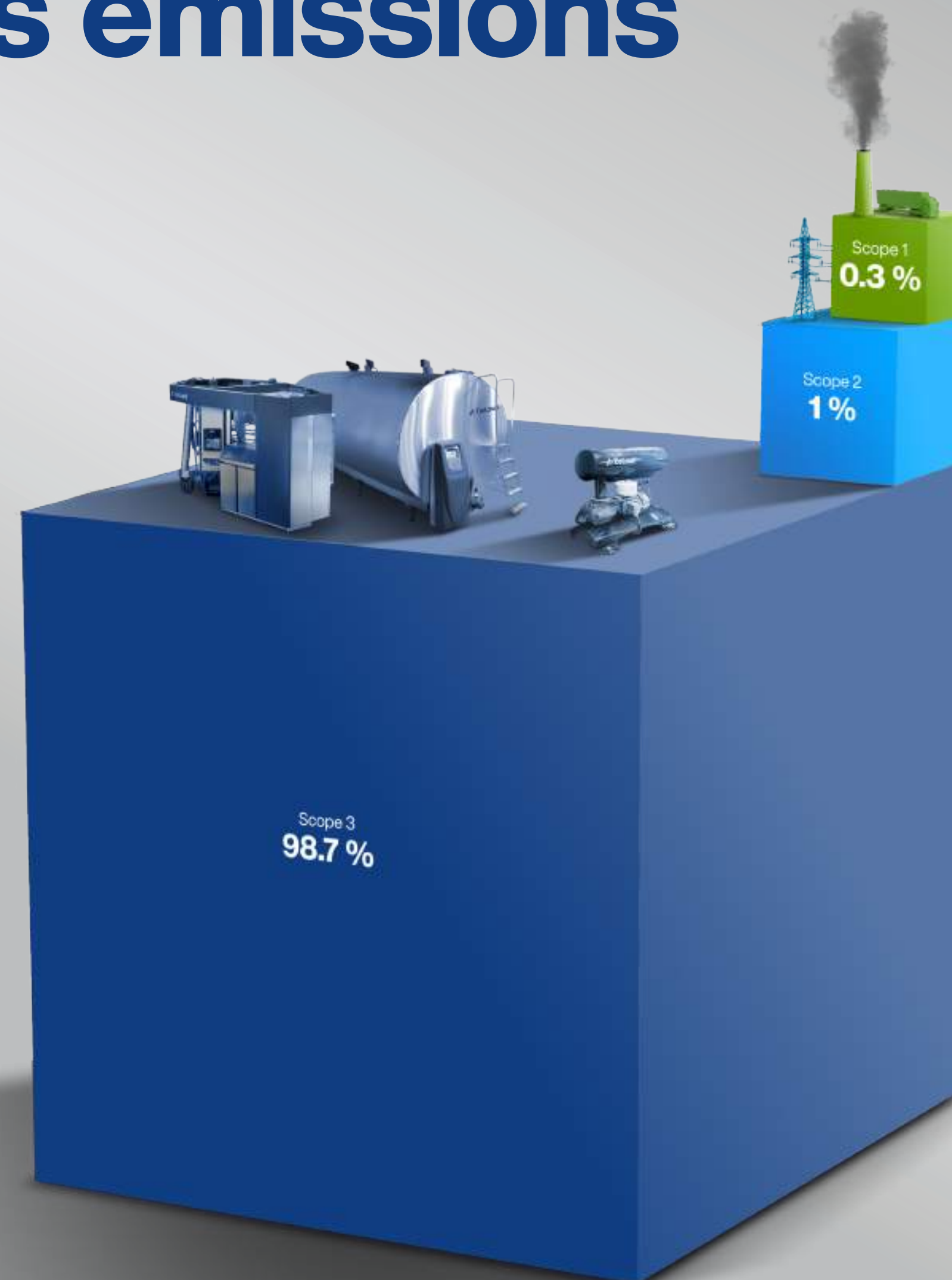
Indirect emissions, Scope 2:

These include indirect emissions from the production of purchased energy, such as electricity and heat, that power our operations.

Value chain emissions, Scope 3:

These emissions encompass a wide range of indirect sources across our value chain. Key contributors include:

- **Use of sold products:** Emissions generated when our customers use our products, such as energy consumption during operation.
- **Purchased goods and services:** Emissions from producing the materials and services we procure.
- **Capital goods:** Emissions from manufacturing equipment and infrastructure.
- **Transportation:** Emissions from moving goods within our supply chain and delivering products to customers.
- **Waste:** Emissions from operational waste disposal.
- **Business travel:** Emissions from employee travel for business purposes.
- **End-of-life treatment of sold products:** Emissions resulting from the disposal or recycling of products after use.



Our largest greenhouse gas emissions

The vast majority of our greenhouse gas emissions are indirect. They come from the energy required to use our products during their lifetime. These are known as scope 3 downstream emissions.

This is where we can make the biggest difference and our R&D efforts focus on this area as a result - helping our customers do

Our focus areas

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

1 Greenhouse gas emissions

Target	KPI	Result compared to 2023	What we're doing
Reduce emissions	-30 % in scope 1 and 2 emissions by 2030 compared with 2020. Set target for scope 3 emissions	We have completed the baseline for all emissions in 2024. Accurate measurements are not yet available. In 2025, we will have a full picture.	▪ Focusing on renewable sources of energy – purchasing renewable electricity with the certificate of proof of origin ▪ Production of own electricity onsite ▪ LCA (life-cycle assessment) tool in place to help understand where the most improvements can be made ▪ Transport efficiencies/optimisations ▪ Increasing the amount of renewable energy used ▪ Producing our own renewable energy
Reduce own energy consumption	-35 % by 2030 compared with 2020	-2.7 %	▪ Energy efficiency project in our factories and centres. This includes energy measurements, LED installations, investing in building infrastructure, gas consumption reduction initiatives, improving manufacturing processes, education and awareness initiatives.
Reduce waste	-20 % by 2030 compared with 2020	-8.2 %	▪ Improving waste coding (proper segregation) and visualisation ▪ Shifting to digitalisation vs paper usage where possible ▪ Improving packaging/packaging flows to reduce waste in the operations and distribution centres
Reduce water consumption	Focus on product development	Our own water consumption is low. We focus our efforts on developing products that help lower water consumption on farms.	▪ Focusing on product development ▪ Lowering water consumption on farms

2 Energy efficiency

3 Water management



5

People

► Our success relies on our people

Our people

We understand that our greatest strength is our diverse and engaged workforce. Our dynamic community includes our employees, the dedicated individuals in our value chain, and the farmers we proudly serve. Fostering an inclusive culture is essential in an industry where every decision impacts livelihoods and the environment. By embracing diversity, we unlock innovation, harnessing unique perspectives and talents that empower us to meet the ever-evolving needs of our customers.

Employee engagement is at the heart of how we operate. We aim for an environment where our people feel empowered, valued, and heard, ensuring their ideas shape our future. By continuously improving safety measures and

promoting wellness initiatives, we build a strong, resilient community.

Our dedication to customer success reflects our understanding that the farmers who rely on us are central to advancing agricultural practices. We strive to deliver innovative solutions that enhance productivity and support animal welfare.

As we strengthen our social responsibility efforts, we celebrate the partnerships we've built and the collective impact we create together. These relationships inspire us to drive progress and build a more sustainable future for agriculture and beyond.

Highlights

- Advancing diversity, equity, and inclusion: we reached our target of 25% female managers by 2025 and we are working towards 30% by 2030.
- Well-being Initiatives: Our wellness contributions and private healthcare enhance employee support.
- Transparent Governance: Robust policies ensure a safe and ethical workplace for all.

Employee safety and well-being

For us, the safety and well-being of our employees are fundamental to who we are.

We recognise that a healthy and secure work environment is essential for cultivating a culture of trust, collaboration, and high performance.

Our comprehensive safety programmes and wellness initiatives are designed to empower our workforce, mitigate risks, and support physical and mental health. By prioritising employee safety, we meet industry standards and create a workplace where innovation and engagement can flourish.

As we expand our ways of measuring, and add resources to the field of Occupational Health and Safety (OHS), we now capture more incidents and accidents than previously.

Targets

- Zero accidents and work-related ill health

What is our ambition?

- An engaged and passionate workforce in an environment where employees can thrive.
- To provide safe and healthy working conditions and prevent work-related injury and ill health to all employees in all parts of the world.

How do we get there?

- All employees are responsible for implementing and complying with OHS standards and contributing to their continuous improvement. Together, we work to ensure that each team member feels valued, protected, and motivated to contribute to our collective mission of advancing sustainable agriculture.

Beyond our established policies (see page 38), we have a series of initiatives aimed at improving employee safety and well-being.

Safety initiatives

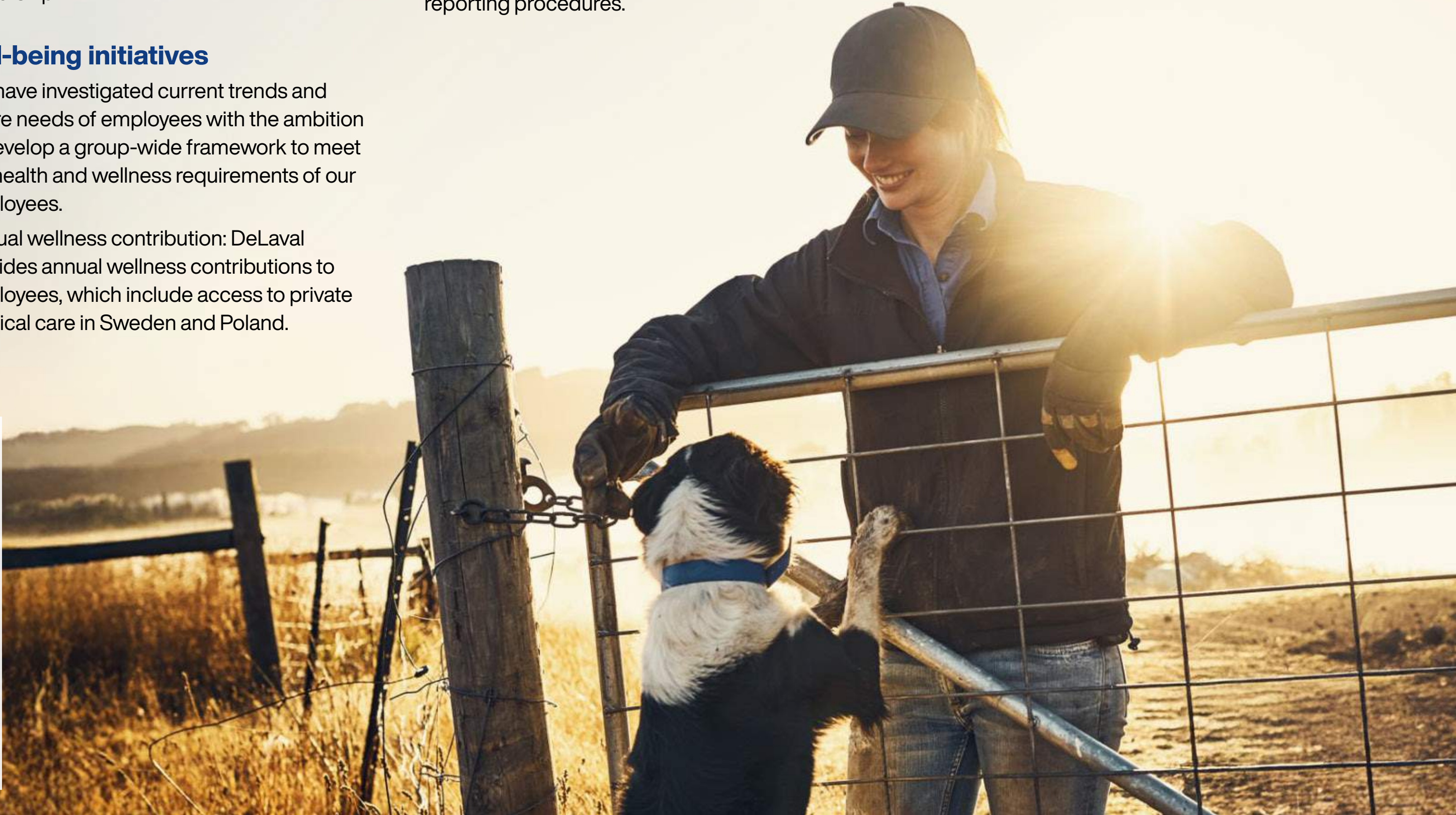
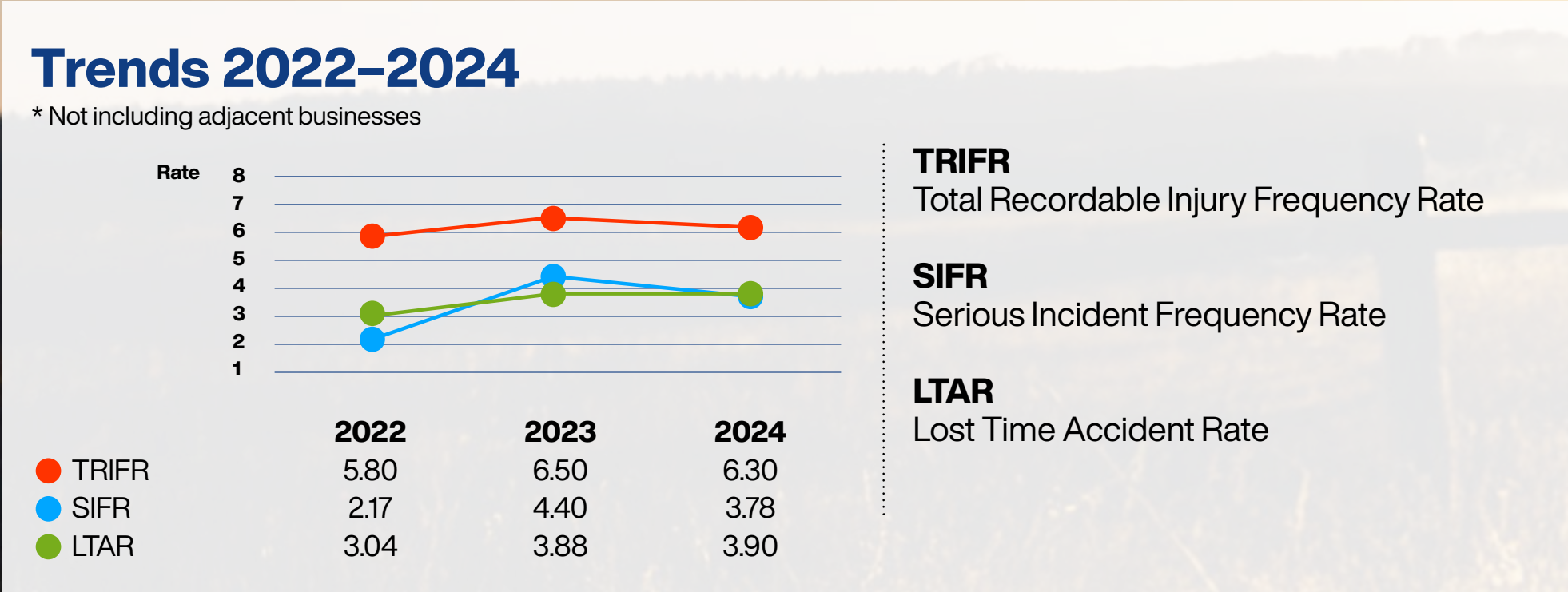
- New leadership education initiative: DeLaval launched a 1.5-year leadership education programme in partnership with Sentis, focusing on safety as a core value. The first block, "Safety as a Currency," has engaged 75 leaders across the company, primarily in the supply chain and field operations. The initiative emphasises making safety a personal responsibility at all levels of leadership.

Well-being initiatives

- We have investigated current trends and future needs of employees with the ambition to develop a group-wide framework to meet the health and wellness requirements of our employees.
- Annual wellness contribution: DeLaval provides annual wellness contributions to employees, which include access to private medical care in Sweden and Poland.

Looking ahead (2025 and beyond)

- We are working on refining guidelines around responsible alcohol consumption.
- As part of our commitment to continuous improvements, the categories reported within health and wellness will be reviewed in 2025 to help ensure that we reflect evolving trends and needs. We will also implementing clearer OHS reporting procedures.



Employee engagement

We believe that success is far more than knowledge. It is scientifically proven that success is strongly related to behaviours. Our three behaviours were identified as the most important when interviewing employees globally about what we, as a company, need in order to be successful also in the future. They are 'Set direction, Make things happen, One DeLaval'.

We believe that the way we lead and do things over time shapes our company culture. And our culture is a part of setting the stage for our success now and in the future.

Target

Employee engagement: To maintain employee engagement levels that are in par with the global high-performance company norm (dynamic target).

What is our ambition

To have an engaged and passionate workforce where the well-being of employees is a top priority.

How do we get there?

Increase employee engagement through inclusive leadership, fostering openness, and promoting knowledge-sharing across all levels of the organisation.

Internal activities 2024

Bi-annual employee engagement survey (EES): In 2024, 87% of DeLaval employees participated. The sustainable engagement rate is 85%, a 2% improvement from 2022. This increase in engagement is crucial for retention and overall organisational performance.

The 2024 results compare better than the results of 2022 in 14 categories out of 17. This positive turnaround has occurred despite a volatile external environment.

Nine categories have a statistically significant positive difference compared to the results of 2022; they compare well to the manufacturing norm (with 10 categories being higher), and the gap to high performance is closing, with some categories already outperforming the high-performance norm.

Engagement levels remain high, and the retention risk has been reversed. With an improvement of +7 percentage points (the biggest improvement since 2022), the retention score is the highest it has ever been.

Retention Improvement: Our staff turnover has gone down from the previous year. We actively work to create an environment where employees want to stay and grow.

Key initiatives

Onboarding buddy programme: New employees in some countries are paired with an onboarding buddy to help them integrate into the organisation.

Flexible work arrangements: We offer flexible work options to support work-life balance and employee satisfaction.

Cross-functional work: Employees are encouraged to collaborate across functions to enhance learning and innovation.

DeLaval awards: The annual DeLaval Awards recognise exceptional employee contributions. Over the past year, 1,254 Bravo! awards and 179 Bravissimo! awards were given globally, celebrating employees who demonstrate our core behaviours. China leads in Bravo! awards, while Poland excels in Bravissimo! awards.

Bi-annual employee engagement survey (EES):

87 %

of DeLaval employees participated

Diversity, equity and inclusion

We are committed to creating an inclusive and diverse workplace where our talent can thrive. We believe that fostering diversity and inclusion is essential for driving innovation and achieving our targets. By attracting and retaining a diverse workforce, we build a culture of collaboration, creativity, and shared success critical for our long-term growth and sustainability.

Diversity, equity, and inclusion (DEI) are central to our vision for a sustainable future. We recognise that a diverse workforce generates new ideas and drives transformative change. Our commitment to cultivating an inclusive culture ensures that everyone feels valued and empowered to share their unique perspectives. We believe that respect, collaboration, and equal opportunities are the pillars that unlock our team’s full potential.

By working towards a culture of inclusion, we enhance creativity, improve decision-making, and achieve stronger outcomes at all levels of our organisation. Diverse teams are better equipped to tackle complex problems, challenge the status quo, and deliver solutions that

benefits DeLaval and the global agricultural community.

Together, we are creating a workplace where everyone can succeed, their contributions matter, and our collective efforts drive us toward a more sustainable future. Through our commitment to diversity and inclusion, we are not only strengthening the future of farming but also making a lasting impact on the communities and industries we serve, ensuring a better world for generations to come.



- Overall target**
- 25% female employees and female managers by 2025
 - 30% female employees and female managers by 2030

What is our ambition

Attract and retain a diverse workforce while cultivating an inclusive culture that drives innovation. By ensuring equal opportunities and fostering an environment where all employees feel valued, we aim to unlock new perspectives that will contribute to the growth and success of DeLaval.

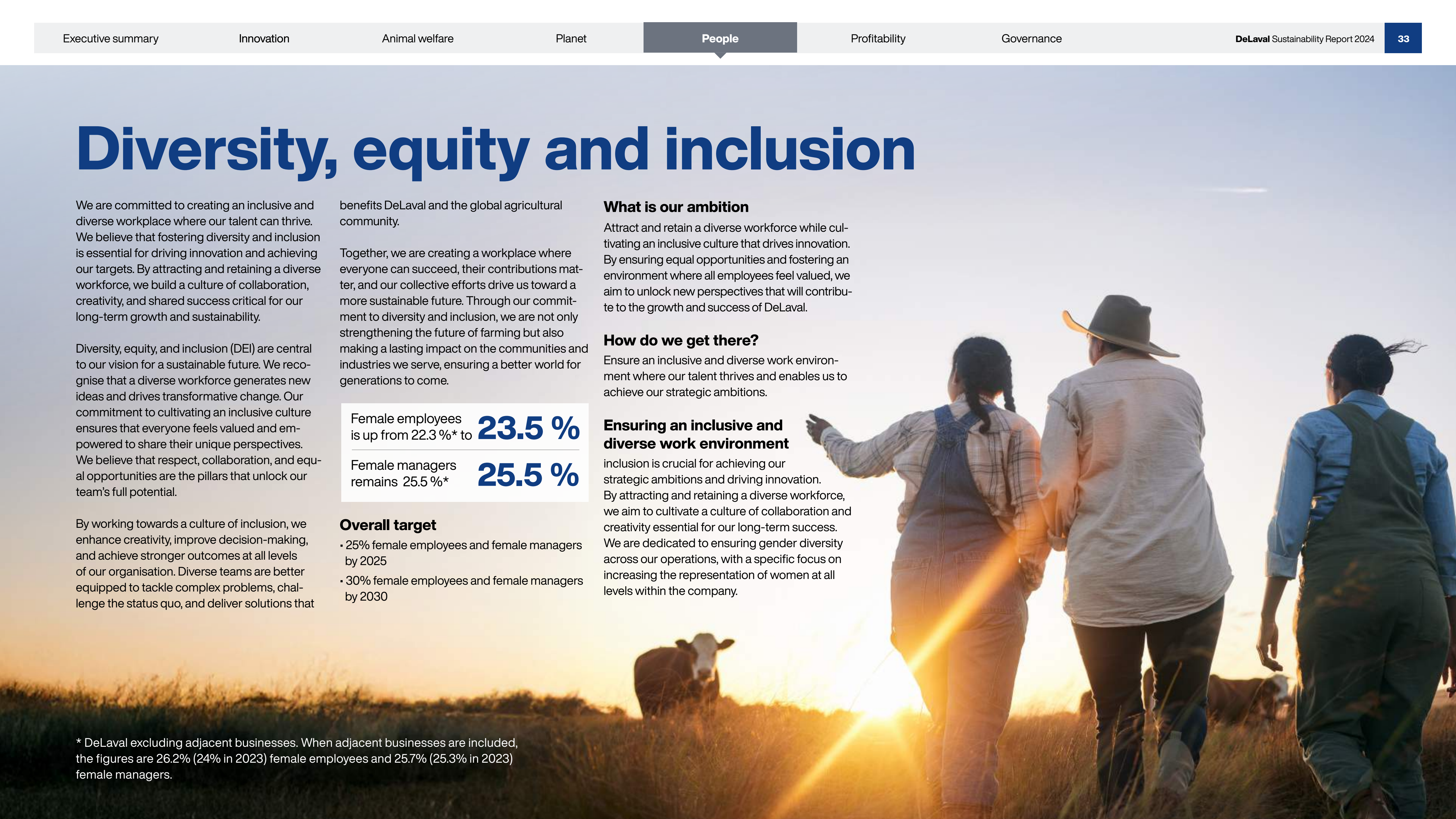
How do we get there?

Ensure an inclusive and diverse work environment where our talent thrives and enables us to achieve our strategic ambitions.

Ensuring an inclusive and diverse work environment

Inclusion is crucial for achieving our strategic ambitions and driving innovation. By attracting and retaining a diverse workforce, we aim to cultivate a culture of collaboration and creativity essential for our long-term success. We are dedicated to ensuring gender diversity across our operations, with a specific focus on increasing the representation of women at all levels within the company.

* DeLaval excluding adjacent businesses. When adjacent businesses are included, the figures are 26.2% (24% in 2023) female employees and 25.7% (25.3% in 2023) female managers.



Human rights in the value chain

Our culture drives our commitment to social and economic sustainability, implemented through our global management system, Hamra Model. This model includes our Corporate Governance Framework, Code of Business Conduct, and all corporate policies. We also have an e-learning course available in 12 languages and ensure that our employees are well-informed about our Code of Business Conduct, helping to create a culture of integrity and respect across the board.

Anti-corruption

As part of our dedication to combatting corruption, we invite all employees and partners associated with DeLaval to help us by refraining from offering, paying, requesting, or accepting illicit contributions. We also encourage our customers and suppliers to join us in this important effort by avoiding similar requests.

Sustainable sourcing

We are preparing to map the risks in our supply chain and have created a plan to mitigate risks connected to environmental impact and human rights. We're also exploring a more efficient monitoring structure and relevant processes and policies that can support our targets.

Our suppliers and distributors commit to our current ethics and sustainability principles. These include anti-bribery and good labour principles. Suppliers covering 91% of our global sourcing spend have signed the DeLaval Ethics and Sustainability Principles.

Important highlights from our Human Resources Policy

Non-discrimination

We're committed to hiring and treating all our employees fairly, without discrimination based on gender, nationality, religion, race, age, disability, sexual orientation, political opinion, union membership, or social or ethnic origin.

Equal opportunities

We believe in treating all employees with equal respect and dignity, providing everyone with equal opportunities to develop their skills and careers. Our commitment to diversity fuels our continuous growth. We cultivate a culture where job appointments, rewards, and personal achievements are based solely on individual abilities and performance. We also uphold a zero-tolerance policy for sexual harassment and other gender-based offences. We stand firm

against any behaviour, including gestures, language, and physical contact that is sexually coercive, threatening, abusive, or exploitative in our workplace.

We ensure compliance with all legal standards regarding wages and working hours in every country in which we operate, with local monitoring in place.

Working conditions and remuneration

We believe that the working conditions, wages, and benefits we offer to employees are competitive with those provided by other employers in local markets and within 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.

Policies in place

Occupational Health and Safety (OHS)

The policy outlines our commitment to creating and maintaining a safe and healthy work environment for all employees.

Whistleblowing Policy

Our whistleblowing framework ensures transparency and accountability, providing employees with a safe and confidential way to report concerns without fear of retaliation.

Corporate Governance Policies

The Hamra Model is a system that incorporates our Corporate Governance Framework, Code of Business Conduct, and all essential corporate policies. These are the foundation for our processes helping ensure ethical and responsible operations at every level.

In addition to OHS and governance frameworks, we maintain policies that guide human resources practices and promote transparency, such as our HR policy, ensuring all employees have the support and resources they need to thrive.





6

Profitability

► Drives sustainable growth, ensuring long-term success and resilience

Customer satisfaction

Customer satisfaction

We understand that the future of farming relies on both environmental stewardship and economic viability. We focus on developing solutions that enhance efficiency, reduce waste and drive profitability for both our business and our customers.

Overall goals

Ensure our operations are sustainable and profitable and support our customers' businesses to be sustainable and profitable in the long term.

What is our ambition?

Dairy farmers face similar challenges regardless of where they are. We summarise them as; farm profitability, food safety, work efficiency and animal welfare. We constantly work to find ways to help our customers meet these challenges.

Internal activities 2024:

- In 2024, we introduced a new customer segmentation model based on the way a farm is operated as well as the mindset of those running the farm. This model allows us to personalise our approach and better address the unique needs of each segment.
- We conduct regular customer surveys across markets to gather valuable feedback and ensure we continuously improve our offerings.
- Our collaboration with John Deere under the MSC programme offers our customers an additional service, further strengthening our position as a trusted partner in the dairy industry.

DeLaval advisory: enhancing connections and sustainability

As part of our 2024 business strategy, we introduced the DeLaval Performance Plan to strengthen relationships with our customers. This personalised programme combines our InService™ solution, essential consumables, advisory services, and innovative digital solutions.

Our advisors work closely with farmers to set targets, develop action plans and track progress. This helps them optimise their operations.

By equipping farmers with the right tools and insights, they can run more efficient operations and make better use of our equipment. This, in turn, reduces our own indirect emissions.

Value generation and distribution

For us, economic sustainability stems beyond customer satisfaction. It is also about creating an economically valuable business and how we distribute that wealth.

In other words, we focus on ensuring decent wages and benefits to our employees. We invest with our suppliers and in our society via taxes or community investments.

When we perform well financially, we can attract and retain top talent and at the same time help our customers in the long-term.



Governance

► Building a future where businesses thrive sustainably

Corporate governance

Foundation and structure

Our global management system is called Hamra Model. The foundation of Hamra Model is our vision, mission, strategy, core values, and behaviours, supported by a robust corporate governance framework. This framework drives our key processes:

- **Idea to offer:** Turning concepts into solutions.
- **Offer to order:** Delivering tailored solutions to meet customer needs.
- **Order to delivery:** Ensuring efficient and reliable fulfillment.
- **Delivery to customer service:** Supporting long-term success for our customers.

The Corporate Governance Framework, developed by the Tetra Laval Board and DeLaval's Group Management, sets the global standards for our operations and interactions. It helps ensure consistent, ethical, and transparent practices across all business areas.

Key components of the corporate governance framework

1. Code of Business Conduct

In 2024, we extended our Code of Business Conduct commitment beyond employees to include suppliers and dealers.

This end-to-end approach in the value chain is a significant shift for us and shows we are now taking on a wider level of responsibility and ambition when it comes to ethical standards within DeLaval but also to those we work with.

The DeLaval Group respects the UN Guiding Principles on Business and Human Rights and our Code of Business Conduct reflects that.

- It covers areas such as:
- Anti-corruption and bribery
 - Prevention of child exploitation and forced labour
 - Environmental responsibility
 - Workplace safety and freedom of association
 - Confidentiality and financial reporting
 - Conflict of interest management

We have initiated several activities to help ensure compliance to this extended group of stakeholders.

2. Corporate governance policies

These policies complement the Code of Business Conduct by offering detailed guidance on critical aspects of DeLaval's operations, such as:

- Risk management and audits
- Confidentiality and data security

- Whistleblowing mechanisms for reporting concerns

3. Roles and responsibilities

The DeLaval board entrusts the CEO with implementing and enforcing the Corporate Governance Framework. Group management has further structured its operations through councils, each responsible for specific areas. Committees under these councils handle subject-matter expertise and reporting.

4. Controls

A comprehensive control system ensures compliance and accountability, including:

- Internal and external audits
- Control Self-Assessments
- Management declarations
- A whistleblowing policy for reporting illegal or unethical conduct

External audit

External audits are an independent examination of the financial statements of the DeLaval legal entities, resulting in the publication of an independent report on whether or not those financial statements are accurate, complete and fairly presented.

Internal audits

Internal audits are conducted to provide assurance that our operations adhere to our corporate governance commitments and maintain proper internal controls.

Management declaration and Control 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 Control 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.

Whistleblowing and ethics reporting

DeLaval encourages staff and external stakeholders to report concerns regarding violations of the Code of Business Conduct or other serious misconduct. Reports can be submitted in several ways; via an online channel, anonymously via email to ethics@delaval.com and even verbally via a hotline. A whistleblower who acts in good faith is protected from disciplinary actions or negative repercussions.

All reports are treated confidentially and investigated appropriately. In cases of criminal activity, relevant authorities are notified.

Receipt of each whistleblowing will be acknowledged as soon as possible, and no later than seven days from receipt. Feedback will be provided to the whistleblower within a reasonable time frame, which is normally within three months unless circumstances of the case call for a longer investigation.

Suppliers covering 91% of our sourcing spend have signed DeLaval's Ethics and sustainability principles



Corporate governance

Education

We provide many opportunities for learning, in person and virtually for all employees. E-learning courses we’ve launched include:

- Good Governance – mandatory for all staff
- Security Awareness
- Occupational Health and Safety
- Responsible Business Communication
- Phishing Awareness
- Safe Social Networks
- Corporate Governance Training
- Information Security Essentials
- Anti-harassment training

Sustainability governance

Aligned with the corporate governance framework is a DeLaval sustainability governance model. The Global Sustainability Group helps ensure that we run our business according to the vision: ‘We make sustainable food production possible.’

The framework helps ensure that DeLaval establishes realistic targets and accurately monitors and evaluates progress while supporting the organisation in achieving the activities in place to achieve those targets.

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 of Corporate Communications and Sustainability and the Head of Group Sustainability.

The Global Sustainability Group leads the sustainability work to ensure that it is executed in line with the business strategy. This includes defining targets and KPIs, following them up and taking action. The Global Sustainability Group also informs and advises DeLaval Group Management, the main decision-making body.

The Head of Group Sustainability chairs the group that consists of senior leaders from relevant stakeholder organisations.

These include Product Management and Development, Supply Chain, Human Resources, Legal Affairs, Finance and Corporate Communications.

The senior leaders collaborate closely with DeLaval’s Head of Group Sustainability who reports to DeLaval’s Senior Vice President of Corporate Communications & Sustainability.

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 & process portfolio committee			Process portfolio committee "Order to delivery"
				Process portfolio committee "HR"
				Process portfolio committee "Communication and collaboration"
				Process portfolio committee "Finance"
				Process portfolio committee "IT"
				Process portfolio committee Information security and data privacy

Risk management

We identify, evaluate, and manage risks to ensure operational continuity. We updated our risk methodology, implemented a new risk manual and launched a new risk management tool. Our methodology is based on the international standard COSO.

We approach risk from two angles.

Operational risks

Operational risk arises from internal or external events that impact business objectives. Losses may occur due to inadequate or deficient internal processes, people, and systems.

Strategic risks

Strategic risks stem from long-term shifts in the external environment, including political, economic, sociocultural, and technological trends, as well as from the design and implementation of strategies. These risks can either threaten the company's viability or present opportunities to enhance its competitive advantage. This approach enables us to quickly adapt to unexpected events, strengthening our ability to protect our operations, uphold ethical standards, and build a sustainable future.

In 2024, we focused on the most critical risk areas, where our efforts could have the greatest impact. While other risks also require attention, concentrating on these key areas has enabled us to deliver significant value and advance our overall risk management strategy.

Potential risks

Trust for milk

As the global population grows, the need for nutritious foods is more important than ever in helping to tackle hunger around the world. At the same time, there are increasing concerns among consumers about animal welfare and the impact of milk production on our environment.

How we work to mitigate the risk

We partner with associations and academic institutions to provide various scientific information regarding the nutritional value of milk and its environmental effects. For our customers, this means helping them reduce the environmental impact of each litre of milk produced in a way that benefits both the animals and everyone working on a farm.

Animal welfare

High prevalence of production-related diseases in cattle herds. Various circumstances and a lack of knowledge can prevent some farmers from managing their farms effectively, resulting in mistreatment of animals.

How we work to mitigate the risk

We provide sensor technology to monitor a farm's cows' health, fertility, and production performance, so that health and welfare issues can be detected early and treated appropriately. These technologies also help farmers improve milk production and decrease their climate footprint.

Milk quality

Contaminated milk presents obvious risks to consumers, customers and our own brand. Food safety is critical for all parts of the dairy value chain.

How we work to mitigate the risk

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.

People

Health and safety risks are always present, whether employees are working in our factories and offices or on customers' farms.

How we work to mitigate the risk

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.

Looking ahead

”Doing more with less and doing it well”

Sustainability is embedded in our operations, and we are committed to managing, improving, monitoring, and reporting on our sustainability topics. To drive impact, we are setting new, more ambitious targets that push us further in our journey.

Achieving CSRD compliance by 2026 requires dedicated time, resources, and collaboration across our teams. To support this, we are currently working with our three-year action plan (2023–2026) to strengthen our focus and address the gaps identified in the ESG Reporting Audit Report.

We are working intensively to close the remaining gaps highlighted in our ESRS Gap Analysis, ensuring we are fully prepared for the regulatory requirements. Our ambition is to set targets aligned with the Science Based Targets initiative.



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