



Sustainability Progress Update 2022



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WHO WE ARE

Leading in dairy in the UK

Lactalis UK & Ireland is one of the UK's leading dairy companies, delivering the highest quality butter, cheese and cream products and brands such as Galbani, Seriously, Leerdammer and Président for consumers across the country.

Lactalis Nestlé Chilled Dairy (LNCD) is a joint venture business, formed between the Lactalis Group and multinational food business Nestlé in 2006. LNCD specialises in chilled yogurt and dessert products and includes the renowned brands Rachel's, Munch Bunch, Aero, Rolo and Lindahls.

Both companies are part of the family owned **Lactalis Group**, the world's biggest dairy company which employs 85,000 people and has 266 production sites in 51 countries.

With more than 550 employees, Lactalis' operations in the UK make it the tenth largest Lactalis subsidiary. With headquarters in Redhill, Surrey, Lactalis has four manufacturing sites in the UK, bringing delicious, healthy products to market every day.

OUR BRANDS INCLUDE:

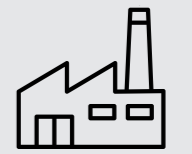


LACTALIS IN THE UK



550

EMPLOYEES



4

PRODUCTION SITES



£338m

ANNUAL TURNOVER

WHY SUSTAINABILITY MATTERS TO US

A note from our management team

At Lactalis, our extensive range of dairy products means we have a close connection with the natural world. With a rich heritage, we apply our product expertise to develop the tasty and nutritional products our customers know and love.

Like many other food producers, we are in the midst of a fast-changing environment. In a world recovering from a pandemic, more people are questioning what they want – from the products they buy to the way they live their lives.

We also face a climate crisis, and we recognise that our business needs to play its role. Agriculture and manufacturing contribute to climate change, and in turn, are subject to a changing climate. We have a responsibility to our consumers and society to always do the right thing – to run our business as efficiently as possible, reducing the amount of energy and raw materials we use, and to help our suppliers to do the same.

We must also help our consumers make better choices too, by delivering healthy and nutritious food, produced in ways that

minimise damage to the environment.

As this Sustainability Progress Update highlights, we are committed to understanding and responding to the changes in our environment to make sure we are equipped to build a sustainable business that looks after people and the planet, with high standards of animal welfare.

We have made good progress in developing a robust and ambitious strategy that we share with you here. Our joint desire has been to develop a strategy that will make us fit for the future, meeting the needs of our stakeholders and ensuring we are a positive part of the communities we serve. As we embark on this journey, we will continue to share transparently both the progress we have made but also the work we still have to do.



Mike Chatters

Group Managing Director, Lactalis UK & Ireland

Alan Prior

Managing Director, Lactalis Nestlé Chilled Dairy

THE DAIRY INDUSTRY

Dairy produce has been popular for hundreds of years

Today, 15 billion litres of milk are produced every year in the UK, satisfying the 96% of adults who regularly consume dairy products as part of their daily diet.

A nutrient-dense food

Dairy foods, including milk, cheese and yogurts, are considered to be nutrient-dense foods because they provide a high level of nutrition for relatively low calories. Their calcium, vitamin D, potassium and protein work together to provide multiple health benefits, including strong growth and development for children, while reducing the risk of people having chronic diseases like type 2 diabetes.

An important employer

In the UK, dairy farming employs around 50,000 people¹ either directly, or in supporting industries, plus a further 24,000 people at processing sites.

Dairy therefore provides an important contribution not only to our diets but to the wider economy and society.

A relatively small contributor of greenhouse gas emissions (GHGs)

In the UK, agriculture is the fifth largest emitting sector, accounting for around

10% of the country's GHGs.² Of this 10%, dairy farming accounts for less than 3% of the total footprint. In fact, it is a small proportion compared to other sectors, such as transport (27%), energy (21%), business (17%) and residential (15%).³

Globally, dairy contributes around 3.4% of all GHGs.⁴ In the UK, the dairy sector is recognised as a leader in low-carbon dairy production. The carbon footprint of UK milk is around 1.25kg CO₂e per litre produced. That's just 43% of the global average.⁵

Our commitment to the dairy sector

As the leading dairy company worldwide, and an important UK player, we are championing change. As a global company, Lactalis has a responsibility to reduce and reverse the impacts of the dairy sector, while also supporting the livelihoods of thousands of people. Not just those we employ, but also those working within our supply chain. By producing good quality, affordable products, we can enhance health and wellbeing, while treating people, the planet and animals with respect.

¹ Dairy UK

² The Sixth Carbon Budget, Climate Change Committee, 2021

³ Defra, UK greenhouse gas emissions: summary, 2019

⁴ FAO and GDP, Climate Change and the Global Dairy Cattle Sector

⁵ NFU

WHAT'S IMPORTANT TO US

A robust strategy for our sustainability

A leading approach to sustainability means focusing on what's important to Lactalis, but also crucially what is important to our stakeholders.

Our stakeholders include our employees and suppliers, our farmers and our customers. The wider needs of society and the environment are also critical.

To help us develop our strategy, we teamed up with specialist sustainability consultancy Terrafiniti to carry out a full review of our business and how we approach environmental and social issues and activities across our whole value chain. Taking Lactalis Group's global CSR approach – based upon three pillars: People and Communities, Authentic Products and Heritage and Land and Resources – as our starting point, we undertook a review in the UK and Ireland to understand our specific local priorities.

To ensure our focus and management approach is based upon what is most important we worked with key customer and industry stakeholders to carry out a strategic materiality assessment. Essentially, we asked our stakeholders to rank a list of issues according to what was most important to them. We also considered best

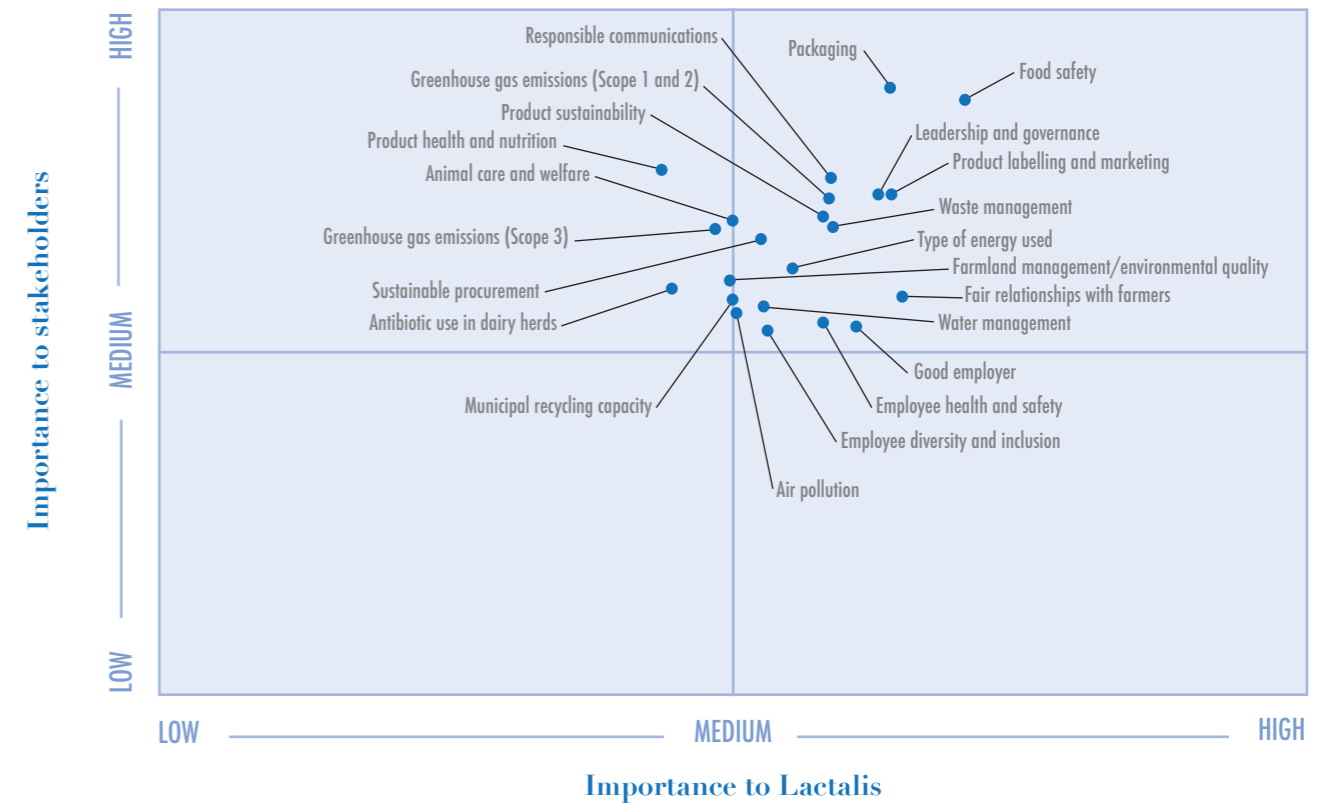
practice in the dairy and food production sectors. This process enabled us to identify what is most material or important to our business and identify the things we should prioritise (see grid, right).

Our work has so far included:

- A **best practice review**, to analyse the performance of peers, sector-based policies and standards and to produce recommendations and key metrics related to the dairy production and processing sectors. This ensured we considered both ongoing and emerging issues.
- Examining our current approach and future direction with leadership teams and staff from across all key business areas. This helps us **broaden and embed understanding of the challenges and opportunities**.
- **Staff dialogue and survey** to understand their views on sustainability, and with farmers and customers to explore their perspectives. This helps us ensure relevance and impact on business success.
- Undertaking a multi-part approach to analyse and rank issues and to create a **materiality matrix**. This would provide a foundation to further enhance our ongoing approach.

The results of our materiality assessment are used to inform and enhance our strategy across the business.

OUR MATERIAL ISSUES, ACROSS BOTH BUSINESSES



We have used the material issues to develop four core Areas of Focus for action.

OUR CORE AREAS OF FOCUS

PEOPLE	PROCUREMENT	PRODUCTS AND PACKAGING	PLANET
Pursuing excellence and opportunity for all	Supporting suppliers in production excellence and sustainability	Producing the best dairy products for quality and sustainability	Minimising our impact on the environment
HEALTH AND SAFETY	SUPPORTING FARMERS	HEALTH AND NUTRITION	CARBON EMISSIONS
ATTRACTING & DEVELOPING PEOPLE	ANIMAL WELFARE	FOOD SAFETY & FOOD WASTE	LOOKING AFTER THE ENVIRONMENT
SUPPORTING LOCAL COMMUNITIES	SUSTAINABLE PROCUREMENT	TRANSPARENCY & RESPONSIBLE MARKETING	
LEADERSHIP AND GOVERNANCE	SUSTAINABLE LOGISTICS	PACKAGING	



PEOPLE

Pursuing excellence and opportunity for all

At Lactalis, people matter. We are a family business connected by shared values, ethics and a passion for making products that bring people closer together.

We are focused on ensuring our employees, our facilities and offices are safe, dynamic and enjoyable places to work. Employee safety and wellbeing is paramount. Clear vision, leadership and priorities provide focus, yet we trust our people to take responsibility for decision-making. We promote a culture of collaboration and give people the support and space to help them be the best they can be. This enables them to innovate and continuously improve the way we do things.

We are proud of our origins and rural roots. Today, we have 550 employees across the two businesses, and four production sites spread throughout the UK, in Scotland, Wales and England. These are located in major dairy areas, in the heart of the countryside and we are typically an important employer in each local area. We're committed to supporting these communities and our partner charities.



PEOPLE HIGHLIGHTS

Health and safety

Keeping people healthy and safe is at the heart of our culture, and core to the Lactalis Group long-term plan for Human Resources. Our focus goes far beyond making sure people do not get injured at our production sites. It is also about giving people the support they need to maintain good physical and mental health, and promote a better work-life balance.

In 2021, we reported **7 lost time accidents**, down from 8 in 2020. For 2022, we are targeting a 15% reduction in all accidents.

We ran a **mental health awareness campaign** to encourage employees to look out for each other, and 6 staff are now Mental Health First Aiders having received training. We are planning to run a second programme in 2022 for a further 10 people.

Our employee private healthcare provider Vitality held online sessions focused on improving wellbeing, particularly when many staff were working from home during the Covid-19 lockdown. We have offered flexible working for office-based staff since July 2020, enabling employees to work from home up to two days a week.



Keeping people healthy and safe is at the heart of our culture

15%
target for reducing accidents year-on-year

6
Mental Health First Aiders trained

Attracting and developing talented people

At Lactalis, people are at the heart of our achievements. We are committed to maintaining a diverse and inclusive workforce, offering an extensive range of career opportunities. And we develop our own talent internally, wherever possible, and supplement this by bringing in great talent from outside the organisation.

We give people the time, space and support to shine in a dynamic and fast-paced working environment thanks to our dedicated training programmes. We offer interesting careers where

ambition, delivery, creativity and teamwork are rewarded and recognised, as well as a good work/life balance.

From 2022, we will use our new online learning platform, called the Learning Factory, giving all employees access to a large library of digital training and learning opportunities.

We are also committed to accelerate the actions we are taking to ensure we are a flexible and diverse organisation which develops all talent regardless of sex, race, colour or creed.

Supporting local communities

We are committed to developing and supporting local economies and communities. Our UK dairy plants in Stranraer, Scotland, Lubborn, Somerset and Aberystwyth in Wales are located in rural regions steeped in milk, yogurt and cheese-making tradition. By maintaining these roots in traditional dairy regions, we are helping to preserve multi-generational farming and cheese-making expertise, passion and excellence.

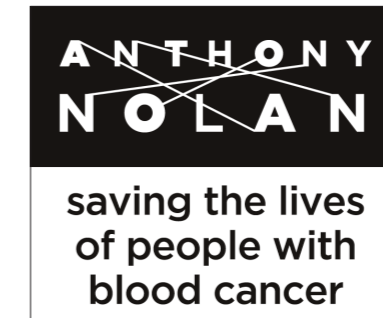
We are also proud to partner with a number of UK charities, and use our platform to raise funds and awareness for our chosen charities.

As part of our support for the social enterprise **Community Shop**, LNCD donated Munch Bunch and Ski yogurts over the two-week Christmas school holidays to ensure that 45,000 of the poorest families with children at risk of hunger received a healthy start to their day.

Our 2021-22 corporate charity partner is blood cancer charity **Anthony Nolan**, chosen by our employees to honour a former colleague who sadly passed away from blood cancer.

Our partnership in 2021 raised **£10,840** – half raised by employees, half matched by

the company. We were also nominated by the charity for an Anthony Nolan Supporter Award for our efforts.



We supported **World Cleanup Day**, an annual social action program designed to combat the issue of waste and raise awareness of waste sorting rules. Staff joined in organised clean-ups of Shoreham Beach, Port Logan Beach, Brighton

£10k

More than £10,000 raised for Anthony Nolan

Beach and the shores of the Thames in London.

Lactalis UK & Ireland is a supporting partner of the **Stronger Together** initiative, committed to reduce human trafficking, forced labour and other third-party worker exploitation hidden in supply chains.



Our teams support World Cleanup Day on the banks of the River Thames in London



PEOPLE LOOKING AHEAD

We aim to develop the talent we need to succeed

When it comes to looking after our people, engaging well with them and supporting them to be the best they can, we have a long-term plan.

This outlines our commitment to corporate social responsibility across the organisation, working with our people and in local communities to bring about positive changes to the way we work and support each other.



Q&A profile

Andy Joyner

Group HR Director, Lactalis

What makes Lactalis such a unique place to work in the UK?

We're a very successful family-run business that is now a global player. Yes, we are ambitious and committed to being the best we can be and to doing the right thing.

But we also focus on simplicity; it's one of our values, which is totally unique to Lactalis. It's about being humble, being present, being hands-on and being pragmatic and down-to-earth. That's how we like to work. Although we are a global business,

Lactalis views itself as a group of smaller local entities. By performing well locally we are driving a successful global business.

Talent development seems central to the Lactalis HR policy. How does it work in practice?

Lactalis has a strong commitment to seeking first to grow talent from within, rather than start externally. We take great care in succession planning and in management development opportunities, identifying young talent and leaders of the future internally

before looking externally. We have some great examples of people moving and being promoted in the past 12 months, both international moves and across our businesses. For instance, international moves have included one of our factory managers who moved from the UK to Lactalis Australia and a marketer to Lactalis Canada. While in the UK, we've opened up exciting and rewarding career path moves between Lactalis UK & Ireland and LNCD to develop our talent and promote from within.



PROCUREMENT

Supporting suppliers in production excellence and sustainability

We source milk from around 150 farmers in the UK, local to our production sites, as well as a range of ingredients and products from other suppliers.

These suppliers are vital to our business. Without them we will not be able to continue producing our quality dairy products.

To be a sustainable dairy business, we must not only ensure that we are running our own operations well, but we must also ensure that our suppliers and partners are doing all they can to be responsible too.

By understanding our suppliers better, we can help them to improve how they deliver our ingredients so that they can continue to do so for the long-term. After all, our long-term success depends on having a supply chain that is thriving socially and economically.



PROCUREMENT HIGHLIGHTS

Supporting our farmers

Our locations in some of the UK's best milk fields allows us to work closely with many traditional multi-generational family farms of all systems and sizes. Buying milk directly from local farms close to our factories has many benefits. The proximity to factory means that our dedicated farm management team are able to make regular visits to our supplying farms, building and maintaining strong relationships with our producers. The local nature of the businesses is also key to keeping our transport mileage and our carbon footprint low.

We believe in treating our farming partners fairly and with respect. This means making sure they are paid fairly to help sustain their own businesses and supported to improve the sustainability of their operations and farms. We maintain a close working partnership with our farmer suppliers through a combination of direct liaison with our Farm Supply Managers, and formal meetings with farmer representatives to negotiate milk prices, agree milk supply volumes, update contracts and initiate development projects. In our largest milk field in Scotland, the farmers representative body has fully constituted itself as a co-operative, the **Milk Suppliers Association**.



We are committed to treating our farming partners fairly and with respect

40k
animals looked after by our farmers

We pay premiums to farmers to incentivise the supply of high-quality milk for cheese and yoghurt making. For example, the main components of milk needed to make our products are butterfat and protein. So, we reward our dairy farmers through their monthly payments based on the butterfat and protein content of the milk they supply. The higher the butterfat and protein within the milk, the higher the product yield, creating a win-win situation for all parties. Higher constituents also mean we need to transport less milk to our factories, further enhancing our carbon footprint.

We are dedicated to improving farm standards

and the sustainability of our farmers' businesses for future generations. In 2019, we launched our first Lactalis Sourcing Standard. It defines our current and future positions on key issues that are important to our farmers, customers, and consumers. Through meetings and farm visits, we foster the sharing of knowledge, ideas and encourage best practice. Key areas of focus to date include:

- **Carbon auditing:** By gathering farm data, including feed use, livestock numbers, land area, fertiliser use, fuel consumption and water usage, farmers can benchmark against similar businesses and identify opportunities to make improvements.
- **Antibiotic Reduction**

Programme: Our farmers have successfully phased out medications which are critical for human health from our supply chain. Through a series of workshops and farm visits, and engaging with local vets, the changes have been implemented without detriment to animal health and welfare.

- **Calves:** We made the decision to ban healthy calf euthanasia from October 2021. We have worked with our producers to review their breeding policies and find alternative outlets for their surplus calves.
- **Animal welfare:** To ensure that all animals receive great care and attention we ask our supplying farmers to Mobility and Body Condition Score their herds at least once a quarter. These scores are a good way to indicate the overall health and welfare of the animals.

- **Health planning:** The herd health plan is compiled by the farmer and their vet and outlines various disease prevention methods, how existing issues are to be addressed and monitored and collates health statistics and productivity.
- **Avoiding pollution:** All producers are required to store any potential pollutants safely and encouraged to adopt nutrient management planning.

Animal welfare

As the one of the UK's leading dairy businesses, our farmers look after over 40,000 animals so animal welfare is at the core of everything we do. Animal welfare is fundamental to the sustainability of our activities, and as all our partnering farms



We regularly audit our farms to ensure they share our commitment to the best care and treatment of their cows



Our farmers adhere to Red Tractor Assurance Dairy Scheme standards

know, there is a close link between animal welfare and milk production.

The foundation of animal welfare revolves around the Five Freedoms. This principle is globally recognised as the gold standard in animal welfare. The standards encompass animal mental and physical well-being, and includes:

- 1 freedom from hunger and thirst;
- 2 freedom from discomfort;
- 3 freedom from pain, injury, and disease;
- 4 freedom to express normal and natural behaviour; and
- 5 freedom from fear and distress.

We partner with passionate dairy farmers that meet the five freedoms and continuously strive to raise the bar on animal care.

Our farmers deliver on those needs by adhering to the **Red Tractor Assurance Dairy Scheme (RTADS)** as well as our Sourcing Standard requirements. The standards ensure cows are well looked after to maintain their health and welfare, and that the milk is produced in hygienic conditions and stored safely.

Our farms are **regularly audited** to ensure they share our commitment to the best care and treatment of their dairy cows. Farms will have independent assessors from Red Tractor as well as visits from our dedicated in-house Farm Management team.

PROCUREMENT HIGHLIGHTS

Sustainable procurement

Our UK Procurement team drives an agenda of continuous improvement for all goods and services purchased for the business including packaging, ingredients, and energy. We follow the **Lactalis Group Ethical Codes of Procurement Practice** which recognises our corporate and social responsibilities, and, with our suppliers, we lead innovation.

The Purchasing team own the contractual relationships with our vendors, within which we agree trading terms that are acceptable to both parties. We select our suppliers based on their ability to deliver optimum quality, service, and pricing levels. Our relationships are based on trust, experience, and integrity.



The key areas of focus for our sustainable approach includes:

- **Human rights.** Suppliers strive to respect the following conditions on their production sites and those of their partners:
 - o Suppliers support and respect the enforcement of the Universal Declaration of Human Rights.
 - o Suppliers ensure that they and their suppliers are not complicit in any Human Rights violations.
- **Business ethics.** Suppliers must put a high emphasis on business and work ethics and follow all applicable laws and regulations in the countries where they operate.
- **Labour practices.** Suppliers must comply with the labour laws and legislation of the countries they operate in and ensure the following conditions are respected on their production sites and those of their partners:
 - o Suppliers work actively to eradicate child labour
 - o Suppliers work actively to eradicate forced labour
 - o Suppliers promote plans to reduce discriminations based on race, gender, and sexual orientation
 - o Suppliers ensure their activities do not harm the health and safety of employees, and suppliers
- **Environment.** In order to reduce the environmental footprint and to contribute to the fight against global change, suppliers comply with all applicable relevant laws and regulations in the countries where they operate, and these following principles:
 - o Suppliers follow precautionary principles such as:
 - Minimising any pollution risks and environmental incidents
 - Implementing environmental impact management plans
 - o Suppliers are proactive on waste management issues by:
 - Minimising waste
 - Implementing recycling systems
 - o Wherever possible:
 - Suppliers seek to preserve forest ecosystems

Sustainable logistics

We recognise that a significant proportion of our environmental impacts comes from transporting our products around the UK, from farm to manufacturing facilities and to retailers. We are committed to minimising this impact as much as possible.

In the last two years:

- We have optimised our use of 1.8 metre pallets, making sure everything is picked and stacked correctly. By reducing the number of pallets we use, we have **reduced our road miles by around 700,000 kilometres (km) a year.**
- We've worked with our customers to improve packaging to better fit the pallets for distribution. Open-top cases have been removed and many of the sizes of the packages have been changed to reduce the air between products being delivered.
- For our trucks coming in from Europe, we increased the height of pallets, **taking two trucks off the road per week** and reducing our mileage by 2,500km a week.
- By moving our warehousing closer to the docks at Dover, and consolidating our UK storage facilities, we have reduced distribution mileage by **22,000km and 5,500 km a week** respectively.
- By consolidating deliveries with other companies we are saving **1,200 kilometres a week.**

PROCUREMENT LOOKING AHEAD

We are focused on continuous improvement

At Lactalis, responsible sourcing and animal welfare is not only our responsibility, but a cornerstone for the rest of our sustainability activities.

We are focused on continuously improving the way we treat and support our farmers and animals by maintaining strong and close relationships with those we rely on to supply us with the highest-quality milk for our products.

Our latest 2022 Sourcing Standard sets out our key areas of focus. These are:

- **Animal welfare:** Working with our producers to provide advanced training to farm staff.
- **Carbon footprint:** We are committed to auditing our producers on a rolling 3-year basis. Our aim is to reduce on farm net carbon emissions by 30% by 2033. To assist producers on this journey our Lactalis Leadership Programme will deliver a series of workshops.
- **Forest footprint:** Producers are required to ensure any soya and palm products used are from sustainable sources and the use of these products is to be recorded. We have been working with our producers to make the most of their home-grown forage and reduce the amount of purchased feeds. This has involved

working with various feed companies and technical specialists to promote best practice.

- **Further reduction of antibiotic use:** Working with local vets, producers and staff to minimise the requirement for antibiotic use on farm, for example, removing prophylactic treatments on groups of animals by 1 January 2023.
- **Biodiversity:** Our farmers are encouraged to promote and enhance the biodiversity on their farms, including planting hedgerows and trees, installing bird boxes, owl boxes and bug hotels, and reducing the amount of inorganic fertilisers and sprays used.
- **Training and contracts:** All permanent staff on our farms are required to have a signed contract detailing the expectations and requirements of their role. All staff must be adequately trained to carry out their position and a training log must be completed for each staff member. All of our farmers in the UK are specifically obliged to comply with the provisions of the Modern Slavery Act.
- **Health and safety:** All staff must be aware of the health and safety requirements on farm. All farm staff are required to complete annual health and safety training and an annual audit is encouraged on all farms.



PRODUCTS & PACKAGING

Producing the best dairy products for quality, provenance and sustainability

Our customers can be confident that our range of products will be high quality, safely packaged, and nutritious and delicious.

We do all we can to deliver the very highest quality dairy products, made simply with natural ingredients and to seek to preserve dairy know-how. Many of the ingredients in our products and recipes are typically very simple: milk or cream, rennet, ferments, salt or sugar, and that's all.

We also favour natural product offerings and recipes. This commitment is evidenced by the fact that the wider Lactalis Group has become the third largest dairy player in the global organic sector (by turnover). In the UK, Rachel's is our core organic brand.

We also recognise that consumers are managing their health more proactively than ever before. Increasingly, they understand the importance of being healthy, and the role food can play in that. We have a responsibility to help them by continuing to offer a wide choice of healthy and nutritious products, with ingredients that are sustainably sourced, while reducing food waste and the environmental impact of our packaging.





PRODUCTS & PACKAGING HIGHLIGHTS

Health and nutrition

Health and nutrition is core to our mission. With renewed attention on fat, sugar and salt reduction to help tackle obesity and other health problems and to contribute to wellbeing, we are committed to ensure that our products support these aims and fit within a broader agenda of healthy eating habits.

Milk is one of the most nutritious and versatile foods, particularly for children. It provides essential nutrients and is an important source of dietary energy, high quality proteins and fats. It can make a significant contribution to the required nutrient intakes for calcium, magnesium, selenium, riboflavin and vitamin B12.

LNCD's Munch Bunch range is an **important source of calcium and protein**, essential for normal bone growth in children.

Lindahls High Protein range provides an essential nutrient in our diets. As part of a varied diet and healthy lifestyle, protein contributes to the maintenance of our muscles, and is also important for bone health too.

We are fully committed to Public Health England's sugar and fat reduction programme, and we have an ongoing programme of

20%

reduction in sugar content across the LNCD yogurt range, on average



2.8g

reduction in sugar content of Munch Bunch range per 100g sugar content, from 13.4g in 2016 to 10.6g

innovation, reformulation and size reduction to remove calories and reduce sugar in our products. We are taking a phased approach to sugar reduction for our existing products so that consumers become gradually accustomed to a reduced sugar content rather than just switching to a high sugar alternative.

Since 2015, we have **reduced sugar by over 20%** in our LNCD yogurt products.

For our **Munch Bunch** range:

- For all of our new products, we will launch products with lower than average or no added sugar.
- By the end of 2022 we are aiming for all our products to have no more than 10.7g per 100g sugar content, well below the recommended amount.

We are also developing a range of non-high in fat, sugar and salt (HFSS) mousses and yogurts for launch in 2022.

Food safety and food waste

The quality and safety of our products is a number one priority for our business. We comply with all internal and external food safety, regulatory and quality requirements. And we make sure that our focus on quality and safety is embedded throughout our business.

We continue to review and adapt our product shelf-life to minimise waste while ensuring our products meet consumer expectations and that quality standards are being met.

Our **Rachel's** range has increased its shelf-life **from 28 days to 35 days**.

We support **Fareshare**, donating all of our unused or unwanted food – that would have gone to waste – to the charity which then redistributes it to people who need it. In 2021, our food was received by **2,628** frontline UK charities including:

- 31 organisations serving people with mental health conditions.
- 224 services serving people experiencing homelessness.
- 123 community groups serving older people.

As a signatory of the **WRAP Food Reduction Roadmap**, LNCD is committed to reducing its waste by 2% year on year – a **25% improvement between 2015 and 2030**.

Transparency and responsible marketing

We are honest, transparent and upfront about what's in our products so that consumers have the right information to make the decisions that are right for

themselves and their families. This means we use clear labelling to indicate things like appropriate portion sizes, and sugar and fat content.

Packaging

The use of plastic is a focus of widespread attention. While plastic has a climate impact and its disposal can be highly problematic, it has an important role in protecting our products, reducing food waste and providing safe consumption.

So, we are focused on developing more sustainable packaging options for our products.

We are looking to **remove** problematic plastics, **reduce** the amount of non-recyclable packaging we use and improve opportunities for it be **recycled**.

REMOVE
At our Lubborn factory, we have switched away from using PVDC (Polyvinylidene dichloride) on our pre-pack Brie and goat's cheese products to a fully recyclable film. It is the first time the recyclable film has been used for soft mould cheese in the UK.

We have replaced the black plastic lid on our **Seriously Spreadable Vintage** pack and switched to a silver lid so that this can be more easily detected in recycling centres.

This now makes the whole of the Seriously Spreadable 125g range **fully recyclable**.

LNCD has removed the plastic overcap from **Rice Big Pots**, and the plastic spoon from all **Rachel's Breakfast Pots**. In 2022, we will remove overcap from Rachel's big pots.

REDUCE

At our Lubborn factory, we aim to remove all plastic trays from our cases used on soft mould cheese by the end of 2022. We have also redesigned our shelf ready packaging (SRP), switching from plastic to cardboard, so that it is fully recyclable.

LNCD is using thinner plastic for its Rachel's Big Pots, **saving 113 tons of plastic a year**.

RECYCLE

79% of LNCD products' pots are now recyclable.

As members of the **ON Pack Recycling Label (OPRL)** scheme, we are rolling out recycling information to consumers on our packs. There is more work to do, but so far, **LUK has 22 packs with OPRL information – 16% of the portfolio**. In 2021, LNCD added OPRL labels to Rachel's, Lindahl's Kvarg and Double Up. Now, **74% of branded products (86) have recycling information**.

We are part of the **UK Plastics Pact** initiative, run by WRAP and supported by Ellen MacArthur Foundation,



Leerdammer is part of the Lactalis family

2021 saw Lactalis acquire Leerdammer, one of Europe's most iconic cheese brands and No.1 natural sliced cheese brand in the UK.

Leerdammer is a brand that has a strong focus on environmental and social sustainability. For example:

- 100% of Leerdammer is made with milk from free grazing cows¹
- All sliced products come in 100% recyclable packaging
- All Leerdammer sliced packaging is made up of 30% recycled material
- Fresh milk comes from farms within 50km of the dairies

¹ Cows grazing outside when the weather permits (at least 120 days a year, 6 hours a day)

committed to finding more sustainable packaging options in collaboration with industry.

LNCD has seven yogurt packaging machines across six factories producing yogurt multipacks, and confectionery and kids' dessert packaging. We have invested substantially over a two-year period to switch lines from using PS (polystyrene) plastic to more easily recyclable PET (polyethylene terephthalate).

In 2021, we moved **13 SKUs out of PS plastic to PET**.



PRODUCTS & PACKAGING LOOKING AHEAD

Continuously improving and innovating

We are committed to delivering our nutritious and quality products to our customers using the most responsible packaging.

This means continuously improving and innovating to reduce the amount of materials we use, selecting the right materials that can be more easily reused and recycled and educating consumers so that they can play a role too.

To achieve this, we have set ourselves some wide-ranging goals:

Finding the right pack

By 2025, 100% of current and future packaging solutions for core products and all future packaging solutions for product innovations screened using an eco-design tool by 2025.*

Improving circularity

We aim to continuously increase the quantity of recycled material included in our packaging with a target of a minimum of 30% recycled material at a consolidated level.

We will aim for 100% recyclable packaging by design in 2025.*

In 2033, we aim for 100% recyclable packaging in practice for countries with an Extended Producer Responsibility scheme (EPR).*

We plan on having 100% of the virgin paper we use covered by a sustainable certification by the end of 2023.**

We will aim to eliminate PVC from our packaging by 2025.**

Educating consumers

100% of new graphics will bear waste management information starting in 2022 and 100% of packaging will bear waste management information by 2025.*

We will set up an information module on the Lactalis Packaging Policy to make our employees' ambassadors starting in 2023.**

We will promote events like Global Recycling Day and the World CleanUp Day to raise awareness around waste management.**

* Ambition on a set of 23 countries accounting for 85% of Lactalis Group turnover in 2019. All acquisitions since December 2019 excluded at this stage.

** Ambition set at Lactalis Group level. All acquisitions since December 2019 excluded at this stage.



PLANET

Minimising our impact on the environment and tackling the climate crisis

As we use a raw material produced through farming, it is not surprising that we have a strong relationship with, and dependency upon, the natural environment.

Farming and food production contributes to climate change and also has wider impacts upon biodiversity and water use. The entire supply chain must work together to find solutions that enable us to continue to provide the healthy food we need while minimising the impact on the environment.

We know that agriculture can be part of the solution, through capturing and storing carbon and increasing biodiversity, and we're committed to doing more in this area.

Up to 80% of the carbon footprint of our products is linked to activities from assets not owned or controlled by us, including farms. It's important we address these aspects, not least in the way we move our raw materials and products around, and power our factories.



PLANET HIGHLIGHTS

Carbon emissions

The world needs to take dramatic action to respond to the climate crisis, to meet globally agreed climate targets and to increase the chances of reducing climate disruption. We all have a part to play. The UK has its own net zero carbon targets and all major UK retailers have set targets between 2030 and 2040.

Responding both to the needs of our customers and consumers, and aligning with the wider move to tackle climate emissions, is central to our mission to be a sustainable business.

We are committed to reducing the amount of greenhouse gases (GHGs) we are putting into the atmosphere, and helping our suppliers and farmers to do the same. Depending on the range of dairy products we locally produce, the raw milk production step operated by our partners in farms generates a significant amount of our total carbon emissions. That is why, to deliver on our ambitions to mitigate climate change, the Lactalis Group enters into close partnerships with external experts and its partnering dairy farms.

We have completed carbon audits with 90% of our farmers and will have the remainder completed by the first half of 2022. This gives farmers a baseline against



Not only are we addressing our own GHGs but we're helping our suppliers and farmers to do the same

90%

of our farmers have completed a carbon audit to help them find ways to reduce their energy use

which to work, helping them to identify where and how they can make improvements that will reduce their energy use and GHG impact.

Looking after the environment

Through our **Rachel's** range of products, we promote the use of organic farming. Organic takes a 'whole system' approach to farming and food production, limiting the use of chemicals and protecting the health of soils, enhancing biodiversity and protecting the wellbeing of animals.



PLANET LOOKING AHEAD

Assessment and training to stay ahead

We are committed to addressing the climate crisis and our priority is to be rigorous, consistent and reliable in our approach to carbon reduction.

We are therefore complying with international scientific standards and ensuring transparency in the way we track progress.

Aligned with the Lactalis Group, **we commit to reach net zero GHG emissions across our value chain by 2050.**

This won't be easy, so the plan is to do it in stages.

- By 2025, we aim to have **reduced our GHGs by at least 25%**, covering Scopes 1 and 2, against a 2019 baseline.
- By 2033, we will have made **reductions of 50%**.
- By 2050, we commit to reach **net zero GHG emissions across our value chain.**

We know that to make these reductions, we must first measure our impact along our entire value chain. With a clear vision of our footprint, we can manage and reduce the emissions at our operations and from our products to make them better for the planet. We will use the Greenhouse Gas

Protocol (GHG), a robust international methodology for measuring and managing GHG emissions throughout our whole value chain, to help guide us.

We have committed to set science-based emissions reduction targets in line with the Science Based Targets initiative (SBTi) That means they are aligned with the best available science on what is required to sufficiently address the climate crisis.

In 2022, we will also join the Pathways to Dairy Net Zero initiative to work collaboratively across our industry to make an even bigger positive impact and accelerate the transition to a low carbon world.

As we work towards net zero, we will track our progress and report regularly and transparently on the steps we are taking.



WHAT COMES NEXT

Our future roadmap of activities and targets

Evolving our sustainability strategy and accelerating our progress in 2022, and beyond, is a strategic priority for our businesses.

We have developed a clear set of principles to guide the development of our roadmap of activity for the next 12 months. These are:

We are on a journey to continuously improve

To deliver our goals, we will enhance our reporting structures and management processes to monitor and report progress on our sustainability priorities, so they are seamlessly integrated into the way that we do business.

We will set goals and targets

For each of our Areas of Focus, we will create detailed route maps that will include specific goals and long-term targets. These will provide both a development pathway to guide our activities but also form the basis for KPIs to help assess and communicate performance to our stakeholders.

We have strong CSR governance

Responsibility for delivering on sustainability is ultimately held by the Board and senior management across both

of our businesses. The management of our sustainability strategy and plan will be integrated across our entire businesses, so that it becomes a core part of how we work.

We will keep everybody informed

We will regularly communicate on our sustainability progress and performance.

In 2022:

- Our internal Working Groups for our core Focus Areas will establish goals and KPIs for each area, and the roadmaps to deliver them.
- We will establish our current carbon footprint baseline across our own UK operations. This will enable us to create our future route map to reach carbon net zero by 2050.

For more information and to be kept up to date throughout the year visit www.lactalis.co.uk/sustainability



www.lactalis.co.uk