

Sustainability Report 2025

Milcobel commits to sustainable impact - from cow to customer





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Foreword


Milcobel

Foreword

2025 proved to be a pivotal year for Milcobel. A first year without ice cream subsidiary YSCO and the announced merger with FrieslandCampina placed the cooperative at the start of a new chapter, in which collaboration and future opportunities took centre stage. At the same time, it became clear that thorough preparation was necessary to embark on this integrated future with confidence. That is why this year was primarily characterised by strengthening and stabilising the foundation upon which Milcobel was built and upon which it will continue to build in the future.

In this context, the organisation focused on clarity, simplicity and focus. Major new projects were deliberately avoided; instead, the decision was made to reinforce processes, factories and teams. The performance of the production sites was improved, processes were further streamlined, and cost control received structural attention, all without losing sight of our member dairy farmers and employees.

Despite the challenging circumstances surrounding the merger, sustainability remained a firm priority. Progress was made in our priority sustainability areas. Energy management was further optimised, water efficiency improved, and targeted initiatives contributed to a reduction in food losses and waste. These results were achieved without compromising operational continuity, and demonstrate that sustainability remained a guiding principle even in times of change.

In addition, caring for people was given special attention. The well-being and engagement of employees were a key focus.

Stability and transparency also remained important for member dairy farmers, with continued appreciation for their efforts in the areas of quality, animal welfare, climate, water management and biodiversity.

For customers, there was a continuous focus on reliability, product quality and sustainable improvements in the supply chain.

Although 2025 could not provide answers to all questions, it became clear that Milcobel's strengths are widely recognised. FrieslandCampina expressed its appreciation for the talent, quality and strong craftsmanship within the organisation, a confirmation of what is evident throughout this report: that Milcobel, despite challenging circumstances, has continued to fulfil its responsibilities.

This fourth and final sustainability report outlines how Milcobel, in a year of transition, continued to invest in the issues that matter: for the cooperative, the employees, the members and the planet.

Yours sincerely,

Peter Grugeon
CEO Milcobel



Betty Eeckhaut
Chairperson



02

About Milcobel

About Milcobel

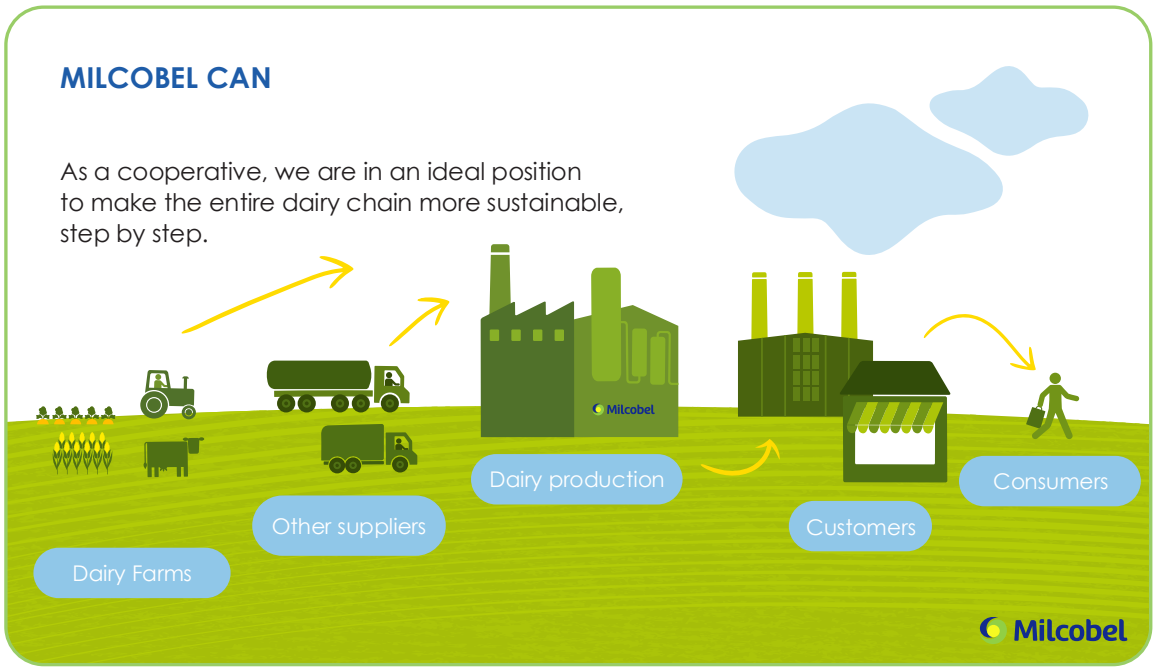
How past choices can make a difference today

Milcobel is a leading player in the international dairy market, renowned for quality, safety and customer focus. At our production sites in Belgium, we employed around 1,000 staff in 2025, who produce top-quality dairy products for our customers in over 80 countries with great passion and expertise.

Milcobel stands for dialogue, transparency, reliability and sustainability. We want all links in the dairy chain to be involved, from milk collection at the farm, through production, to selling to our customers. We believe in strong partnerships and sustainable customer relationships.

Milcobel is a cooperative that collects, processes and markets milk from around 1,250 dairy farms. We offer our member dairy farmers a guaranteed milk collection. Every day, our members are committed to supplying high-quality milk, which our staff transform into dairy products with the highest possible milk valorisation. In this way, we strive to achieve a fair milk price for our member dairy farmers.

This broad supply chain ensures that, when identifying our sustainability priorities, we take a broad view of our value chain and the stakeholders involved.





In 2025, the dairy sector was once again under pressure due to a volatile international market, rising costs and geopolitical tensions, with all the consequences that entailed. The milk price was influenced more strongly than ever by fluctuating market dynamics. Milk availability also followed an unusual pattern, partly as a result of the outbreak of the bluetongue virus in 2024. In these circumstances, Milcobel achieved a turnover of 930 million euros, and also realised a consolidated profit after tax of 0.2 million euros.

What therefore characterises 2025 is the strong focus on communication and dialogue throughout the entire chain. In light of the major structural changes, declarations of intent and the aftermath of the reorganisation, it was important to involve all our stakeholders, provide clarity and listen. Member dairy farmers were involved, 'town hall' sessions were organised for staff, and our commercial services focused on transparency and providing information to our customers.

Key figures 2025

- Approximately 1,250 dairy farmers
- Approximately 1,000 employees
- 1.2 billion litres of milk processed
- Operating revenue: 930 million euros
- Profit after tax: 0.2 million euros
- Solvency ratio: 46 %
- Exports to > 80 countries
- Around 180 member dairy farmers have conducted a climate scan since 2024

Although 2025 was characterised by a simplification of the regulatory framework surrounding sustainability, for example through the introduction of Omnibus I, sustainability proved to be a priority issue for both Milcobel and its member dairy farmers. Whereas sustainability efforts used to be mainly voluntary, by 2025 the sector had evolved into a situation where virtually the entire dairy sector had embarked on the path to sustainability. After all, whilst the regulatory framework has become less onerous, the reality of climate change is being felt on dairy farms: rising energy costs, the impact of extreme weather on animal welfare, harvests, etc. In addition, the market is setting the tone: customers are increasingly demanding detailed data, right down to farm level, on the dairy products they purchase.

In light of the merger with FrieslandCampina, this has become even more relevant, and the cooperative ethos that is in our DNA makes more of a difference here than ever before. The decisions we make as a cooperative will always be based on our cooperative principles, with a sense of entrepreneurship, in harmony with the entire supply chain and taking into account the society in which we operate today. The cooperative is the foundation.

Cooperative enterprise in harmony with society

Cooperative
The cooperative model serves as Milcobel's foundation. Furthermore, we believe in constructive cooperation between all stakeholders.

Harmony
Harmony means focusing on the whole chain, respecting the standpoints of the different stakeholders and striving for a common goal.

Enterprise
The farmer is essentially an entrepreneur, who considers initiative and sound business practice important. Competitiveness is also important for Milcobel. Entrepreneurship is an essential quality for our employees too.

Living together
Not only do the environment and our surroundings play an important role, but also people and the society in which Milcobel operates. Our vision focuses on the most important themes and trends, divided into several pillars.

We supply top-quality products in a sector facing major challenges

Our organisation

Milcobel operates across a broad section of the dairy industry. We process the milk from our dairy farmers at our own local production sites in accordance with strict quality standards. At our sites in Belgium, we produce cheese, milk powder, butter, cream and whey in accordance with the latest scientific and technological insights regarding nutritional, sensory and functional properties. The ice cream operations in Langemark and Argentan remained part of the Milcobel group until the end of 2024, but the sale to the investment group Davidson Kempner was finalised in early 2025, meaning they are no longer included in the reporting from this year onwards.



Milcobel Consumer Products


Milcobel Premium Ingredients

Our sites in 2025



Our products

Since early 2025, Milcobel's production activities have been divided into two separate Business Units: Milcobel Consumer Products and Milcobel Premium Ingredients. Following the merger, we are examining how these product groups can be integrated into FrieslandCampina's business group structure.

Milcobel Consumer Products (MCP)

Consumer Products produces delicious, high-quality cheese for the consumer market, both under its own brand and as private label products for various supermarket chains. Our customers range from major retailers at home and abroad to the specialist cheese shop on the corner or at the market. Our hallmark: top quality and taste.

In addition to the well-known Brugge Cheese brand, since 2021 we have been marketing our Eigen Bodem (Homegrown) Cheese range, offering accessible local alternatives to international bestsellers. Through Dupont Cheese, we also offer exclusive and unique cheeses from all over the world, aimed at our professional customers. Our master cheesemakers ensure an outstanding selection of cheeses. In the south of the country, Camal is a major dairy wholesaler.

In 2025, we maintained our focus on making our packaging more sustainable and on reducing and recycling waste streams. Through targeted analysis and actions, we were able to achieve significant improvements in 2025.

Milcobel Premium Ingredients (MPI)

Premium Ingredients is the partner of choice for high-quality and reliable dairy ingredients for customers in over 80 countries. Our specialities are cheese ingredients (mozzarella and cheddar), high-quality milk powder, cream, butter and whey. With a customer-focused approach, we create bespoke solutions offering the highest nutritional, sensory and functional quality. In 2025, we continued to focus on further expanding the Asian market for mozzarella. The whey partnership with Arla Foods Ingredients and its subsidiary Kaasbrik has also provided additional value-added opportunities for our milk streams.

Our markets

We supply our products to more than 80 countries across five continents. Europe and Asia are key markets for MPI. MCP focuses primarily on the Belgian market, but also on neighbouring countries and a few southern European countries. Brugge Prestige cheese also has a limited market in the United States.
We engage in regular dialogue with our customers. Through these discussions, we gain an understanding of the challenges our customers face in their markets. We discuss local or regional trends in product type and flavour and explore how our products can respond to these. During our regular trade fair appearances and other food-related events, we showcase our products and latest innovations. These trade fair appearances therefore provide the perfect opportunity to catch up with our customers or introduce new ones.

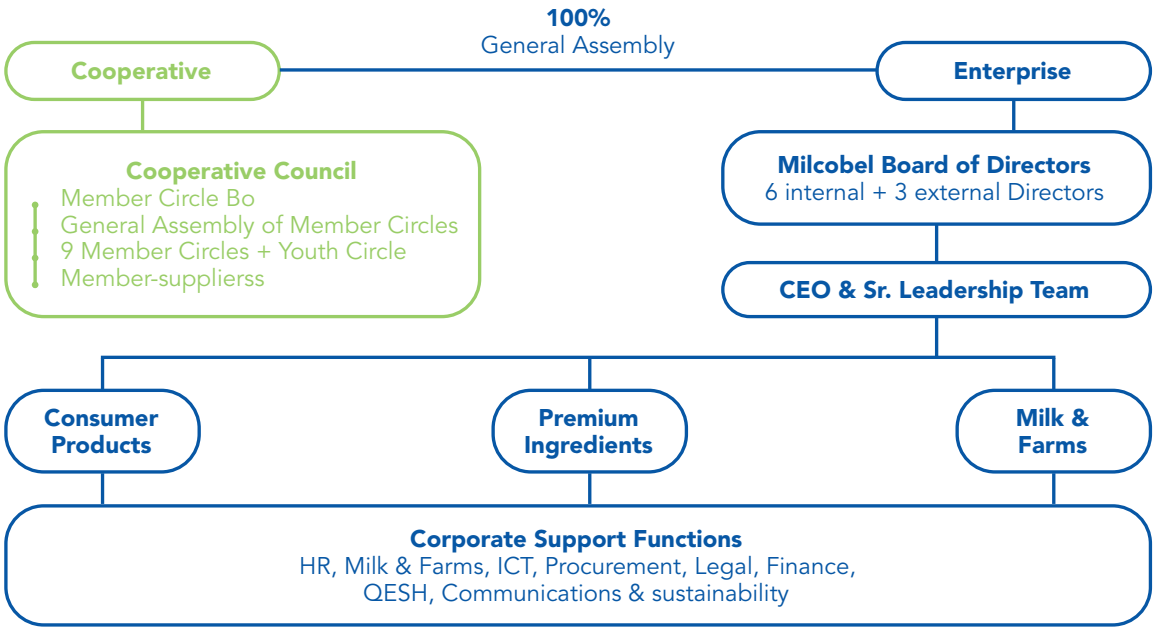


Proud of our organisation and our partners

As a cooperative, we are a unique form of enterprise that is not solely profit-driven. We aim to connect farmers with one another and with society. As a cooperative, this means that open dialogue and the involvement of our members are a priority. This is also embedded in our consultation structure, the importance of which was respected more than ever in 2025.

Our structure

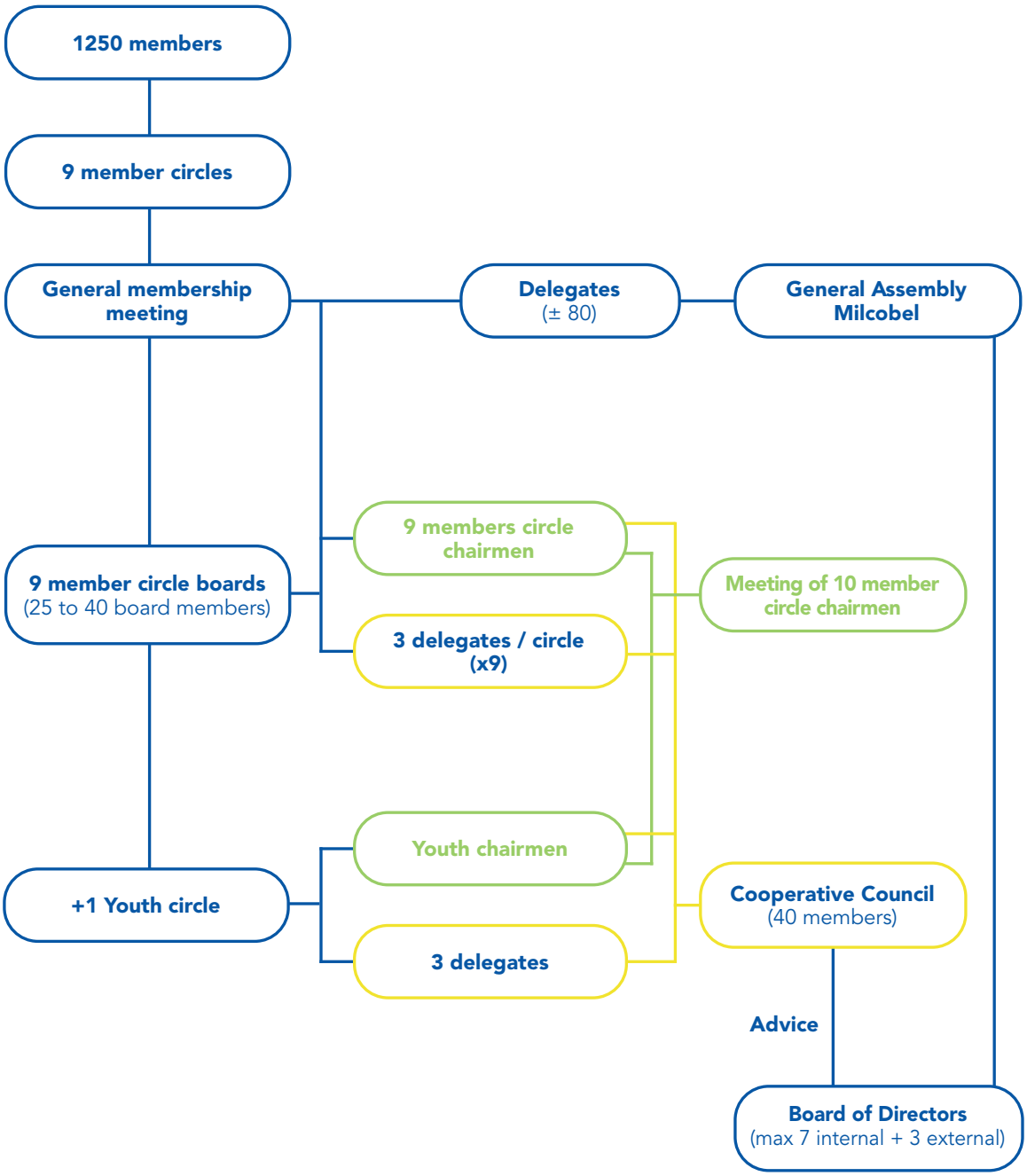
Milcobel is a cooperative in which the corporate structure and cooperative structure are intertwined. The company is organised around business units and the Milk & Farms division, which are supported by the Corporate Support Functions, such as HR, IT, finance, procurement, legal and communications.



Through our cooperative structures, we ensure a high degree of involvement among our member dairy farmers. In 2025, our dairy farmers were also organised into nine member circles, each representing a geographical region, and a Young Farmers' Circle. They all hold a general meeting of members within their respective member circles and have a member circle board with a chairperson. From each circle, the chairperson and three board members are delegated to the Cooperative Council, which advises the Board of Directors, and to the annual General Meeting. In this way, every Milcobel member has a say.






1250 members
9 member circles
General membership meeting
Delegates (± 80)
General Assembly Milcobel
9 member circle boards (25 to 40 board members)
9 members circle chairmen
3 delegates / circle (x9)
Meeting of 10 member circle chairmen
+1 Youth circle
Youth chairmen
3 delegates
Cooperative Council (40 members)
Advice
Board of Directors (max 7 internal + 3 external)



Board members are elected by each members' circle for a four-year term during the annual General Members' Meeting. The members' group board meets at least three times a year, during which members:

- Receive information about business activities, dairy markets and prices,
- Provide advice on important topics such as delivery terms, the milk pricing system, and the cooperative's operations,
- Discuss current developments, such as climate impact, regulation, etc.,
- Act as a point of contact for fellow dairy farmers in the region.

Members of the Members' Council may also stand as candidates for the Cooperative Council or the General Meeting of Milcobel. In 2025, the Board of Directors comprised eight members, comprising six male and two female directors, representing a female membership ratio of 25%. The Board of Directors comprises six internal members and two external independent directors. The chair is Betty Eeckhaut and the vice-chairs are Vanessa Van Eynde (vice-chair for cooperative affairs) and Bram Maes (vice-chair for business affairs). Following the merger with FrieslandCampina, the governance structure will be reviewed.



Betty Eeckhaut
Chair



Vanessa Van Eynde
Vice chair



Mark Matthys - De Zutter
Director



Tom Leenaerts
Director



Bram Maes
Vice chair



Pieter Dezeure
Director



Carl Peeters
External Director



Dirk Poelman
External Director

In 2025, Milcobel's Executive Committee ('the Exco') actively engaged with various sustainability issues. In 2025, the 'Exco' comprised one woman out of five members, representing a representation rate of 20%.



Peter Grugeon
CEO



Olivier Schietse
Chief Financial Officer



Francis Relaes
Managing Director Milcobel Premium Ingredients



Tom Schiettecat
Director Milk & Farms



Edith Hamelryckx
Chief HR Officer

Senior Management also plays a crucial role in achieving our sustainability ambitions. This team consists of 49 members, including twenty women (41%). They were regularly informed about sustainability policies and actions, and actively participated in defining priority topics, setting up actions and collecting relevant data. In 2024, they also received frequent updates on the progress of the sustainability goals.

How we integrate sustainability into our decision-making

Sustainability is an integral part of decision-making at Milcobel and is structurally embedded in the governance of both the Cooperative Council and the Board of Directors. Important decisions regarding, among other things, the sustainability premium, social and environmental risks, as well as investment decisions, are taken at this level. We therefore ensure that our governing and management bodies always have the right information to make informed choices.

Within the cooperative structure, the Sustainability Steering Group plays a central role. The Director of Milk & Farms represents the voice of the dairy farmers within this group, with a strong focus in 2025 on the roll-out of the revised sustainability programme. This steering group sets out the guidelines for the sustainability programme.

The Sustainability Manager, who took over from his predecessor in 2024, focused in 2025 on the further implementation of the sustainability priorities, with particular attention to building support on the shop floor. He monitors regulations and trends and, together with the managers of relevant departments and the Energy Manager, translates these into concrete applications within the organisation.

As early as 2024, governance between the various Milcobel bodies was further refined, partly in the context of CSRD obligations and the reorganisation. As a result, the theme of sustainability fell under the responsibility of QESH management, with the Sustainability Manager reporting to the QESH Director. At management level too, the importance of sustainability was reinforced with the establishment of a Sustainability Steering Group comprising representatives from Finance, Procurement, Milk & Farms, QESH, Talent and Corporate Affairs & Communication.

To support this, various 'tribes' are active: consultative structures in which best practices are shared, objectives are aligned and investment decisions are prepared. For example, there is a sustainability tribe focused on operational environmental themes such as energy and water management, a tribe focused on quality, a tribe focused on safety, and a working group within the cooperative council that prepares actions for the member dairy farmers. This approach contributes to accelerating the sustainability transition.

In 2025, the 'tribes' were continued and organised on a quarterly basis, each time focusing on the five sustainability priorities, with an emphasis on food waste, water reuse and waste. In addition, the sites regularly organised 'town hall' meetings to inform employees about production, safety and efficiency. The focus was on what employees themselves could do to improve sustainability performance. These sessions were very well received and led to concrete insights and actions. Employees were encouraged to put forward ideas and start the conversation. This led to initiatives such as the 'Switch off the lights' campaign, involving the installation of new sensors and awareness-raising posters on relevant themes at the sites.

New employees were also actively involved in this commitment. A Milcobel Starter Day took place every quarter – a new initiative for onboarding new employees, during which the sustainability manager gave an introduction to the sustainability priorities.

Real change starts with connection.



"Sustainability is in our DNA, but it is our team that brings it to life. At Milcobel, sustainability is not a solo project, but genuine teamwork. Now that we are joining forces with FrieslandCampina, we are reinforcing that ambition, as they too hold sustainability in high regard.

In 2025, my focus was on encouraging dialogue: how can each of us contribute? Today, I see that sense of ownership reflected throughout the organisation. The fact that colleagues now contact me themselves with suggestions on how to do things even better gives me enormous satisfaction. Together, we are building a sustainable future.

Geert Janssens - *Group Sustainability Manager*



Organisation	Participants & timing	Focus & responsibility
Board of Directors	Board of Directors (ad hoc)	Validation of the ESG strategy. Is informed about sustainability
Exco	Exco members (every 3 months	Steers the sustainability policy and provides feedback from the Board of Directors to the organisation
Sustainability Steering Committee	CFO, CPO, QESH Director, Director of Milk and Farms, HR Talent Manager, Corporate Affairs and Communication Manager, Group Sustainability Manager (Monthly)	Examines the further roll-out of the sustainability strategy at the sites and in association with the member dairy farmers and jointly ensures the strategy's implementation.
Tribes Sustainability tribe Safety tribe Quality tribe Cooperative Council	Sustainability Manager + thematic experts per tribe specialisation (meet according to the tribe's schedule)	Preparation and roll-out of thematic objectives and actions
HSE Managers - local sustainability staff	Meet according to their own schedule	Knowledge sharing and inspiring employees in the workplace

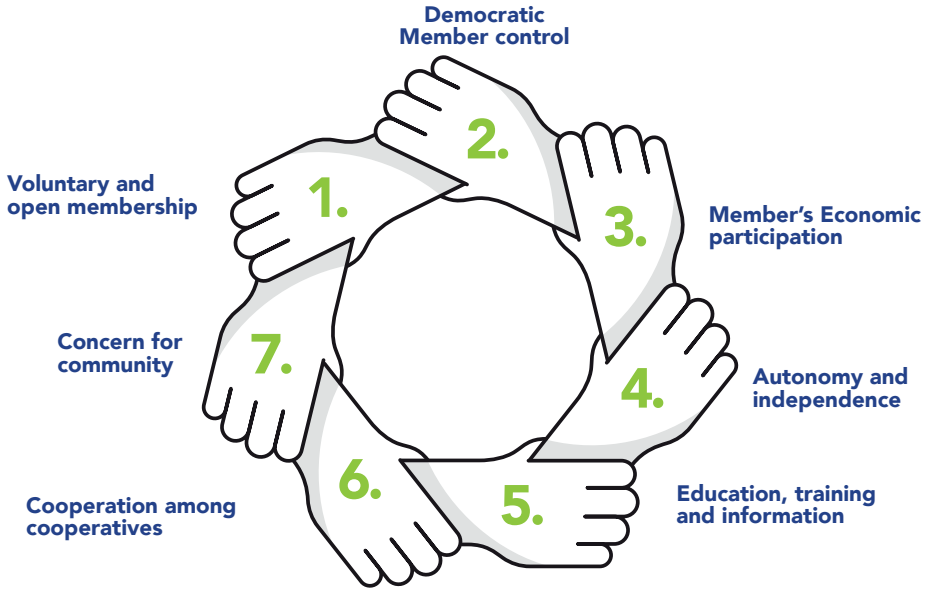
Sustainability is also integrated into our remuneration policy. Within the Milcobel organisation, all members of the Senior Leadership Team are given sustainability-related targets, such as the EcoVadis score, safety, food safety or specific environmental themes. Safety is a common goal for all employees, as part of CLA 90.



In dialogue with our stakeholders

The strength of the cooperative lies in our long-term thinking, including on sustainability. Social changes are a reality; we must respond to them pragmatically and create opportunities around them. In addition to our internal stakeholders (more on this later), our external stakeholders also play an important role in this.

A sevenfold relationship with our members: Milcobel operates according to the principles of the 'International Cooperative Alliance' (ICA): voluntary and open membership, democratic control by the members, economic participation by the members, autonomy and independence, education, training and information provision, cooperation between cooperatives and concern for the community.



With our sights set on the future, Milcobel offers dairy farmers strong advantages for doing business within a cooperative model. We reward quality and sustainability and offer our dairy farmers a market-based milk price. In our collaboration with our member dairy farmers, we adhere to the following principles:

- A solid standard milk price
- Focusing on quality through our quality premium
- Sustainability efforts that pay off thanks to the individual sustainability premium
- Meadow milk as a key feature of our consumer products
- A significant volume premium that supports growth

Customers: together with our customers, we want to explore how we can support their sustainability objectives. Whether it concerns sustainable packaging, avoiding food waste, or sustainable projects that benefit our farmers. There is also increasing demand for information on our sustainability efforts and results, across the entire value chain and at product level. Furthermore, we work with our customers to comply with the changing packaging regulations. By engaging in dialogue, we can jointly reduce our climate impact throughout our entire value chain and explore how we can contribute to a lower climate impact for our customers and their end consumers.

Research institutions: Milcobel is open to and participates in research and knowledge-sharing with organisations such as ILVO, VLAIO and Flanders' Food to stimulate research into sustainable dairy farming and examine it from a practical perspective.

Suppliers: At Milcobel, our ambition is to look beyond the purely transactional aspect by engaging in genuine dialogue and partnership with our suppliers, thereby realising our shared visions. We have started an extensive product risk screening process and are evaluating our suppliers. At the end of 2024, our buyers attended a two-day training course on sustainable procurement, which resulted last year in a new procurement policy incorporating sustainability principles at every stage of the procurement process.

Productpartners: At Milcobel, we value delicious local products and the connection between farmers, products and consumers. Our partnerships with the abbeys of Westmalle and Averbode and our collaboration with Héritage 1466 (Herve) form part of this. In 2025, our previous innovation investments at our site in Langemark led to the supply of whey-based products to our partner Arla Foods Ingredients.

Policy-makers: Milcobel is engaging with policy-makers on the future prospects of (young) farmers. Agriculture is currently under severe pressure, and an increasing number of farmers are giving up. However, it is essential for our own food supply that we keep the profession attractive to young dairy farmers. Step by step, we can work together, breathe new life into the farming sector and ensure a sustainable, healthy and local food supply for the future.

Industry federations: Milcobel maintains close ties with Boerenbond, ABS, BCZ (Belgian Dairy Confederation), MilkBE, Fevia and VLAM. Through these networks, we work to develop shared positions and champion the future of our sector. Within BCZ and MilkBE, we are members of specific working groups focusing on milk supply and milk processing, amongst other things. At Fevia (Federation of the Belgian Food Industry), we are an active member of the strategic advisory body that addresses sustainability issues within the food industry, as well as various working groups. Finally, we are also active within VLAM (Flemish Centre for Agri-Food and Fisheries Marketing), where we worked on food safety and communication over the past year. In addition, we monitor issues relating to sustainability claims, Nutri-Score, packaging, etc.

BCZ CBL
Belgische Confederatie van de Zuivelindustrie

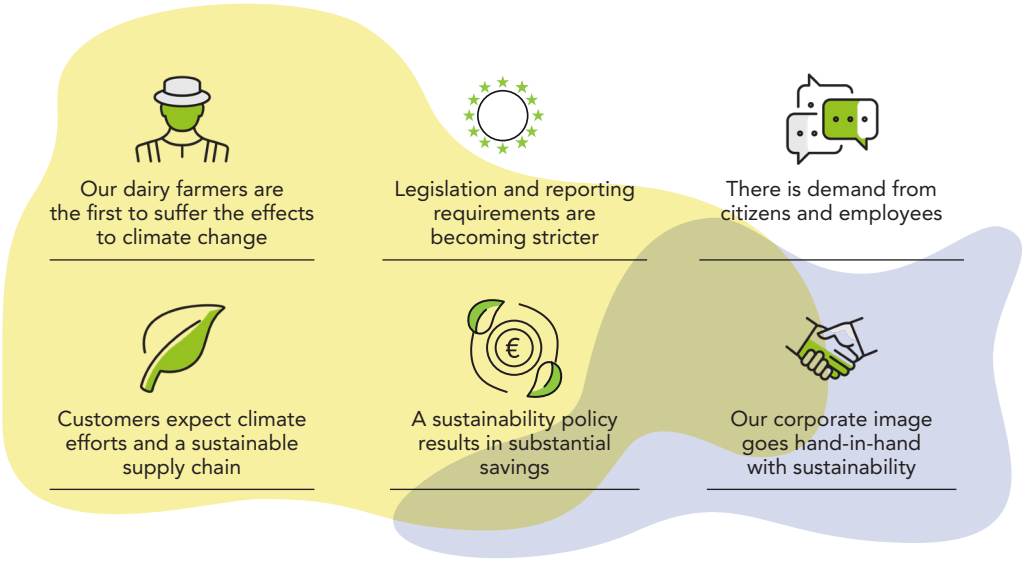
VLAM.be

Fevia

Our sustainability vision

Sustainability is a supply chain story

From cow to customer, we are working towards a sustainable future for local dairy farming and dairy processing. We are exploring how we can develop and distribute our products as sustainably as possible, and we engage in dialogue with our customers to keep their climate impact as low as possible too. Sustainability has therefore become a prerequisite for success.



Even more so than in previous years, the market's focus was on sharing sustainability information. In dialogue with our member dairy farmers, we sense a willingness to take action on the dairy farm, and our customers are also asking about our own goals and actions. In 2025, we shared our EcoVadis score with several customers and achieved significant improvements at our production sites.

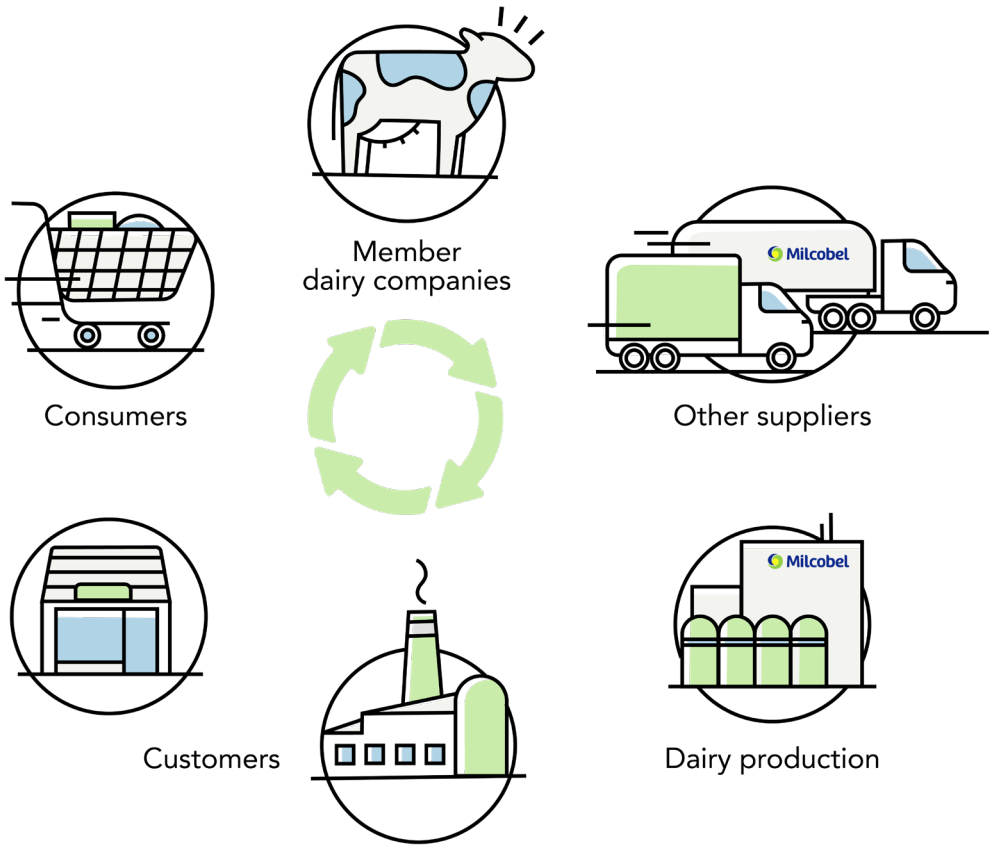
The CSRD provides a roadmap for setting priorities

We look at the wider society in which Milcobel operates. Milcobel seeks a balance between people and the environment in its sustainability approach. Both elements must be allowed to flourish to their full potential. Milcobel has a place in that society and wishes to contribute to its progress. That is why Milcobel, as an organisation, engages with key themes and challenges.

We also translate our vision into a formal policy. Although we had already developed a formal sustainability policy in 2020, we subjected it to a thorough review in 2024. Based on the principles of double materiality, as set out in the CSRD, we thus arrived at a list of priority topics, also known as materialities.

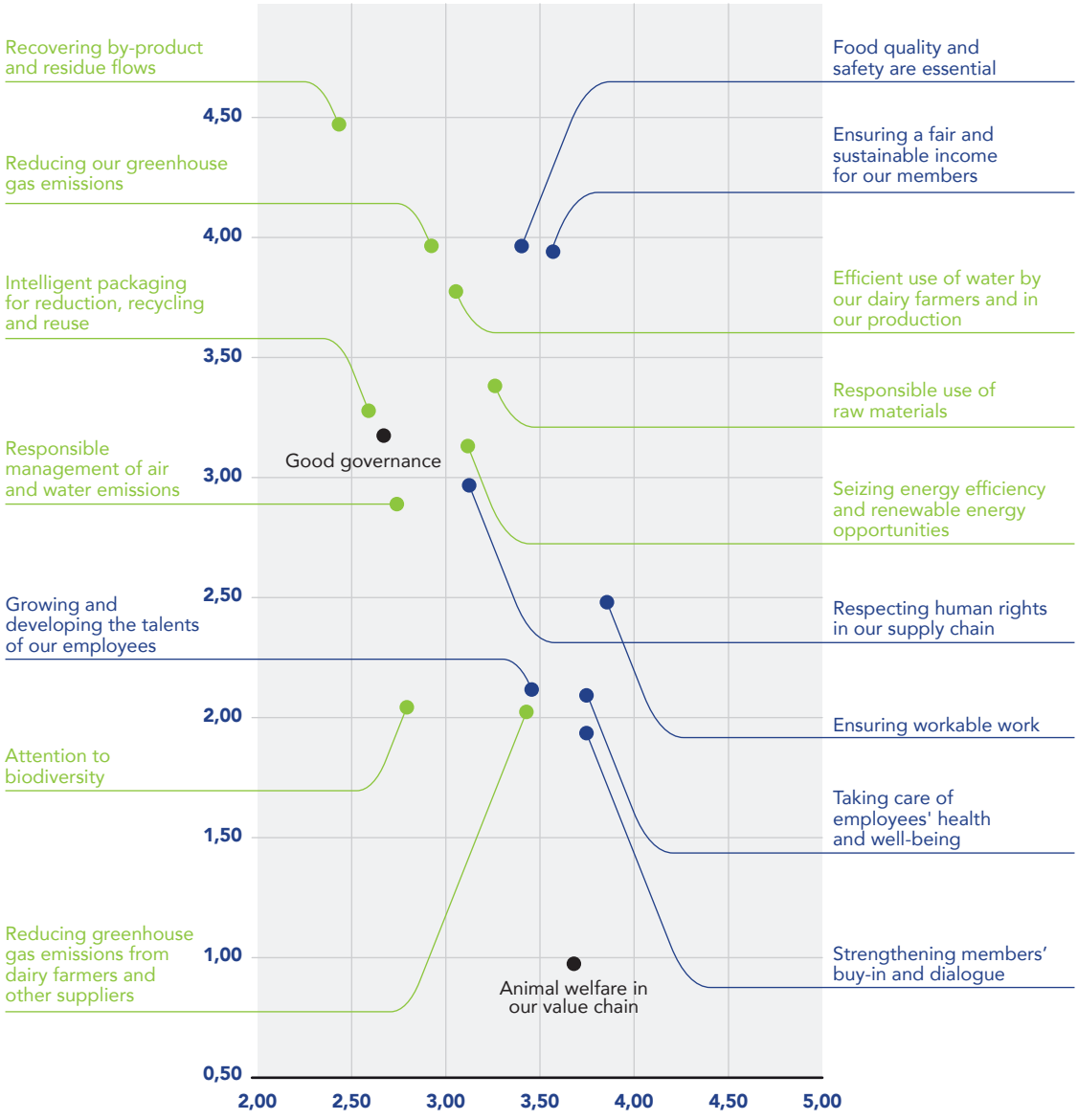
In doing so, we examined the risks and negative impacts associated with our activities throughout the Milcobel value chain. What are the most significant environmental risks we need to take into account at our dairy farms and on our sites? Are there social risks associated with the raw materials we purchase externally? What risks do our own employees face at our production sites? Are we doing what is necessary to ensure good governance, and what factors must we take into account in our dialogue with our customers? These are just a few examples of the themes that were assessed. Naturally, we also look at the positive impact we can make, the role we can play as a cooperative, and the opportunities that may arise from this.

This approach led us to a list of sustainability priorities. During this exercise, we also gathered input from internal and external stakeholders. The outcomes of working sessions with members of the cooperative's sustainability working group were incorporated into the IRO analysis. Subsequently, we also surveyed our own employees via an online questionnaire. Finally, we also organised external stakeholder discussions with several suppliers, customers and other stakeholders such as BCZ and Boerenbond.



We placed these materialities on a matrix and translated them into a set of strategic priorities. This report has been structured according to these priorities, in line with the relevant European Sustainability Reporting Standard (ESRS) linked to the CSRD. Given the merger context, the focus over the past year has been on the internal structuring of data collection. For this reason, no comprehensive update of the DMA analysis was planned for 2025.

This exercise produced a set of 18 material topics:

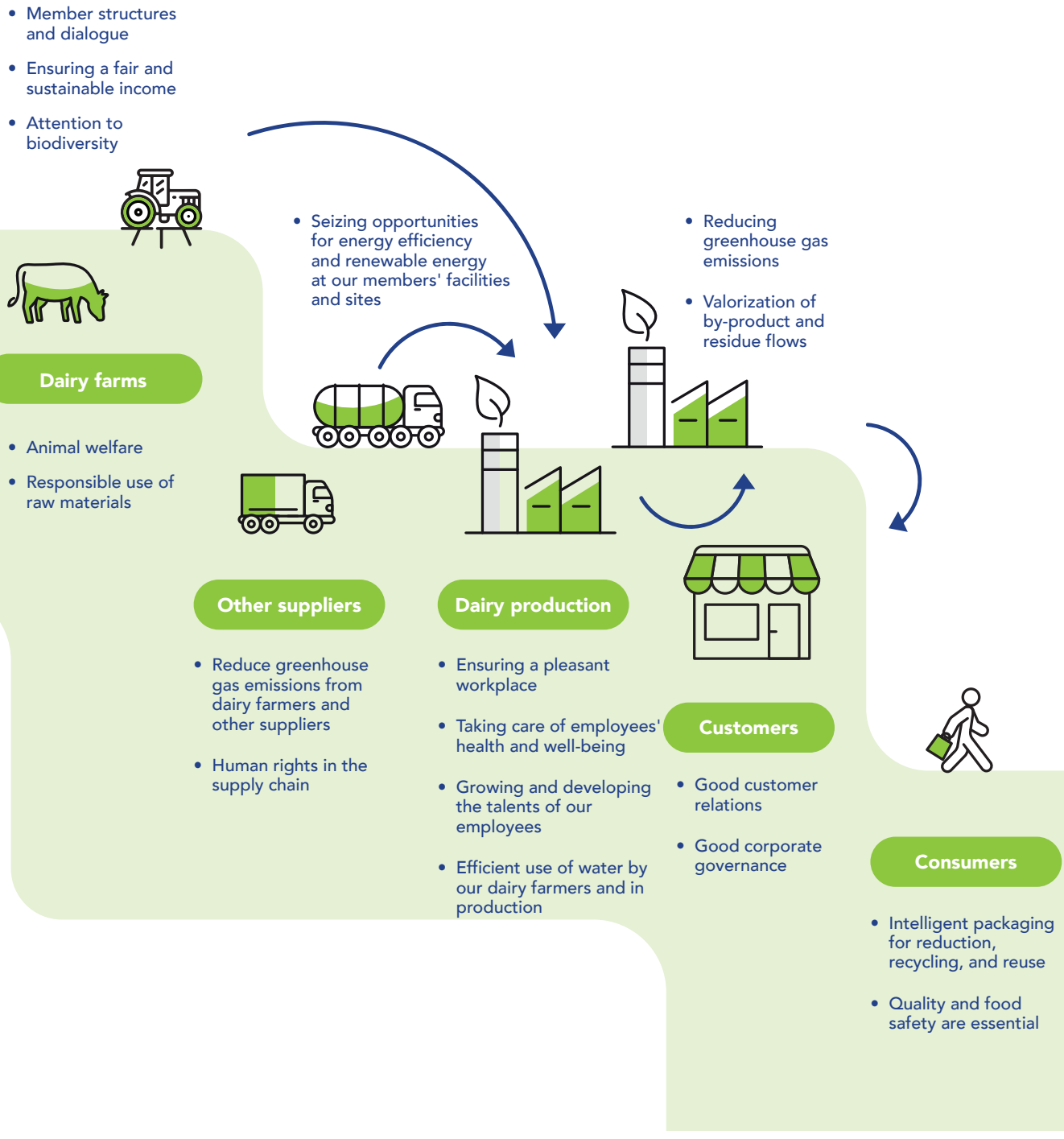


X-as: impact van Milcobel op mens en milieu / impactmaterialiteit
Y-as: financiële impact op Milcobel /financiële materialiteit

Our sustainability policy

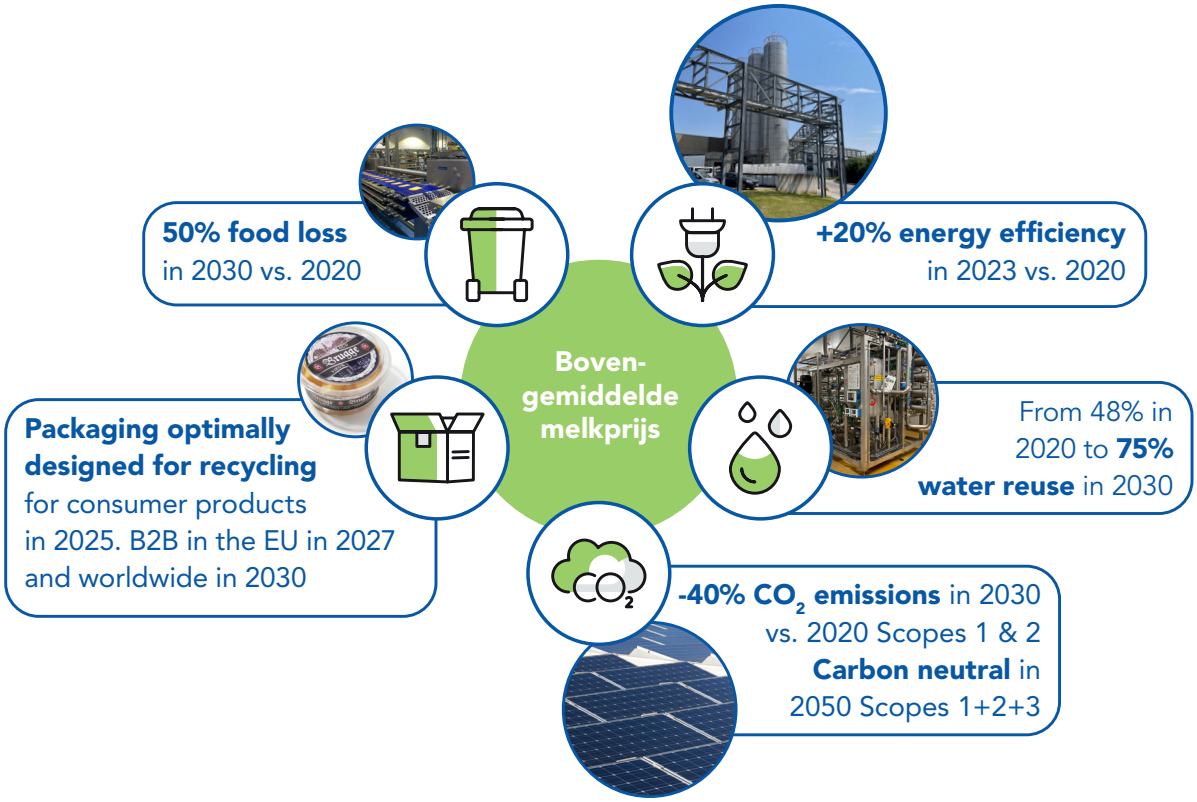
At this stage of the process, we have identified 18 relevant sustainability topics, which are explained in further detail in this report. In determining our priorities, we have thoroughly analysed the entire Milcobel value chain.

What risks do we see today and in the future? How can we address them? What impact do they entail – and can we also identify opportunities? We view our cooperative structure as a major asset in tackling sustainability challenges in an effective and collective manner. Our ongoing dialogue with suppliers and customers also demonstrates how mutual trust and dialogue can be the driving force behind innovation and impact.



In 2024, we began refining the objectives and actions for the various material topics. The key material topics where we believe Milcobel has sufficient clout to make a real impact were structured into five focus areas for which we also set targets:

Define goals and actions based on the priorities



In 2025, Milcobel made clear progress in the key sustainability areas. Thanks to collaboration within the tribes, the active involvement of staff and close coordination between production, R&D and the supply chain, various tangible improvements were achieved.

CO_2 reduction: The continued roll-out of climate scans among member dairy farmers remained a key lever for mapping CO_2 impact and reducing it in a more targeted manner.

At the sites themselves, CO_2 reduction was integrated into decisions regarding energy and process optimisation. The 'tribe' approach ensured that CO_2 impact was systematically taken into account in improvement projects.

In addition to this, the data from the climate scans also provide greater insight into the main sources of emissions on the dairy farm.

Energy: Energy efficiency remained a key focus area. The technical teams and the energy manager invested in improvements to installations and in raising awareness on the shop floor.



Ideas emerging from the Starter Days and town halls were immediately translated into action. This led to the 'Switch off the lights' campaign. The initial effects are visible in reduced electricity consumption at various locations.

Water: Water management remained a priority in 2025. Concrete optimisations were implemented at various sites.

- Kallo experienced two incidents that prompted an in-depth analysis of processes and installations. This led to improvement measures focusing on reliability, monitoring and the prevention of unwanted water losses.
- Langemark made significant progress: a 41% increase in water reuse thanks to optimisations developed in collaboration with R&D and the supply chain. Furthermore, work was carried out on the commissioning of a new water treatment plant, which will enable the site to manage water even more efficiently in the future.

Food losses: Food losses were one of the key focus areas for 2025, and this resulted in concrete improvements.

- At the Bruges site, one of the production lines for cheese cubes was modified: an optimised hopper and modified collection trays ensure that fewer products end up on the floor and are lost.
- At the Moorslede site, a new sampling method led to an 18% reduction in whey loss.
- The biobox analyses were refined: by systematically investigating which products end up in the biobox and engaging in dialogue with staff about this, working methods were further optimised. This led not only to less food waste, but also to a direct financial impact.

Packaging: In 2025, progress was also made in the area of packaging.

- Butter packaging was switched to recyclable paper, significantly reducing the environmental impact of this product segment.
- In collaboration with our procurement team and QESH, optimisations were implemented that improve both material consumption and recyclability, without compromising on quality or food safety.



Outlook for 2026

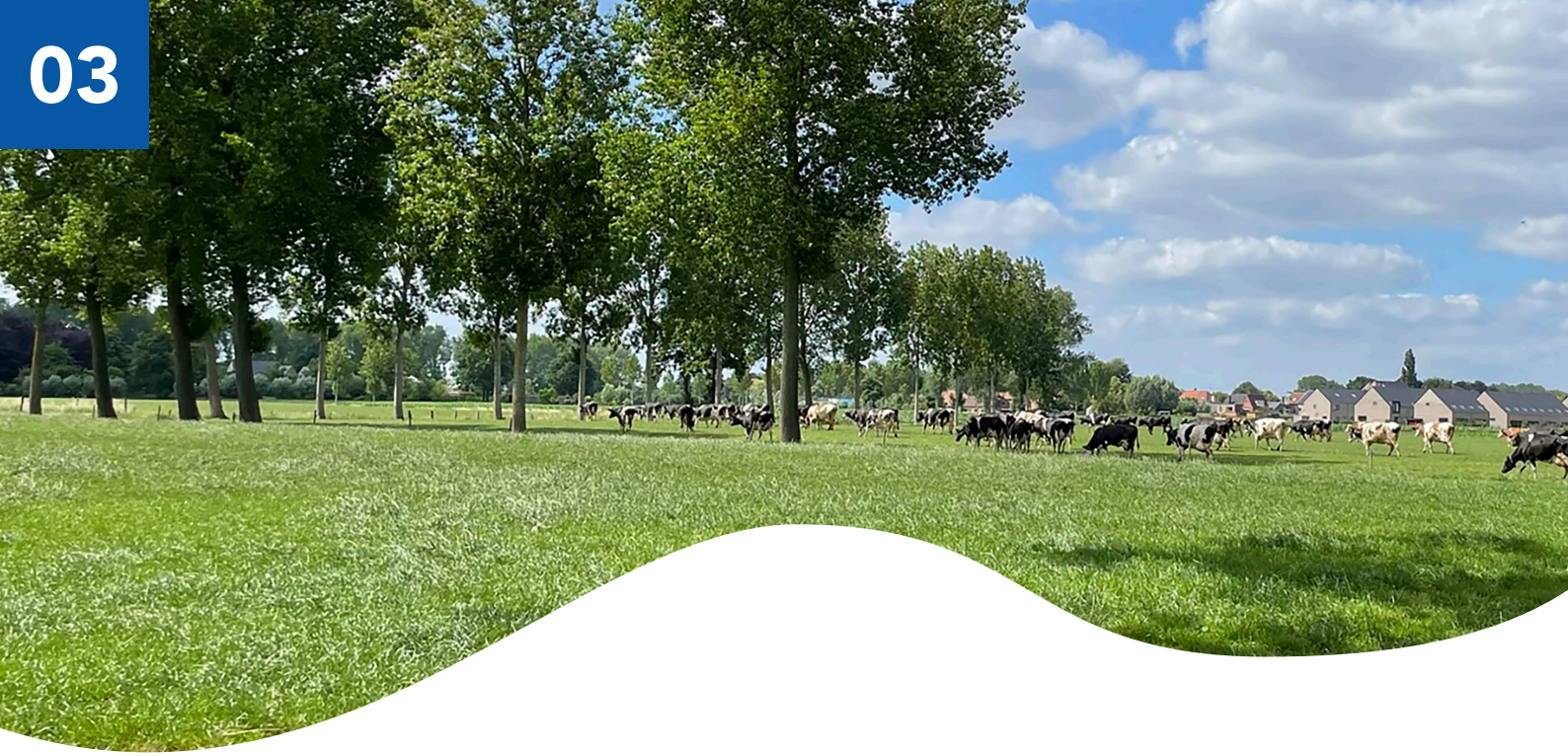
IIn 2026, we aim to further accelerate the momentum we have built up, even within the new structure.

- As part of the merger, the various Milcobel sites are integrating with FrieslandCampina's reporting tool. Within the waste working group, we are working with FrieslandCampina to establish consistent definitions of categories and share knowledge. This serves as the basis for a concrete action plan regarding food losses.
- A harmonised dashboard is being developed for waste reporting. This is being developed jointly so that all sites work to the same standard and with comparable data.
- Reporting systems for energy are also being aligned with FrieslandCampina's dashboards.



A look at our achievements

03



Environment

Healthy communities, a resilient economy and thriving businesses all depend on a healthy living environment. As a dairy producer, we are closely intertwined with all links in our value chain and bear a great responsibility to minimise our impact on the environment. Of the 18 material sustainability themes we have identified, 9 have a direct link to climate and the environment.

Our QESH Director and Sustainability Manager oversee the continuous improvement of our environmental performance. To this end, an environmental management system has been developed that complies with the ISO 14001 standard and meets all relevant environmental legislation at our sites.

In 2025, we made progress in various areas, both within our own operations and in collaboration with partners in the supply chain. For the third year running, we calculated our full carbon footprint, including Scope 3 emissions. This analysis forms the basis for five ambitious environmental targets designed to accelerate our positive contribution to the climate.

Climate change and energy: Working step by step towards climate transition throughout our value chain



Reducing our direct greenhouse gas emissions remains a top priority for Milcobel. At the same time, we are focusing specifically on reducing emissions among our dairy farmers and suppliers. This approach enables us to offer our customers products whose climate impact is continuously measured and improved.



The absence of effective climate measures would pose significant risks to Milcobel. Not only could it affect the continuity of our raw material supply and the volatility of market prices, but it could also damage our reputation as an environmentally conscious and forward-looking company. At the same time, we see many opportunities where climate benefits and financial gains can go hand in hand, such as investments in energy efficiency and a continued focus on the use of circular materials.

Our cooperative structure is a key asset in the climate transition. After all, there are significant opportunities within the dairy farming sector itself to reduce our climate impact. We want to inspire and support our members and work with them to identify feasible initiatives that benefit the climate and the environment.

Climate targets

In line with the Paris Climate Agreement and the European Green Deal, Milcobel is taking steps and seeking solutions to achieve climate neutrality by 2050.

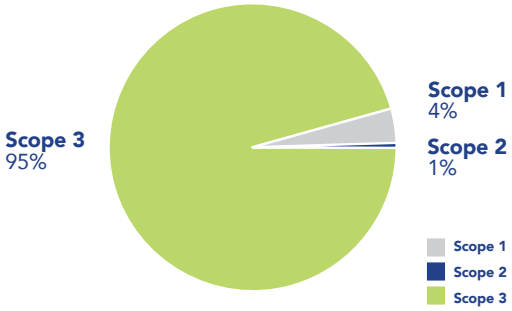
In the short term, we aim to reduce our Scope 1 and 2 greenhouse gas emissions by 40% by 2030 compared to 2020. Scope 1 and 2 cover emissions from our own activities, primarily arising from energy consumption and company vehicles.

Since 2023, Milcobel has also been mapping indirect emissions in our value chain (Scope 3), such as those from dairy farming, the production of raw materials and packaging, and transport. These annual measurements give us an increasingly clear picture of the main sources of indirect emissions and the potential improvements we can make in terms of data management. These insights are an important step towards drawing up a climate transition plan within FrieslandCampina's sustainability strategy.

To measure is to know: Carbon Footprint

To map our entire carbon footprint – Scope 1, 2 and 3 – we brought together expertise from various departments. This broad internal collaboration is essential to strengthen our climate reporting processes and to further professionalise our data management. In the table below, the data is reported for the first time without YSCO. From 2026, Milcobel's activities will be integrated into FrieslandCampina's climate transition plan.

The results of our carbon footprint clearly show where our greatest climate impact lies: more than 95% of our total emissions fall under Scope 3, the indirect emissions throughout our value chain. Scope 1 and 2, the emissions generated by our own activities, account for the remaining 5%.



By 2025, the carbon footprint results confirm a predominantly downward trend in our total emissions..

Evolution Carbon Footprint 2023, 2024 and 2025 (tCO_2eq)

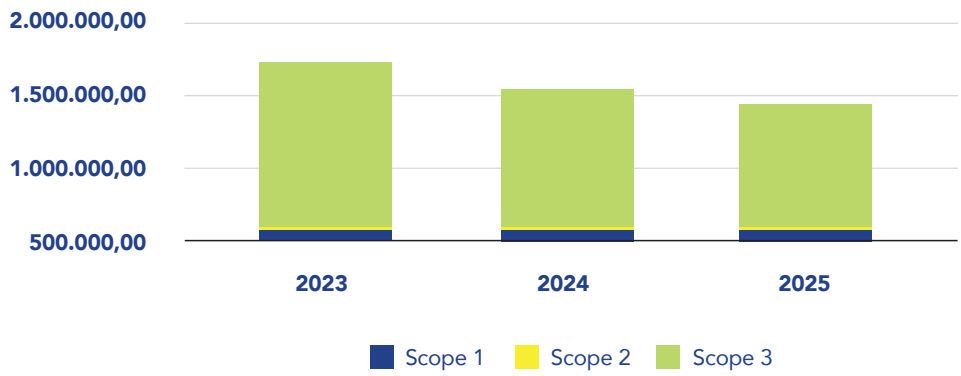


Table: Milcobel's Carbon footprint data set (tCO_2e)

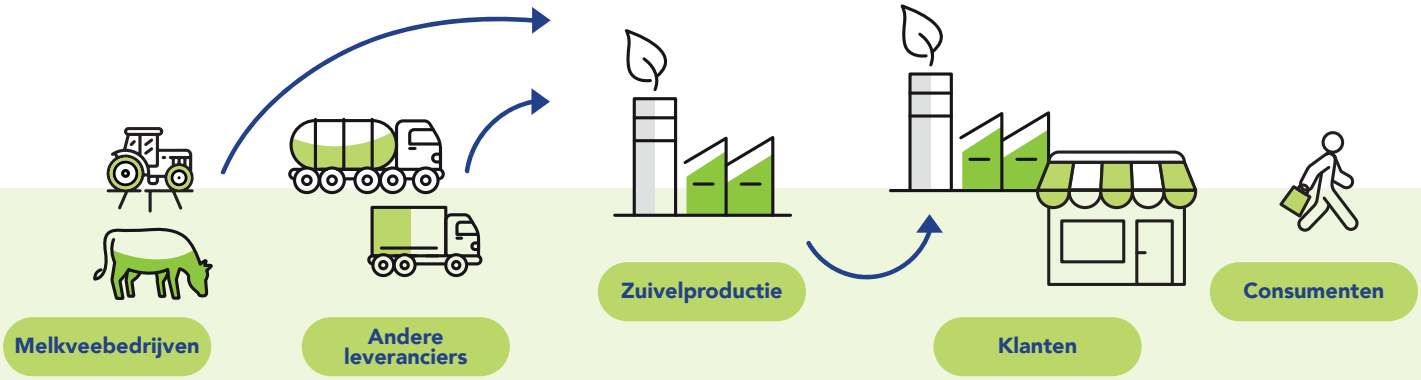
Scope	2023 (N-2)	2024 (N-1)	2025 (N)	%N/N-1
Scope 1 greenhouse gas emissions (tCO_2e)	**69.391,80**	**61.630,49**	**59.290,50**	**-4%**
Fugitive emissions	920,39	1.039,22	1.133,12	9%
Mobile combustion	4.005,36	3.197,92	4.324,00	35%
Stationary combustion	64.466,05	57.393,35	53.833,38	-6%
Scope 2 greenhouse gas emissions (tCO_2e)	**9.379,79**	**9.331,03**	**12.006,92**	**29%**
Scope 3: Total gross indirect greenhouse gas emissions (tCO_2e)	**1.662.183,51**	**1.499.231,59**	**1.420.584,94**	**-5%**
Purchased goods and services	1.620.225,73	1.453.422,49	1.379.235,56	-5%
Capital goods	4.004,67	4.549,52	3.637,91	-20%
Upstream transportation and distribution	19.117,58	19.488,56	17.486,23	-10%
Waste generated during production	1.833,41	2.059,89	1.148,91	-44%
Business travel	27,55	30,79	21,35	-31%
Employee commuting	639,50	666,15	576,20	-14%
Downstream transportation and distribution	3.887,53	7.794,90	7.327,55	-6%
Use of products sold	6.324,52	5.713,83	5.713,75	0%
End-of-life processing of products sold	307,66	217,01	217,13	2%
Total greenhouse gas emissions (site-specific) (tCO_2e)	**379.455,84**	**366.516,97**	**0**	**NVT**
Total greenhouse gas emissions (site-specific) (tCO_2e) incl. Ysco*	**2.120.410,95**	**1.936.710,08**	**1.491.882,36**	**-23%**
Total greenhouse gas emissions (site-specific) (tCO_2e) - Excl. Ysco	**1.740.955,11**	**1.570.193,11**	**1.491.882,36**	**-5%**

** The carbon footprint results for previous years have been slightly adjusted due to a correction of a series of emission factors based on updates to datasets and new insights. This resulted in a 0.01% decrease in the 2024 result compared to the total result reported in the 2024 Sustainability Report (1,936,959.36 tCO2eq).*

The 2025 carbon footprint analysis shows that our total emissions continue to decline. The largest reduction in emissions is in the category of purchased goods and services, due to a lower volume of milk purchased in 2025 compared to 2024. Emissions associated with purchased milk account for more than 85% of our total carbon footprint.

For Scopes 1 and 2 combined, Milcobel is aiming for a 40% reduction by 2030 compared to 2020. This target was already achieved last year. In 2025, the results show a clear improvement in stationary combustion of gas and other fossil fuels thanks to targeted investments in energy efficiency and electrification. Although the figures point to higher emissions from mobile combustion, primarily from lorries, this can be explained by improved data quality for 2025.

The largest share of our total climate impact lies in Scope 3, mainly in the upstream part of the value chain. The insights from our Scope 3 analysis give us a clearer picture of the key levers for reduction and help us define priority actions. The calculation for 2025 also shows that the climate impact of our logistics, commuting and business travel is decreasing significantly.



Scope 3:	93,62%
- Melk	85,50%
- Aangekochte goederen en diensten waaronder ingekochte kazen en ingrediënten	6,43%
- Verpakkingen	0,51%
- Inbound en outbound transporten (in eigen beheer)	1,17%

Scope 1 en 2:	4,78%
Scope 3: (zakenreizen, woon-werkverkeer, afval, kapitaalgoederen etc.)	0,36%

Scope 3:	1,24%

As part of the merger, the previous initiatives are being integrated into FrieslandCampina's sustainability vision. The initiatives listed below are included in this.

- Annual calculation of the carbon footprint
- Development of a multi-year climate action plan
- Integration of the Science Based Targets Initiative
- Responsible use of raw materials
- Maximising opportunities for energy efficiency and renewable energy
- Valorisation of by-products and waste streams
- Smart packaging with a focus on reduction, recycling and reuse
- Providing a climate scan for our member dairy farmers, so that they can assess their own carbon footprint and reduction potential.
- Actively raising awareness among our member dairy farmers about potential impacts, risks and opportunities, and motivating them to take measures exceeding legal requirements through an incentive scheme.



The climate scan: tools for the effective implementation of climate measures on the dairy farm

There is a growing awareness among dairy farmers that they too have a role to play in tackling climate change. The results of the profile survey conducted at the end of 2024 confirm this: an increasing number of farmers are taking steps to reduce emissions, manage energy consumption and operate in an energy-efficient manner.

Although Flanders produces milk with one of the lowest climate impacts per litre of milk internationally, the climate impact of a dairy farm remains a key focus. The climate scan provides dairy farmers with a practical tool to reduce that impact in a targeted manner. This scan, developed in collaboration with ILVO, Boerenbond, VITO and other partners, clearly maps out all relevant emission factors: from animal feed and energy use to fertilisation and water management. A certified consultant then translates the results into a practical and achievable action plan that delivers both ecological benefits and economic advantages.

The climate scan thus develops into an accessible and effective tool that supports dairy farmers in making their farms more sustainable. Additional motivation came from Milcobel, which awarded a premium of 1 cent per 100 litres of milk to members who had a climate scan carried out. In 2024 and 2025, a total of 154 climate scans were carried out. From 2028 onwards, the climate scan will also become a standard requirement for every dairy farmer, thereby embedding sustainability efforts structurally within our ecosystem.

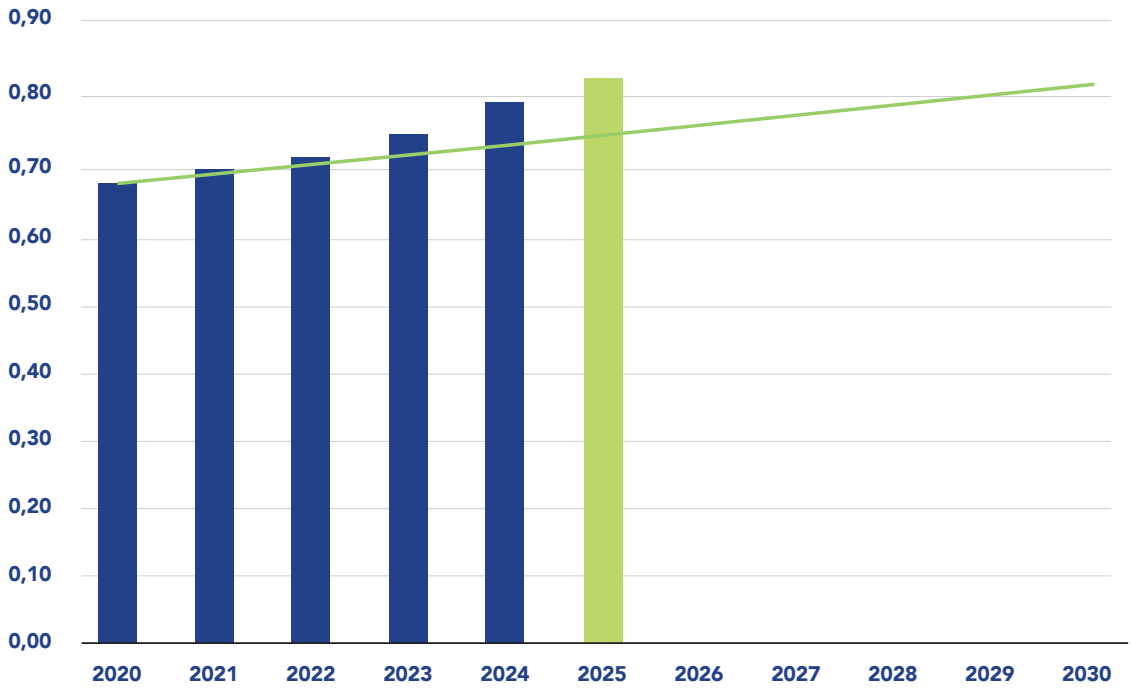
Energy

Energy is one of the biggest levers within our Scope 1 and 2 carbon footprint. That is why Milcobel is working step by step towards smarter energy use in all our production units. By optimising processes, making better use of residual heat and investing specifically in renewable energy, we are reducing our climate impact and energy costs year on year.

In 2024, Milcobel set a target to achieve a 20% increase in energy efficiency by 2030 compared to 2020, which translates to an increase from 0.68 to 0.82 tonnes of products per MWh. In 2025, Milcobel exceeded this target with an interim result of 0.87 tonnes/MWh, mainly due to a shift towards more energy-efficient product groups and a reduction in production (of powder) at Kallo and Langemark.



Energy efficiency (tonne/MWh)



Energy in figures

Milcobel continues to take steps towards using energy more intelligently and sustainably. At our site in Langemark, we are therefore strongly committed to recovering energy from waste streams. For example, combined heat and power (CHP) ensures that natural gas is converted simultaneously into heat and electricity. The residual heat is not lost but is utilised via a heat network to heat process water.

The downward trend in our gas consumption is clearly continuing. In 2025, we consumed 15% less gas than in 2024, meaning we have already achieved a total reduction of 42.5% since 2020. Since 2024, for example, Milcobel has had an innovative installation that thickens the whey streams from mozzarella production using electricity rather than gas. Furthermore, this trend can be explained by a generally lower energy demand due to smart control of the CHP, the spin-off of Ysco and a lower production volume compared to 2024.

Our electricity consumption has also fallen due to the loss of energy demand from Ysco and lower production volumes.

At the production units that are now part of Milcobel, we are seeing a relatively higher need for purchased electricity compared to last year. This is due to the decline in our own electricity production from our CHP units, a trend we are increasingly able to offset thanks to our growing solar energy production.

Total energy consumption from non-renewable sources	Unit	2020	2021	2022	2023	2024	2025	Change compared to 2020
Purchased grey electricity	MWh	80.116	75.032	72.269	72.032	52.970	43.260	-15%
Purchased green electricity						27.502	26.541	
Gas	MWh	507.357	432.574	411.211	415.396	346.720	292.854	-42,5%
Fuel Oil	1.000l	162	159	132	130	182	238	x1,47
Electricity sold	MWh	6.505	6.736	4.345	4.703	932	593	-86%

In 2025, Milcobel generated 2.85 GWh of solar energy, a figure set to double in 2026. We also purchased a higher proportion of renewable energy. Up to 38% of the electricity purchased was green electricity, an increase of 4% compared to 2024. In addition, we are also seeing an increase in fuel oil consumption because the water treatment plant relied on diesel generators throughout 2025, whereas in 2024 this was only necessary for half a year.

Towards more efficient and greener energy consumption

In 2024, Milcobel reaffirmed its commitment under the Flemish Energy Policy Agreement (EBO). Four-year energy plans were drawn up for the production sites in Kallo, Langemark and Moorslede. Although the smaller sites fall outside the formal scope of the EBO, each site is actively working on its own energy plan to contribute to Milcobel's overall energy efficiency targets. In addition to the projects already completed, various technical studies are currently underway, forming the basis for future investments. It remains a continuous balancing act between technical feasibility, energy impact and economic efficiency when deciding whether an energy-saving measure can be effectively implemented.

Across all sites, we have been working systematically over the past year to improve process installations, utilise waste heat and modernise infrastructure. For example, we insulated the evaporators in Kallo and optimised the ammonia cooling system in Moorslede so that we could recover more heat from the compressors. In Langemark, we improved the energy efficiency of the cheese cooling system by installing variable speed drives on the primary pumps. In terms of lighting, we have installed modern LED systems at several sites in recent years, and Milcobel also plans to carry out further relighting projects in 2026–2027.

In terms of mobility, Milcobel has invested significantly in recent years in the electrification and sustainability of its vehicle fleet. Every vehicle reaching the end of its lease period is replaced as standard by a fully or partially electric model. By 2025, this resulted in a fleet in which more than 91% of vehicles have an electric or hybrid powertrain.

Milcobel invests in large-scale PV installations

The Halen site was already equipped with solar panels, but in 2025 Milcobel took a much bigger step towards local, renewable energy production. Large-scale PV installations were installed on the roofs of the four other sites (Bruges, Langemark, Moorslede and Kallo) in collaboration with Ecopower and Beauvent (both cooperatives). As a result, Milcobel now has an impressive array of 11,000 solar panels, representing an installed capacity of 7.2 MWp and an annual electricity production of 6 GWh.

This extensive solar project is a prime example of cooperative collaboration during the International Year of Cooperatives 2025. As a cooperative, we are thus strengthening the local economy, bringing people together, ensuring that added value flows back to the community, and focusing on environmental and social impact. This has enabled Milcobel employees and other interested parties to become co-owners of a solar panel for as little as 250 euros and share in the profits. Thanks to this cooperative model, we are taking control of our energy supply once again, and citizens are helping to steer the energy transition.

With this project, Milcobel made a conscious decision to go beyond legal obligations and to invest resolutely in a sustainable energy transition. The solar energy produced is used directly in the production processes, thereby not only delivering significant energy savings. At the same time, the solar panels increase our energy autonomy. The solar panels make Milcobel even less reliant on fossil fuels and are a key lever in reducing our overall carbon footprint. Over their expected 25-year lifespan, the solar panels are estimated to save 35,000 tonnes of CO_2e. That represents a significant step towards a low-carbon future.

Although many of the installations only became operational from mid-2025 onwards, together they generated 2.85 GWh of green electricity in 2025.

"Dairy production is inherently energy-intensive, which is precisely why this investment in solar energy is so important for Milcobel. Thanks to the installation of solar panels, we are generating a significant proportion of our electricity needs. Together with Beauvent and Ecopower, we are thus taking an important step towards making our dairy production even more sustainable. In the Year of Cooperatives, we are demonstrating together that cooperative enterprise really does make a difference."
Peter Grugeon, *CEO of Milcobel*



Sustainable water management in a water-scarce region



Flanders is a region with structural water scarcity, despite high annual rainfall. Due to the rapid drainage of rainwater, high population density and a heavily industrialised environment, available water resources are under constant pressure. Efficient and responsible water use is therefore a key issue, and at the same time a significant opportunity for savings, both at our own sites and throughout our supply chain

Waterefficiëntie op de eigen sites

Responsible water use at Milcobel sites is one of the five focus areas of the current sustainability action plan. The five sites in Flanders are located in water-scarce areas according to the 'Water Risk Atlas' of the World Resources Institute (WRI) and together they use approximately 1.5 million litres of water. Milcobel does not use groundwater but has a significant need for tap water during production processes. The main focus of our water requirements lies in the cleaning of, amongst other things, mobile milk collection units (RMO), tanks, pipes and process installations.

Milcobel aims to generate 75% of total water consumption at its sites from recovery and reuse by 2030. In 2025, 43% of the water was reused as process water, more than in 2024. This is close to the target of 45% set for 2025. The rising cost of mains water makes water projects not only necessary from a sustainability perspective, but also increasingly relevant from an economic point of view.

The water that Milcobel reuses comes from two main sources. On the one hand, we recover water from our own production processes, for example when processing milk into milk powder and cheese. On the other hand, we are strongly committed to further purifying our wastewater. Milcobel has three water treatment plants, all of which are equipped with a reverse osmosis system. Thanks to this technology we ultra-filter the water and can recover even more water, thereby further reducing our reliance on mains water. Our water treatment plants are monitored closely daily. Real-time measurements and automatic sampling continuously check the quality of the incoming and outgoing water. Milcobel holds the necessary accreditations to analyse these samples itself in its own laboratories. If the measurements indicate any deviations, process parameters are immediately investigated and adjusted where necessary. An incident management plan is in place, enabling us to respond quickly and effectively in the event of any deviations or spills. We consult transparently and proactively with the relevant authorities when problems arise. To maintain the performance of our facilities, we regularly invest in modernisation and optimisation. For example, in 2025, significant investments were made in the water treatment plants at Kallo and Langemark.

At the Langemark site, progress was made in 2025 around water reuse. This leap forward is the result of a wide range of projects aimed at optimising water management at the site. Milcobel aims to further strengthen this positive trend in the coming years and further reduce its reliance on mains water. A new ambitious project is therefore underway at Langemark in collaboration with Veolia, aimed at reusing 100% of the water on the site in the future. This would see Langemark develop into a site with an almost entirely closed water cycle.

Circular water use via the Flemish Blue Deal: Milceaubellisimo

Until recently, the site in Langemark consumed more than 800,000 m³ of tap water annually, placing considerable strain on the local drinking water supply. To reduce this impact and use water more efficiently, Milcobel launched the Milceaubellissimo project in 2024, in collaboration with Aquafin and Pantarein Water. This initiative forms part of the Flemish Blue Deal, a programme that supports businesses in using water more sparingly and intelligently in an increasingly arid region.

To this end, a reuse plant was built on site capable of upgrading up to 400,000 m³ of effluent per year. Instead of discharging treated effluent from Aquafin's wastewater treatment plant, it is now further treated using ultrafiltration and reverse osmosis, two processes that purify the water until it can be reused as high-quality process water for Milcobel's production activities.

The numerous optimisations carried out on the plant in 2024 and 2025 clearly paid off. In 2025, the system achieved a stable and reliable output that even exceeded the design flow rate. With an average daily yield of 721 m³, compared to the projected 672 m³, Milceaubellissimo makes a significant contribution to reducing reliance on mains water and to more resilient water management on site.



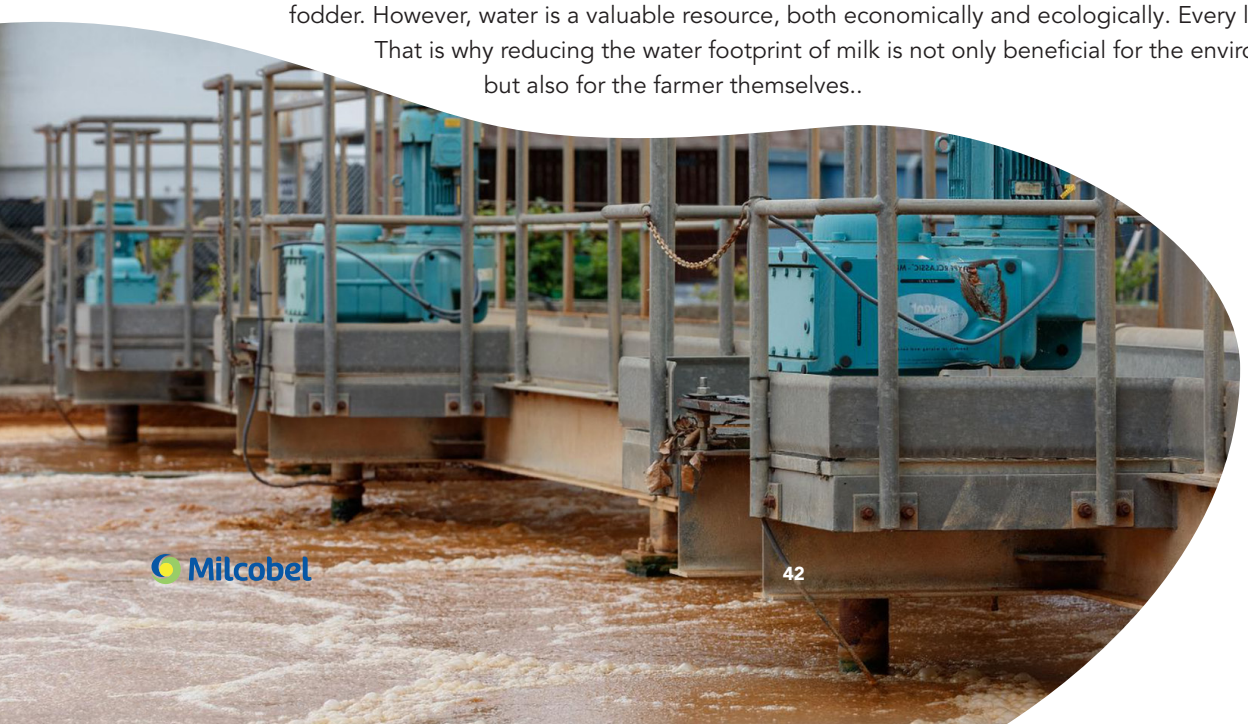
Water consumption and discharge volumes are closely monitored. The table below shows the trend from 2020 to 2025.

		Unit	Basisjaar 2020	2023 (N-2)	2024 (N-1)	2025 (N)	Change compared to 2020
Water intake and consumption	Tap water	m³	1.623.044	1.543.337		1.448.386	-11%
	Recycled and reused water	m³	1.526.021	1.178.427		1.081.975	-29%
	Rainwater usage	m³	872	0	0	0	
	Surface water	m³		0	0	0	
	Groundwater	m³		0	0	0	
	Total water consumption	m³	3.149.937	2.721.764		2.530.361	-20%
	Wastewater after treatment (discharged into surface water)	m³	2.628.402	2.286.697	2.529.421	2.316.214	-12%
Water discharge	Discharged wastewater discharged into the sewerage system	m³	56.019	154.640	8.049	7.313	-86%
	Total wastewater discharged	m³	2.684.421	2.441.337	2.537.470	2.308.90	
Proportion of alternative water sources	% alternative water source (milk)	%	48%	43%	39%	43%	

Water efficiency on dairy farms

A dairy farm naturally has a significant water demand. The majority of this is used for the cows' drinking water (75%). In addition, around 20% is used for the thorough cleaning of milking equipment and cooling tanks. This is often supplemented by additional water use for the crops needed to grow the farm's own fodder. However, water is a valuable resource, both economically and ecologically. Every litre counts.

That is why reducing the water footprint of milk is not only beneficial for the environment, but also for the farmer themselves..





Since 2024, extra attention has been paid to sustainable water and soil management in the sustainability monitor. We now, for example, ask about the use of alternative water sources, the extent of water reuse (such as rinse water from milking systems), the presence of water treatment, and well-considered fertilisation. Members are encouraged to improve their water management through a sustainability bonus, which is linked to their overall sustainability score. These efforts are clearly bearing fruit: for instance, 49% of farmers took measures to improve soil and water quality in 2025, and 89% made use of alternative water sources.

Positive biodiversity impact on dairy farms and encouraging active nature and landscape management



Our natural environment relies on a wide variety of plants, animals and micro-organisms. Milcobel aims to actively contribute to the preservation of this biodiversity. Through a pragmatic approach, we encourage our member farmers and suppliers to be more mindful of biodiversity and healthy soil.

In consultation with our member dairy farmers

The sustainability survey sent to our member dairy farmers includes several questions on biodiversity. Dairy farmers can contribute to the conservation and restoration of biodiversity through the following actions:

- **Raising awareness of biodiversity.** Dairy farmers can enter into non-binding management agreements for:
  - farmland birds or meadow birds;
  - local cattle breeds;
  - field margin management;
  - the management of small landscape features.

Members who implement any of these measures will receive an additional sustainability premium.

- **Promoting soil care and carbon farming.** For dairy farmers, the soil is vital for feed production. Good and innovative soil management ensures that land becomes more resilient to climate extremes, which is necessary to continue guaranteeing feed production. Furthermore, by building up carbon in the soil, we can capture CO2. To this end, traditional cropping and tillage practices can be supplemented with more sustainable methods such as growing legumes, no-till farming and other techniques.
- **Conscious use of chemicals and fertilisers.** Livestock farming is part of a natural nutrient cycle. That is why reducing the use of chemicals and artificial fertilisers is important. Our dairy farmers generally hold a plant protection licence, which means they are trained to use pesticides judiciously and safely.
  Our dairy farmers receive a premium for drawing up an action plan for the responsible use of antibiotics.
  The majority of our members use selective or environmentally friendly methods to control insects, mites and parasites, such as fly traps, insect traps and fly lamps.

These principles are also incorporated into our sustainability monitor. In 2025, 64% of our members implemented biodiversity-enhancing measures by entering into management agreements, which is an increase of more than 10% compared to two years ago.

Suppliers of other raw materials are also involved in our biodiversity approach

Using raw materials with an impact on biodiversity, such as paper for packaging, our sector is indirectly exposed to the risks of deforestation and associated biodiversity loss. Milcobel is committed to ensuring that our activities do not contribute to deforestation or biodiversity loss.

These risks are therefore incorporated into our responsible supply chain management policy and form part of our risk assessment and supplier evaluation. We encourage our suppliers to avoid this indirect impact and to demonstrate their efforts through certification. For raw materials with an increased risk, we require specific certifications. We also coordinate these choices with our customers.

Milcobel also keeps a close eye on regulatory developments in this area, such as the EUDR (EU Deforestation Regulation) and the EUDDD (EU Due Diligence Directive), and is preparing for these alongside the relevant teams by implementing the necessary internal processes and investigating and preparing the required reporting requirements.

Our own production sites are not located in biodiversity-sensitive areas but are sometimes situated nearby.

At our own production sites, the greatest biodiversity risk lies in the consequences of exceeding standards in our effluent after treatment. We therefore continuously monitor our facilities to detect potential risks and take preventive action.

In addition, as part of our biodiversity restoration efforts, we avoid the use of pesticides at our production sites, except in the context of selective pest control. By the end of 2026, we will draw up a management plan for the sites to provide more opportunities for the development of biodiversity on the industrial estates.

Materials and waste



The efficient use of raw materials is essential in a world where materials are becoming increasingly scarce and the impact of waste is becoming more apparent. At Milcobel, we are therefore strongly committed to the thoughtful use of materials, reducing food losses and optimally recovering waste streams. We strive to keep raw materials in circulation for as long as possible and to maximise their value. We do this not only by producing and packaging more intelligently, but also by continuously investing in innovation, collaboration and circular solutions.

Responsible use of raw materials

To maximise the value of raw materials, Milcobel is strongly committed to a sustainable procurement policy and effective stock management. In 2025, we worked on our procurement processes to ensure that sustainability was systematically embedded in every step of the procurement process. In terms of stock management, we focus on close collaboration between our various departments, such as procurement,



logistics and warehouse operations, finance and IT. Our cross-site 'operational excellence' team succeeds in achieving continuous improvements thanks to the 'kaizen' processes. In addition, the implementation of SAP as an ERP system across all sites enables us to monitor stock closely and further prevent product losses.

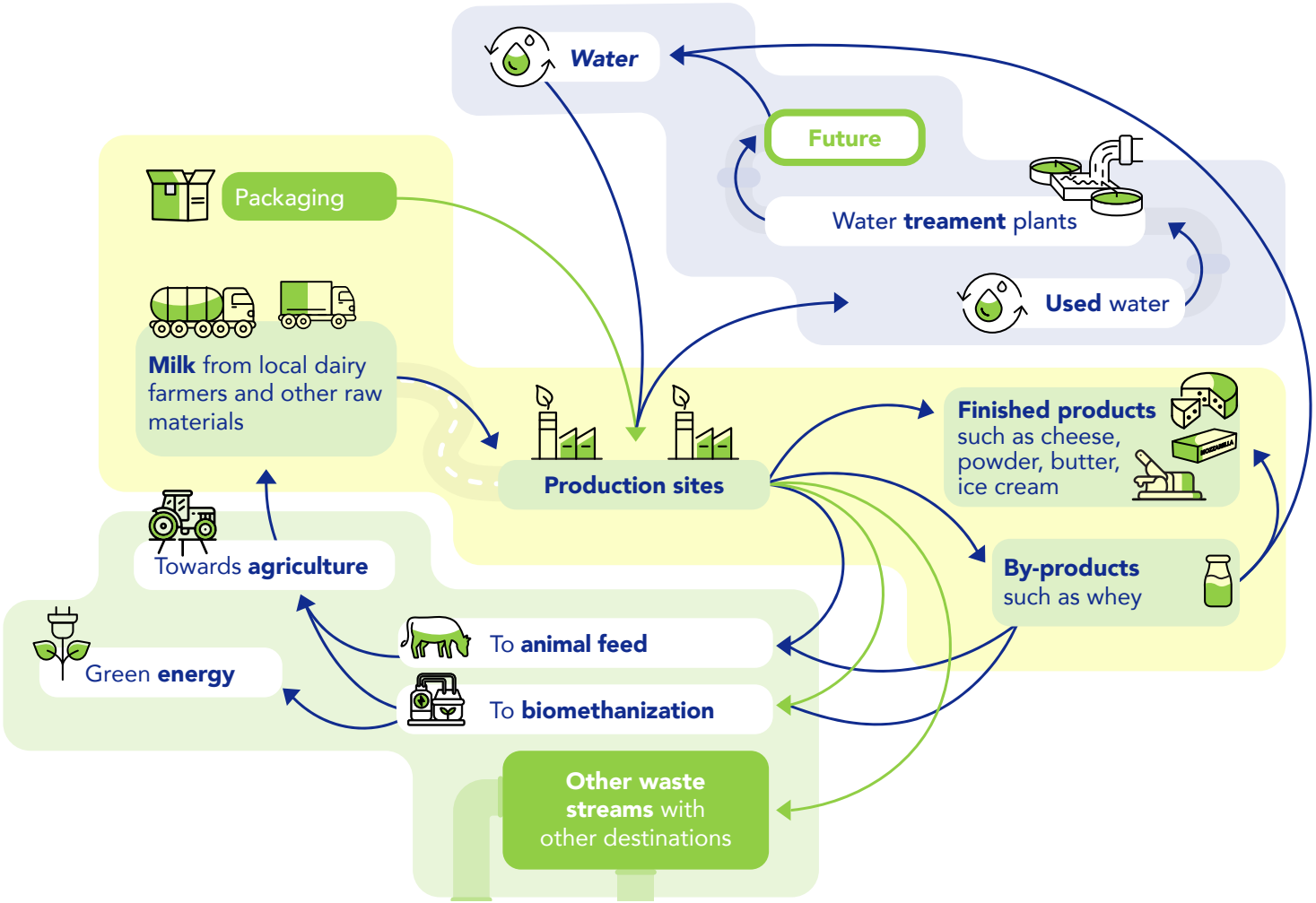
New Dupont Cheese Bruges factory shop

In the summer of 2025, Milcobel opened a brand-new factory shop at the Bruges site, an initiative that perfectly aligns with our ambition to maximise the value of our products and reduce food waste. The shop is open to members, staff and the general public, and offers a selection of cheeses with a shorter use-by date at an attractive price.

The concept is simple and effective: products that we cannot distribute through regular channels – retailers require long shelf lives – can still be sold in this way, whilst customers can enjoy high-quality cheeses at affordable prices. A clear win-win for both consumers and the climate.

Valorising by-products and waste streams

By food losses, we mean all fractions that are sent for composting, incineration or fermentation. Milcobel attaches great importance to identifying, monitoring and minimising these residual food streams. Our goal is clear: by 2030, we aim to halve food loss compared to 2020, and to optimally valorise the by-products from all our sites. Through targeted improvements, smart innovations and collaboration on the shop floor, we are taking steps every day towards less waste and greater valorisation.



In 2024, Milcobel introduced a monitoring dashboard to record and track food losses on a monthly basis. In 2025, we recorded a similar volume of food loss to that in 2024. Although we have already more than halved food loss compared to 2020, it remains essential to continue working internally on raising awareness and continuous improvement. We continue to strive for better results every day by reducing the number of non-compliant products, minimising scrap, limiting milk spillage and continuing to invest in innovative valorisation techniques.

Waste streams are increasingly being given a second life. The practice of processing cheese scraps into grated cheese, cheese dips or processed cheese is being continued. Furthermore, the content analysis of the biobox in Bruges has yielded valuable insights, and the same approach is currently being rolled out in

Moorslede. The biobox, in which food waste streams are collected for fermentation, is proving to be a real source of information. By analysing the contents, we gain an understanding of which product groups occur most frequently, enabling us to engage in targeted discussions with colleagues on the production line to improve working methods. For example, fewer cheese products end up on the floor thanks to targeted changes to the production line.

In 2025, a number of significant partnerships were established to reduce food loss. By building partnerships both within and outside the sector, we are making a tangible difference together in the transition towards less food waste and a more sustainable food system overall. For example, since 2018, salt whey has been processed into animal feed – initially via Van Vulpen and, from 2025, in collaboration with Westfeed. In 2025, Milcobel took a significant step in the valorisation of whey permeate thanks to a strategic partnership with NoPalm Ingredients.

Thanks to a sustainable partnership with NoPalm Ingredients, Milcobel is taking a significant step towards a more sustainable circular food system. Using local by-products from the agri-food sector, in particular a portion of the whey permeate from Milcobel's mozzarella production, NoPalm Ingredients is developing alternatives to palm oil. This responds to the growing demand for sustainable products.

Milcobel has not only signed a supply agreement for NoPalm Ingredients' demonstration plant in the Netherlands, but has also committed to a joint feasibility study for the establishment of the first production facility for at Milcobel's site in Langemark, which could be operational by 2028.

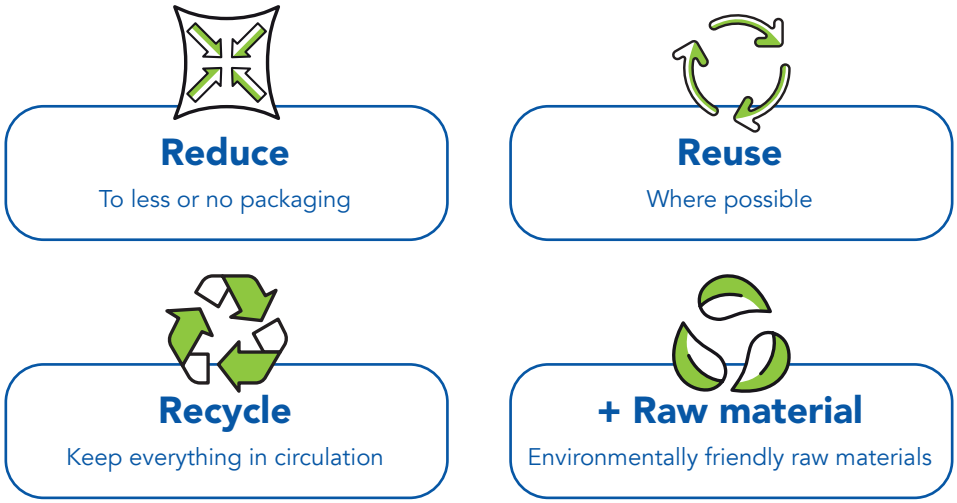
Together, NoPalm Ingredients and Milcobel are demonstrating how biotech and the dairy industry can join forces to create high-quality ingredients on a large scale.
In various respects, this is a prime example of circular and innovative entrepreneurship:



- **Circularity in practice:** by-products from the food industry are used as raw materials for tropical oil alternatives, enabling us to make progress in terms of valorisation. In this way, we create additional added value.
- **Climate impact:** palm oil is a major cause of deforestation worldwide. With this palm oil alternative based on our whey, we are reducing the ecological footprint and contributing to the protection of ecosystems and biodiversity.
- **Local anchoring:** by keeping raw materials and production local, we strengthen the short supply chain and reduce transport emissions. Furthermore, the higher value-added processing of whey benefits the milk price paid to Milcobel's dairy farmer members.

Smart packaging

Packaging remains an indispensable part of our operations: it protects our products, guarantees food safety and helps prevent food waste. At the same time, we are aware of the environmental impact that packaging entails. That is why we are gradually focusing on environmentally friendly and circular solutions. We are reducing our material usage by reusing packaging wherever possible and designing it more intelligently: using fewer raw materials, a higher proportion of recycled content, and materials that can also be easily recycled again after use. In this way, we keep packaging in the cycle for as long as possible.



We are fully committed to reduction and reuse. Milk is collected from dairy farms in tankers (RMOs) without any packaging. For our consumer cheese, we try to avoid or reduce packaging as much as possible during the production process and logistics. We do this by using trolleys and crates in a pool system. Products such as milk powder can also be transported to the customer in bulk lorries.

For unavoidable consumer packaging, we aim in the short term to use exclusively recyclable packaging in line with, and going beyond, the regulations. All packaging concepts have been scrutinised to gradually make our entire range more sustainable. By 2025, 56% of our B2C packaging will already be 'designed for recycling' (D4R). In the coming years, we will continue to focus on the use of mono-materials and keeping material flows clean through improved printing techniques. Currently, 36% of our B2B packaging is recyclable, and we aim to maximise this percentage by 2027 for the European business-to-business market, and by 2030 globally. Milcobel complies with the take-back obligation and contributes financially to schemes such as Fostplus and Valipac to promote waste sorting and recycling.

In 2025, we will once again take major steps in the field of smart packaging, not only through product innovations, but also by making our procurement processes and partnerships with suppliers more sustainable. The previously developed due diligence policy is thus being put into practice in an increasingly concrete manner. Newly documented process flows demonstrate how sustainability is systematically integrated into every stage of the procurement process, from supplier selection to material choice and evaluation. In this way, Milcobel ensures that every buyer uses the same criteria, and that sustainability criteria are no longer 'extras', but a core component of Milcobel's quality requirements.



What became particularly clear in 2025 is that sustainable packaging is not a solo project. Procurement, R&D, production, marketing and suppliers all hold a piece of the puzzle.

By purchasing more sustainable packaging, I can really make an impact.



For Elise, who leads the charge on sustainable packaging within the procurement team, this is not an obligation but a driving force. Her enthusiasm is infectious: "Creating more sustainable packaging is not only necessary, it is also a fascinating subject. You learn so much when you talk to suppliers. Once you get started, it's less difficult than it seems — everyone wants to contribute their ideas."

Elise emphasises how every choice matters: from avoiding unnecessary printing to choosing single-material options that can be recycled without compromising on shelf life or food safety. Shelf life, of course, remains our top priority: preventing food waste remains our main focus.

Elise D'Hollander - *buyer at Milcobel*

Description	Unit	2023	2024	2025
Total waste produced	**tonnes**	**67.018,76**	**53.701,35**	**47.686,21**
Hazardous waste separated for processing	tonnes	82,61	81,19	1,78
Hazardous waste separated and prepared for reuse	tonnes	59,49	42,16	0
Hazardous waste separated and recycled	tonnes	20,99	27,97	1,60
Hazardous waste separated and intended for other processing applications	tonnes	2,13	11,07	0,18
Non-hazardous waste separated for processing	tonnes	65.191,26	53.620,16	47.364,82
Non-hazardous waste separated and prepared for reuse	tonnes	16,00	3,50	0
Non-hazardous waste separated and recycled	tonnes	2.604,49	1.485,72	457,91
Non-hazardous waste separated and intended for other useful applications	tonnes	62.570,77	51.386,33	
Feed	tonnes	12.797,25	5.902,07	128,15
Fermentation	tonnes	46.709,58	45.484,26	41.283,11
Composting	tonnes	2.998,00	0,00	0,00
Other	tonnes	65,95	0,00	5.495,64
Hazardous waste sent for disposal	tonnes	13,34	0,00	0,00
Hazardous waste separated for incineration	tonnes	13,34	0,00	0,00
Hazardous waste separated for landfill	tonnes	0,00	0,00	0,00
Hazardous waste separated and intended for other forms of waste disposal	tonnes	0,00	0,00	0,00
Non-hazardous waste sent for disposal	tonnes	1.731,55	0,00	319,61
Non-hazardous waste separated for incineration	tonnes	1.031,70	0,00	319,61
Non-hazardous waste sorted for landfill	tonnes	699,85	0,00	0,00
Non-hazardous waste sorted and intended for other forms of waste disposal	tonnes	0,00	0,00	0,00
Total amount of non-recycled waste	tonnes	1.744,89	0,00	319,61
% of non-recycled waste	tonnes	0,00	0,00	0,01
Total amount of hazardous waste	tonnes	95,95	81,19	1,78

Breakdown of waste streams in 2023, 2024 and 2025 for all Milcobel sites according to CSRD stream definitions.



Social

To bring our high-quality products from farm to fork, a great many people contribute throughout our value chain. As a cooperative, we attach the utmost importance to these people. We identify risks in our supply chain and are committed to dialogue and cooperation with our member dairy farmers.

As a large company with its main operations in Belgium, it goes without saying that the role of our employees at the sites is also crucial. With around 1,000 employees, Milcobel forms a diverse team, rich in talent and culture, and varied in expertise and experience. We hold this in high regard.

Our delicious products are delivered to a vast group of consumers worldwide. That is why we focus on an outstanding, high-quality product that meets the requirements of our customers and consumers. A key lever for strengthening our relationship with our customers and end consumers is our commitment to a strong and accessible customer dialogue and communication. This enables us to identify needs that can also lead to innovation.

The United Nations Global Compact

Milcobel has been an active supporter of the United Nations Global Compact since 2008, and subscribes to the Ten Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption, as well as the ETI Base Code, thus demonstrating its commitment to applying the principles and further integrating them throughout the value chain.

Milcobel undertakes to operate in a manner that (at least) meets fundamental responsibilities in the areas of human rights, labour and anti-corruption.

Milcobel complies with all applicable laws and regulations of the countries and markets in which it operates. This means that we conduct business according to the following values:

- **Diversity and inclusion:** Milcobel respects inclusion and equal employment opportunities resulting in a diverse workforce.
- **Fair treatment:** Milcobel will not tolerate any form of intimidation, bullying, discrimination or offensive behaviour.
- **Free of forced labour:** Milcobel does not use or participate in any form of coercion, pressure, deprivation of liberty or forced labour of any kind. All work is voluntary and employees are free to leave and terminate their employment without fear of any form of abuse. Milcobel prohibits slavery or human trafficking throughout the chain.
- **Free of child labour:** Milcobel prohibits child labour throughout the chain. Employees must be the minimum legal age of 18.
- **Fair compensation:** Milcobel complies with all applicable rules regarding the minimum wage, overtime and maximum number of working hours as laid down in the laws and regulations of the countries in which Milcobel operates.
- **Freedom of association:** Milcobel respects its employees' right to be represented by trade unions, and works in good faith with the bodies collectively elected by employees to represent them, through the works councils.

Caring for our own employees



Our teams and people are the driving force behind our production and operational environments. They are guiding Milcobel through the challenging transition to the sustainable dairy cooperative of the future.

For Milcobel, 2025 was a year in which our employees took centre stage. The announcement of the intention to merge with FrieslandCampina brought with it both curiosity and uncertainty. Employees wondered what the changes would mean for their roles. At the same time, there were concerns about preserving our identity, the strong culture, collegiality and cooperative spirit that have bound us together for years. We took these emotions seriously and made them the starting point for our HR approach. We strengthened leadership, identified talents and gave people the space to help shape and decide. All with one goal: to bring as many colleagues as possible along with us into this new chapter.

Communication was at the top of the priority list. We deliberately opted for clarity, openness and regularity, so that employees, managers and social partners knew what was happening and why. We developed a targeted and accessible communication flow for each target group.

The 2024 reorganisation also required follow-up in 2025. In some departments, we made adjustments and strengthened teams in line with earlier commitments. At the same time, we worked on greater coordination and uniformity between departments in preparation for the planned merger.

In addition, retaining and motivating talent remained a key focus. Through transparent dialogue, targeted retention initiatives and a focus on development and engagement, we sought to offer employees confidence and a sense of purpose during a period of change. The role of managers within our organisation was also crucial in this regard and was well supported by our departments.

Finally, we invested heavily in safety and wellbeing, as a prerequisite for working effectively within a diverse organisational culture. We promoted safe working practices, a focus on mental resilience and respectful interaction with one another.



“On 1 January 2026, the merger between Milcobel and FrieslandCampina became a reality. In 2026, the focus will therefore be on integration and gradually evolving into a single organisation with a single identity. The integration of Milcobel and FrieslandCampina requires time, respect for each other’s backgrounds and space to get used to new ways of working. This goes beyond structures and processes; it is a cultural shift that is taking shape step by step. Its success depends on our willingness to listen to one another, to keep asking questions and to channel any tensions in a constructive way.

Edith Hamelryckx - *HR Director*

Ensuring workable work

At Milcobel, we produce cheese (for consumers or as an ingredient), we also purchase cheese, cut or grate it, package it and resell it. We also produce butter, cream, whey and milk powder. We divested our ice cream operations at Ysco in early 2025.

We employ a total of around 1,000 staff in a wide variety of roles. Milk is a highly perishable raw material. It must be collected from the dairy farm by our drivers at regular intervals, checked for quality on the spot, and then transported in specially equipped lorries. Upon arrival at the plant, a second check takes place in our laboratory. This is followed by processing, checks on the finished product, packaging, maintenance, and so on. This means we have many different disciplines and a wide variety of roles for our employees.

Each employee profile has specific needs and skills, which are not always easy to find in today's labour market. That is why we ensure that everyone who works for us is well supported so they can give their best. This starts with a broad and multidisciplinary HR policy that lays the foundations for an ideal employee journey and aligns with the company's strategy.

Milcobel aims to offer all employees a competitive and fair wage. Our terms and conditions of employment are set out in collective labour agreements (CLAs). These apply to everyone and guarantee equal pay for equal work, regardless of age, sex, gender identity or religion. We provide equal opportunities for both young and older people.

In 2023, we completed the job classification for our manual workers. We objectively mapped out all roles, assessed them based on the scope of duties, and linked this to appropriate remuneration in accordance with the principle of equality. This structure was incorporated into a CLA that came into effect on 1 January 2024.



We also carried out a reclassification for our white-collar staff in 2024. Where necessary, salaries were adjusted to strengthen internal equity and remain in line with market rates. In 2025, we continued this exercise and rescaled the pay scales, with particular attention to senior management roles. We assessed their remuneration against market competitiveness and ensured that these salary categories were also graded correctly and transparently. The results of this reclassification were shared in 2025 and now form the basis for a more uniform, future-proof salary structure within Milcobel.

In addition to the standard salary, we offer our employees a range of fringe benefits for social support, such as life insurance, group insurance, outpatient care plan, bicycle lease, hospitalisation insurance, income protection insurance, private accident insurance, childcare allowance via Alimento, etc. Not all of these apply to everyone.

Within a large organisation such as Milcobel, strong social dialogue remains essential. Employees have the right to be represented through trade unions and via works councils, the Committee for Prevention and Protection at Work (CPBW) and other formal consultation forums. At group level, social dialogue focuses on strategic themes such as working conditions, purchasing power, equal pay policy and the implementation of the labour deal. The focus is on cooperation and joint solutions in an atmosphere of mutual respect. In 2024, our employees elected their representatives to the works council and the CPBW. These elections went smoothly. At the request of the social partners, a Central Information Forum (CIF) was also established as an additional platform for the transparent exchange of information, where the first consultation sessions have since taken place.

In 2025, social dialogue was one of the key pillars for managing the proposed merger. Transparent and timely communication was central. We developed a communication plan aimed at delivering the right messages to the right target groups. For the social partners, this involved a combination of eleven regular works councils, several special works councils specifically focused on the merger, and a series of around eight detailed newsletters explaining all the steps and developments in detail. The merger was included as a standing agenda item in all consultation meetings. This written communication also formed the basis for broader updates to all employees.

In addition, we organised 'town hall' meetings at all sites to inform employees directly, answer questions and address any concerns. We deliberately opted for in-person meetings, supplemented by regular written updates. Plant managers were provided with support and guidance so that they could organise local 'town hall' meetings every six weeks, which contributed to continuity in the dialogue and a high level of employee engagement.



In addition to the planned merger, the follow-up to the 2024 reorganisation remained a key focus. Although the major steps were taken in 2024, certain processes continued into 2025 and required further coordination with social partners. This follow-up proceeded in the same constructive spirit, with open communication and respect for the impact of the changes on employees. The combination of formal consultation structures and accessible, informal dialogue ensured that we were able to implement both change processes in a careful and supported manner.

Focus on staff wellbeing and health

Our teams are the driving force behind our production and operational environments. We strive for a strong safety and wellbeing culture, with motivated and committed employees. The diversity of society is reflected in our organisation, and we embrace it. We want to create opportunities for our own employees and, thanks to our strong values and an interesting job role, attract new talent that complements our existing team. In this way, we work to ensure a pleasant, future-oriented job for everyone.

We want to offer all employees a healthy, enjoyable and high-performing work culture. Above all, this approach must enable our employees to grow alongside our business strategy. The well-being of our employees is one of the core elements of our HR policy.



We present our wellbeing policy visually as a house: our house of wellbeing. The four floors of this house represent the four elements that together ensure our employees are resilient and can enjoy their work:

- **VALUES:** these form the basis of our collaboration. These are the values that everyone holds dear, such as respect and appreciation. But Milcobel's values are also reflected here.
- **HEALTH:** by this we mean both physical and mental health, and everyone's resilience.
- **TALENTS:** the things everyone is good at and enjoys doing, but also the knowledge and skills everyone needs to do a job well.
- **JOB:** the job content and requirements, the way the work is organised, the management style, etc.

We want to continue to encourage our employees and help them grow within a culture that is healthy for both body and mind. Milcobel ensures that this is in line with regulations regarding employee satisfaction and well-being surveys. As early as 2024, we introduced the Employee Assistance Programme (EAP) as part of our policy on well-being at work.

The health and safety of our employees are key priorities. Not only physical threats or ailments, but also mental health issues can compromise health and safety. Milcobel aims to help all employees tackle these kinds of issues in a positive way and prevent them as much as possible. The EAP offers employees and their family members living at home a range of services including psychological support, legal and financial advice, social support and health support.



Milcobel makes this service as accessible as possible; a simple phone call or email to the external EAP partner can initiate a support process. In 2025, employees once again made frequent use of this programme. Most requests for help relate to coaching and therapy, and more specifically to themes such as work-life balance and how to manage personal circumstances at work.

As Ysco fell outside the reporting scope, the total use of the Employee Assistance Programme fell slightly. In 2025, 93.75% of users were using the EAP for the first time, mainly for coaching, counselling and therapy (68.75%). The fact that 82.14% of those seeking help are still in work further highlights the programme's strong preventive effect.

The EAP therefore remains a key pillar of our wellbeing approach. As we do every year, Milcobel meets with the EAP partner to discuss insights and trends. This annual review helps us to keep our policy on track and identify new needs.

In 2025, attendance policy remained a key focus within our wellbeing programme. We encourage open dialogue between employees and managers, so that health issues can be discussed in good time and absences can be prevented or shortened as much as possible. The policy is evaluated annually and adjusted where necessary in consultation with the CPBW (Committee for Prevention and Protection at Work) and the Works Council.

In 2025, Milcobel took a significant step in this regard by organising a training course for managers on conducting constructive discussions regarding attendance, wellbeing issues and performance behaviour. This training was offered at various sites as an open programme, with the participation of around twenty first-line managers, senior staff and office staff. The positive feedback confirms the added value of this approach, which we intend to build on further in 2026.

In addition, we are streamlining our processes to embed this training component sustainably in the long term. Possible building blocks for this include updated one-pagers, additional e-learning modules and supporting materials such as cards detailing the procedure for reporting sick leave.



Stronger together: navigating change with all employees

2025 was an intense year of change. The announcement of the proposed merger brought with it many expectations and uncertainties, and called for a collaborative approach centred on information, proximity and support. HR and Communications therefore worked closely with the plant managers and other departments to guide employees through the process in a people-centred manner.

A toolbox that provides guidance

In addition to the extensive communication, we developed a 'toolbox for change' for our first-line managers, middle management and office staff. On the intranet, we compiled all the information about the merger and practical updates, but we also gathered a wealth of links to training courses. The training sessions ranged from resilience and coping with stress to e-learning modules on mental strength, teamwork and change management skills. Managers received additional support through training on communication during change, managing emotions and coaching sessions for complex situations. After each training course, employees received an accessible navigation guide, and a clear reference manual that provided extra guidance.

Listening to what matters: the pulse survey

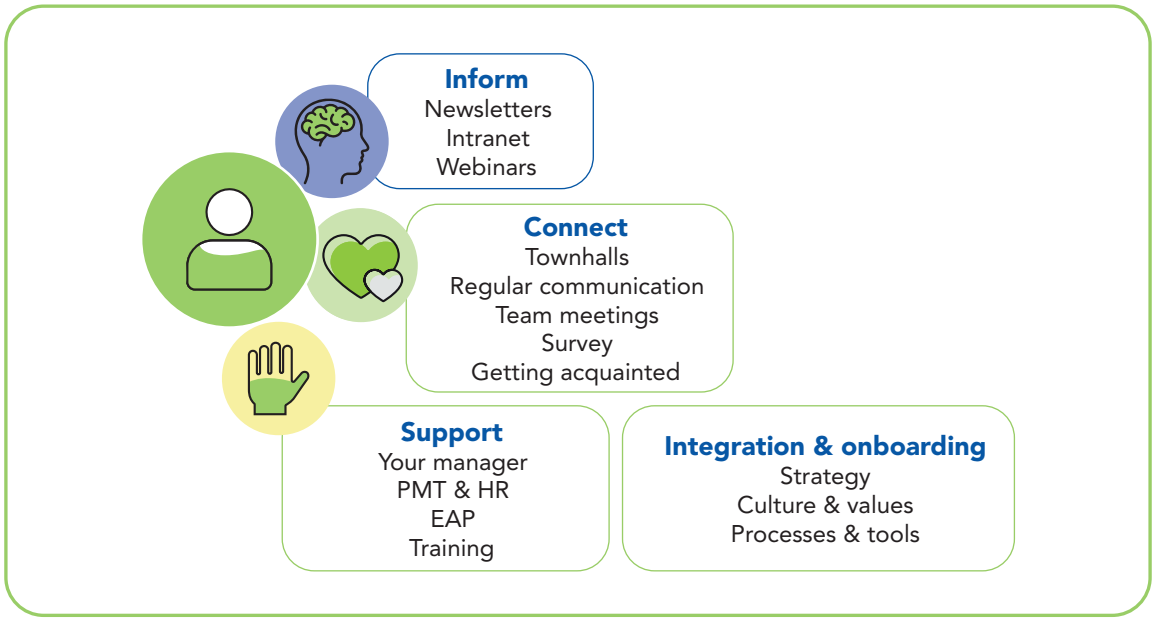
As a traditional well-being survey was not appropriate during the full merger process, we opted for a targeted pulse survey. This gauged engagement, willingness to change, leadership and communication. With an exceptionally high response rate – 42% among blue-collar workers and 77% among white-collar staff – we gained a clear picture of what was on people's minds.
The results were discussed at every site: employees understood the rationale behind the merger, but had questions primarily about the personal impact. Where answers were not yet available, we opted for maximum transparency regarding the process.

A warm farewell: Milcobel Radio

In addition to information and support, connection was also essential. With Milcobel Radio, presented by radio DJ Robin Keyaert, we organised a day full of music, memories and stories that employees could contribute themselves. It was a warm and relatable moment, during which colleagues could reflect together on what Milcobel meant to them and look back with pride on Milcobel's history.

Collaboration as the key

The close collaboration between HR, Communications and the various sites formed the backbone of this change process. Thanks to this cross-pollination, we were able to respond quickly to needs, communicate consistently and maintain a culture of closeness, precisely when employees needed it most.



Maximum focus on safety

We strive to deliver top-quality dairy products without compromising the safety, health or well-being of employees, contractors, visitors and customers.

Safety is therefore a key concern for Milcobel. That is why we are developing a culture centred on safety and quality. We implement our own safety policy at all sites, for which a local safety officer is appointed in each case. Within Milcobel, Committees for Prevention and Protection at Work (CPBW) are active at 4 of the 6 production sites (Bruges, Kallo, Langemark & Moorslede), providing monthly advice on our safety and wellbeing policy for the employees at those sites.

We manage our health and safety risks in accordance with all legal and other requirements and continuously improve our health and safety performance. Our motto here is 'Go for Zer0'. Our ambition remains to outperform the sector average in terms of the number and severity of accidents, and we are therefore proud to have achieved this for the second year running. Whilst the sector average has been rising in recent years, we have been able to maintain our downward trend. The number of accidents resulting in lost time fell from 70 accidents in 2023 and 49 in 2024 to 20 accidents in 2025, of which two were serious accidents involving a fracture.

Extensive projects are being carried out at all sites to raise awareness and provide further training for all employees regarding safety in the workplace. We are therefore seeing a significant increase in the number of days without an accident, and several local records have also been broken. Our production site in Halen holds the record in this regard, with its last accident occurring on 28 December 2023 – a fantastic achievement.

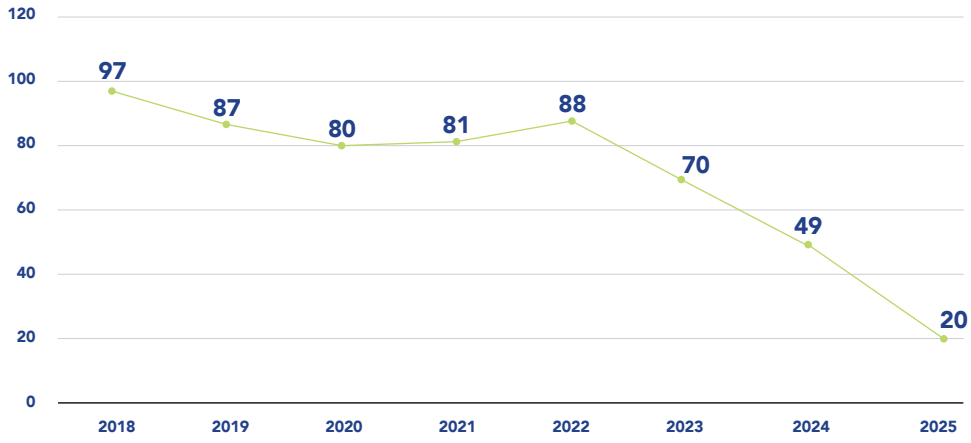
As the majority of our accidents are behaviour-related, we continue to focus on behavioural safety and awareness of this, i.e. the safety culture on the shop floor.



In 2025, we therefore launched, for the first time across all sites, a single campaign focusing on our 9 golden safety rules. We trained our employees using animated videos, posters on the shop floor, and toolbox sessions.
We highlighted practical risks and encouraged all employees to consistently report similar risks via the app. Each campaign – which always ran for two months – was linked to a competition designed to further sharpen knowledge through 'gamification'. More than 63% of our employees took part in these competitions.

A dynamic approach to risk management is also part of our strategy. This means that everyone can identify, report and improve unsafe situations, in addition to the risk analyses carried out at each site. It is very important here to foster a culture in which safety is embraced by the entire organisation, where safety is not just the responsibility of the safety officer, but also of managers and colleagues on the shop floor. Personal protective equipment (PPE) is provided in accordance with legal requirements and, based on risk assessments, medical supervision is also organised by the occupational health doctor.

Number of accidents



		2022	2023	2024	2025
Ratio of work-related injuries with serious consequences (number/ number of hours worked) *1000000	Moorslede	0	0	0	0
	Brugge	2,5	0	0	0
	Barchon	0,0	0	0	0
	Kallo	6,7	3,2	0	0
	Langemark	0,0	2,6	0	0
	Halen	0,0	14,5	0	0
Ratio of recordable work-related injuries (number/ number of hours worked) *1,000,000	Moorslede	25,7	0	3,9	28,0
	Brugge	24,2	11,7	20,5	11,9
	Barchon	33,2	15,3	15,3	31.4
	Kallo	33,7	19,0	27,7	9,0
	Langemark	45,9	41,5	11,5	12.3
	Halen	21,6	43,5	0	0

Growth and equal talent development for our employees

Throughout an employee's career, 'the employee journey', from the recruitment process to their departure, we aim to create every opportunity to fully develop, guide and support our employees' potential.

This starts right from the recruitment stage. At Milcobel, we are actively committed to attracting the right candidates and ensuring that everyone is placed in the right role. In 2025, we continued to build on our existing recruitment channels. We welcomed new staff through our temporary employment partners, whom we thoroughly evaluated in early 2025 to ensure a more targeted and high-quality collaboration.



In 2025, we continued to focus on providing targeted support and coaching to our managers using tools and guidance specifically designed for a context of change. Being close to your employees, daring to engage in dialogue, leading in times of change…
This is how we intend to continue building on trust, connection and resilience. Our people have shown great resilience and adaptability over the past year.

Kata Dekeukelaere
Talent Partner



In addition, referrals, the VDAB (Flemish Employment and Vocational Training Service), communication initiatives (such as visual content on our website, our RMO events and visibility on farms), job fairs and participation in outplacement fairs remain key channels for attracting new talent.

Our extensive referral programme continues to play a crucial role. Employees who refer new talent receive a reward, and if the referred person remains in service for a certain period, they receive an additional bonus. In 2025, we were therefore able to attract 12 new employees through the referral programme.

Recruiting new staff is one of the two pillars of our recruitment policy. The second pillar, internal mobility and broad employability, remains at least as important. In 2025, we developed a clear internal mobility framework, which we shared with the Senior Leadership Team. We launched an intranet page with an overview of internal vacancies, which is updated every two weeks. Employees are always given priority when applying for internal positions. They first express their interest to their line manager, after which a structured process begins, including online tests and assessments. We also provide weekly communications to keep these internal opportunities visible.

In 2025, this policy led to 31 internal job moves, the majority of which involved our blue-collar workers. At the end of 2025, Milcobel had 996 employees. The significant drop in the number of employees is due to the spin-off of Ysco, as a result of which 957 (December 2024) employees are no longer reported under the Milcobel umbrella.

Career management and continuous learning

At Milcobel, we attach great importance to the training and development of our employees throughout their entire career. This applies both to retraining and to employees who wish to take their career in a new direction. Formal and informal feedback sessions remain a key guiding principle in this regard: they provide us with a shared understanding of performance, ambitions and development pathways.

Our aim remains to hold an annual formal review, in addition to informal feedback, to discuss our employees' objectives, development needs, career aspirations, overall performance and new objectives. In 2025, we once again organised a single formal appraisal, in which employees assess themselves against their objectives and can prepare for this using a structured form focusing on needs, ambitions and their place within the organisation. The intention remains that this is followed by a face-to-face meeting between the employee and their manager.

In addition, over the past year we have strongly encouraged the holding of an informal mid-year review, during which any updates or adjustments can be discussed.

To ensure objectivity, we continue to assess employees from various perspectives, such as the line manager, department heads and relevant stakeholders. This ensures more thoughtful feedback and makes it possible to identify talents and internal mobility. By the end of January, everyone must be ready for this cycle. After all, setting objectives – which are a mix of personal, business and collective goals – is also linked to bonuses. In 2025, we provided two training courses for this purpose and offered additional tools, although despite these efforts we have seen a decline in the number of forms completed on time: 64.4% of white-collar staff completed them on time, compared to 76% in 2024.

For blue-collar workers, we implemented a significant change in 2025. Whereas previously there was no standardised process and each site had its own approach, we introduced a new template for managers in Bruges, structured around five assessment points and objectives at both collective and individual levels.

This provides employees and managers with a clear tool to use when conducting appraisals. We also provided training for managers on appraisal, developed a navigation guide and introduced calibration sessions at each site to ensure that appraisals are accurate and internally comparable. This new system has now been rolled out across all sites, with the exception of Langemark, where we deliberately chose not to implement any further changes this year.

In 2024, the remuneration policy was revised. It comprises various components, including sustainability indicators. For executives, we have a short-term incentive (STI) and a long-term incentive (LTI). The STI depends on the category to which you belong, with food safety and workplace safety playing a key role. The LTI is linked to the EcoVadis score for senior management. All workers and staff on standard pay scales receive a CAO 90, a non-recurring bonus that can be paid out under favourable conditions, subject to agreement with the trade unions. The focus here is on, amongst other things, safety, food safety, quality and the well-being of employees.

In the coming years, Milcobel intends to place greater emphasis on the talent of its employees. Our aim is to support employees in developing their skills, improving their performance and building a successful career. Motivated employees are essential in a labour market where there is a shortage of staff. The intention is that people should be able to actively shape their own development.

At Milcobel, we strongly believe in the power of learning and talent development. Our approach is based on the 70-20-10 rule: 70% learning by doing, 20% through interaction with one another and 10% through training. We want to provide ample opportunities for internal talent and prioritise inclusive talent management, thereby giving every employee the right development opportunity at the right time. In 2025, the average number of training hours per employee stood at 16.33 hours (excluding the Halen site).

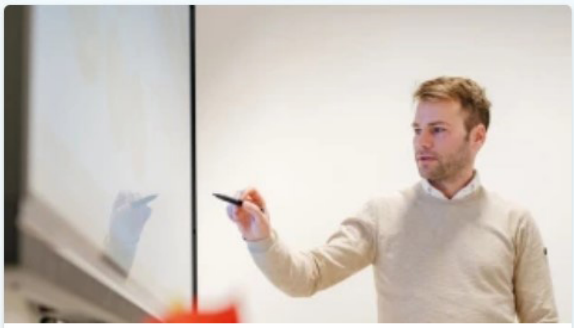
Our approach is therefore embedded in our culture and focuses on talent development rather than specific learning programmes. Within the range of talent and learning-oriented activities, employees can easily engage according to their needs and career paths.

- To give internal talent every opportunity, we have established the **Milcobel Academy**. Internal trainers play a major role in this, as we want to emphasise internal knowledge and talent. Up to 90% of the trainers within the Academy are internal. Twice a year, we publish the programme for which employees can register. Training sessions are delivered jointly across different sites to encourage social learning. Our trainers share their expertise and experience with colleagues, fostering a culture of continuous improvement and strengthening team bonds. In this way, we harness the wealth of knowledge within Milcobel and make it accessible to everyone. What makes the Milcobel Academy special is its practical approach. Our trainers know the ins and outs of our company and offer training courses that are directly applicable to day-to-day work.
- We also offer various leadership programmes, tailored to the target group. The **People Management Essentials** programme is designed for managers within our office staff, and the Leadership Academy is aimed at first-line managers in the production environment. These programmes foster mutual connection and learning from one another, with participants presenting their learning journeys and receiving feedback. In 2025, we once again organised the leadership cafés as the culmination of the leadership programme. Here, participants in the programme come together with management to share their learnings.
- To reinforce our ambition, we offer a wide range of training courses via the **Milcobel Learning Platform**. This platform makes it possible to undertake training in a simple and modern way, including both e-learning and face-to-face courses.
- In addition, we organise the '**HR Power Hour**', where every six weeks we inform and train around 100 managers on HR topics. This offers a quick and modern way to address topics and build connections.

At Milcobel, we use PDP (personal development plan) forms to set new development goals for employees during appraisal sessions. This structured approach helps us to plan with a focus on growth and to clarify the steps an individual wants and can take in the coming period. In 2025, the Milcobel Academy therefore focused on six clear pillars:

- Personal leadership
- Navigating change
- Collaborating to build connections
- Leadership
- Digital skills
- Milcobel universe

With these pillars, we offer employees direction and scope to further develop their talents and grow with a focus on the future.



Our own Milcobel Academy is back!

Continuous learning is the key to success in a world and a working environment that are constantly changing.

Equal treatment for all

At Milcobel, we place great importance on equality and equal opportunities. With only 22 % of women across the entire organisation, it is important that we remain mindful of unconscious 'gender bias' practices and ensure that we implement a policy that promotes equal opportunities. For example, we provide training to hiring managers to reduce bias during the recruitment process.

The diversity of our workforce is also reflected in the approximately 40 nationalities of our employees and their varying ages and levels of seniority. This diversity also presents challenges, and language and communication play a significant role in this. Driven by our commitment to inclusivity, we provide, amongst other things, Dutch language lessons for non-native speakers, whilst also focusing on accessible digital tools such as screens in the production areas. We encourage our production managers to use pictograms and have a code of conduct that summarises our expectations across a wide range of agreements.

This gives us a general framework to refer to in the event of problems and provides clarity on the processes we follow in the event of breaches. At each site, specific measures are also taken to set up tailored initiatives based on the needs of our teams. In Langemark, for example, we opened a practically designed social area which also includes a quiet room, accessible to everyone, and during the refurbishment of our offices in Bruges, we provided gender-neutral restrooms.

Characteristics of our employees: gender and contract type

	Info		2023	2024	2025
Number of employees		M	1112*	1284	763
		F	531*	585	233
		Total	1643*	1869	996
Number of employees by contract type	Permanent	M	1071*	1265	749
		F	506*	585	210
	Temporary	M	41*	19	11,5
		F	25*	0	2,5

** Headcount figures: Cheeseline, Kaasimport Jan Dupont, Milcobel, Milcobel Dairy, Langemark. Excluding Kaasbrik and Camal for 2023, and fully including them for 2024 and 2025. This year, we are reporting for the first time without Ysco's HR data.*

Characteristics of our employees: age (HC)

Age	2023	2024	2025
<30	14%	10%	14,14%
30-50	50%	50%	46,75%
>50	36%	40%	39,11%



Number of sites with a works council	5 out of 6 = 71% (96% of employees)
Number of sites with a Committee for Prevention and Protection at Work	5 out of 6 = 71% (96% of employees)
Cooperation with employee representatives	96%
Employees covered by collective agreements	100%
Number of sites with a dynamic risk management system (risk analyses, accident investigation, annual action plan, etc.)	100%

Gusto Sportivo: playing sport together, scoring together

Gusto Sportivo has now become a fixture at Milcobel: every year, enthusiastic colleagues compete against teams from numerous other companies. Whether they're running, cycling, walking or exercising in any other way, every little bit counts towards the overall rankings. And it pays off: Milcobel makes it into the top 3 of the rankings almost every month!

Since we first took part, this has resulted in an impressive total:

- 25,899 km run
- 178,921 km cycled
- 19,180 km walked
- 64 days of other forms of exercise

The result? A mix of sporting energy, team spirit and an annual dose of healthy competition between companies.

Caring for employees in the value chain



Our member dairy farmers

As a dairy cooperative, Milcobel harnesses the strength of dairy farmers: joint ownership, greater strength. The value created in the chain flows directly back to the members via a fair milk price, supplementary payments, dividends and knowledge sharing. In a context of rising costs, more complex regulations and volatile markets, maintaining a competitive milk price remains a challenge.

That is precisely why member involvement is a driving force for progress: by sharing insights, inspiring one another and setting the direction together. What makes Milcobel unique is the diversity among its members. From small, traditional dairy farms to ultra-modern, automated operations: everyone is welcome. Milcobel respects the individuality of each member and encourages every farm to take steps towards sustainability at its own pace.

Major customers, retailers and international buyers increasingly expect transparent, measurable sustainability results, right down to the level of the individual dairy farmer. For them, sustainability is no longer a mere prerequisite, but a determining factor in the commercial value of milk and dairy products. The efforts of recent years not only contribute to resilience and future-proofing at farm level, but also strengthen Milcobel's market position in a sector where sustainable performance is increasingly valued.

A market-based milk price that focuses on quality and sustainability

The year 2025 saw significant fluctuations in the milk price. Whereas 2024 saw exceptionally high milk prices, 2025 was characterised by a rapid and sharp fall in the market price. A combination of international market pressure, additional milk volumes and larger European stocks led to oversupply. As a result, the standard milk price came under pressure once again.

In the summer of 2025, Milcobel was able to pay slightly above the market price for a short period thanks to strategic sales contracts that guaranteed higher prices. This provided member dairy farmers with much-needed stability in an exceptionally volatile market. The effect of this is reflected in the average milk price for 2025, including premiums: 51,90 euro/100 liter

Sustainability premium

Milcobel regards dairy farmers as crucial partners in tackling climate and environmental challenges. The updated 2024 sustainability monitor remained the basis for the sustainability premium in 2025, with a clear focus on three key themes: CO_2 reduction, energy efficiency and sustainable water use. Since 2024, the climate scan has also formed part of the sustainability monitor and the associated premium. The scan includes a CO_2 footprint calculation and guidance on drawing up a climate action plan, which supports dairy farmers in identifying and implementing concrete CO_2 reduction measures on their farms.

In 2025, there was a strong focus on raising awareness and building support for the themes addressed in the sustainability monitor. Thus, 2026 marks the start of an important transition period in which dairy farmers were further prepared for a more data-driven and results-oriented approach in the coming years under FrieslandCampina.

Dialogue and communication

In the context of the merger with FrieslandCampina, dialogue with members became more important than ever. The Cooperative Council played a key role in this: it safeguarded the cooperative's DNA, ensured members' involvement and acted as a central point of contact throughout the entire process. Through multiple consultation cycles, feedback was systematically collected, discussed and fed back, ensuring members remained closely involved at every stage of the merger process.

In addition to existing communication channels such as member publications, webinars and the member portal, two major in-person events were organised in 2025 at agricultural fairs, including Agriflanders and the Agriculture, Forestry and Agri-Food Fair in Libramont. These fairs provided valuable opportunities to inform members in person about the merger, the upcoming system changes and the growing importance of sustainable business practices.



Respect for human rights in our supply chain

In the context of our global and often complex supply chains, we are also committed to protecting universal human rights wherever we can. Because we must also demonstrate externally what we stand for internally.

Around 80 per cent of our procurement budget goes to local suppliers (excluding dairy farmers) in the Benelux, the Netherlands, Luxembourg and France. Our main procurement categories, alongside our primary raw material – milk – are transport, packaging and ingredients such as vegetable fats, sugar and salt.

Our suppliers are key partners in promoting and monitoring social and environmental impact throughout the supply chain. All suppliers are systematically provided with a Supplier Code of Conduct and asked to sign up to it. This code of conduct sets out the expectations our suppliers must meet regarding:

- Integrity and business conduct,
- Ethical conduct,
- Compliance with laws and regulations,
- Respect for human rights,
- Managing environmental impact,
- Health and safety,
- Quality and good governance.

Since 2024, 80% of our suppliers with an annual spend exceeding €10,000 have already signed this Code of Conduct. But an effective supply chain due diligence policy goes beyond simply signing a code of conduct. In 2023, we developed a more robust supply chain due diligence policy at group level. This involved taking additional steps to integrate due diligence systematically, continuously and pragmatically into our procurement policy:

The identification and assessment of sustainability risks throughout our supply chains.
A supply chain risk analysis was drawn up for purchases at Milcobel group level and for Milk & Farms. The analysis comprises an assessment based on four criteria: how significant is the business relationship with a supplier, how high are the risks linked to the type of product, how high are the risks linked to the production location, and what sustainability efforts does a supplier make.

Measures to prevent, mitigate, monitor and remedy social and environmental risks.
For new suppliers, we firmly prioritise long-term partnerships and engage in dialogue with them on sustainability issues. Suppliers with a high overall risk score are visited; for high-risk product groups, we almost always work with required sustainability labels and certificates (Fairtrade, RSPO, FSC, etc.), we provide a complaints mechanism, etc.

We supply tailor-made products for our customers: tasty, safe and innovative



Milcobel looks back on a long tradition of dairy processing. Global market trends are having an impact on us too: how consumers view dairy and sustainable food; increased regulation regarding emissions; and greater focus on animal welfare and water usage.

More than ever, consumers are thinking carefully about what they eat and where it comes from. They also have clear expectations regarding the responsible choices we make as a dairy producer. Quality, innovation and food safety are therefore top priorities at Milcobel. High-quality end products, services and processes are embedded in our objectives and our mindset.

In the sometimes uncertain economic and political climate, Milcobel can play a key role as a reliable partner operating based on our cooperative principles. Within this dynamic environment, we see a huge opportunity in our collaboration with our B2B customers and other stakeholders. We offer bespoke solutions to deliver products that meet their nutritional requirements and product compositions, provide packaging solutions in line with changing regulations, and so on. The customer is also central to our approach to communication and service provision.

In our production, quality is paramount for the benefit of our customers and end consumers

And this starts with our most important raw material: our milk! How do we achieve this?

Total supply chain monitoring: At Milcobel, we strive for total supply chain monitoring, from grass to finished product. To collect milk from all dairy farmers within the legal timeframe and in the most efficient manner, we deploy our RMO lorries (Mobile Milk Collection) 24 hours a day, 7 days a week. These lorries are equipped with a sampling device and a computerised data system for recording litres and supplier details. This ensures full traceability at all times. All our milk collectors have undergone training under the authority of the FASFC (Federal Agency for the Safety of the Food Chain) and hold a licence as milk collectors.

At the dairy farm: Every milk delivery is subject to statutory quality regulations. The official quality checks are carried out by accredited laboratories, and all dairy farmers affiliated with Milcobel are IKM-certified (Integrated Quality Management for Milk). This ensures that all milk is fresh and guaranteed to be free from any residues such as antibiotics and pesticide residues.

In milk processing and production: We process milk in our own state-of-the-art factories. By 2025, all Milcobel factories were operating in accordance with the Milcobel QAS (Quality Assurance System) and the Milcobel ACS (Automatic Control System), validated by the FASFC (Federal Agency for the Safety of the Food Chain). Our sites hold GFSI certification (IFS/BRC) and our products meet the strictest standards. HACCP (Hazard Analysis and Critical Control Points) is a risk assessment for foodstuffs and forms the basis of this system. This is supplemented by the traceability of raw materials and finished products and the implementation of the necessary measures to combat the risks of 'food fraud'.

An overview of the standards, audits and certificates that we apply and obtain within Milcobel are:

IKM

ACS-G-009 certificaat

Quality Assurance System

Auto-controle systeem

GFSI Global Food Safety Initiative

Our quality and food safety policy is based on four pillars:

- **Safety and food safety are always a priority:** We ensure our staff have the necessary knowledge and training, we organise our sites so that access is properly managed, and we monitor and assess our own organisation to enable us to continue making improvements;
- **We comply with regulations and go one step further:** The regulatory landscape regarding the environment, quality and food safety is constantly evolving. We keep a close eye on developments and ensure we monitor and implement the necessary measures;
- **Connecting to excel:** Through our 'tribes' – our cross-site initiatives – we identify risks, formulate and implement improvements, and share best practices and knowledge;
- **Continuously striving for improvement together:** Safety and quality are everyone's responsibility. We provide training and integrate the continuous improvement process across all sites and departments to ensure we keep making progress.

Go for Zer0 with the 9 golden rules for quality and food safety

Whereas processes relating to quality and food safety were previously organised on a site-by-site basis, since 2024 these have been transformed into a common and uniform approach with associated monitoring, reporting and follow-up procedures. The tribe responsible for quality and food safety focuses on topics such as food safety, milk supply, production areas and pest control. In addition, food safety campaigns were rolled out in 2025 featuring the 9 Golden Rules for Quality, in conjunction with the safety campaign.

The quality and food safety tribe meets every two months to discuss the key KPIs per site, which are structured according to the food safety triangle, ranging from the number of non-conformities and internal deviations to, in the most serious cases, an imposed production halt. In 2025, there was one product withdrawal at the Moorslede site due to an incorrect product reference on the label (not a food safety issue). In addition, there was one further withdrawal for the site in Bruges due to an under-declaration of an allergen. Furthermore, there were five recalls of externally supplied products that were handled via our Bruges site. In each case, all necessary procedures and communication protocols were followed.

FOOD SAFETY TRIANGLE CONCEPT

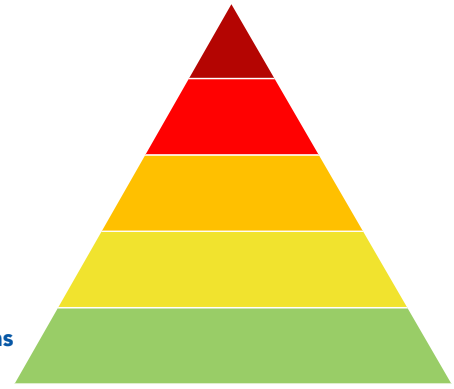
Imposed production stop

Recall - Withdrawal - An incident

Customer complaints

Audit areas for improvement

Areas of non-compliance & internal deviations





Over the past year, the team continued to work on the set of nine golden rules for quality and food safety. In 2025, we gave our (food) safety communication a new impetus with a highly visual, wide-ranging communication campaign. Through bi-monthly campaigns featuring videos, posters and a competition to raise awareness of the risks among everyone, colleagues are trained, made aware and motivated to always report any deviations via the app. All sites have implemented this to ensure a widely supported food safety policy.

To further strengthen collaboration between the quality teams, we launched cross-over audits in 2024. Twice a year, a colleague from one site would carry out an internal audit at another site. Given the steep learning curve that resulted from this, in 2025 we increased the number of cross-over audits per site to three per year to further advance the harmonisation of our quality system. Partly as a result of this, the 25 external audits throughout 2025 were concluded with favourable results.



A customer relationship built on long-term trust and service

Managing quality and food safety internally is a priority, but the ability for customers and consumers to report complaints or incidents is also essential. All our business units have accessible reporting systems for raising complaints or queries. This can be done by telephone, email, etc. Underpinning this are robust incident management processes in place to guarantee a rapid response, investigation and follow-up. Our staff are trained in these procedures, which are also tested externally each year with a view to continuing to learn and improving our own operations.

As early as 2024, the MPI Customer Service team took a significant innovative step with the introduction of an AI-supported tool for customer correspondence. From a shared mailbox, emails received by the team are now scanned for parameters such as the customer and the subject. The system then forwards the emails to the appropriate contact person within the team, or to a substitute in the event of holiday or absence. If one person has too many cases on their plate, matters can be assigned to colleagues. This ensures that conversations are directed straight to the correct inbox, which prevents unnecessary intermediate steps and drastically improves the initial response time. Our customers thus receive better service, and our staff can focus more deeply on the customer relationship.



Dupont Discovery Days 2025: an inspiring cheese event

In 2025, the Dupont Discovery Days brought together the best of the cheese world at La Brugeoise in Bruges. During this two-day 'in-house exhibition', Dupont Cheese welcomed over 40 cheese suppliers from home and abroad and hosted more than 450 visitors. Organised every two years, this event offered a unique mix of tastings, demonstrations and inspiring encounters, all built around a single common thread: a shared passion for cheese. With a history dating back to 1929 and a range of over 1,000 cheeses, Dupont Cheese reaffirmed its reputation as a key player in the sector.

The aim of the fair was to introduce customers, suppliers and partners to new products and trends. Visitors were able to sample a wide range of cheeses, from Brugge Kaas and Eigen Bodem cheeses to specialities from the Dupont corner, such as the new truffle ensalada. Cooking demonstrations and workshops, including a session by cheese specialist Ann Keymeulen, provided culinary inspiration and practical information.

The warm interaction between producers and visitors made the Discovery Days much more than a traditional trade fair. Participants discovered new flavours, heard stories from the makers and went home with fresh ideas for their own businesses. We therefore look back on a successful event where craftsmanship, innovation and a love of cheese took centre stage.

Whilst our customer service team focuses intently on delivering a smooth and high-quality customer experience, our commercial teams also work tirelessly every day to provide bespoke products to our customers. This means we listen to our customers' needs, whether regarding product composition, packaging, delivery times, quality requirements, and so on. Through the internal collaboration of our commercial teams with specialists in product composition, packaging and the supply chain, we can respond to the variety of customer queries and expectations. Customers also appreciate our proximity, even as a player in an international market. We ensure that our customers can also meet us locally, within their region, by participating in trade fairs.



Belgian dairy continues to grow in the Far East

In 2025, Milcobel continued to strengthen its position in the Asia-Pacific region, where demand for high-quality dairy products and specialised dairy ingredients continues to rise. In addition to mozzarella, our high-quality dairy ingredients are finding their way to customers in Japan, South Korea and Singapore, amongst others. The high quality standards and emphasis on innovation in this region align seamlessly with what Milcobel stands for, resulting in sustainable partnerships and growing confidence in our products.

This close collaboration was highlighted last year by a visit from a key Japanese customer to the Mozzarella Experience Centre in Langemark. During the visit, the guests gained an insight into the entire production process and were able to sample various mozzarella varieties. The visit provided an opportunity to look ahead to new opportunities and reaffirmed the strong, forward-looking relationship between Milcobel and its partners.

Governance

Good governance

Milcobel strives to conduct its activities in accordance with all applicable laws, rules and regulations and adheres to the highest ethical standards. This commitment and the expectations that go with it apply both internally, with regard to employees and member dairy farmers, and externally, in cooperation with customers, suppliers and other third parties.

The importance of a healthy corporate culture

As a major player in the dairy industry, we remain mindful of the complexity of our processes and the associated risks in terms of good governance and business conduct. Many decisions are made every day, and it is our responsibility to safeguard integrity and compliance with our internal rules. Our core values – the MELK values – continue to guide us in this regard and form the basis for the development of our internal governance process and the twelve principles of our Code of Conduct. As a result of the merger, we will adopt FrieslandCampina's values. These align well with Milcobel's values. The principles based on the cooperative ethos and good governance will, of course, be retained in the new merged cooperative.





MILK: Our raw material, the basis of our values

Our core business immediately represents the values we want to project. Valorizing milk is what we do. MILK is what we are and how we behave.

M - Make it happen

Striving to improve is what we want to do. Showing ambition, pushing boundaries, overcoming setbacks and learning lessons from them, and maintaining our own set course. Achieving an ambition requires commitment and determination. To be courageous is to lead.

I - Integrity

We are honest with ourselves and others. We stand for clarity and open communication: everything can and may be said, even if it sounds less pleasant. We uphold the principle that you do what you say and say what you do. That makes everything transparent and clear. It requires courage, of course, but also ethics, integrity and fairness.

L - Loyalty

We are loyal to our organization's policy, standards, values, protocols and agreements.
The collective interest takes precedence over self-interest. Loyalty is consistent with togetherness, collegiality and teamwork. A cooperative is the explicit expression of loyalty. To tackle challenges, to realize dreams and ambitions and to achieve results. Together, transparently and honestly.

K - Knowledge and know-how

Quality is about more than just products. Quality also applies to our service, our communication, our openness, internally and externally. Quality expresses itself in our professionalism, our competence, our performance and our customer focus.

The Exco and the Senior Leadership Team promote these values and ensure a good flow of information throughout the organisation. Communication and training play a key role in this, for which we use a mix of channels, such as our intranet, newsletters, webinars, emails, digital displays, posters and the staff magazine. In addition, every Milcobel site organises a 'town hall' at least twice a year, where company updates, strategy, sustainability and KPIs relating to HR, safety, quality and the environment are shared.

In 2025, communication focused primarily on the merger process with FrieslandCampina. This process was closely monitored by the communications and HR departments, in close collaboration with Legal. A detailed timeline leading up to the closing was followed, including the legal steps such as the letter of intent, publications in the Government Gazette, shareholders' meetings, board meetings and information sessions. Communication with employees and member dairy farmers was a key part of this process, focused on providing transparent and timely information to all stakeholders.

With a view to securing support among our member-cooperants, we organised an additional preliminary general meeting, in addition to the legal requirements. This enabled us not only to obtain approval, but also to carefully assess the intention behind the merger. This approach illustrates our choice to consciously go beyond the minimum requirements in the interests of good governance.

Transparent communication and careful governance will remain key in 2026 as the integration between the two companies continues to be rolled out.

Clear rules for good governance and business conduct

Our processes are designed to enable us to operate in compliance with regulations and in line with international standards on good governance and business conduct. The United Nations Global Compact, which is also mentioned elsewhere in this report, has long been one of our guiding principles.

All our employees are expected to act in good faith and in accordance with our values at all times. This policy is set out in several of our policy documents, and our employees are also trained in this regard. For instance, many matters are included in our staff regulations, but we also have a Code of Conduct and a comprehensive competition manual – a practical guide for our employees to clarify the dos and don'ts of business conduct and to ensure respect for these principles.

Our governance documents as a guide to good governance

Various teams, including Legal & Compliance, Procurement, Sales, HR, IT, etc., closely monitor evolving regulations, market practices and industry standards. Based on this, policy documents are updated, processes are refined and guidelines are shared internally.

In this way, we ensure that our organisation always operates in accordance with the most recent requirements and expectations regarding good governance. New or updated documents are carefully rolled out through clear communication, training and integration into existing work processes. As a result, our governance documents are not merely references, but living tools that support employees on a daily basis in making correct, transparent and well-founded decisions.

- Milcobel Code of Business Conduct 2024
- Anti-corruption policy (internal)
- Policy on business relations and end-of-year gifts (internal)
- Competition Manual (internal)
- Whistleblower Policy
- GDPR policy (internal)
- IT policy (internal)
- Reimbursement of expenses (internal)
- Social media guidelines (internal)
- Information Security Policy
- Procurement policy (internal)
- Milcobel Code of Conduct for Suppliers
- Privacy Statement for Business Partners



In 2025, our focus on good governance, integrity and responsible business conduct remained central. Our Code of Conduct, updated in 2024, forms the foundation for this. The Code of Conduct comprises twelve principles that guide employees in their day-to-day work and support them in acting with integrity and in a proper manner.

1. Legislation and compliance	7. Environment and climate
2. Safety and quality	8. Governments and international organizations
3. Fair and ethical relationships	9. Corruption and fraud
4. Governance and accounting	10. Conflicts of interest
5. Fair competition	11. Confidentiality and data protection
6. Relationship with the community	12. Money laundering

To embed these principles widely, we introduced a mandatory e-learning module via the learning platform in 2025. As part of the training, employees complete quiz questions, the correct answers to which are required to proceed. In this way, almost the entire office staff were trained: more than 312 employees successfully completed the training in 2025. New colleagues receive the same content via an interactive onboarding module, which is completed with a certificate of participation.

The principles of our Code of Conduct are also firmly embedded in our day-to-day operations. They are addressed, among other things, within the Safety Tribe, audit processes, the Quality Tribe and internal financial processes.

In 2025, we also strengthened our governance and risk management processes. The delegation of authority was revised, with clear obligations regarding contract management and clear guidelines on when contracts must also be submitted to the legal department. In preparation for the merger with FrieslandCampina, these stricter standards were extended to purchasing and sales, with clear guidelines and structural checks. Compliance with these processes is monitored by the audit committee.

We subscribe to the 10 principles of the United Nations Global Compact

Milcobel has been an active subscriber to the United Nations Global Compact since 2008 and subscribes to the Ten Principles of the Global Compact in the areas of human rights, labor, environment and anti-corruption, as well as the ETI Base Code, thus demonstrating its commitment to applying the principles and further integrating them throughout the value chain.

These principles of the United Nations Global Compact are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. In the overview below, we indicate where our achievements can be found in this report.

Human Rights	**In this report**
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Social
Principle 2: Ensure that they are not complicit in human rights violations.	Social
Labor	
Principle 3: Businesses must maintain freedom of association and effective recognition of the right to collective bargaining;	Social
Principle 4: The elimination of all forms of forced and compulsory labor;	Social
Principle 5: The effective abolition of child labor; and	Social
Principle 6: Elimination of discrimination in employment and occupation.	Social
Environment	
Principle 7: Companies should support a precautionary approach to environmental challenges;	Environment
Principle 8: Take initiatives to promote greater environmental responsibility; and	Environment
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Environment
Anti-corruption	
Principle 10: Companies should work against corruption in all its forms, including extortion and bribery.	Governance



How we deal with fraud and corruption-sensitive issues in practice

Milcobel is a large organisation with many stakeholders and active in the international market. Therefore, managing potential risks of fraud and corruption remains an important part of our governance policy. Risk analyses from previous years confirm that Milcobel has a low risk profile, but they also highlighted several areas for attention which we have followed up on further in 2025.

Fraud and corruption

In 2025, the emphasis was on awareness and training, particularly through the introduction of the updated Code of Conduct training and the accompanying programme. Fraud and corruption were explicitly addressed therein. The focus was on strengthening knowledge, attitude and vigilance, in line with our integrity principles.

In addition, we took further steps around risk mitigation. For instance, certain requirements were further embedded in contracts, including those relating to approval and escalation. We also revised our criteria for material contracts, applying stricter criteria based on contract value and duration to determine when formal approval is required.

In the context of our international activities, an inventory and screening of our commercial agents was carried out. This involved checking which agreements, exclusivity clauses and contracts existed, whether they were up to date and whether any potential risks were present. Action was taken where necessary. This screening did not reveal any concerning risks. Further follow-up on this will continue in 2026.

In 2025, no fines or sanctions were imposed in connection with fraud or corruption. Internally, Milcobel ensured proper monitoring of the conduct of our employees and board members.

Competition

Competition has remained a priority issue within our risk management for many years. As a cooperative enterprise that works closely with suppliers, member dairy farmers, customers and industry colleagues, it is essential that we exercise the utmost care when sharing – and, above all, not sharing – competitively sensitive information. That is why we apply clear and practical guidelines for all our employees, supported by tailored dos and don'ts for different stakeholder groups. Our in-house legal department is available daily to provide advice.

In 2024, we organised in-person workshops on competition, attended by more than 50 employees. Due to the planned merger with FrieslandCampina, we did not organise any new formal training sessions in 2025, but the pre-merger period led to a particularly high level of awareness in practice. Employees gained a practical understanding of what information could and could not be shared, the limits imposed by competition law, and the importance of strictly managing antitrust risks.

For many, this real-life experience proved to be the most impactful form of training, involving many questions and sometimes frustrations, but above all a significantly increased understanding of the rules.

In the context of the proposed merger, we worked according to a strict set of dos and don'ts to avoid 'gun jumping'. As a result, both organisations continued to operate completely independently until the final merger decision and approval. Preparatory activities were only permitted where strictly necessary for the future integration, for example regarding IT systems, the integration of our member dairy farmers, or the preparation of teams and roles. Competitively sensitive information was shared exclusively via a secure clean-team process, involving a limited group of employees operating under confidentiality. Information was systematically anonymised, aggregated or presented in ranges. External consultants acted as a filter where access to detailed data was not permitted.

At the same time, a number of clear prohibitions were in place: no implementation of integration prior to closing, no influencing of each other's business decisions, no coordination in sales, procurement or member recruitment, no joint presentations to customers or member dairy farmers, and no exchange of competitively sensitive information outside the clean team.

Even after all minutes and documentation had been submitted, no breach of competition law was found.



The merger was a remarkable process: complex, cross-border and, above all, deeply collaborative. You are not only integrating two organisations, but also two groups of dairy farmers who need to be on board with the story. That is what makes this process unique and wonderful. Everyone worked hard behind the scenes, which meant that, to the outside world, it all went remarkably smoothly. Now we can really get started with the integration in January.

Christophe Guilmin
Group Legal Counsel



Whistleblowers

Milcobel strives to foster a corporate culture underpinned by clearly defined values and principles, including honesty and transparency. We expect everyone within the organisation to remain alert to situations that could cause harm to Milcobel and to report any potential breaches. It is therefore our responsibility to create an environment in which employees can do so safely, without risk of retaliation and with the guarantee of a fair, independent and confidential investigation.

To support this, Milcobel has had a formal whistleblowing channel in place for several years, in addition to the existing internal reporting lines and legally established structures. Via a digital platform, employees can report suspected breaches that fall within the scope of the Whistleblowing Act. Every report is handled in accordance with a fixed and transparent procedure, with confidentiality and the protection of the whistleblower being central to the process.

In 2025, no reports were received that required the full formal whistleblowing process to be activated. However, we did receive a few reports that were followed up swiftly and carefully within the regular internal structures. None of these reports required further escalation or formal intervention.

Privacy and GDPR

Milcobel also has a policy and underlying processes in place regarding the GDPR. In 2025, there were no incidents involving GDPR breaches or incidents that needed to be reported to the authorities.

Political influence and lobbying activities

All forms of lobbying are strictly regulated within Milcobel. Milcobel is represented by the sector federations (BCZ and Fevia) and thus adopts sector-wide positions. We do this transparently and in accordance with our principles of ethical conduct.

The Head of Corporate Affairs at Milcobel is responsible for all activities aimed at safeguarding the rights and interests of the Milcobel Group and at informing government bodies and public decision-makers, in Belgium and abroad, who are likely to take decisions that may have an impact on the activities of the Milcobel Group.

In this context, Milcobel's policy is to refrain from any involvement in the financing of political activities, to avoid any risk of committing acts of corruption. This applies to both financial involvement and the offering or provision of services, e.g. for the benefit of a political party or an election candidate.

NIS2: how Milcobel ensured timely and correct implementation

With the introduction of NIS2, the updated European directive on network and information security, companies in the food sector were also required to strengthen their digital security. The directive imposes stricter requirements regarding the protection of systems, data and critical processes against cyberattacks, sabotage and data breaches. For an organisation with critical infrastructure, this is crucial to ensuring business continuity.

Milcobel took this obligation seriously and opted for a comprehensive approach. We invested in enhanced IT security, tightened our procedures and collaborated more closely with customers and suppliers to protect the entire supply chain. Through targeted risk analyses, timely system updates and clear incident procedures, we ensure a stable and secure digital environment. Raising awareness was also a key pillar: management and staff were given practical tools to remain vigilant, click safely and report suspicious situations.

This approach enabled Milcobel to implement NIS2 fully and on time. But above all, it created a culture in which cybersecurity is not just an IT issue, but a shared responsibility. By remaining vigilant together, we protect not only our systems, but also the people and products that make our company unique.

Relationships with suppliers and payment practices in the context of sound financial management

In addition to integrating environmental and social principles into our procurement policy, we also attach importance to ensuring good commercial practices towards our suppliers. This means that we pay close attention to robust contract management and supplier management.

We ensure that we establish sound payment arrangements and adhere to them ourselves in order to prevent payment delays. We also monitor this. After all, sound arrangements ensure that we can build a strong relationship of trust with our suppliers in a context of mutual respect.

Within Milcobel, we apply a comprehensive set of 'Golden Rules' that set out the guidelines for good governance, including our agreements regarding supplier relationships and customer relationships. These range from the approval principles for invoices in accordance with the 'Delegation of Authority' and the 'four-eyes' principle, agreements on expenditure decisions, control of system access, payment agreements, to follow-up with suppliers and customers, etc. In total, around 20 golden rules have been defined to date.

Milcobel's internal audit team monitors the organisation's performance against these golden rules and reports on this on a quarterly basis to the management and audit committee. Our internal audit ensures that misconduct, fraud and other irregularities in business conduct cannot occur and guarantees that company policy is followed. They also ensure the accurate reporting of financial figures.



As previously described throughout this report, Milcobel's procurement team integrates many principles of sustainable procurement into its day-to-day procurement policy. In 2025, the team took further steps in this regard. For instance, the entire procurement procedure was scrutinised, with each step in the procurement process being reviewed to determine what adjustments were needed to incorporate principles of sustainable procurement at every stage

About this report

This report covers all activities of Milcobel cv for the entities Milcobel cv, Milcobel Dairy, Kaasimport Jan Dupont, Cheeseline, Kaasbrik and Camal, and is consistent with the consolidated financial statements of Milcobel cv. It includes a description of the activities and results for the year 2025. Milcobel takes into account the risks, impacts and opportunities that arise across the entire Milcobel value chain, and where possible, data is already linked to these. For example, Milcobel is working hard to improve the collection of sustainability data from our member dairy farmers and will continue to focus on this in 2026. In doing so, the organisation will focus primarily on integrating data processes with FrieslandCampina so that the necessary data is collected correctly to meet the new ESRS requirements. When assessing impacts, risks and opportunities, Milcobel established time horizons for the short term (2025), medium term (2030) and long term (between 2030 and 2050). No new DMA update was carried out in 2025.

This is the fifth and final sustainability report from Milcobel cv. It includes an overview of our sustainability policy and a selection of our achievements for the financial year 2025 and is therefore also the first reporting year without the entity YSCO. In future, all information relating to these entities will fall within the reporting scope of FrieslandCampina.

Where possible, Milcobel already applies certain principles contained in the CSRD legislation. For example, the report is structured according to the material themes identified as priorities under the double materiality (DMA) framework. To limit the complexity of the report, it was decided not yet to fully incorporate all reporting requirements per ESRS. Where possible, metric data points have already been included. Narrative sections containing repetition or confidential information relating to strategic decisions have been excluded from this report.

This report also serves as a progress report on the implementation of the ten principles of the United Nations Global Compact. An explanation of these principles and a reference to the relevant progress reporting can be found in the Good Governance chapter. In this report, we also explain how we contribute to the UN Sustainable Development Goals. These are indicated by the relevant icon in the relevan report sections.

Extra info en contact

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Statement of use		Milcobel reports in accordance with the GRI Standards or the period 01/01/2024–31/12/2024			
GRI 1 used		GRI 1: Foundation 2024			
Applicable GRI Sector Standard(s)		Not applicable			
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			Requirement(s) omitted	Reason	Expl.
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