

# SUSTAINABILITY REPORT



2022

# CONTENTS

## 03 OVERVIEW

<b>We are Lactalis Australia</b>	03
About this report	04
2022 sustainability snapshot	05
Message from our CEO	06
Sustainability Steer Co Panel	07

## 08 PEOPLE

<b>People and Community</b>	08
Our people	09
Diversity and inclusion	11
Health, safety and wellbeing	12
Partners and community engagement	13

## 14 PRODUCTS

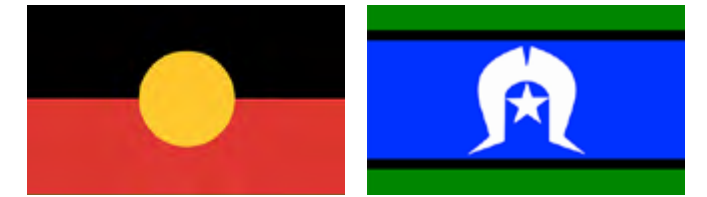
<b>Authentic Products &amp; Heritage</b>	14
Consumer-led innovation	15
Nutrition	17
Animal welfare	19
Milk supply	20
Responsible ingredients sourcing	21
Food safety and quality	22

## 23 PLANET

<b>Land &amp; Resources</b>	23
Water	24
Energy	25
Carbon net zero 2050	27
Transport and logistics	28
Circular economy & packaging	29
Food waste	30

## 31 RESOURCES

<b>About this Report</b>	32
Materiality Assessment	33



## ACKNOWLEDGMENT OF COUNTRY

Lactalis acknowledges the Traditional Owners and Custodians of the lands on which we live and operate. We pay our respects to Elders past, present and emerging and acknowledge their continuing connection to waters, skies, seas and country.

## WE SUPPORT



## UNITED NATIONS GLOBAL COMPACT (UNGC)

The Lactalis Group is also committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment, and anti-corruption.

We acknowledge that Lactalis Group participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. We consolidate our support for this initiative fully under our parent's commitment. Therefore, we do not participate in UN Global Compact activities nor do we participate in activities of a Global Compact Local Network.

# LACTALIS AUSTRALIA

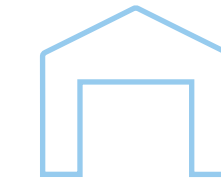


For 90 years, Lactalis has brought Australians the best dairy has to offer – for every day and every life stage.

Since 1933, we have proudly provided Australian households with a range of delicious and nutritious products through iconic dairy brands. It's these healthy and tasty products that bring us closer together.

As a multi-local and global family company we're lucky to benefit from both scale and agility to affect change. We know the actions we take today, together with our partners, are opportunities to have a positive impact on the future generations to come.

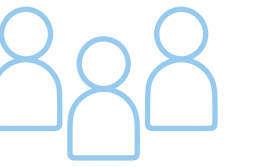
## at a glance



Factories

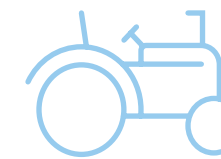
14

(Jalna commenced May 2022)



People

2,600



430

of farms that supplied milk

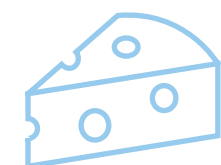
(average number)



Litres of milk

(374 Olympic sized swimming pools)

936M

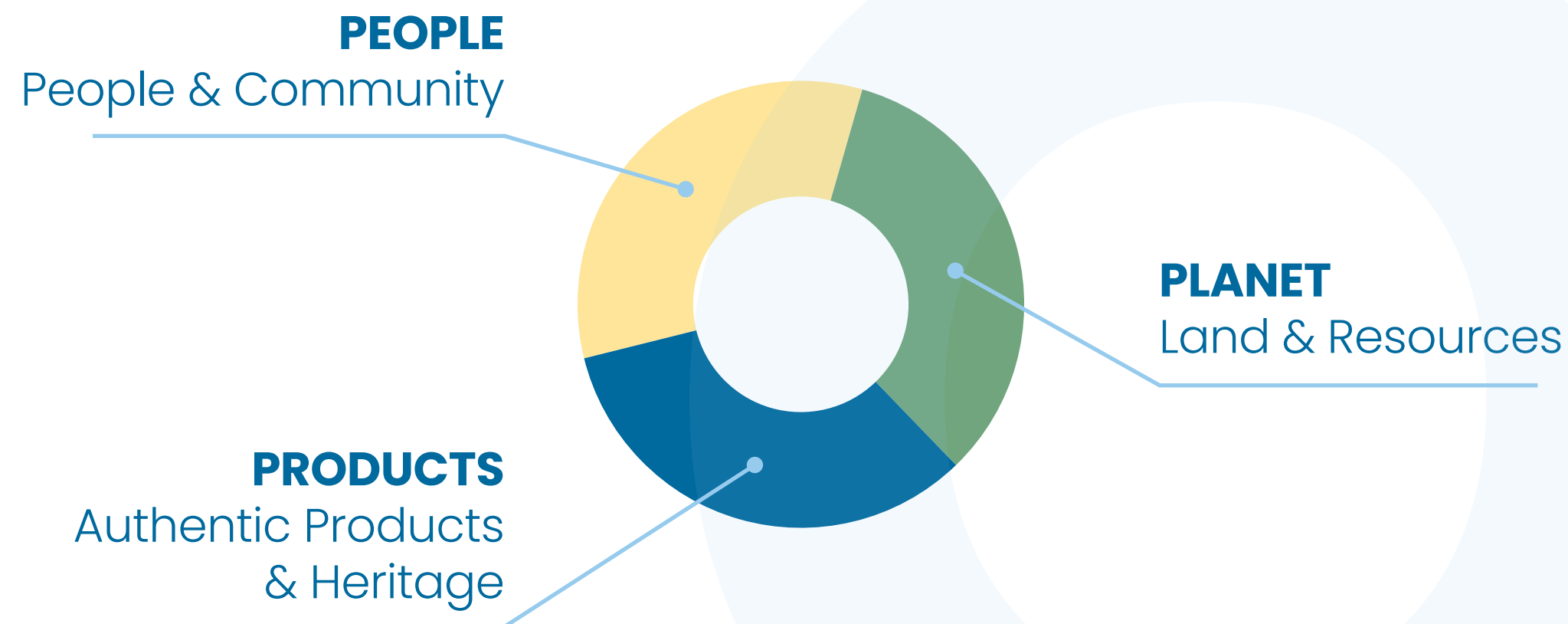


942,770

Tonnes of product

# ABOUT THIS **REPORT**

## Our CSR Policy: Three Pillars



This is Lactalis Australia's 2022 Sustainability Report. It aims to address some of the major challenges that the food, beverage and dairy industry is facing.

The Lactalis Group is continuing to roll out its sustainability policies and objectives, designed to promote the ten principles of the United Nations Global Compact in the areas of human rights, labor, the environment and the fight against corruption.

As one of Australia's leading dairy companies, we recognise the important role Lactalis Australia plays in raising awareness and acting on key sustainability issues. The Report provides an overview of Lactalis Australia's key sustainability actions and performance for the period January to December 2022.

The Report focuses on topics that matter most to our stakeholders and our business, as determined by the three pillars of Lactalis' Global CSR Policy.

The structure of this report reflects the focus areas of our Sustainability Strategy: People & Community, Authentic Products & Heritage, Land & Resources. It is grouped under these three areas.

This report also discloses information relating to workplace health and safety, product safety and our people. The Report has been prepared 'In Accordance' with the Global Reporting Initiative's (GRI) G4 Guidelines at a Core level'. The Report has not been externally assured. We intend to continue to report on an annual basis.

The purpose of the Report is to reflect on our CSR priorities and how Lactalis is making progress along the way to achieve our targets. We are committed to a sustainable future for all.



## CIRCULAR ECONOMY & PACKAGING

At Lactalis, the right packaging takes care of our dairy products, our consumers and the environment.

1. The Right Packaging: minimise intensity and maximise eco-design
2. Better Circularity: support local recycling
3. Educate consumers and contribute to closing the loop



## CLIMATE

At Lactalis, driving positive change for a low-emissions future is paramount. We are committed to contributing to Lactalis Group reduction of scope 1 and 2 emissions of at least 25 per cent by 2025 and at least 50 per cent by 2033 (base year: 2019)<sup>2</sup>.

Pathways to Dairy Net Zero: Lactalis Group has made a commitment to Pathways to Dairy Net Zero, an initiative to accelerate action on climate change and help reduce the global dairy sector's impact on the planet<sup>3</sup>.



## ANIMAL WELFARE

Lactalis Australia is part of the world's leading dairy group and the third largest global milk collector.

At Lactalis, contributing to animal welfare is not only our responsibility, but also a cornerstone for the sustainability of the company's activities.

We strive to advance our approach on animal welfare to ensure that animals have a good life, help to improve the performance of our partnering farms, meet the expectations of our stakeholders and preserve the sustainability of our supply chain.

# OUR 3 PRIORITIES

# A MESSAGE FROM **OUR CEO**



I welcome writing this letter as the new CEO of Lactalis Australia, continuing the legacy of progress Rod Walden and every member of our team have made to positively contribute to the lives of Australians. I'd like to personally thank Rod for his 30+ years of service providing generations of Australian households with dairy goodness.

**Mal Carseldine**  
Chief Executive Officer  
Lactalis Australia Pty Ltd

**WE SUPPORT**



The Lactalis Group is also committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment, and anti-corruption.

As a large business with thousands of employees, an extensive supply chain and wide community reach, Lactalis Australia is in a position to drive positive change.

The old idiom that actions speak louder than words has never been more pertinent. And amidst another disruptive year of extreme weather events, like the devastating flooding in parts of Australia, we release our 2022 sustainability report where we are pleased to have made progress.

We also advanced the Lactalis Group priorities to meet the expectations of our customers and Australian consumers - the circular economy and packaging, climate action and animal welfare. While we recognise progress, we also know there is more we can and must do.

At Lactalis, our ambition is to manufacture healthy products that deliver great taste and nutritional value while minimising their environmental impact.

Our sustainability program supports the Lactalis Group's global corporate social responsibility focus on People & Community, Authentic Products & Heritage, and Land & Resources, or the three Ps - People, Product and Planet.

As supporters of the U.N. Global Compact, Lactalis is aligned with the Sustainable Development Goals defined by the United Nations. And, as partners in the Australian Dairy Sustainability Framework, we endorse their four commitments - enhancing economic viability and livelihood, improving wellbeing of people, providing best care for all our animals and reducing our environmental impact. We reaffirm our support and continue to review our value chain at every stage.

As a leader in dairy, we acknowledge the impact our business decisions make on People, Planet and Products. Without our team, progress wouldn't be possible. Together we put sustainability at the heart of everything we do - and I thank you for your efforts on our CSR journey.

# SUSTAINABILITY STEER CO PANEL



**Mal Carseldine**

Chief Executive Officer  
(incoming)



**Rod Walden**

Chief Executive Officer  
(outgoing)



**Ron Grantham**

General Manager,  
Industrial



**Angela Burr**

General Manager,  
Marketing &  
Commercial Services



**Vince Houlihan**

General Manager,  
Supply Chain



**Larissa O'Donovan**

General Manager,  
Human Resources



**Rodney Hall**

Head of Health, Safety  
& Environment



**Annette Proud**

National Environment  
Manager

The Lactalis Group's CSR strategy is part of the company's strategy for profitable and responsible growth.

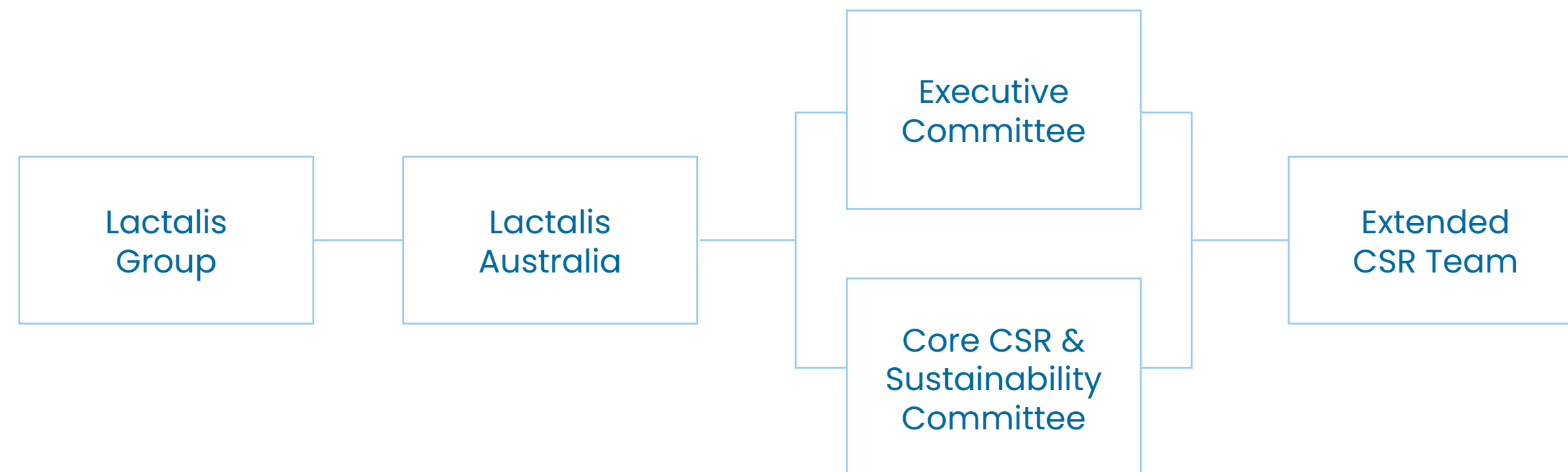
The Group is working to reduce its impacts on the environment and the climate throughout its value chain. The Group has made commitments and designed roadmaps on clear priorities: the climate, packaging circularity, and animal welfare.

CSR Working Groups then operationalise the strategy and embed initiatives across our business working closely with the Strategic Committees. The size and scale of the Lactalis Group enables each country to benefit from the knowledge and expertise of the international group to address each CSR topic.

The guiding of Lactalis Group's CSR policy is overseen by the CEO, an International Group Management Committee, and a Group CSR Department. The Quality and CSR Department reports directly to the CEO of Lactalis Group. In Australia our Sustainability Steer Co Panel leads Australia's CSR strategy.

We actively contribute to industry groups and are committed to accountability and transparency. We track our progress at a country and group level, measuring impact against the UN Sustainable Development Goals<sup>4</sup>.

The Sustainability Steer Co Panel is responsible for integrating our Global CSR priorities, overseeing our ambitions and actions, defining our CSR targets, setting our direction and monitoring progress.



# PEOPLE



## Results from our voluntary 2022 Engagement Survey:

Company Participation

86%

Company Engagement

64%

Company Enablement

68%

#LACTALIS  
EXPERIENCE

We believe in creating a workplace that is safe and inclusive so every one of our 2,600 team members across our 14 sites, feels like they belong and can be their best self.

Our inclusive culture is underpinned by our behaviours and values - ambition, engagement, with simplicity.

Joining Lactalis means joining a family group that has both an international presence with 270 production sites in 51 countries and a strong local presence.

At Lactalis Australia teams share great moments with passionate people recognised for their expertise, and who, every day, through their commitment, boldly and pragmatically help well-known and recognised brands to grow.

# OUR PEOPLE

At Lactalis in 2021 a new leadership model was established with input from groups across 15 countries. The leadership model is composed of 4 pillars and 16 associated key behaviours:

1. Caring: focusing on people and sustainable development
2. Sharing: collaborating and promoting diversity
3. Daring: driving growth with courage and ambition
4. Inspiring: shaping our future together



# OUR PEOPLE

Internal promotion is one of the key elements of the Lactalis Human Resources policy.

Lactalis has made the career development of its employees a priority. Mobility can be horizontal, vertical or geographical.

With a best-in-class survey response rate of 86%, employees at Lactalis Australia want to have their say and trust us to listen to and continue to improve on their experiences at work. In order to ensure we remain focused on continuing to improve engagement, in 2023 we will be conducting another engagement survey, to track progress of our action plans and impact on improving overall employee engagement.

Our people reflect the diverse communities in which we operate and are provided with opportunities to develop new skills and pursue varied career pathways. During the year we offered a range of learning and development opportunities that were taken up by our team members.

## Graduate Program:

The objective of our Grad program is to strengthen the pipeline of talent for future leaders, especially industrial. We recruited:

- 12 graduates in Q1 2022 across 9 locations Australia-wide
- Two year program encompassing two role rotations.



*“Having the privilege to work alongside and seek assistance from excellent engineers currently working in Longwarry Food Park, is invaluable for my development of technical skills as an engineer. Furthermore, my supervisor created an excellent learning environment, where I am confident to take the initiative and where learning is enjoyable. On a personal level, I am developing my interpersonal skills on a daily basis, and I feel that I am working for an organisation that values my contributions.”*

**Dhaki Weerackody**  
Lactalis Australia 2022  
Graduate Program

# DIVERSITY & INCLUSION

## A snapshot

on gender In 2022:

**34%** of Lactalis  
leaders  
are women

**↑ 28%** from 2021

We continued our partnership with National Association of Women in Operation (NAWO), Australia's peak body for championing women in operational environments

The Lactalis Group is keen to recognise and promote all talents, regardless of their gender, disability, age, family situation, social or cultural origin, religion, sexual orientation or political or trade union opinion.

We believe diversity and inclusion is essential to business success. Diversity enables us to understand our customers and communities to continue to be Australia's dairy leader.

At Lactalis equity is about enabling all team members to access and enjoy equal opportunities, rewards and resources, regardless of background.

An online reporting platform in the event of non-compliance with non-discrimination laws and regulations is accessible to all.

The Group Human Resources Department is responsible for formalising the Group's commitments and for developing and sharing a Diversity, Equity and Inclusion action plan.

Our 8 commitments include:

1. Continue to integrate, develop and promote diverse talents
2. Ensure equity in human resources policies, particularly in recruitment, retention, promotion, pay and access to training
3. Promote inclusive leadership and behaviours by training our senior management teams and middle managers and raising awareness among our employees
4. Increase diversity within our senior leadership teams and at every level of the company
5. Measure perceptions of diversity, equity and inclusion in our engagement surveys
6. Build a network of Group DE&I ambassadors to drive the process and coordinate the continuous improvement of our practices
7. Assess our progress through indicators presented regularly to the Group's Executive Committee
8. Communicate this policy to our stakeholders



INCLUSION

# HEALTH, SAFETY & WELLBEING

in 2022



The health, safety and wellbeing of our team members continues to be our first priority.

### Return to Work Plans

As part of Return to Work plans for injured employees or by request of an employee we evaluate what accommodations may need to be made in the workplace, e.g. restricted lifting, increased rotation of tasks, alternate footwear, ergonomic desks (e.g. sit/stand desks) and more.

## Wellness

Continued our wellbeing partnership with Pulse Learning and the I Am Here platform seeing uptake of 287 I Am Here Tribe Members and 68 I Am Here Ambassadors to create a positive wellbeing culture

**89**

courses completed on the Lactalis Arena with the most popular topics being Empathy and Self Checks

**x2 HALF DAYS**

of paid CSR leave to support the charities of their choice

## Health & Safety

**3,700**

Job site interactions

**2,363**

Hazards reported across all sites

**183**

Risk Assessments completed

**2,048**

Health & Safety Audits and inspections completed

# PARTNERS & COMMUNITY ENGAGEMENT

Bringing the goodness of dairy to millions, we are driven to leave a positive impact on our communities and partners.

In 2022, we supported communities across Australia through the donation of 230,000 litres of milk as well as through fundraising, cash contributions, partnerships and sponsorships.

## Keeping families together and close to care with Ronald McDonald House

When a child is diagnosed with a serious illness and is receiving hospital care, it impacts the whole family, especially those families who live in remote or regional areas. Ronald McDonald House Charities help families stay together by providing essential care and support close to the hospital through a range of programs.

In September, teams within our Lactalis marketing, sales and commercial divisions, under the guidance of Executive Chef Chris Mason, had a hands-on opportunity to plan a menu and make a meal for 120 families staying at Ronald McDonald House South Brisbane.



*"To be able to play a small role in helping families going through a difficult time through the simple act of making a meal was a real privilege that I am very grateful for."*

**Tracey Berkeley**  
Marketing Manager,  
Beverages & Milk

## Volunteering for Clean Up Australia

For the second consecutive year, Lactalis Australia participated in the annual World CleanUp Day. Mobilising our Australian team, we joined our global Lactalis Group counterparts to participate in World CleanUp Day to help make the world a cleaner place.

During a two-week period in September, Lactalis sites in 42 countries took action to organise or relay local litter collection operations. Over 3,300 employees and their families volunteered, and more than 30 tonnes of waste were collected at the Group level.

We partnered with local not-for-profit organisation [Clean Up Australia](#) to:

- Activate clean-ups across 3 x sites at Lidcombe (NSW), Scoresby (VIC) and Brisbane (QLD)
- Donate 370 hours of paid leave
- 104 Lactalis Australia employees removed a combined 2,208 pieces of waste

## Fighting hunger by donating food for those in need with Foodbank

Lactalis have been a Foodbank partner for more than a decade, donating 230,000 litres of fresh milk, yoghurt and desserts in 2022 to people in need.



# PRODUCTS



# CONSUMER-LED INNOVATION

At Lactalis, quality and consistency are at the core of what we do. To achieve this we have rigorous regular consumer panel testing, ensuring our flagship products continue to lead their respective categories.

We are incredibly proud ambassadors of our products! In 2022 the "Passion for Taste" program was launched. Through tastings, live sessions, online or in person training we are developing expertise across our teams that enables us to offer great tasting products to cultivate consumer confidence and preference.

We also innovate to meet consumer demand for healthy and tasty dairy products.



# CONSUMER-LED INNOVATION

## ICE BREAK LACTOSE FREE ICED COFFEE

Answering the one in four Australian consumers who are sensitive to dairy<sup>5</sup>, we launched a Lactose Free version made with two shots of real coffee and Zymil's low fat Lactose Free milk.

## VAALIA PROBIOTIC KEFIR YOGHURT

To move toward the brand vision of natural modern health we launched Vaalia Probiotic Kefir Yoghurt, an all-natural creamy yoghurt made with kefir cultures delivering billions of diverse gut-friendly bacteria.

- Vaalia is Australia's #1 Probiotic Yoghurt
- 79% of consumers look for 'no sugar added' and 91% look for 'all natural'
- Single and large format tub in 5 flavours



## PAULS ZYMIL THREE PACK AND 3L

Larger formats of the easy to digest Lactose Free milk, for the one in four Australians who are sensitive to dairy<sup>5</sup>.

## SIGGI'S CARAMELISED ORANGE

The limited edition flavour launched in October 2022.

- All natural
- High protein at 11g
- Simple ingredients, not a lot of sugar\*

\*at least 25% less sugar than the average of the top 3 leading fruit yoghurt brands.

United Nations Sustainable Development Goals



# NUTRITION

In 2022, we removed

**33 tonnes**  
of sugar from across  
our product ranges.



We are passionate about Dairy products and their place in a healthy and balanced diet.

We are also of the belief that pleasure is one of the main vectors of a balanced diet over the long term. Our belief is that eating well is first and foremost about choosing good products and ingredients that we enjoy cooking and sharing. We are constantly seeking to find the right balance between taste and the fat, sugar and/or salt content of the products.

The Group's nutritional policy is designed, monitored and adapted by the Strategic Nutrition Committee, made up of internal experts. The Group bases its policy on recommendations by the World Health Organisation [WHO]<sup>6</sup>. On our products we promote clear, comprehensive and easily understandable information along with contact information for consumer services.

We promote the place of dairy products in a sustainable and balanced diet. Dairy products are a major source of calcium and of high-quality proteins, as well as a unique range of fatty acids as well as vitamins and minerals. That is why dairy products are recommended as part of a complete diet.

# NUTRITION



## NUTRITION

Delivering the goodness of dairy to millions of Australians, our corporate nutrition policy includes:

- Complete nutritional labelling
- Simple formulas
- Sugar and salt guidelines
- Raising awareness about dairy's role in a balanced and sustainable diet.

Globally, a comprehensive database has been developed with a profile on every product, including its ingredients and core nutritional value. As part of this global database, Lactalis Australia has contributed data on over 269 products along with their ingredient information and nutrient profiles.

### Jalna Greek Yoghurt

To offer our consumers more choice, in 2022 Jalna joined our portfolio of dairy products. Pot set with all-natural ingredients, live probiotics and no additives, Jalna is an award-winning thick and creamy yoghurt.

### The Jalna BioDynamic Organic Farm

For more than 20 years Jalna has been employing BioDynamic and organic principles that work in harmony with nature to bring you the most natural pot set yoghurt. The farm operates as it would have hundreds of years ago without the use of chemicals, albeit in a modern dairy. No artificial fertilisers, no weed sprays, no pest sprays.

### About Jalna BioDynamic Organic Natural Yoghurt

Biodynamic foods are produced according to advanced organic principles, including techniques to stimulate and maintain the natural biological activity of the soil – a prerequisite for any sustainable agricultural system. Healthy soil means healthy plants, animals and people.

Made with milk from our very own Jalna certified BioDynamic Organic dairy farm near Echuca, Jalna BioDynamic Organic Yoghurt has the traditional creamy taste of pure pot set yoghurt.



# ANIMAL WELFARE

By 2025

# 100%

of our direct milk volumes will have on-farm assessment on animal welfare<sup>7</sup>

Contributing to animal welfare is not only our responsibility, but also a cornerstone for the sustainability of our business activities.

As the world's leading dairy group and the third largest global milk collector, we pay special attention to all the animals in our supply chain. We recognise and respect these animals as sentient beings, capable of feeling emotions, that deserve positive physical and mental health.

As all our 430 Australian partnering farms know, there is a close link between animal welfare and production. In order to deliver on our ambitions, we continue to make progress to eliminate problematic practices.

Animal welfare governance is organised into three main levels:

1. The Group's Management Committee - responsible for the successful implementation of the Lactalis Group Animal Welfare Policy.
2. The Animal Welfare Committee - in charge of proposing the policy to the Group's Management Committee, monitoring the actions and the results, and coordinating common actions.
3. Country Milk Supply Departments - in charge of implementing actions and reporting (on actions and results) to the Animal Welfare Committee. Each country's Milk Supply Department is composed of a Milk Supply Director and may include a Milk Supply CSR Manager and dairy technicians. With regard to eggs and dairy ingredients, within the Group Purchasing Department, global buyers, in coordination with local buyers, are responsible for implementing the Group's animal welfare policy.



By the end 2023, all Lactalis dairy technicians will be trained with the Cow Signals method in our pilot countries. The Cow Signals method supports partnering farmers in managing animal welfare through 6 main signs: feed, water, light, air, space and rest.

The Lactalis Group has published its Animal Welfare Policy<sup>8</sup>. The 2022 policy concerns three products of animal origin in the supply chain: raw milk (dairy cows and calves), dairy ingredients (dairy cows and calves), and shell eggs and egg products used as ingredients (laying hens).

# MILK SUPPLY

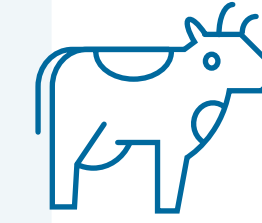
Lactalis Australia believes in transparency, welcoming the Australian public to review where we source our milk supply from, and a list of associated agreements.

As part of the Dairy Code<sup>9</sup>, Lactalis is required to only purchase milk under a milk supply agreement.

We are currently working on a policy for scope 3 (farm) emissions as well as investigating a number of projects to reduce GHG emissions on farms. In 2023, we will release a farm-level carbon reduction strategy. Our position papers on Climate and Animal Welfare have been published and can be found [here](#).

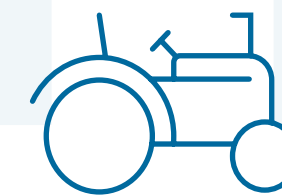


in 2022



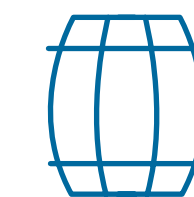
**283**

Average number of cows born per farm



**272**

Average number of lactating cows per farm



**2,171,517**

Average annual milk production per farm



Average net carbon footprint **1.74**

kg CO<sub>2</sub>e/kg FPCM

average net carbon footprint related to dairy production per kg of fat and protein corrected milk (FPMC) per farm

**21%**

of direct supplying farms have had their carbon footprint assessed in since 2019

**91%**

of direct supplying farms have at least one piece of equipment on farm to either reduce energy consumption and/or produce renewable energy

**55%**

of direct supplying farms have implemented at least one piece of equipment to produce renewable energy or biogas

**0%**

of farms assessed in 2022, 0% were using feed which may contain palm oil or soy coming from de-forested areas

# RESPONSIBLE SOURCING



Our corporate responsibility extends to our supplier network.

To meet the growing expectations of our various stakeholders, we have established supplier standards which define the ethical, social, and environmental requirements by which Lactalis expects its suppliers to conduct their business.

In addition to complying with applicable laws and regulations in Australia, and applicable contractual obligations, suppliers to Lactalis are expected to meet the following supplier code of conduct<sup>10</sup>.

- Strong safety culture
- Support and respect of human rights
- Good business conduct and ethics
- Environment protection and waste reduction

We expect that our suppliers will proactively monitor and assess their business practices and seek opportunities for continuous improvement.

United Nations  
Sustainable  
Development Goals



100%

of Lactalis Australia manufacturing facilities accredited to GFSI recognised standards

16%

improvement in consumer complaints

84%

more supplier audits in 2022 than in 2019

0

recalls recorded in 2022

# FOOD SAFETY & QUALITY

Food quality and safety are an absolute priority. We are committed to striving for excellence without ever compromising on the safety, compliance and quality of our products.

The Lactalis Group Food Quality and Safety policies apply across the entire value chain, from product design to purchasing and supply, including production, storage, product marketing and consumer relations.

Defined in 2022 the “Act for Quality, because we care” strategy is based on four key pillars and is overseen by the Head of Quality and CSR.

This is supported through our rigorous Quality and Food Safety Program, which includes:

- Supplier requirements
- Auditing and inspection across the supply chain
- Production process standards
- Compliance with recall and withdrawal requirements
- Food safety and quality KPIs by company division
- Annual Food Safety Culture survey to track progress

We support a food safety improvement culture, measured by customer satisfaction, among other metrics. We have a zero product recall target.

In 2023, we will continue the roll out our Global Quality strategy “Act for Quality, Because we care”. The strategy will embed food safety and quality culture best practices across the business.



## OUR VISION

To produce and deliver everyday, everywhere a safe and tasty product and a superior experience for our consumers and clients

## OUR AMBITION

At Lactalis, quality and food safety is a total and absolute priority, quality is a shared mindset for all of us and at all time. It is recognised by everyone: consumers, customers, employees and key partners (suppliers, authorities...)

## OUR STRATEGIC PILLARS

- |   |  |  |   |
|---|--|--|---|
| <b>1.</b>   | <b>2.</b>  | <b>3.</b>  | <b>4.</b>   |
| Drive food safety & compliance to ensure business continuity & reputation | Contribute to external & internal growth & deliver superiority overall | Drive efficiency: best quality at the best cost & optimise tools & processes | Strengthen expertise & leadership & develop a quality culture |

## OUR MINDSET

- |                    |                                      |  |   |
|--------------------|--------------------------------------|--|---|
| Influence & engage | Act as one team & speak as one voice | Collaborate & break silos to build trust | Challenge the status quo & think outside of the box |
|--------------------|--------------------------------------|--|---|

# PLANET



# WATER

Each of our Australian dairy sites has a KPI to reduce clean water consumption by

5% YoY

Water usage increased by

2.04%

compared to 2021

Water is a shared precious resource, central at every step of the dairy value chain.

We understand our responsibility to minimise our water usage.

Each of our Australian dairy sites has a KPI to reduce clean water consumption by 5% YoY by:

- Ongoing water saving and efficiency programs
- Reusing water where safe and appropriate
- Promptly finding and repairing leaks
- Investing in water efficient equipment when upgrading infrastructure
- Daily water meter readings

## A word on water usage

Water usage increased in 2022, compared to 2021. The YoY change across industrial sites for water M3 /T of product produced was slightly unfavourable at 2.04%.

Two key factors contributed to this:

1. Product mix at sites changed to those with higher water use per tonne of production. For example our Longwarry site produces powder products, while Griffith produces concentrated juice.
2. Production volume reduced at our Jindi and Lemnos cheese sites, impacting the increase in water usage per tonne by 21.87%.

Meanwhile, some site-specific 2022 initiatives reduced water usage, including improving CIP rinse cycles and times at Clarence Gardens and Lidcombe. In South Brisbane, we also introduced dry lubrication to transfer conveyors rather than using water.

We will continue to monitor water usage and look for solutions across our national footprint.



# ENERGY



We understand our responsibility to minimise our energy consumption and increase our operational efficiencies, while delivering dairy from farm to fridge.

Refrigeration is vital for maintaining and extending food quality and reducing waste of dairy.



**1.41%** More electricity than 2021  
(based on m3/T of product)



More Natural Gas than 2021 **7.51%**  
(based on m3/T of product)

## National Scope 1 and 2 Emissions (total)

YEAR	TOTAL SCOPE 1 & 2 EMISSIONS (T CO2-E)
2019	141,746
2020	139,733
2021	132,599
2022	131,966

# ENERGY

We continue to review our energy sources and consider investing in alternative and renewable power sources in the future.

## A word on electricity usage

The YoY change for the industrial sites for electricity kWh /T of product produced was unfavourable by 1.41%. This was predominantly negatively impacted by a change of product mix at Bendigo and Longwarry.

Meanwhile, site-specific initiatives did reduce usage of gas and electricity. Improved efficiencies were achieved by:

- Operating boilers more efficiently through installing economisers and O2 trim control
- Increased lagging of steam lines on a number of boilers at our Industrial sites
- Running refrigeration plants and air compressors more efficiently
- Installing VSDs on large motors where appropriate at industrial sites

## A word on gas usage

The YoY change for the industrial sites for gas kWh /T of product produced was unfavourable by 7.51%. This was predominantly negatively impacted by a change of product mix at Griffith, Bendigo and Longwarry. Jindi also experienced a drop in volume, affecting its efficiency of Gas usage per tonne of Product.

We continuously monitor our energy usage and look for more efficient solutions across our national footprint.



# CARBON NET ZERO 2050



We've reduced our  
scope 1 and scope 2  
emissions by

↓ 7%

since 2019



**WE SUPPORT**

**PATHWAYS TO  
DAIRY NET ZERO.**

Although the carbon footprint of Australian dairying is one of the lowest internationally, there is still scope to improve efficiency.

The Australian dairy industry has made a commitment to minimising its environmental footprint, including reducing greenhouse gas emissions intensity by 30% by 2030<sup>11</sup>.

The Lactalis Group has set itself the following objectives:

1. Reduce greenhouse gas emissions from the Group's activities (scopes 1 and 2):
  - Reduce the Group's greenhouse gas emissions by at least 25% by 2025 (scopes 1 and 2, base year 2019)
  - Reduce the Group's greenhouse gas emissions by at least 50% by 2033 (scopes 1 and 2, base year 2019)

2. Lead the way in terms of decarbonisation across the Group's value chain (scope 3):
  - Contribute to achieving carbon neutrality by 2050, engaging the entire value chain (scopes 1, 2 and 3)

The 2025 and 2033 targets will enable the Group to progress towards the objective of net zero emissions, helping to contribute to carbon neutrality.

At Lactalis Australia we have reduced our scope 1 and scope 2 emissions by 7% since 2019.

Our material scope 1 emissions sources for our manufacturing sites include:

- Natural gas
- Propane gas

Our scope 2 emissions for our manufacturing sites include:

- Electricity use

# TRANSPORT & LOGISTICS

Continuing our carbon footprint reduction model, our approach is based on 3 key goals.

1.

Reducing transport activity (km travelled) through optimisation via fuller loads, order frequency reviews and larger carrying capacity trailers.

2.

Improving transport energy efficiency through driver training and new gen trailers.

3.

Reducing carbon intensity by developing alternative fuel solutions.

OPERATION	YEAR	KM	FUEL (L)	G CO <sub>2</sub> e /KM
Victoria Fleet	2020	1,799,235	1,087,259	7,572
	2021	1,826,577	1,062,105	7,286
	2022	2,273,784	1,111,131	6,123
NSW / SEQ Trailers	2020	2,160,298	445,347	2,583
	2021	3,789,622	331,798	1,097
	2022	5,421,348	319,275	738
Transport	2020	2,703,835	334,341	3,896
	2021	2,716,730	278,409	1,842
	2022	3,077,350	317,413	2,011

\*The evolution of our internal carbon emissions footprint, as grams of CO<sub>2</sub>/km travelled.



## Our commitments<sup>12</sup>

At least **30% of recycled material** in our packaging at consolidated Group level

We aim for **100% recyclable packaging** by design in 2025\* (Status 2022: 94%)

We aim for **100% recyclable packaging** in practice in 2033 for countries with an Extended Producer Responsibility scheme (EPR)\* (Status 2019: 89%)\*\*

We aim to **eliminate PVC** from our packaging by 2025<sup>^</sup>

\* 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.

\*\* Calculated scope 2019: France, Spain, Germany, Belgium, Sweden.

<sup>^</sup> Ambition set at Lactalis Group level. All acquisitions since December 2019 excluded at this stage.

In 2022 alone, we reduced plastic by

# 8.27 TONNES

This was achieved through initiatives such as:

- Weight reduction in select milk and beverages bottles
- Transferring from white external liner to brown external liner (corrugated)

Building on our 2021 packaging reduction initiatives, our overall plastic reduction is 112 tonnes for 2022.

# CIRCULAR ECONOMY & PACKAGING

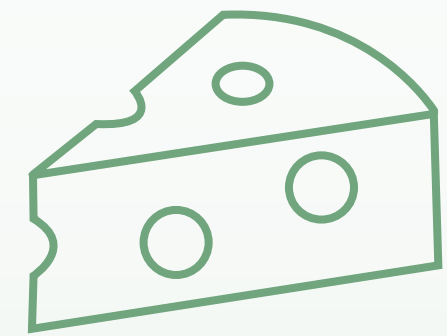


While we rely on plastic packaging to safely and conveniently share our dairy products with Australians, we are future-focused on packaging innovations that reduce plastics.

We continue to strive for the right packaging, better circularity and educating the consumer to close the packaging loop.

United Nations Sustainable Development Goals





In 2022, we provided

**1.4 million**

meals to Australians in need

Source: Foodbank Australia

We reduced our warehouse waste by

**↓ 11%**

in the last 12 months

# FOOD WASTE

To feed a growing population and reduce landfill emissions, it is important to responsibly manage food waste.

Through our community partnerships and operational changes we are redistributing edible food. Our site-teams have identified opportunities for food donations including diverting 4,849kg of trial product from landfill to Foodbank in 2022. Product included Custard, Cream, Sour Cream and Yoghurt.

We continue to donate fresh milk, yoghurt and desserts to Foodbank. In 2022, we provided 1.4 million meals to Australians in need, contributing to help alleviate food insecurity, experienced by one in six Australians.

## Thank you Lactalis Australia

In 2022, you've helped people in need with...



**1,403,300**

meals donated to people in need



**230,000**

litres of milk for our vital National Milk Program

The cost of living crisis and ongoing natural disasters have made 2022 another extremely challenging year. But thanks to your generosity and kindness, those doing it tough have one less thing to worry about. Last year, Foodbank sourced 82 million meals with your support, helping us ensure no one goes without.

"Thank you Foodbank, you literally saved my life a couple of months back. Thank you for caring."  
- Student from Newcastle NSW



Feeding Australians in need every day



Helping to achieve

SUSTAINABLE DEVELOPMENT GOALS



# RESOURCES & REFERENCES



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# ABOUT THIS REPORT

## This is Lactalis Australia's 2022 Sustainability Report.

It aims to address some of the major challenges that the food and beverage industry is facing. As Australia's Dairy Industry leader, we recognise that it is important that Lactalis Australia plays a role in raising awareness about key sustainability issues.

The Report provides an overview of Lactalis Australia's key sustainability actions and performance for the period January to December 2021. The Report has been prepared 'In Accordance' with the Global Reporting Initiative's (GRI) G4 Guidelines at a Core level. The Report has not been externally assured. We intend to continue to report on an annual basis.

# ASSESS

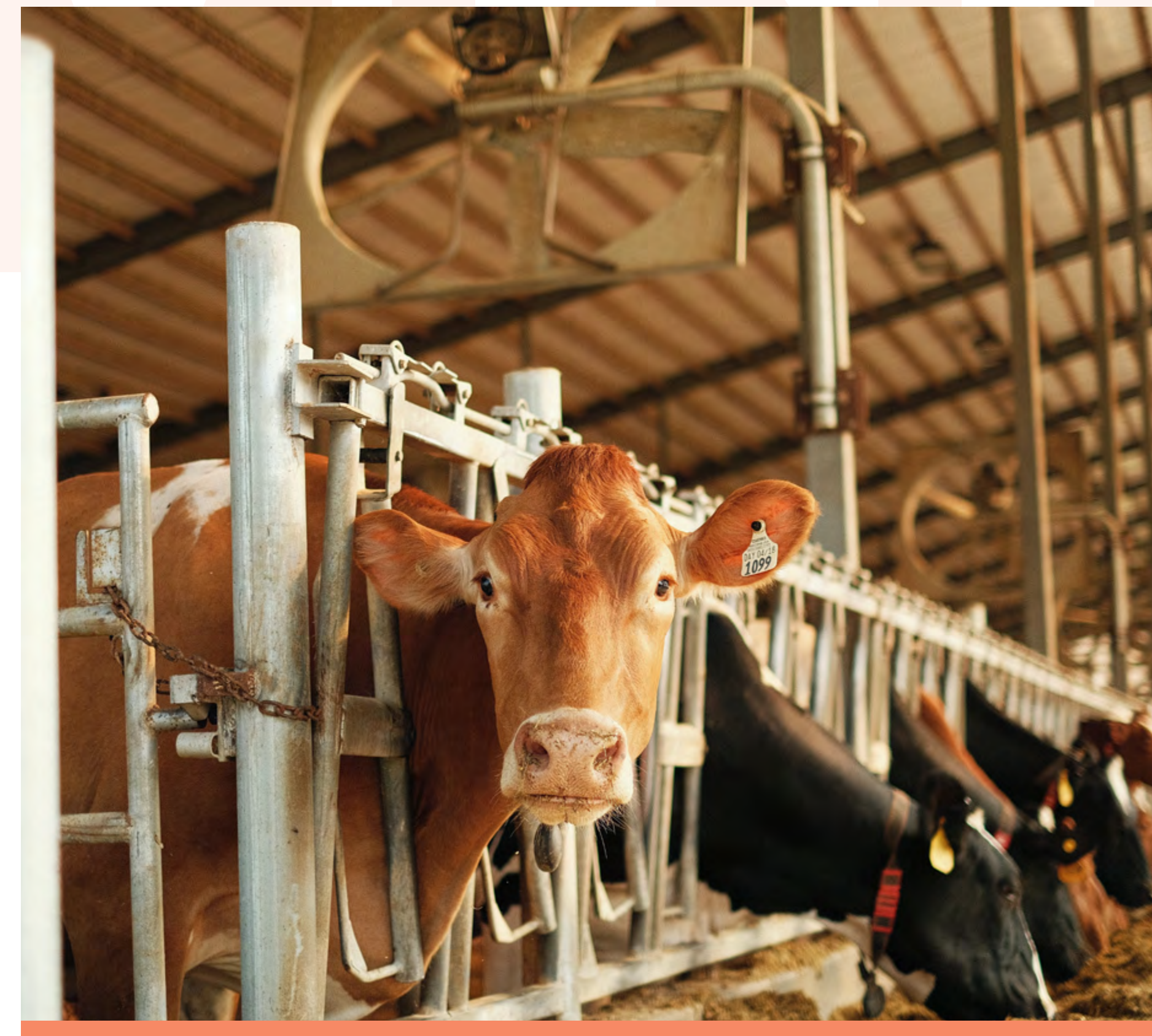
## MATERIALITY ASSESSMENT

A review of material issues has been undertaken to inform the development of the framework of this report.

This included reviews of:

- Direct financial impacts (e.g. Risk register)
- Policy commitments
- Peers and their positions on issues (e.g. Dairy Australia Sustainability Committee)
- Societal norms and expectations (e.g. Laws, regulations, guidelines, standards, and voluntary agreements)
- Stakeholder concerns (internal, industry and external).

In preparing the 2022 report a limited review of material issues was tested to ensure currency and relevance.



### Any Questions?

We appreciate feedback and are happy to answer questions about this Report or our approach to sustainability.



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