Lactalis USA Dairy Methane Action Plan

FARMER AND SUPPLIER ENGAGEMENT STRATEGY

Methane sources addressed

Methane from enteric sources and manure occurring on farms that supply Lactalis USA ("LUSA") businesses with fluid milk through direct milk supply contracts ("direct supply farms"). These farms, as well as farms supplying to LUSA through indirect sources, are part of Lactalis USA's Scope 3 emissions.

Context for strategy implementation

Key changes the strategy will entail to existing business	LUSA will resource its direct supply farms to make changes designed to lower methane emissions through financial and educational resources.
How this strategy will address material climate-related physical and transition risks to the company	At LUSA, we are already experiencing the impact of climate change on our milk supply with recent occurrences of extreme drought, rainfall, and heat resulting in reduced milk volume. Strategies that reduce climate impacts and build climate resilience on farms in LUSA's supply chain will therefore reduce the risk of decreased supply or increased cost associated with milk in LUSA's supply chain. By reducing methane and GHG emissions, LUSA also upholds its reputation as an industry leader committed to environmental stewardship and sustainability and mitigates potential reputational risk associated with missing a publicly stated sustainability target.
Regions where interventions will be implemented	United States of America
Business functions involved	LUSA has a transversal milk sustainability working group that includes members of the Corporate Social Responsibility, Purchasing, and Milk Procurement teams. This group regularly reports out to business unit general managers and their executive teams for the LUSA business units. The legal and finance teams are also engaged by the milk transversal working group to ensure legal compliance, drive successful implementation, and manage and mitigate costs associated with pursuing

	sustainability projects and strategies (and related reporting).
Industry, government, and NGO groups engaged	Industry – Dairy Management Inc., International Dairy Foods Association, Value Change Initiative Government - USDA NGO – EDF, Ceres, Cornell Pro-Dairy
Current status of strategy	In progress

Action 1

Concrete actions that will deliver progress towards overall strategy accounting	All farms directly supplying milk to LUSA are anticipated to have a cradle-to-farm gate carbon footprint assessment completed over the course of a rolling, 3-year cycle through the use of Cool Farm Tool. This action will provide better visibility into on-farm methane emissions, including hotspots and impacts of interventions.
Start date	2022
Key performance indicators to indicate success or failure	100 percent of direct supply farms assessed for GHG emissions within three years of onboarding. Percent of direct milk supply regularly assessed for GHG emissions. Absolute emission reduction (mt CO2e) quantified through the use of CFT model.
Expected completion date	Ongoing

Action 2

Concrete actions that will deliver progress towards overall strategy accounting	Climate-smart manure management projects on participating Lactalis US Yogurt Inc. d/b/a Stonyfield Farms Inc. (“LUSY”) direct supply farms located in Vermont funded via USDA Regional Conservation Partnership Program (“RCPP”) grant (awarded December 2023). Grant-funded projects will focus on reducing manure managed using anaerobic, liquid storage through the use of compost, solid management, and bedded pack barns, among other innovative climate-smart interventions.

Start date	Grant awarded 2023; subject to release of grant funding, projects anticipated to break ground in 2025.
Key performance indicators to indicate success or failure	Number of LUSY direct supply farms implementing new climate-smart manure practices. GHG reductions associated with improved practices. Subject to release of grant funding, RCPP proposal anticipates that 12 to 15 operations will have the opportunity to reduce methane emissions from manure management systems by an estimated average of 30% and improve impact on water quality.
Expected completion date	To be evaluated pending release of grant funding.

Action 3

Concrete actions that will deliver progress towards overall strategy accounting	LUSY launched a herd optimization program that works with direct supply farms to right-size their replacement herd. This program helps direct supply farms identify strategies to increase efficiency of their total herd and reduce the number of young stock, and the embedded emissions they represent, where they are not needed. Based on the reduction of young stock, Cool Farm Tool is used to model the GHG reduction impact, and as of Q1 2025, farms are paid $40/mt CO2e reduction they achieve to incentivize participation.
Start date	This program started in H2 2024 and will continue as demand continues from LUSY direct supply farms.
Key performance indicators to indicate success or failure	Number of LUSY direct supply farms that participate, and the total GHG reduction impact that is realized through this voluntary program.
Expected completion date	Ongoing through 2030.

INNOVATION STRATEGY

Methane sources addressed

Enteric and manure methane from dairy ingredients and raw milk supply.

Context for strategy implementation

Key changes the strategy will entail to existing business	Implementation of on farm methane abatement technologies and Measurement Reporting and Verification ("MRV").
How this strategy will address material climate-related physical and transition risks to the company	Development and deployment of methane abatement technologies directly mitigate our risk and exposure to climate impacts at LUSA and our dairy supply chain. The enrichment of calibrated and reliable MRV supports reporting against our publicly stated GHG reduction targets. Overall strategies that reduce climate impacts of, and build climate resilience on, farms in LUSA's supply chain will therefore reduce the risk of decreased supply and/or increased cost associated with milk in LUSA's supply chain.
Regions where interventions will be implemented	United States of America
Business units involved	Internal Research and Development, Marketing, and Sales.
Industry, government, and NGO groups engaged	N/A
Current status of strategy	Planning and distribution

Action 1

Concrete actions that will deliver progress towards overall strategy	Research and development of enteric methane feed additives.
Success indicators	Successful MRV tool and reporting process per impact unit defined, identified, and implemented for each intervention type. Adoption of one or more intervention types at scale across operational direct supply farms.

Action 2

Concrete actions that will deliver progress towards overall strategy	Third-party evaluation of carbon evaluation tools, FarmES and Cool Farm Tool, and calibration methods for use on dairy farms.
Success Indicators	Develop rubric for selecting best on-farm data collection tool for dairy farms in the USA.

	Select data collection and analysis tool for ongoing MRV.

PUBLIC POLICY ADVOCACY STRATEGY

Methane sources addressed:

Enteric methane, methane from manure, methane emissions from fertilizer manufacturing

Context for strategy implementation

How this strategy will address material physical and transition climate-related risks to the company	Farm Bill conservation programs can greatly reduce the cost of adoption of on-farm conservation practices, including those designed to reduce methane emissions from manure and enteric fermentation. This can accelerate adoption of practices at the farm level, therefore amplifying our methane emissions reduction efforts and mitigating potential reputational risk associated with missing a publicly stated sustainability target. As a producer of organic dairy products, LUSY supports policies that help strengthen and grow the organic sector and thereby help to increase the acreage of farms under organic management. Organic operations are not permitted to use synthetic fertilizer, the manufacturing of which contributes methane emissions to the atmosphere. By supporting the expansion of organic acreage, LUSY supports decreased reliance of US agriculture on synthetic fertilizer, thus reducing the contribution of methane to the atmosphere from synthetic fertilizer manufacturing.
Industry, government, and/or NGO groups engaged	LUSY is a member and active participant in Ceres Working Group on Climate Smart Agriculture, Organic Trade Association. Together with these groups and independently, LUSY routinely engages with USDA and members of Congress to advocate for increased funding for Farm Bill conservation and organic programs and research.
Regions where interventions will be implemented	United States of America
Current status of strategy	In progress
Action items and implementation	Farm Bill: LUSY advocates for increased funding for farm

timeline and milestones (specific policies supported, trade groups engaged, participation in regulatory process, etc.)	bill conservation programs, including programs like EQIP, CSP, and RCPP. This includes advocacy for retaining funds specifically designated for climate action in these conservation programs in the Inflation Reduction Act. LUSY also advocates for increased funding for the National Organic Program, and organic research programs like the Organic Research and Extension Initiative, and other research programs like the Foundation for Food and Agriculture Research. Trade groups and NGOs engaged include Ceres, Organic Trade Association. This work is ongoing throughout every farm bill cycle. Regional Conservation Partnership Program: LUSA and LUSY engage with USDA to seek out, and where granted to take advantage of, opportunities to cost-share on practice adoption that can reduce methane emissions from farms. Currently, LUSY is providing cost-share for one RCPP project anticipated to launch in 2025 (pending the release of funding) to support dairies in the state of Vermont with reducing methane emissions from manure management, alongside goals for improving water quality. This project is being led by the National Fish and Wildlife Foundation, and aims to enroll 15 farms in Vermont. LUSA will continue to explore opportunities for public-private partnerships with USDA and state governments to cost-share projects to reduce methane emissions from farms that supply LUSA with milk. IFEED Act: LUSY has advocated for the IFEED Act as a way to speed up the FDA approval process for feed ingredients that may have the added benefit of reducing enteric methane. LUSY has worked with Bigelow Labs on this advocacy. This work was done in 2024 and will continue if IFEED or similar legislation is re-introduced in 2025.