



Sustainability Report

2023

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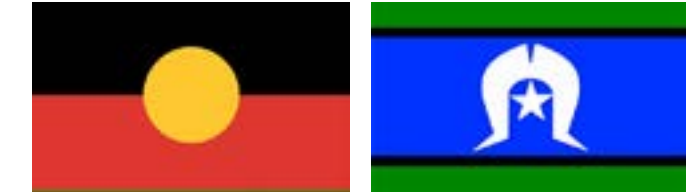
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Acknowledgment of Country

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

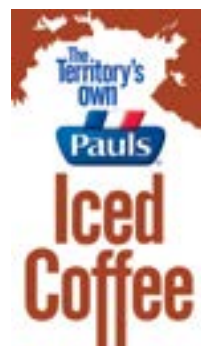


United Nations Global Compact (UNGC)

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



Lactalis Australia is a locally focused, world-class Australian dairy producer. Committed to community, we deliver the goodness of dairy and have done so for over 90 years.

Through our pillar brands we bring milk nutrition, wellness and enjoyment to millions. At Lactalis Australia, we are passionate about our 2,500 people across 14 sites. Together, we invest in the future of Australia's dairy industry, by delivering consumer-driven innovation.

Lactalis Australia benefits from being part of the Lactalis Group, a family-owned business headquartered in France. This heritage allows us to leverage global know-how and dairy industry expertise to make a positive impact across the world.

in 2023

14
Sites



2,500
People employed



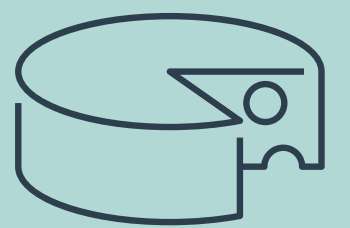
956m
Litres of milk produced
(382 Olympic-sized swimming pools)



420
Farms that supplied milk



884,000
Tonnes of product made



About This Report

At Lactalis Australia, we are committed to making a positive impact, while proudly producing iconic Australian dairy brands.

The Lactalis Australia Sustainability Report 2023 provides an overview of Lactalis Australia’s key sustainability actions and performance for the period January to December 2023.

The Report focuses on the key topics that affect our stakeholders and business, as determined by the three pillars of Lactalis’ Global Corporate Social Responsibility (CSR) Policy.

At a global level, the Lactalis Group continues to implement its sustainability policies and objectives, designed to progress The Ten Principles of the United Nations Global Compact in the areas of human rights, labour, the environment

and the fight against corruption.

The structure of the Report reflects our Sustainability Strategy, focusing on People & Community, Authentic Products & Heritage, Land & Resources. It is grouped under these three areas.

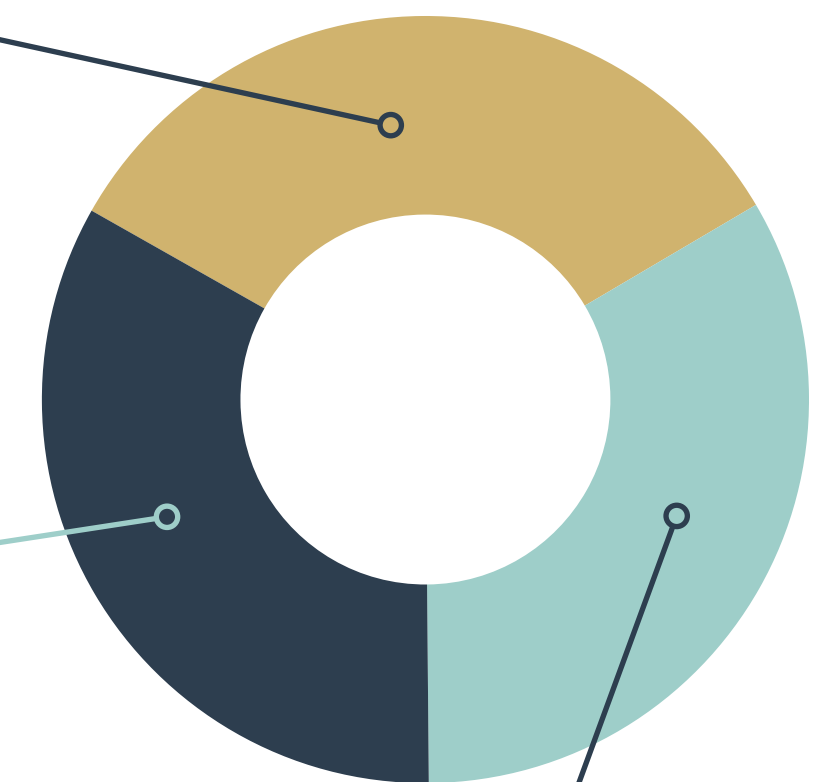
This Report also discloses information about workplace health and safety, product safety and our people. The Report has been prepared ‘In Accordance’ with the Global Reporting Initiative’s (GRI) G4 Guidelines at a Core level¹. The Report has not been externally assured. We intend to continue to report on an annual basis.

Our CSR Policy: Three Pillars

People
People & Community

Products
Authentic Products & Heritage

Planet
Land & Resources



Our 3 Priorities



1. Circular Economy & Packaging

Better packaging:

1. **The Right Pack**
Minimise intensity and maximise eco-design
2. **Better Circularity**
Incorporate more recycled materials
3. **Educate**
Consumers and partners to close the loop

2. Climate

Lactalis Australia supports the Lactalis Group's commitments². 2023 Group result -11.7% Scope 1 and 2 since 2019³.

1. **-25% of scope 1 & 2 emissions**
Reduce our scope 1 and scope 2 emissions by at least 25% by the end of 2025 (base year: 2019)
2. **-50% of scope 1 & 2 emissions**
Reduce our scope 1 and scope 2 emissions by at least 50% by the end of 2033 (base year: 2019)
3. **Support Pathway to Dairy Net Zero**
Lactalis is part of the Pathways to Dairy Net Zero initiative⁴



3. Animal Welfare

Improving animal welfare is not only our responsibility but critical to our business performance.

1. **100% dairy technicians trained in animal welfare best practices by end 2023**
2. **100% of our direct volumes will have on-farm assessments on animal welfare by 2025**

A Message From Our CEO

Lactalis Australia's success is deeply connected to our commitment to nurturing the lives of Australians. We strive to make a positive impact on the wellbeing of our People & Communities, protect our precious Land & Resources and cultivate our Products & Heritage through all that we do.

Product & Heritage:

Australians love and enjoy dairy, embracing its unrivalled taste and versatility making it a staple in households across the nation. From morning cereal to evening cheese platters, dairy holds a cherished place in our hearts and refrigerators alike.

Sourced from lush pastures and cared for by dedicated farmers, over the 10 years I've been at Lactalis Australia, I've learned to appreciate that dairy is not just a foodstuff but a symbol of comfort and a testament to the country's agricultural expertise.

People & Communities:

Eating well is about more than just sustenance; it's about choosing good products and ingredients that we enjoy cooking and sharing. As a community, we're committed to combining taste and nutritional requirements in the development of our products. We firmly believe that a balanced diet isn't about avoiding saturated fats, sugar, or salt entirely; rather, it's about moderation and finding pleasure in what we eat. Enjoying our food is an integral part of maintaining a healthy lifestyle and we've made measures to improve nutrition without compromising on taste.

Land & Resources:

At Lactalis Australia, our ambition is to produce healthy products that deliver great taste and nutritional value while minimising their environmental impact. As a manufacturing business with a national footprint, extensive supply chain, thousands of employees and wide community reach, we are in a position to make a positive impact.

At the core of the Lactalis Group are three values - **ambition, engagement, and simplicity** - and our local approach to sustainability echoes this. Our ambition is to grow sustainably. To work collaboratively with our farming and supply chain partners. We challenge ourselves to be better every day. We continue to support the UN Global Compact and Australian Dairy Sustainability Framework and understand that simple changes can make a big impact when part of a broader strategy.

That is the purpose of the Lactalis Australia Sustainability Report 2023, those reports before it, and those reports that will follow. To serve as a way to hold Lactalis Australia accountable and objectively measure our progress against our ambitions. Together, we will continue to nurture the future of Australia's dairy industry.



Mal Carseldine

**Chief Executive Officer
Lactalis Australia**



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.

Sustainability Steer Co Panel

Lactalis Australia's Corporate Social Responsibility (CSR) strategy is led by our Sustainability Steer Co Panel.



Mal Carseldine
Chief Executive Officer



Kirsty Fairbank
General Manager, Quality & CSR



Ron Grantham
General Manager, Industrial



Angela Burr
General Manager, Communications & Corporate Responsibility



Vince Houlihan
General Manager, Supply Chain



Larissa O'Donovan
General Manager, Human Resources



Lorraine Lovatt
Head of Health Safety & Loss Prevention



Our Purpose In Action

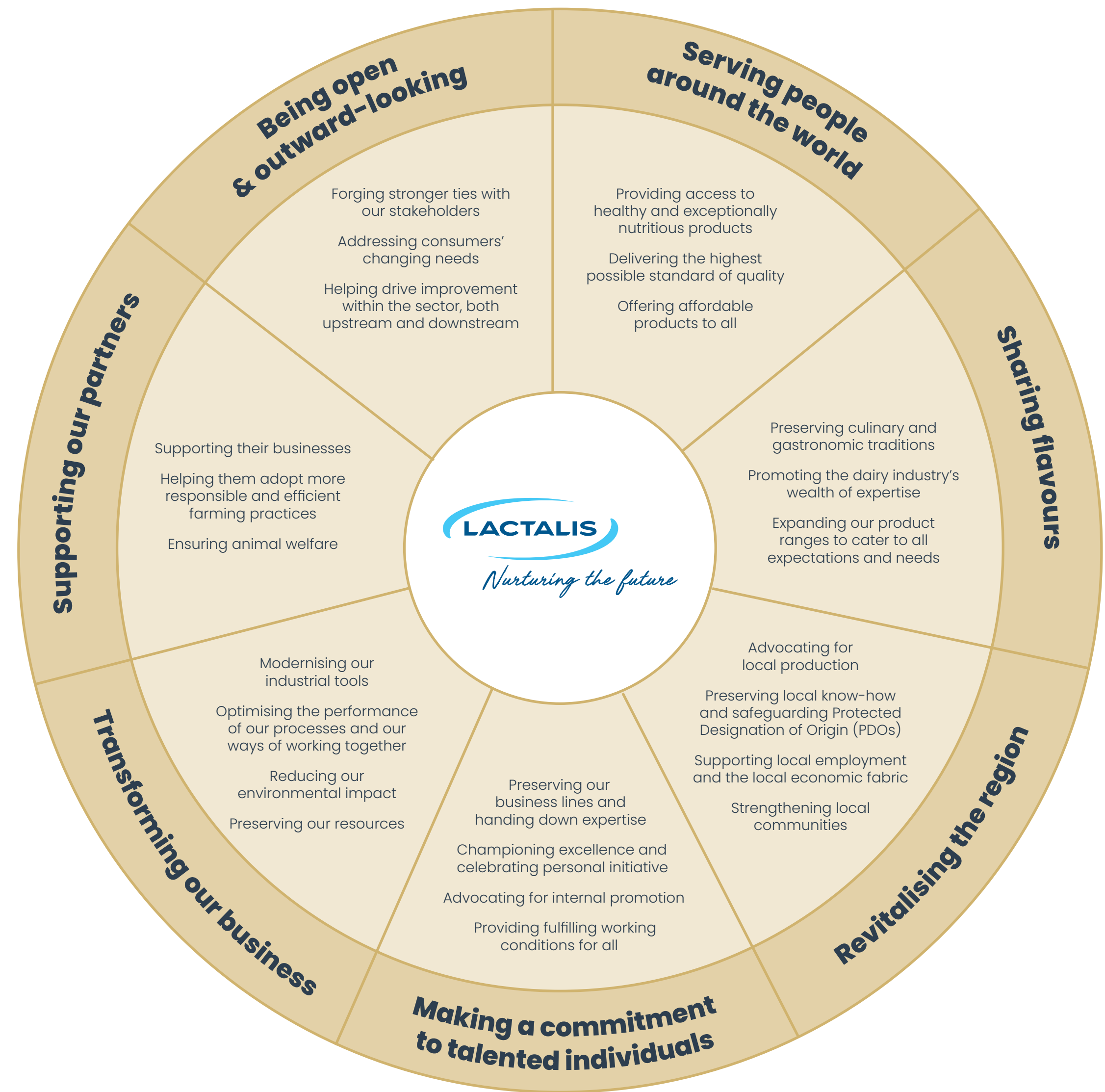
In October 2023, the Lactalis Group announced “Nurturing the future” as its purpose in action.

With this ambitious motto, we promise to nurture the future through a transparent, reliable and efficient business model that respects community and its environment.

This is key to earning the confidence of our stakeholders – employees, consumers, customers, partners and members of the community – and for the sustainability of our business.

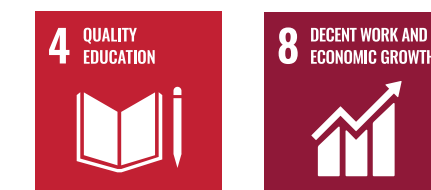
The choice of a “Purpose in Action” illustrates two of the Group’s strong convictions:

1. Pragmatism, favouring action over words
2. Desire to lead, to meet pressing demographic, environmental and food challenges facing the dairy industry



PEOPLE





Results from our voluntary 2023 Engagement Survey:

86%

Company Participation

67%

Company Engagement

64%

Company Enablement

Our People

Lactalis Australia is passionate about engaging its people and offers limitless opportunities.

Joining Lactalis means joining a family-business with global scale, with 270 production sites across 51 countries.

Lactalis Australia recognises our success is deeply rooted in the commitment of our people. The Lactalis Experience reflects our pledge to our 2,500 Australian employees to offer professional opportunities to derive pride and pleasure from, and develop world-class expertise.

At Lactalis Australia we are committed to retaining and investing in our talent.

In 2023, we launched our Nurture the Future Purpose in Action, reinforcing our commitment to talented team members. By championing excellence, training our employees and giving them a sense of responsibility, together we can build fulfilling individual and collective career paths to meet their aspirations.

#LACTALIS EXPERIENCE

Graduate Program

In 2023 our two-year Graduate Program offered future leaders learning opportunities across several areas of our operations. At the end of 2023 we recruited 20 Graduates to start in 2024.



Monash Industry Team Initiative Program

We believe in harnessing the brilliance of young minds to drive positive change in the dairy industry.

In 2023, we hosted three Monash Industry Team Initiative (MITI) Program students in our Milk Supply team. The partnership with Monash University and the Gardiner Foundation offers practical work experience.

Students dedicated three months to a CSR project investigating current market options in on-farm sustainability and greenhouse gas emissions reduction. The goal was to critically assess solutions and propose actionable options for implementation.



A snapshot on gender in 2023:

40%
of Lactalis leaders are women, up from **34%** in 2022

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.

Diversity & Inclusion

We believe in fostering a safe and inclusive workplace culture. In 2023, Lactalis Australia became listed as an Inclusive Employer by Diversity Council of Australia.

The Inclusive Employer Index recognises businesses for their commitment to taking action toward building inclusive workplaces. Understanding the views of our team is a critical step in our workplace culture journey.

We are committed to creating a diverse and inclusive workplace where everyone feels valued and respected. A workplace where everyone can bring their full selves to work, enabling each person to reach their full potential. We understand the value of attracting and retaining employees with differing backgrounds and the contribution that diversity brings. We already have a diverse workforce, and our participation in the Inclusive Employer Index run by the Diversity Council of Australia tells us that we are an inclusive employer. We are building on these strong foundations to further our journey.

From the feedback received in the Focus Groups and Survey in 2023, we have used these insights to develop our D, E & I roadmap.

This roadmap has 3 main interest areas:

- 1. Gender**
- 2. Culture and Ethnicity (including Indigenous)**
- 3. LGBTQIA+**



Health, Safety & Wellbeing

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



SDG Contributions



Wellness

New Wellness Sharepoint pages and calendar created

91

senior leaders trained on Psychosocial Legislation and improving culture and awareness of psychosocial impacts

x2 half days

paid CSR leave to support charities of choice

Health & Safety

4,882

observations recorded

4,079

interactions completed

1,990

health safety audits & inspections completed

1,666

hazards reported

132

risk assessments completed

TRIFR

Dec 2022

Dec 2023

5.5

7.6

Both our Total Recordable and Lost Time injury frequency rates remain below the dairy processing lost time injury frequency rate (8.8) recorded by Safework Australia.

We strive to ensure our workers go home each day without being impacted by workplace incidents. When we do have incidents we investigate to ensure any learnings are communicated business wide.

8.8 - industry benchmark

Partners & Community Engagement

Committed to community, Lactalis Australia delivers the goodness of dairy and has done so for over 90 years.

In 2023 we were privileged to be able to support communities across Australia through a number of initiatives – from volunteering to donations. A number of our team also used their 2 x half days for CSR volunteering for causes they were personally connected to.

Fighting hunger by donating food with Foodbank

We're proud to support a cause that alleviates food insecurity experienced by 1 in 6 Australians.

We continue to partner with [Foodbank Australia](#) which in 2023 sourced the equivalent of 92 million meals, to ensure those who are struggling, can put a meal on the table and groceries in their cupboard. In 2023, Lactalis Australia donated 230,000 litres of milk, plus yoghurt and desserts to help fight hunger and food waste.



Proud to partner with Foodbank Australia

SDG Contributions



Spreading joy at Variety's annual Kids' Xmas Party

Variety has been welcoming 5,000 children in need each year for over 35 years, gifting them the opportunity to experience unconditional acceptance and enjoy the magic of Christmas with their families. For the second year, Pauls supported Variety by providing 5,000 Pauls Kids yoghurt pouches for the event.



Partners & Community Engagement



Make A Meal Program with Ronald McDonald House Charities

Ronald McDonald House Charities help families stay together and close to essential care when a child is diagnosed with a serious illness. Our Brisbane team was proud to participate in the Make a Meal program. The team planned and made a “home-cooked” meal for 120 families staying at Ronald McDonald House South Brisbane. Lactalis Australia provided Pauls Milk and Simply Fresh Butter Chicken, Tamar Valley Dairy Greek Yoghurt and Président Butter to help with the menu.



Volunteering with Metcash x St Vincent de Paul Society

We are inspired by the generosity, energy and compassion our team shows others in their communities. Our SA team assisted one of our customers Metcash in packing 280 hampers to be donated to Vinnies SA. We also offered UHT products for this annual event in support of local communities.



Volunteering for Clean Up Australia

In September we celebrated World Clean Up Day – an annual global social action program aimed at combating the global waste problem. This is the third consecutive year our people have joined together to help make the world a cleaner place, with our teams across Rowville (VIC), Scoresby (VIC), Lidcome (NSW) and South Brisbane (QLD) removing almost 3,000 pieces of waste from the environment with support from Clean Up Australia.

PRODUCTS



In 2023

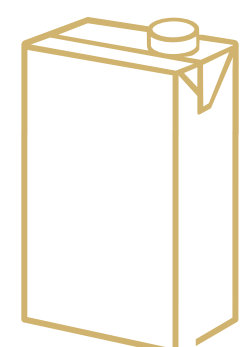
our innovation team conducted 7 consumer sensory research projects across:



Yoghurt



Cheese



Custard



Passion For Taste

We are passionate about delivering consistent, high quality and great tasting products. In 2023 we continued the rollout of our Passion for Taste Program with a mission to cultivate consumer confidence and preference for our products and brands.

This program enables us to embed a product culture in our company. Passion for Taste allows us to learn about our current flagship products and to help shape future products that will drive consumer preference. In 2023 our employee Passion for Taste ambassadors, internal expert panel and consumers tasted hundreds of products across multiple dairy categories and segments.

These include:

- Over 130 sessions across 6 dairy product segments with our expert-trained panel
- More than 200 internal staff tasting ambassadors sessions across 3 dairy categories
- 7 external consumer sensory research studies



Pauls Custards

In March 2023 consumer sensory research identified an opportunity to temper the sweetness of our custard range. In response to consumers changing taste preferences we renovated Australia's favourite custard brand, Pauls to reduce the total sugars and improve sensory appeal and preference.





Consumer-Led Innovation

Ice Break Espresso Range 320ml

Ice Break Single and Double Espresso, in a new 320ml format, was formulated with a real roasted coffee flavour profile and creamy mouth feel, to create new recharge consumption occasions for existing category buyers.



OAK Chocolate Lactose Free Flavoured Milk 600ml

Appealing to consumers who are, or consider themselves to be lactose intolerant, we launched a Lactose Free version of the cult OAK Chocolate flavoured milk. Joining our Ice Break Lactose Free Iced Coffee from the previous year, both these products are easy to digest, without compromising on the delicious taste that consumers love.



Lemnos Salad Crumbles and Salad Cubes

Both of these products are designed for busy consumers offering the convenience of pre-crumbled or pre-cubed fetta that is perfect for adding to salads. The re-sealable zip also means any leftover fetta can be stored and used at the next occasion leading to less household food waste.



Nutrition

Our nutrition portfolio has always been an area of focus and 2023 saw the delivery of a number of these initiatives.

These initiatives were enabled by rigorous R&D testing and evaluation by our project teams to ensure our products still guarantee the same product quality and experience our consumers have come to know and love.

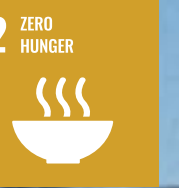
We are committed to delivering better nutritional credentials across our product portfolios as it forms part of our ongoing commitment for a brighter future for all consumers across the globe.

In 2023, we removed **544 tonnes** of sugar* across our product ranges

*Sugar reduction without compromising taste, and achieving cleaner labels across several recipes.



SDG Contributions



Benefits of dairy

Vitamin B12

Keeps our body's nerve and blood cells healthy, helps make genetic material in all cells.

Protein

Provides structure, growth and maintenance for our body, carries out chemical reactions, act as messengers.

Calcium

Plays essential role in muscle contraction, bones and teeth development, blood clotting, transmission and fluid balance.

Potassium

Regulates fluid balance, muscle contraction and nerve signals.

Saturated Fat & Salt

Fat provides energy to our body, salt (sodium) regulates body fluid levels and helps maintain blood pressure.

Phosphorous

Component in bones, teeth, DNA, RNA, helps in activation of enzymes and maintenance of normal pH in ECF.

Ingredient Simplicity

In today's world of highly processed food and beverages, consumers are increasingly looking for simplicity of ingredients, choosing foods they recognise to be healthy.

Rather than purchase products with a long list of unrecognisable ingredients, consumers are opting for quality ingredients over quantity. Changes in purchasing behaviours are seeing consumers review a product's ingredient list before making a purchase.

At Lactalis Australia, we are committed to developing and optimising our portfolio of products to best meet consumers' needs now and into the future. We recognise these changing consumer needs, or what might be considered a return to simpler times and ingredients - and our product range reflects this.

Jalna

For over 60 years, Jalna has made yoghurt the traditional, natural way in special pots. It starts with fresh milk, live cultures and only natural ingredients, and with a little time and a great deal of care we create uniquely thick and delicious pot set yoghurt.

Our award-winning all-natural Greek Yoghurt is made with only three ingredients, no need for stabilisers or anything artificial to produce a full-bodied, smooth yoghurt with the perfect amount of tang.

Tamar Valley Dairy

Tamar Valley Dairy yoghurts are thick and creamy, made with pure and simple goodness - nothing else. Our products are crafted with natural ingredients, real fruit and fresh, specially sourced milk, from farms that meet the highest quality standards. Tamar Valley Dairy's award-winning Greek style yoghurt is made in Tamar Valley with fresh milk sourced from Tasmania. An all-natural, creamy and delicious gourmet yoghurt it's perfect for cooking or elevating your breakfast.

siggi's

siggi's yoghurts are made with simple ingredients and not a lot of sugar. Our yoghurts are based on Icelandic dairy traditions, such as skyr, the traditional Icelandic yoghurt. We only use fresh Australian milk sourced from Australian farms and sweeten our products with real fruit and a touch of cane sugar. All our products do not contain any artificial colours, flavours, sweeteners or high fructose corn syrup. The siggi's range is all natural, thick, creamy and high in protein.

SDG Contributions





Animal Welfare

As the world’s leading dairy group, we pay special attention to all the animals in our supply chain.

Animal welfare is a cornerstone for the sustainability of our activities and we are working with our direct partnering farms on a process of continuous improvement – beginning with on-farm assessments and training our Farm Supplier Services team in animal welfare.

As all of our partnering farms know, there is a close link between animal welfare and milk production.

Animal welfare governance happens across three levels:

1. The Lactalis Group’s Management Committee (GMC) – responsible for successful implementation of the Lactalis Group Animal Welfare Policy.
2. The Animal Welfare Committee (AWC) – proposes policy to GMC, monitors and coordinates actions and results.
3. Country Milk Supply Departments – implement actions and report to the AWC.

By 2023 the Lactalis Group had a commitment for all 150+ of its dairy technicians to have completed training with leading global animal welfare experts, CowSignals Training Company across pilot countries. This was achieved. For Lactalis Australia, two employees were trained as Cow Signals Masters. They then shared this industry best practice training with the technician team (Supplier Relationship Managers) and Milk Supply Management.

By the end of 2023

33%

of our current direct supplying milk volume had been assessed on animal welfare



Milk Supply

Our passionate employees work closely and constructively with Australian farmers across every state, delivering milk to our 14 sites to produce some of the finest dairy goods in the country.

Farmers sell their milk to Lactalis Australia to be used for fresh milk or processed as milk solids for use in our famous cheeses, yoghurts and desserts. 2023 saw a competitive national milk pool.

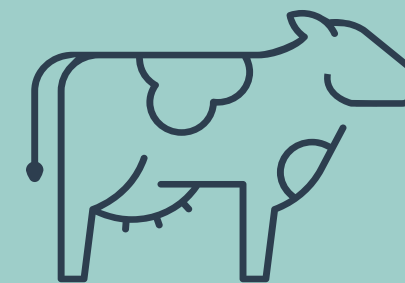
As part of the Dairy Code⁵, dairy producers only purchase milk under a milk supply agreement. We believe in transparency with our standard milk supply agreements available on our corporate website.

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

274



Average number of cows born per farm

314

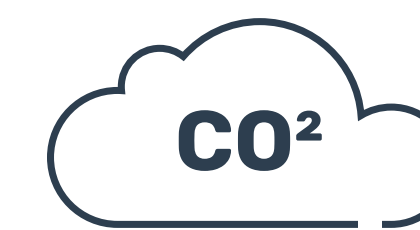


Average number of lactating cows per farm

2,114,698



Average annual milk production per farm



Average net carbon footprint 1.26

kg CO2e/kg FPCM

average net carbon footprint related to dairy production per kg of Fat and Protein Corrected Milk (FPCM) per farm

97%

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

61%

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

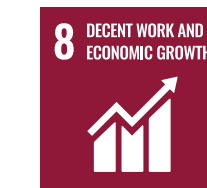
38%

of directing supplying farms have had their carbon footprint assessed by Lactalis since 2021

0%

of farms assessed in 2023 were using feed which may contain palm oil or soy coming from de-forested areas

SDG Contributions



SDG
Contributions

Responsible Sourcing

As a manufacturer of high-quality milk and dairy products, our corporate responsibility extends to our supplier network. We prioritise environmentally conscious practices throughout our supply chain from farm gate to supermarket shelf.

Our supplier standards cover our ethical, social and environment requirements of business conduct.



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 an absolute priority with quality being a shared mindset for all of us at all times. It is recognised by everyone: consumers, customers, employees and key partners (suppliers, authorities)

Our Strategic Pillars

1. Drive food safety & compliance to ensure business continuity & reputation
2. Contribute to external & internal growth & deliver superiority overall
3. Drive efficiency: best quality at the best cost & optimise tools & processes
4. 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

Food Safety & Quality

Our industry is built around milk – the unique, natural ingredient that demands specific conditions to be safely enjoyed.

The safety, wholesomeness and nutritional value of our dairy products are of paramount importance. Our company Quality Policy complies with National and State Health Department Food Standards.

This is supported through our robust Quality and Food Safety program, which includes:

- Adherence to global best practice standards
- A detailed supplier and co-manufacturer auditing program
- Internal audits across all parts of the business: raw milk collection, industrial, warehousing and the supply chain

- Close tracking of lead and lag food safety and quality KPIs
- Strong action planning to ensure we fix any quality non-conformances
- Investment in the quality capital program
- Annual food safety culture survey to track progress

We continue our commitment to our Act for Quality strategy, embedding food safety and quality culture best practices across the business.

100%

of manufacturing facilities accredited to Global Food Safety Initiative (GFSI) recognised standards

38%

reduction in market events (recalls & withdrawals) from 2020

33%

reduction in consumer complaints since 2020



PLANET



Water

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

We understand our responsibility to minimise our water usage.

Across our Australian operations we have a target to reduce water by 15% in 2025 vs 2019 baseline year 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 usage tracking

A word on water usage

Water usage increased in 2023, compared to 2022. The YoY change across industrial sites for water M3 /T of product produced was unfavourable at 4.04%.

Two key factors contributed to this:

1. New larger Clean In Place (CIP) Kitchens at Rowville, Harvey and Bendigo which were important projects to improve cleaning and product quality
2. Production volume change in Echuca increased this intensity result

Given these results, we are investigating ways to reduce our water usage.

Water usage increased by

4.04%

compared to 2022

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.

1.2%



More electricity than 2022
(based on m3/T of product)
Excludes Jalna

0.97%



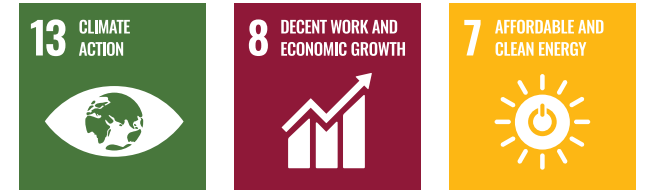
Decrease natural gas
than 2022
(based on m3/T of product)

National Scope 1 & 2 Emissions (total)

Year	Total Scope 1 & 2 Emissions (t CO2-e)
2019	141,746
2020	139,733
2021	132,599
2022	131,966
2023	126,210

SDG Contributions





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 increased by 1.2%.

The main drivers were:

- Volume change in Echuca to increase intensity result. At Lactalis our intensity is a measurement of our utility usage against production tonnes.
- Large increase in volume of Yoghurt products at South Brisbane vs decrease of milk volume at South Brisbane negatively affected intensity result.
- Milk volume across country (3.21%) compared to 2022 also impacted this intensity metric.

A word on gas usage

The YoY change for the industrial sites for gas kWh /T of product produced decreased by 1%.

The improvement in the gas intensity metric (kWh /T) in 2023 compared to 2022 was driven by:

- Improvement in Griffith mainly driven by 33% increase in volume.
- Longwarry improvement driven by product mix plus efficiency projects implemented.
- Milk production, which is a high gas consumer, dropped by 17% in 2023 compared to 2022.
- The upgrade to cleaning (CIP) systems resulted in increased gas usage, due to increased temperatures for cleaning, resulting in improved product quality.



We've reduced our scope 1 and scope 2 emissions by **10.9%** since 2019



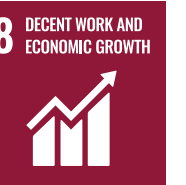
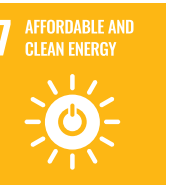
Carbon Net Zero 2050

We are committed to reducing emissions. Australian dairy has a target of reducing greenhouse gas emissions intensity across the dairy industry by 30% by 2030. This is reflected in the industry's internationally recognised Australian Dairy Industry Sustainability Framework⁶.

The commitments in the Sustainability Framework align with the United Nations Sustainable Development Goals⁷ and have the same 2030 time horizon.

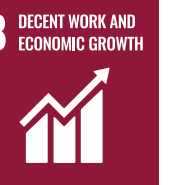
We believe that dairy products are part of the solution for sustainable nutrition. Therefore, we are dedicated to working to reduce our impact on the environment and the climate, throughout our value chain. We are committed to being Carbon Net Zero by the end of 2050 and are part of the Pathways to Dairy Net Zero initiative.

SDG Contributions



WE SUPPORT

PATHWAYS TO DAIRY NET ZERO.



Transport & Logistics

Our carbon footprint reduction strategy continues with three time-sensitive 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 generation trailers.
- 3.** Reducing carbon intensity by developing alternative fuel solutions.

Operation	Year	km	Fuel (L)	g CO ₂ e /km
VIC Fleet	2020	1,799,235	1,087,259	1,632
	2021	1,826,577	1,062,105	1,570
	2022	2,273,784	1,111,131	1,319
	2023	1,832,573	1,004,330	1,480
NSW / SEQ Trailers	2020	2,160,298	445,347	557
	2021	3,789,622	331,798	236
	2022	4,325,092	319,275	199
	2023	3,916,699	340,413	235
Transport	2020	2,703,835	334,341	988
	2021	2,716,730	278,409	540
	2022	3,077,350	317,413	574
	2023	3,178,738	324,670	527



*The evolution of our internal carbon emissions footprint, as grams of CO₂/km travelled.

Our commitments

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^

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

In 2023, we reduced plastic by

44.74 tonnes

That's enough to fill 4 garbage trucks.

The majority was achieved through new initiatives (29.11T) while we continued the benefits of our 2022 initiatives including bottle weight reduction and liner updates (15.63T).

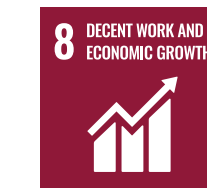
Circular Economy & Packaging



The nature of dairy means we must rely on packaging to safely house our nutritious products.

We remain committed to innovative packaging solutions that reduce plastics. We continue to evolve the “right packaging”, better circularity and educate consumers on recycling.

SDG Contributions





In 2023, we provided
1.27m
 meals to Australians
 in need

Source: Foodbank Australia

We donated

8,300kg

of trial Pauls custard
 to Foodbank

Collaborative Supply Program Partner

Thank you Lactalis Australia

In 2023, you've helped people in need with...

 1,269,100 meals donated to people in need	+	 ~ 230,000 litres of milk for our vital National Fresh White Milk Program.
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Australia is in the midst of a food security crisis where 48% of the population feels anxious or struggles to access adequate food consistently. In 2023, thanks to your generosity and kindness, we sourced the equivalent of 92 million meals (51 million kilos of food and groceries), to ensure those who are struggling can put a meal on the table and groceries in their cupboard.

"Having access to Foodbank has been a godsend; without Foodbank, I wouldn't be able to feed my children quality home-cooked meals every day. I wouldn't be able to feed them every night without you guys."




Feeding Australians in need every day





Helping to achieve

SUSTAINABLE DEVELOPMENT GOALS

The Global FoodBanking Network

SDG Contributions



Food Waste

We are proud to continue to partner with Foodbank Australia which in 2023 sourced the equivalent of 92 million meals, to ensure those who are struggling can put a meal on the table and groceries in their cupboard.

From natural disasters to the rising cost of living, the past year has been incredibly tough on households nationwide. Foodbank Australia reports 48% of the population feels anxious or struggles to access adequate food consistently.

As a company, our donations of fresh milk, yoghurt and desserts allow us to support Foodbank's profound impact in the community. Supporting local communities and partnering with Foodbank is part of our core values and together, we want to continue to demonstrate true social responsibility.



RESOURCES & REFERENCES

References

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2. Lactalis Ingredients, 2021 CSR Report, accessed 28 May 2024, <<https://www.lactalisingredients.com/news/lactalis-ingredients-releases-2021-csr-report/>>
3. The Lactalis Group 2023 Sustainability Report, <https://www.lactalis.com/wp-content/uploads/2024/06/LAC_LACTALIS_2023-SUSTAINABILITY-REPORT_EN_VMEL_03062024.pdf>
4. Pathways to Dairy Net Zero, Pathways to Dairy Net Zero, accessed 28 May 2024, <<https://pathwaystodairynetzero.org>>
5. Australian Competition & Consumer Commission, Dairy Code Of Conduct, accessed 28 May 2024, <<https://www.accc.gov.au/business/industry-codes/dairy-code-of-conduct>>
6. Australian Dairy Farmers, Australian Dairy Industry Sustainability Framework, accessed 28 May 2024, <<https://australiandairyfarmers.com.au/adsf/>>
7. United Nations Department of Economic and Social Affairs Sustainable Development, Sustainable Development Goals, accessed 28 May 2024, <<https://unstats.un.org/sdgs/report/2022/>>

About This Report

This is Lactalis Australia's 2023 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 2023. 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.

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 2023 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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