SOCIAL RESPONSIBILITY

OF THE FRENCH DAIRY INDUSTRY

FrenceterredeLAIT

LA FILIÈRE LAITIÈRE S'ENGAGE

2022 REPORT

CONTENTS

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Thierry Roquefeuil
President of the Cniel

In 2019, when the CNIEL Board of Directors validated the content of the dairy industry's approach to social responsibility - announced two years earlier in the industry plan - it took note of the profound changes in society's expectations and expressed its will to act collectively to ensure that France is a sustainable land of milk. Eight progress goals were then set for each litre of milk produced and processed in France.

How far have we come in four years?

During this time, we have encountered a number of major crises. First of all, during the COVID-19 pandemic, the interprofessional association assumed its responsibilities by adopting strong measures to temporarily readapt its production, with the European Commission's approval. This was an unprecedented and historic decision, intended to demonstrate the industry's solidarity with its partners and to concretely express our economic and social commitments.

Then there is the market crisis, with energy and other inputs experiencing major inflation. This crisis has been amplified by the conflict in Ukraine. Unfortunately, this scenario is still ongoing and the consequences remain unknown. Throughout this series of events, questioning the commitments we defined with France Terre de Lait has never been an option. Despite a context marked by uncertainty and instability, France Terre de Lait has maintained its course, guided by the economic, social, and environmental objectives we set. And we have stuck to them.

This third SR report demonstrates the maturity and resilience of our approach. It is a testament to the sustainability of our commitments. Successive crises have obviously had an impact on our performance, but we are adapting our action plans to maintain the course we have set for ourselves for 2025, and we are making progress.

While our goals remain the same, we are adapting our priorities according to the context and evolution of our challenges. For example, two issues have been identified as key priorities for the dairy industry: the attractiveness of our professions and thus the renewal of generations, and the decarbonisation of our industry to mitigate our impact on climate change. France Terre de Lait is already contributing to these priorities with three commitments: improving the compensation of dairy stakeholders, improving working conditions, and reducing the carbon footprint of the dairy industry. But we need to go further. This is why these new priorities are at the heart of the latest interprofessional agreement for the renewal of the CNIEL's Mandatory and Voluntary Contribution, which has just been renewed by the public authorities for the 2023-2025 period.

France Terre de Lait's success is based on perseverance and consistency.

WHAT LESSONS CAN BE LEARNT FROM THE RECENT CHANGES IN FRANCE TERRE DE LAIT'S COMMITMENTS?

The evolution of the performance indicators that allow us to monitor the fulfilment of France Terre de Lait's commitments is positive overall. However, this trend must not ignore certain discrepancies..

- The 2025 goal for systematic on-farm monitoring of milk deliveries to ensure the absence of antibiotic residues was achieved by 2021. This control strategy is being maintained and new avenues for progress are being explored.
- Similarly, the 2025 goal of increasing the value of exported dairy products to ensure sustainable exports is on track. However, this result must be tempered by the return of inflation.
- Animal welfare assessments of all dairy farms are underway. The implementation of these evaluations in the field follows the path set by the industry based on the new Charter of Good Farming Practices, which now includes the Boviwell tool.
- The industry is also working hard to address climate change, but its efforts have not yet resulted in significant reductions in livestock emissions.
- In the economic field, the indicators for monitoring the compensation of each stakeholder remain stable. They have stagnated for livestock farming and increased slightly for dairy processing.
- The satisfaction rating of farmers in terms of their profession and living conditions is also fairly stable. However, this stability obscures contrasting developments, with a significant deterioration in this score for organic farmers.
- One reason for the overall satisfaction of the dairy industry: the positive evolution of the French confidence indicator in dairy products. These products remain the most trusted food category.

Finally, it should be noted that the COVID pandemic has disrupted some of our indicators, which have deteriorated without being correlated to a degradation of our performance. This is of course the case in the social barometer of dairy processing, considering the absenteeism rate during the COVID crisis. Nevertheless, the other components of this barometer remain very well aligned. Similarly, the pandemic has caused a decline in our health indicator, due to the way it is calculated, and does not reflect a deterioration in the health of the dairy sector. A reflection process is underway to complete this indicator..

Thierry Geslain
Cniel Sustainable Development Director

THE COW MILK DAIRY INDUSTRY, FOR A SUSTAINABLE VALUE CREATION MODEL

OUR RESOURCES

HUMAN ASSETS

300,000 jobs

- **200,000** in farms
- **78,000** in dairy businesses
- **22,000** in indirect dairy activities

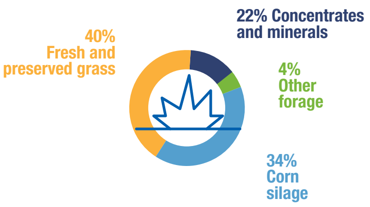
CAPITAL NATUREL

Dairy herds

3.4 million de vaches

- **90%** have outdoor access
- **200** days/year in pastures
- **98%** French feed
- **20** breeds, 2/3 Prim-Holstein, followed by Normande and Montbéliarde

Dairy cow feeding



Environmental resources

. **560,000 km** of hedgerows (dairy and meat).

. **2.39 million** hectares of surface area still grass (permanent grasslands and mountain pastures).

. **1,450 bacterial strains** of dairy interest maintained in the interprofessional association's collection.

. **97 hectares** used per farm, of which 76 hectares are used for fodder.

A DIVERSITY OF ROOTED IN THE F

LIVESTOCK

Diversity of operational systems

50,300 farms
47.2% in lowlands
26.9% in mixed livestock farming
24.8% in foothills and mountains

23.5 billion litres
produced by the industry including **1.2** billion litres of organic milk

480,000
litres of milk produced per farm on average

Family, human-scale farms
2.07 people per farm

68 cows
on average per farm

41%	< 49 cows
26.6%	50-74 cows
16%	75-99 cows
12.7%	100-149 cows
3.7%	> 150 cows

DAIRIES

Diversity of processing tools

700+
processing sites
(more than 10 employees)
Volume of milk processed by cooperatives: 45%
private groups: 55%
2,900 manufacturing dairy farms

Diversity of the product range

The most varied range in the world

1,500 consumer products including **1,200** varieties of cheese

36 PDOs
11 PGIs in cow milk, with 9 new PDOs and PGIs in the last 10 years.

OUR AMBITION

guaranteeing healthy and good quality dairy products, while preserving natural resources, through a sustainable production model, profitable for the stakeholders that produce and market them".

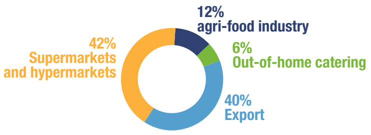
STAKEHOLDERS
FRENCH REGIONS

RETAIL DISTRIBUTION CATERING

Diversity of marketing systems

14 billion litres marketed in France in the form of milk, butter, cream, cheese, yoghurt, dessert cream and various ingredients

Sales channels



4 out of 10 litres exported in 88 countries

CONSUMERS

The French are the leading consumers of dairy products in Europe

346 kg of milk equivalent consumed each year per French person

Products accessible to all

VALUE CHAIN PARTNERS

• Technical institutes and livestock consultants • Vets and health consultants • Research institutes and Universities • Agricultural colleges, dairy colleges, engineering colleges, universities • Suppliers: agricultural inputs, ingredients, equipment and analysis

EXTERNAL STAKEHOLDERS

• Civil society: NGOs, Consumer associations, etc. • Public bodies: France (Ministries), EU (Commission) • International organisations: UN, FAO, OIE, UNEP, etc. • Elected officials: Regions, French and EU parliaments • Media

A VALUE-CREATING INDUSTRY

LEADING AGRI-FOOD ECONOMIC SECTOR

24% of turnover of the agri-food industry

. Dairy industry: €42.9 billion
. Supermarkets & hypermarkets: €18.3 billion
. Farmers: €9.9 billion
. Cheese sellers: €985 million

A JOB-CREATING INDUSTRY THROUGHOUT FRANCE

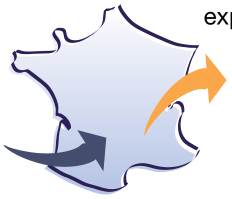
. **65 professions**
. Presence of farms in **88 départements (counties)**
. Processors **close to the farms**
. 85% of employees in municipalities with less than 15,000 inhabitants

A SURPLUS TRADE BALANCE

3.4 billion surplus

4.3 billion imported

7.7 billion exported



FOOD SOVEREIGNTY

. A dairy farm feeds an average of 2,171 people with animal protein
. Dairy products contribute to the daily diet of the French:
12.8% energy
19% protein
54% calcium

ENVIRONMENTAL CONTRIBUTIONS

. Maintenance of hedgerows in cattle breeding
. **328 kg** of carbon stored per hectare of total cultivated area, and per year.
. **88 hectares** of biodiversity developed on average per dairy farm

THE CNIEL
AN INTERPROFESSIONAL ASSOCIATION FOR A COMMITTED DAIRY INDUSTRY

RESOURCES

OUR HUMAN RESOURCES

100 specialized employees united in a professional network.

OUR FINANCIAL RESOURCES

. Compulsory national contribution per litre of milk: farming / processing: €40 M
. Voluntary contribution 4th college: €2 M
. EU co-financing €11 M

MISSIONS

Fostering dialogue between stakeholders in the industry and with external stakeholders

Bringing the collective issues of the industry to the attention of public authorities

Providing decision-making support to define collective issues

Creating favourable conditions for sustainable economic development of the industry

FranceterredeLAIT

Accelerating the processing momentum for a long-lasting and sustainable industry

GOVERNANCE

UNANIMOUS DECISION-MAKING

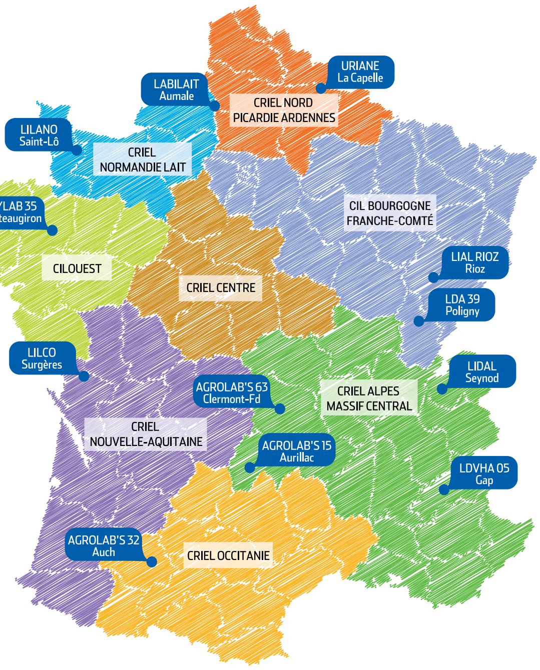
College of farmers:
FNPL, Coordination Rurale, Confédération Paysanne

MILK

College of Cooperatives:
la coopération laitière

REPRESENTATION

THROUGHOUT THE COUNTRY



8 Criel
The Criels are the regional branches of the Cniel

11 interprofessional laboratories
The interprofessional laboratories are coordinated by the Cniel to analyse payment of milk according to quality

WHO ARE WE?

The Centre national interprofessionnel de l'économie laitière (CNIEL) groups together representatives of stakeholders in the cow milk industry.

OUR PROJECT

Tp develop and deploy a shared *France Terre de Lait* strategy for an efficient and sustainable dairy industry, in the interest of its stakeholders and consumers.

College of Private Industries:
Fnil

College of retail, distribution and catering:
FCD, FCA, FFF, Agores, Restau'Co, SNRC

Associate members: Cnaol* (Centre national des Appellations d'origine laitières), invited to attend board meetings: General economic and financial controller, representative of the state

AT AN INTERNATIONAL LEVEL

New York: FCB (French Cheese Board)

Beijing: Representative Office
Shanghaï : La Crèmerie
CAFC (France-China Food Council)

IDF (International Dairy Federation)

EMF (European Milk Forum)

THE CNIEL CREATES

FOR ITS ELECTED OFFICIALS

Economic and scientific monitoring and studies, as well as analyses of consumer expectations to support decision-making processes

Knowledge through research to consolidate the positions of the industry

FOR THE INDUSTRY

. A short and medium term strategic vision
. An operating framework through guides, benchmarks and interprofessional agreements approved by the public authorities
. A collective dynamic for the creation of economic value and its fair distribution
. Gearing up the transformations needed to achieve a sustainable industry
. Insights for public decision-makers to take into account the specificities of the industry, milk and dairy products

FOR THE CONSUMER

. Well-researched information on the industry and dairy products
. Protection of dairy names
. Guaranteed quality and health safety
. In-depth scientific knowledge through support of public research

FOR ITS EMPLOYEES

. A sense of belonging to the industry's collective efforts

THE TWO PILLARS OF FRANCE TERRE D

The dairy industry's collective approach to soci

8 COMMITMENTS FOR PROGRESS PER LITRE OF MILK PRODUCED, PROCESSED, AND MARKETED IN FRANCE

The dairy industry, through its interprofessional association within the CNIEL, has determined 8 national commitments for progress. These 8 commitments form a foundation of guarantees that the industry intends to provide to all consumers of French dairy products by 2025. They are the result of an interprofessional consensus and will allow France to remain a land of milk for many years to come.

These 8 commitments for progress are broken down into four main areas of action to address the four key challenges facing the dairy industry.

MAKING THE INDUSTRY MORE ATTRACTIVE AND SUSTAINABLE, WITH STAKEHOLDERS WHO CAN MAKE A BETTER LIVING FROM THEIR PROFESSION

- Improving the industry's ability to compensate all of its stakeholders
- Improving the working conditions of all stakeholders in the industry

STRENGTHENING CONSUMER CONFIDENCE WITH INCREASINGLY SAFE DAIRY PRODUCTS

- Guaranteeing the absence of antibiotic residues in milk; continuing the fight against antibiotic resistance
- Strengthening the safety of dairy products

ENSURING RESPONSIBLE PRODUCTION PRACTICES IN LINE WITH GLOBAL PUBLIC EXPECTATIONS

- Assessing the welfare of dairy herds and improving practices when needed
- Improving the carbon footprint of the dairy industry

COMMITTING TO A RESPONSIBLE CONSUMPTION APPROACH

- To better inform consumers on the essential role of dairy products in a balanced diet, and on their production methods
- Promoting sustainable French exports while respecting local industries and food cultures

Each commitment is supported by an interprofessional action plan and one or more performance indicators, to monitor progress and adjust collective programmes and resources as necessary.

DE LAIT,
al responsibility

ADAPTING TO THE WORLD AROUND US THROUGH AN INDEPTH DIALOGUE WITH THE GENERAL PUBLIC

Since 2018, the dairy interprofessional association has maintained regular dialogue with NGOs identified as spokespersons for consumers and civil society, through visits, exchanges, technical meetings, or consultation.

THREE MAJOR THEMES MOBILISED THE INTERPROFESSIONAL ASSOCIATION IN 2022:

- **Completion of a consultation with environmental NGOs** (France Nature Environnement, Fondation pour la Nature et l'Homme, Humanité et Biodiversité, Plateforme Commerce Equitable France, CIWF, and WWF) **launched in 2018 on the protein autonomy of French dairy farms.**

  This led to the identification of the main environmental, economic, and social benefits of protein autonomy, highlighting the levers of action on which there is consensus (or not). The main conclusions from this consultation are the commitment of Cniel members to stop importing deforesting soy and to support French dairy farms to achieve protein autonomy. They were submitted to the Cniel board for approval in February 2023.

- **Resume work with animal welfare NGOs on the issue of calf housing**, which is considered a priority by the members of the consultation group, both because of the impact on calf welfare and the importance in the planning of future farms. A farm visit with the NGOs is planned for early 2023.

- **Re-establishing contact and sharing up-to-date information with actors from the West African "My milk is local" coalition (NGOs, dairies, producer organisations) and international solidarity NGOs.** The validation of data on responsible exports and investments and the understanding of the issues at stake for all parties, initiated in 2020, was interrupted by successive waves of COVID. This engagement provides an opportunity to share information on the dairy market and the development of the dairy industry in West Africa, and to learn what West African stakeholders expect from the interprofessional association. The CNIEL is currently studying possible actions and the scope of the collaboration.

ASSESSMENT OF OUR COMMITMENTS

France Terre de Lait structures collective and voluntary commitments to promote excellence in the dairy industry, both in France and internationally, and to continue the long history of the French dairy model.

Here we present how France Terre de Lait's progress indicators continue to develop. They allow us to measure the progress made on the eight commitments since the publication of the 2021 report.

This scoreboard shows the progress made by the industry's stakeholders, but also the difficulties encountered. This year, a new economic indicator has been added and there has been a development in the expression of the industry's carbon impact thanks to the evaluation of the mass distribution share.

COMMITMENT 1

IMPROVING THE INDUSTRY'S ABILITY TO COMPENSATE ALL ITS STAKEHOLDERS

OUR 2025 GOAL

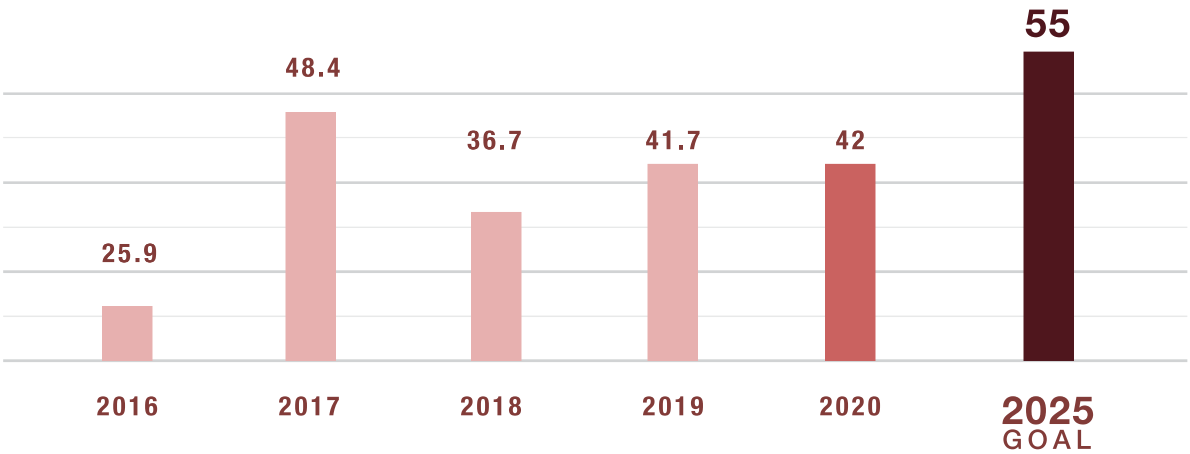
55% of farms capable of remunerating their farmers beyond the French median net income

ON-FARM INDICATOR

The purpose of this indicator* is to assess the ability of farmers to generate through their dairy business an income commensurate with the constraints of their profession and in line with the rest of society.

WHERE ARE WE TODAY?

Farmers, along with the whole working population, saw a slight decline in income.



ANALYSIS OF OUR PROGRESS

The average income of dairy farmers has increased compared to the slump of 2016, a year when the average milk price in France was particularly low.

Despite a decrease in farmers' income in 2020 compared to 2019 (-6.6%), the "proportion of farmers whose income exceeds the median net wage in France" has remained almost stable.

This is a consequence of the decline in the national median net wage used for comparison in 2020. This annual net wage for full-time jobs in the private sector, all activities combined, declined as a result of the sharp contraction in the volume of paid work. This is due to the massive shift toward part-time work during the 2020 health crisis.

The indicator therefore reflects not only the dairy situation but also the changes in national median income.

The average milk price has gradually recovered since 2016, but the average cost price of milk (total production cost – subsidies paid to the milk activity – related milk products) has also increased in lowlands and even more in mountain areas. There has also been a widening gap between dairy farmers'incomes since 2016, with situations more contrasted between farms. One of the reasons for this growing disparity is the development made possible by the end of quotas.

While 2021 was less affected by health restrictions due to COVID-19, rising inflation throughout the year - especially for energy and livestock feed - as well as declining milk production make the results very uncertain despite the increase in milk prices.

*To learn more about this indicator, see the "indicateurs France Terre de lait" leaflet

COMMITMENT 1

IMPROVING THE INDUSTRY'S ABILITY TO COMPENSATE ALL ITS STAKEHOLDERS

OUR 2025 GOAL

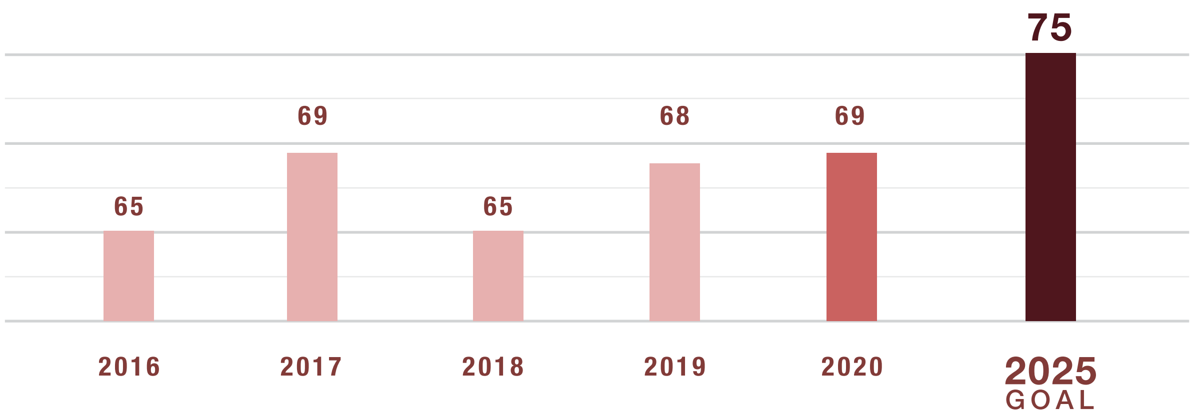
75% of dairy businesses with a profit (EBITDA/turnover ratio) greater than 4%

DAIRY PROCESSING INDICATOR

This indicator*, based on the annual Crédit Agricole industry observatory, measures the profitability of the production process. An EBITDA/turnover ratio of less than 4% is considered low.

WHERE ARE WE TODAY?

A slight progression due to an increase in turnover and continued international activities.



ANALYSIS OF OUR PROGRESS

It is important to remember that this indicator represents a percentage of businesses exceeding the ratio of 4%, without taking into account their size.

There was a slight growth since 2016 while the average EBITDA/turnover ratio of dairy businesses fell in 2018, before experiencing a recovery in 2019 and a slight increase in 2020, except for stakeholders positioned on ingredients.

Despite the increase in supermarket and hypermarket sales during lockdowns, sales in out-of-home catering plummeted.

Depending on the company, this collapse was not always compensated by retailers. Moreover, the volume carry-over was not necessarily achieved at the same value level. In addition, there has been significant competition from companies that produce FMCGs and other products.

International activity remains decisive for the industry and increased by 0.4 points over a year despite the health context.

NEW INDICATOR FOR RETAILING

To ensure that France Terre de Lait's approach encompasses and involves all the links in the dairy industry that are now present in the management of the dairy interprofessional association, a new economic indicator will complement the on-farm and dairy processing indicators to assess the dairy industry's ability to compensate all its stakeholders. It represents the net margin of the dairy product section in supermarkets, expressed as a percentage of the turnover of this section. The goal for 2025 is to maintain this margin in relation to 2016 levels. The values of this indicator from the OFPM (French observatory of prices and margin) will be published every year.

	2016	2017	2018	2019	2020	2025 GOAL
Net margin	1.4	0.8	0.7	1.2	1.4	1.4

*To learn more about this indicator, see the "indicateurs France Terre de lait" leaflet

IMPROVING WORKING CONDITIONS TO INCREASE THE ATTRACTIVENESS OF THE INDUSTRY

OUR 2025 GOAL

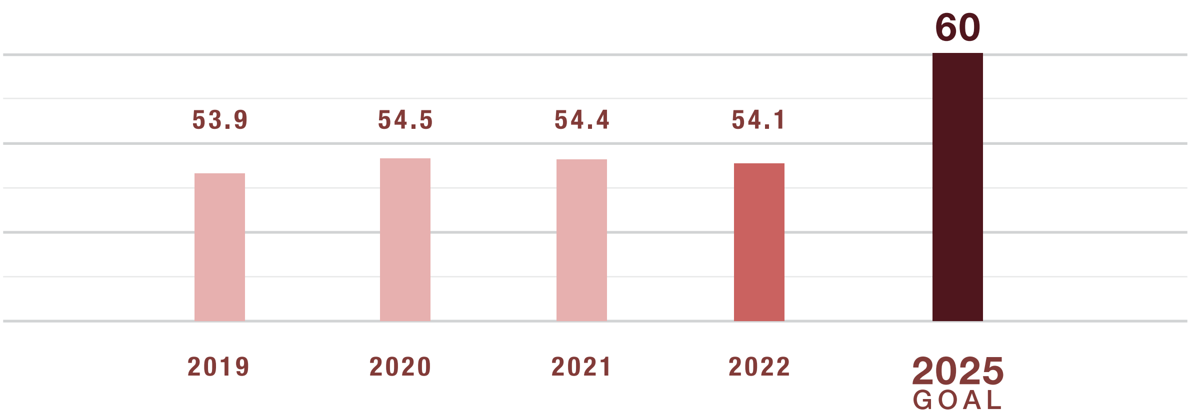
60/100 for the satisfaction rating of farmers.

ON-FARM INDICATOR

This rating, resulting from an annual survey* conducted among a nationally representative sample of farmers, is used to measure the well-being of dairy farmers by addressing their living and working conditions and personal situation.

WHERE ARE WE TODAY?

A stable and strong indicator despite a context of severe drought and high inflation.



ANALYSIS OF OUR PROGRESS

In August and September 2022, the fourth annual survey of farmers' perceptions of their living conditions was carried out. In addition to the return of a high inflation context not seen for several decades since late 2021, this survey period was impacted by the occurrence of severe droughts in various French regions. It was therefore a worrying context for many dairy farmers. They were simultaneously concerned about their current and future fodder harvests, the water management on their farms, and the state of their liquidity over the coming months.

The relative stability between 2019 and 2022 of the overall aggregate indicator (average of the different items: recognition, economic security and future, attachment to the profession, workload and hardship, support and sharing) is therefore a rather satisfactory result. However, this overall situation obscures worrying trends for certain groups among the whole population of dairy farmers, namely farmers who have been established for less than 10 years and organic farmers. Although the value of the indicator for these subgroups remains higher than the national average in 2022, it has fallen significantly since 2019.

*To learn more about this indicator, see the “indicateurs France Terre de lait” leaflet

COMMITMENT 2

IMPROVING WORKING CONDITIONS TO INCREASE THE ATTRACTIVENESS OF THE INDUSTRY

OUR 2025 GOAL

100% of the 4 subindicators of the ATLA social survey at their 2025 end target level

DAIRY PROCESSING INDICATOR

The assessment of working conditions in businesses is based on several factors. We therefore track and aggregate four sub-indicators* which allow us to monitor the prevention of risks, the development and recognition of skills, and the self-fulfilment of employees.

WHERE ARE WE TODAY?

A steady progression of social indicators in dairy processing slowed down by the COVID crisis.

Absenteeism rate (well-being at work criterion)

2016	2018	2019	2020	2021	OBJECTIF 2025
5.5%	5.4%	5.4%	6.1%	6.5%	5.0%

Frequency rate of occupational accidents (impact of preventive actions on employees)

2016	2018	2019	2020	2021	OBJECTIF 2025
36.03%	33.60%	32.37%	32.23%	32.00%	30%

Total number of professional qualification certificates since 2016 (skills development criterion)

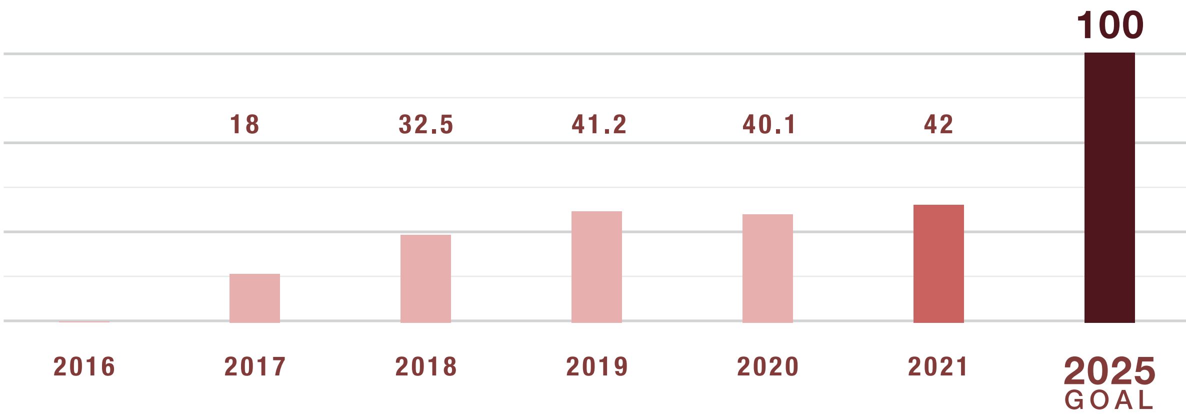
2016	2018	2019	2020	2021	OBJECTIF 2025
269	899	1,215	1,328	1,464	2,500

Hiring rate of permanent contracts at the end of a work-study period (ability of companies to train and secure professions)

2016	2018	2019	2020	2021	OBJECTIF 2025
7.32%	8.05%	8.30%	9.58%	10.04%	10.0%

*To learn more about this indicator, see the “indicateurs France Terre de lait” leaflet

Aggregate indicator
(same weighting as each sub-indicator)



ANALYSIS OF OUR PROGRESS

In 2021, despite a second consecutive year of deterioration in one of the sub-indicators relating to absenteeism, the overall social well-being indicator for the dairy processors continues to improve. This increased level of absenteeism was the result of the health crisis. During 2021, dairy businesses faced three consecutive waves of COVID. However, the reorganisation of activities, the use of overtime and the hiring of temporary workers made it possible to maintain activity throughout the year, thus enabling the companies to meet their commitments to their customers.

The frequency of occupational accidents continues to fall, confirming the good results achieved by the dairy processors. The national agreements on risk prevention objectives, signed with the MSA for the Coopération Laitière and the CNAM for the FNIL, reflect the dairy sector's strong commitment in this area and are proving their effectiveness by reducing the accident rate.

The target of 2,500 vocational qualification certificates accumulated between 2016 and 2025 was set before the vocational training reform. This target will probably be difficult to achieve due to the decrease in funding following the reform and the COVID crisis. However, the dairy processors remain committed to vocational training and the recognition and development of skills. For example, it has created a new "professional cheesemaker" certification, which will be implemented on an experimental basis until 2024.

Finally, the rate at which trainees are taken on as permanent employees is steadily increasing. There is a growing number of apprentices in the sector and a strong need for permanent employment. The national target set for 2025 was already reached in 2021.

*To learn more about this indicator, see the "indicateurs France Terre de lait" leaflet

GUARANTEEING THE ABSENCE OF ANTIBIOTIC RESIDUES IN MILK AND CONTINUING THE FIGHT AGAINST ANTIBIOTIC RESISTANCE

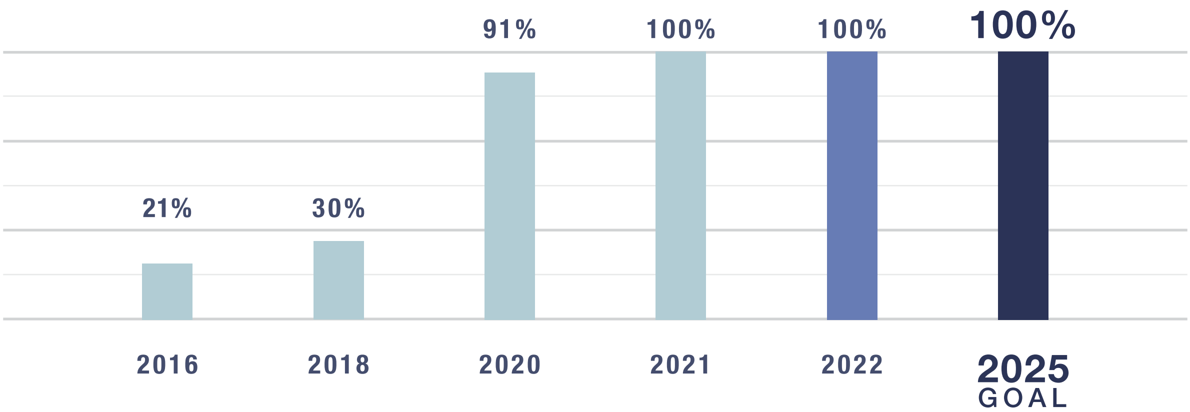
OUR 2025 GOAL

100% of milk collected from farms is antibiotic-tested

The calculation of the indicator* corresponds to the number of analyses divided by the number of milk collections carried out annually, as a percentage.

WHERE ARE WE TODAY?

The 2025 goal was achieved in 2021, and systematic control of deliveries is being maintained.



ANALYSIS OF OUR PROGRESS

The interprofessional agreement on milk payment, which calls for a systematic control of all milk deliveries - rather than an unannounced control once a week - was renewed in 2022. This guarantees that France Terre de Lait will be in compliance with this commitment until at least 2025. The renewal of this agreement is also an opportunity to confirm the continuous progress approach to which the industry is committed, as the principle of analysis at each milk delivery - already in use for the antibiotics criterion - has been extended to the composition of milk and somatic cell count criteria. This cell count is an indicator of the health and technological quality of milk.

A second agreement complementing the first, the Antibiotic Agreement, was also renewed in 2022 and extended by public authorities for the years 2023-2025. It specifies the technical arrangements for monitoring antibiotics and covering the costs of cisterns found positive.

The objective of all members of the interprofessional association is now to preserve these achievements, but also to identify and implement ways of improvement in order to continue the reduction in accident rate (tanks or cisterns testing positive for antibiotics). To this end, the CNIEL is renewing the selection process of official tests, with a technical and economic competition between test manufacturers, so that the approved tests meet the industry's expectations and are adapted to the use of antibiotic molecules in livestock farming.

Finally, the annual results published by the French Agency for Veterinary Medicinal Products show a relative stabilization in the exposure of cattle to antibiotics in livestock farming, after a significant decrease between 2011 and 2016. The number of intramammary treatments for dairy cows continues to decline (by 33.9% between 2011 and 2021). The national "Les mammites j'anticipe" plan is ongoing, including selective treatment at dry-off.

*To learn more about this indicator, see the "indicateurs France Terre de lait" leaflet

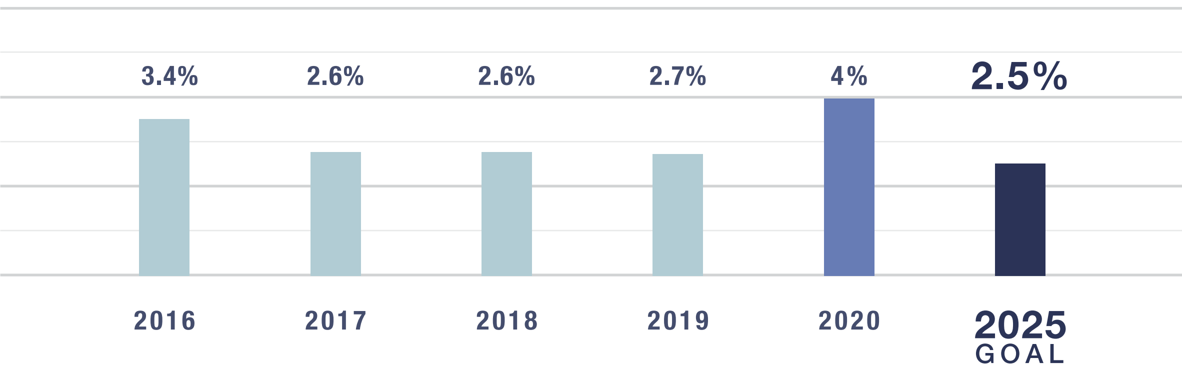
OUR 2025 GOAL

2.5% maximum
of collective food poisoning allocated to dairy products

This indicator* reflects the proportion of collective food poisoning related to dairy products in total collective foodborne infections. These data are published every year by Santé Publique France.

WHERE ARE WE TODAY?

2020, an atypical year due to the COVID-19 pandemic.



ANALYSIS OF OUR PROGRESS

After three years of good results, when the indicator showed values close to our 2025 goal, a severe deterioration was observed in 2020.

However, this deterioration must be put into perspective.

2020 saw the outbreak of the COVID-19 pandemic at the very beginning of the year. The pandemic led to two periods of lockdown (for a total of 12 weeks) during which consumption patterns and habits were severely disrupted, including a complete shutdown of the catering sector.

These events have strongly impacted the number and origin of collective food poisoning incidents in 2020. The total number of collective foodborne infections fell sharply in 2020 for all food products (–43% compared to 2019). Dairy products were no exception to this favourable trend (-17.5% compared to 2019). However, the France Terre de Lait indicator reflects the relative share of dairy products in the total collective food poisoning incidents, and not the evolution in absolute value.

It should also be remembered that the interprofessional work and the efforts of all stakeholders in the industry to reduce the presence of pathogens in dairy products continue by optimising control methods, monitoring, and control measures.

*To learn more about this indicator, see the “indicateurs France Terre de lait” leaflet

COMMITMENT 5

IMPROVING THE CARBON FOOTPRINT OF THE DAIRY INDUSTRY

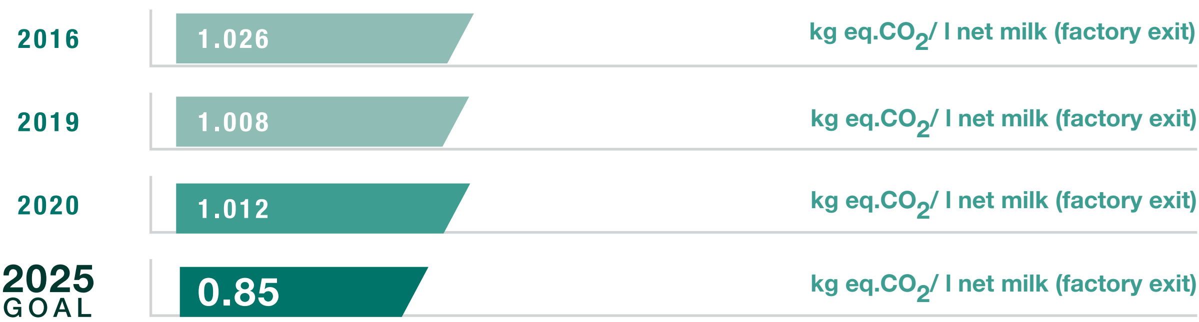
OUR 2025 GOAL

17% reduction in the carbon footprint of dairy products

The indicator* used to reflect change in practices is the net carbon footprint per litre of milk at factory exit, expressed in kg CO_2 equivalent per litre.

WHERE ARE WE TODAY?

The efforts made are not yet reflected in convincing results for livestock farming.



ANALYSIS OF OUR PROGRESS

The reduction in the factory exit carbon footprint per litre of milk, taking into account all emissions from livestock farming (including emissions related to inputs, feed, and fertilisers) and the dairy industry, was limited to 1.4% between 2016 and 2020. Expressed in terms of total GHG emissions, this reduction was slightly higher at 2%. Between these four years, the volume of production fell by 34 million litres of milk.

- **In livestock**

Progress was slow, as the carbon footprint per litre of milk was only reduced by 0.6% between 2016 and 2020. There are several reasons for this limited reduction.

The slight increase in the proportion of corn in the main fodder surface and in milk production per cow, as well as the stability in the number of heifers, led to a decrease in emissions. This was partly offset by a decrease in carbon storage.

Since 2016, the reference year for this indicator for France Terre de Lait, we experienced a series of unfavourable climatic years, as shown in the graph on the right, with very high temperatures and a rainfall deficit.

The climate dysregulation has an impact on dairy production and its carbon footprint: losses in fodder production and grassyields, as well as lower quality fodder, lead to greater dependence on inputs (concentrates, supplemental feed, fertilisers, fuels), which emit CO_2 themselves .

Finally, the Low-Carbon Dairy Farming programme on which the industry relies to reduce livestock emissions keeps ramping up, with 22% of farmers participating in this programme by the end of 2020. This is a great success, but it only mechanically leads to a relative reduction in emissions at national level. A study on the impact of this programme on farmers and technical advisors was carried out in 2022. This will remove a number of obstacles and improve the effectiveness of the project in the future.

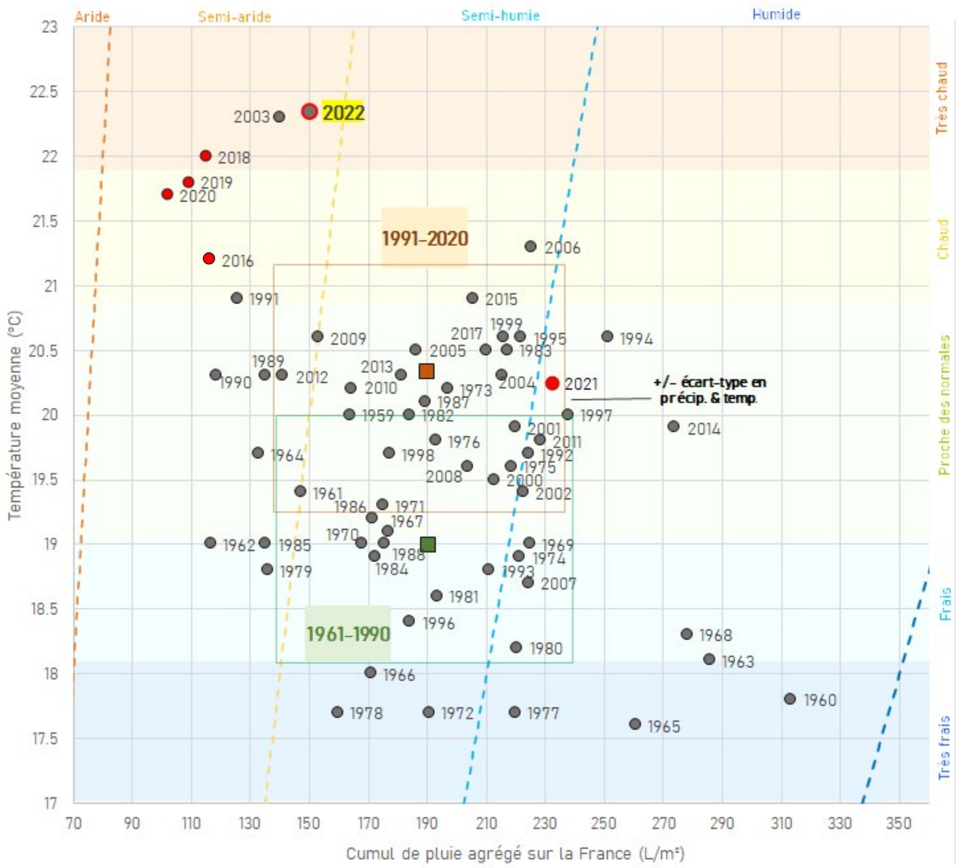
*To learn more about this indicator, see the “indicateurs France Terre de lait” leaflet

• In dairy processing

At the dairy processing stage, the drop in emissions per litre of milk collected is quite significant, amounting to 11.4% between 2016 and 2020. However, the large reduction in emissions from this part of the dairy industry has only a moderate impact on the reduction of the total carbon footprint at factory exit, as processing emissions account for only 7% of the emissions from these two parts.

The main emission reductions achieved at the processing sites are due to energy savings and the use of less climate-damaging fuels. The impact of refrigerants used for cold production is taken into account, but has a very low impact on the sector's emissions.

A series of exceptional climatic years since 2016



Average summer rainfall and temperature in France

21 June to 20 September (1959 - 2022)

NEW - Expressing the carbon footprint of milk delivered to consumers in supermarkets

The Cniel is a long-established interprofessionnal association that brings together farmers, milk processors, and distribution channels to the consumer via mass distribution, retail, or collective catering. In order to reflect the carbon footprint of milk at the point of delivery to the consumer - and thus take into account one of the marketing channels - the dairy industry carbon indicator will now include the emissions from the logistics channel, storage, and distribution in supermarkets and hypermarkets. The importance of this link (transport, logistics and stores) is therefore estimated at 6% of the emissions of the whole sector. Livestock farming accounts for 87%, and collection and processing for 7%. Finally, for 2020,the carbon footprint of milk at the point of sale was 1.073 kg eq.CO_2 per litre of milk equivalent..

What is the roadmap for 2030 and 2050?

The Cniel, together with Interbev and Idele, is committed to developing a decarbonisation roadmap for the cattle milk and meat industries, as specified in Article 301 of the Climate and Resilience Act, in partnership with the government (Ministries of Ecological Transition, and Agriculture and Food Sovereignty).

This is an opportunity for the Cniel to promote its search for new solutions, which was launched in early 2022 through a call for decarbonisation solutions from innovative solutions providers. Results are expected in 2023.

COMMITMENT 6

ASSESSING THE WELFARE OF DAIRY HERDS AND IMPROVING PRACTICES WHERE NECESSARY

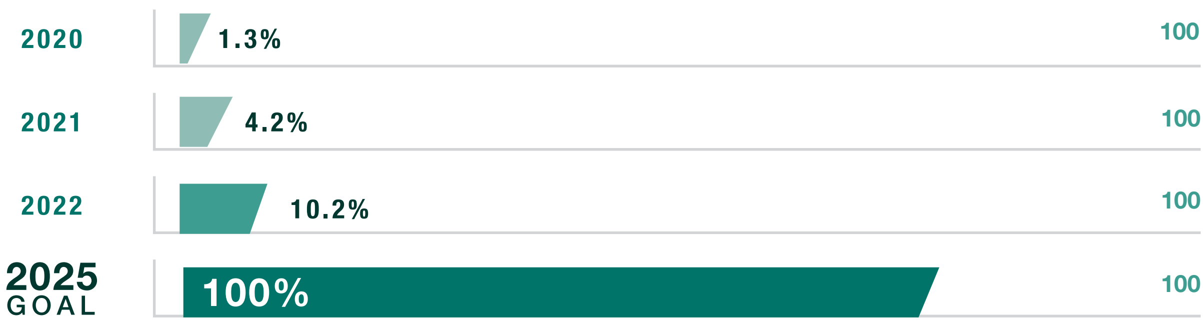
OUR 2025 GOAL

100% of farms assessed on the basis of 16 animal welfare indicators

The indicator* is calculated from the number of farms assessed, after reporting the diagnoses in the national database of the Charter of Good Farming Practices.

WHERE ARE WE TODAY?

The assessment of animal welfare in dairy farming is ongoing.



ANALYSIS OF OUR PROGRESS

The dairy herd welfare assessment approach of the Charter of Good Farming Practices will be implemented on all dairy farms by 2025. This Charter now includes Boviwell, a tool chosen by the dairy industry to assess animal welfare on French farms, based on the European scientific reference method, Welfare Quality®.

This computer application was introduced in 2022. It allows the technician to enter the data observed and measured on livestock and to present the results to the farmer. The farmer and the adviser then define the action plan together as part of a progressive approach. At the end of the assessment, the farmer knows his farm's strengths and areas for improvement.

This evaluation is also an opportunity for exchange and advice to farmers.

In 2022, more than 500 livestock advisors were trained to conduct Charter and BoviWell assessments. By the end of 2022, nearly 5,000 assessments were already carried out.

Body condition score and state of cleanliness are among the Boviwell indicators, which are part of the farmer's daily life and therefore meet his concerns. Having this assessment carried out by a livestock adviser also gives the farmer a valued outside look at his herd. The welfare of the herd is the welfare of the farmer.

*To learn more about this indicator, see the "indicateurs France Terre de lait" leaflet

COMMITMENT 7

INFORMING ABOUT THE ESSENTIAL ROLE OF DAIRY PRODUCTS AND THEIR PRODUCTION METHOD

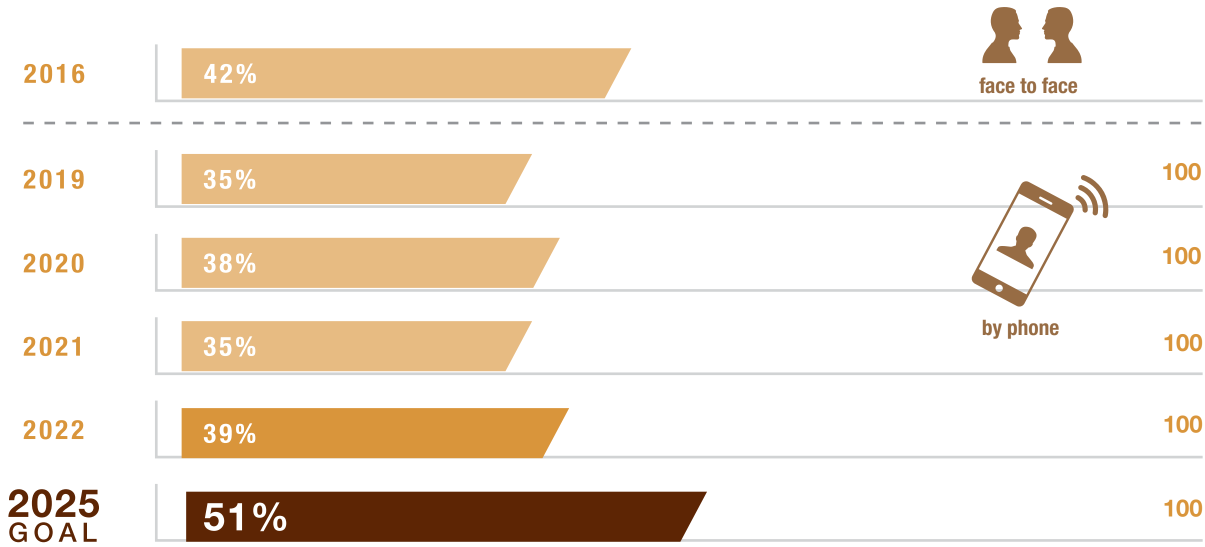
OUR 2025 GOAL

51% of French people trust dairy products

This indicator* comes from an annual survey (InquietAlim) carried out among 1,505 individuals aged 18 and over, in 2022. Respondents are considered to have confidence in dairy products if they do not express any specific concerns.

WHERE ARE WE TODAY?

Milk and dairy products remain the most trusted product category.



ANALYSIS OF OUR PROGRESS

The industry must be able to build a relationship of trust with consumers. Understanding their concerns and questions is therefore a major challenge.

In 2022, consumer confidence in dairy products was on the rise and the increase was significant. A minority of consumers express more than two concerns.

The top three concerns are hygiene and health risks (14%), price (13%) and conservation (13%), with 10% mentioning the origin of products as a concern or question.

It is interesting to look at the concerns expressed for milk, even though our indicator is for dairy products: the most common concern for milk is animal welfare and health (12% of those concerned). The origin of milk, its price and its conservation are three issues mentioned by at least 10% og those concerned.

- For the first time in the history of our indicator and in the history of this survey (since 2016), the price of dairy products is becoming a concern as a result of the inflationary context. However, when consumers make price-related decisions, dairy products are not the most affected by such choices.
- Concerns about the origin of products are still very present but have decreased since 2020, when the COVID crisis amplified these concerns. French consumers want a model based upon a more local production and shorter production lines.

The evolution of this strict methodology of assessment of consumer concerns is under evaluation, as the consumers who express only one concern are still consumers of dairy products. An extension of the indicator to include concrete ways of reducing concerns is also being tested.

*To learn more about this indicator, see the “indicateurs France Terre de lait” leaflet

COMMITMENT 8

PROMOTING SUSTAINABLE EXPORTS BY EXPORTING HIGH VALUE-ADDED PRODUCTS

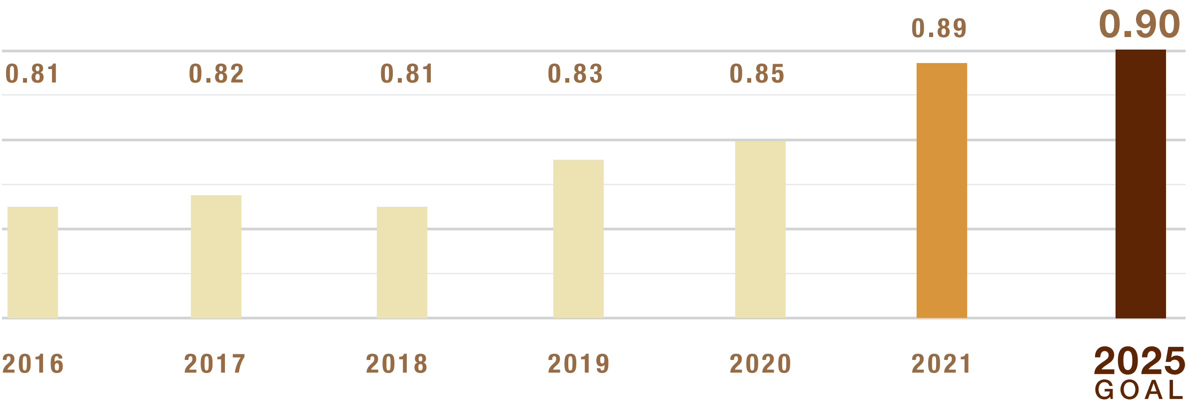
OUR 2025 GOAL

Valuation of dairy products exported outside the European Union amounting to €0.90/l

Increasing the added value of products exported to non-EU countries supports the development of local industries in emerging countries by limiting competition with local products*.

WHERE ARE WE TODAY?

A strong progression, tempered by the return of inflation.



ANALYSIS OF OUR PROGRESS

The indicator has been rising steadily over the past 5 years. This development can be linked to some changes in exports to non-EU countries. The volumes of packaged milk, fresh cheese and processed cheese - products with a lower level of added value - have fallen. Meanwhile, exports of infant milk, cream and packaged butter, which are higher value products, have increased.

However, the strong progression of the indicator over 2021 must be relativised by the impact of a cyclical factor: the return of high inflation over the last few months of the year.

This trend was amplified in 2022. On the one hand, the low availability and high prices of many inputs (fertilisers, energy, livestock feed, cardboard and plastic packaging...) are increasing the production costs of dairy products and, consequently, the unit price of the products sold. On the other hand, the current decline in milk production in the world's main exporting areas (the European Union, New Zealand and the United States) is reducing the availability of products that can be sold on the world market and is driving up the price of the products sold.

If this inflationary context were to persist and take on a structural dimension, as in the economic environment of the 1970s and 1980s, a methodological revision of the indicator would be necessary.

*To learn more about this indicator, see the “indicateurs France Terre de lait” leaflet

FRANCE TERRE DE LAIT COMMITMENT SCOREBOARD

PERFORMANCE AREAS	COMMITMENTS	INDICATORS AND ASSOCIATED UNITS
Economic and social	1. Improving the industry's ability to compensate all its stakeholders	In livestock: Percentage of farms capable of compensating their farmers beyond the French median net income
		In dairy businesses: Percentage of dairy businesses with a profit (EBITDA/turnover ratio) greater than 4%
		In supermarkets: Net margin of the dairy products section in supermarkets (expressed as a percentage of the turnover of the dairy products section)
	2. Improving working conditions to increase the attractiveness of the industry	In livestock: A rating out of 100 through a survey of dairy farmers
		In dairy businesses: Aggregate rating (out of 100) on 4 sub-indicators, via a social survey in dairy businesses
		. Absenteeism rate
		. Frequency rate of occupational accidents
		. Total number of vocational qualification certificates
		. Hiring rate of permanent contracts at the end of a work-study period
Health	3. Guaranteeing the absence of antibiotic residues in milk and continuing the fight against antibiotic resistance	Percentage of milk collected from farms controlled for antibiotics
	4. Strengthening health safety by optimising supervisory, inspection, control and investigation methods	Percentage of collective foodborne infections attributed to dairy products
RESPONSIBLE PRODUCTION PRACTICES	5. Reducing the carbon footprint of the dairy industry	Factory exit carbon footprint of milk in kg eq.CO_2/l
		Factory exit carbon footprint of the industry in millions of tons of CO_2
	6. Assessing the welfare of dairy herds and improving practices where necessary	Percentage of dairy farms assessed on the basis of 16 animal welfare indicators
FOOD	7. Improving consumer confidence in dairy products	Level of French consumer confidence as a percentage of French people expressing no concerns
	8. Promoting sustainable exports while respecting local industries and food cultures	Valuation of dairy products exported to non-EU countries in euros per litre

	2016	2017	2018	2019	2020	2021	2022	2025 GOAL
	25.9%	48.4%	36.7%	41.7%	42.0%			55%
	65%	69%	65%	68%	69%			75%
	1.4%	0.8%	0.7%	1.2%	1.4%			1.4%
	--	--	--	53.9%	54.5%	54.4%	54.1%	60%
	0	18	32.5	41.2	40.1	42.0		100
	5.5%	5.4%	5.4%	5.4%	6.1%	6.50%		5.0%
	36.03%	34.83%	33.60%	32.37%	32.23%	32.00%		30%
	269	614	899	1,215	1,328	1,464		2,500
	7.32%	7.50%	8.05%	8.30%	9.58%	10.04%		10%
	21%	21%	21%	30%	91%	100%	100%	100%
	3.4%	2.6%	2.6%	2.7%	4.0%			2.5%
	1.026			1.008	1.012			0.85
	25.07			24.50	24.56			
	--	--	--	--	1.30%	6.20%	10.20%	100
	42%	NC	NC	35%	38%	35%	39%	51%
	0.81	0.82	0.81	0.83	0.85	0.89		0.9

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Cniel
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