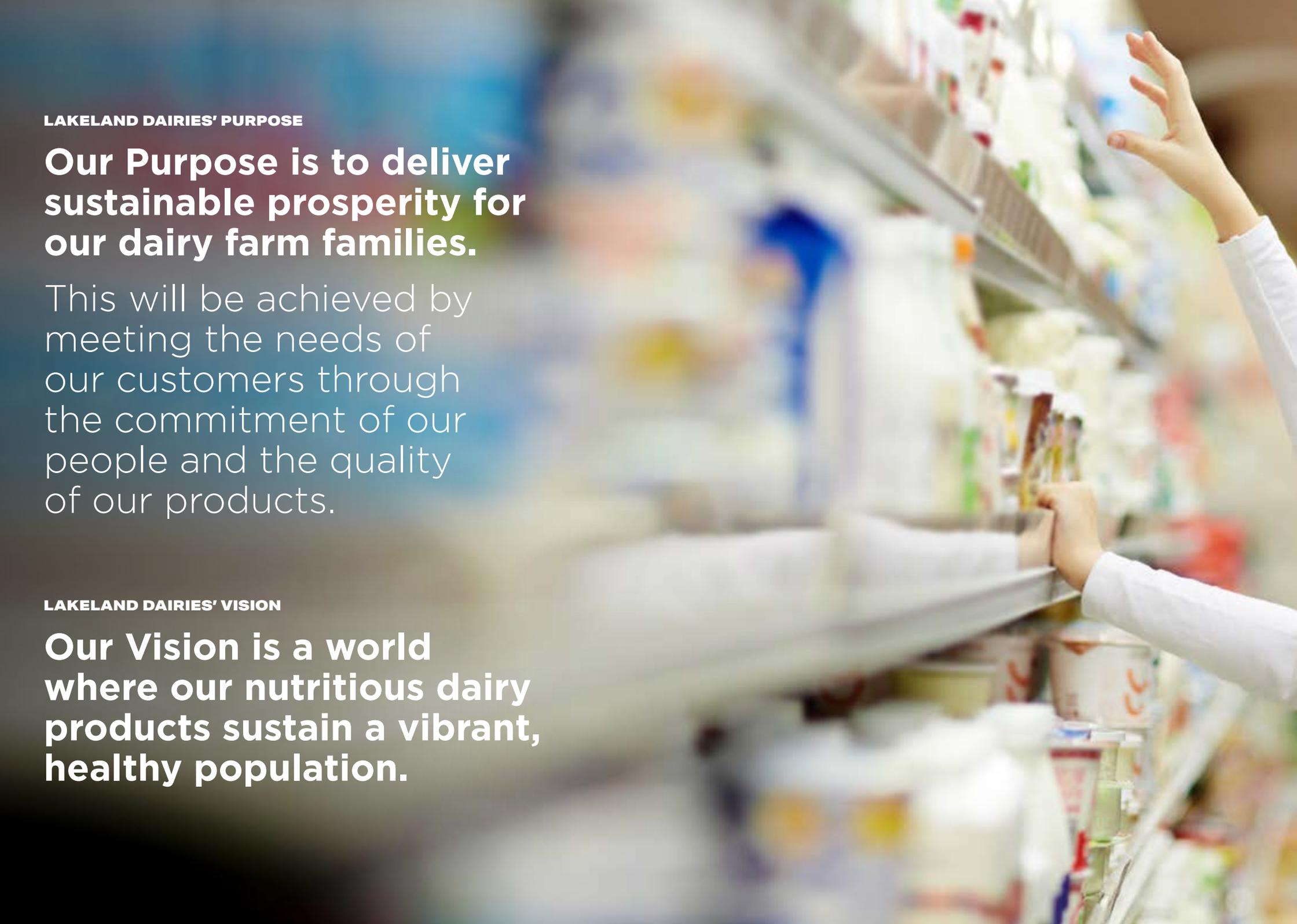




# PATHWAY TO A BETTER FUTURE



**LAKELAND DAIRIES' PURPOSE**

**Our Purpose is to deliver sustainable prosperity for our dairy farm families.**

This will be achieved by meeting the needs of our customers through the commitment of our people and the quality of our products.

**LAKELAND DAIRIES' VISION**

**Our Vision is a world where our nutritious dairy products sustain a vibrant, healthy population.**



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**Cover:** Thomas, Jane, Rachel and Alan Clarke on their farm in Co. Cavan.

# FOREWORD

Defining Lakeland Dairies' Sustainability Ambition out to 2030.

**This document outlines the Lakeland Dairies' strategic roadmap for Sustainability for the period 2023 to 2030.\* The stated ambition is fully aligned with the overall corporate strategy for growth - 'Foundations for a Better Future' - and defines the Environment, Social and Governance (ESG) priorities for the business.**

As a farmer-owned co-operative established almost 130 years ago, building a better future for all is key to the sustainability of the Lakeland business and its dairy farm families. This plan has been endorsed by the Board of Directors and supports the commitment to producing safe, nutritious and sustainable food products for customers across the globe, whilst working in harmony with the environment.

Following a process of engagement with key stakeholders, a framework of

sustainability priorities has been defined which are core to ensuring the long-term sustainability of the business and the communities in which we operate. These have been categorised into six 'Sustainability Pillars' which underpin the strategic direction for the future in terms of agreed ESG targets and timelines, and which embrace the Purpose and Vision of the Co-operative.

The foundations for success are currently in place, and now is the time to build on the many initiatives already established, in order to fully integrate the social, ethical and environmentally-responsible practices that have been identified as part of this strategic plan. This commitment to a better future, will be at the heart of everything we do in the business going forward and will help to shape a shared vision of sustainable success for Lakeland Dairies and its community of stakeholders.

\* This strategic roadmap relates to Lakeland Dairies Co-operative Society Ltd., also referred to as 'Lakeland Dairies', 'Lakeland', the 'Group' or the 'Co-operative' in this document.



# INTRODUCTION PATHWAY TO A BETTER FUTURE

We are committed to exploring new avenues of innovation and actively engaging with our stakeholders to shape a sustainable future for Lakeland Dairies.



**Niall Matthews**  
Chairperson

**I am delighted to present to you the Lakeland Dairies' Sustainability Strategy - Pathway to a Better Future.**

This Sustainability Strategy forms a key element of our wider corporate strategy - 'Foundations for a Better Future' and it follows from a process of engagement and consultation with stakeholders. It reflects our steadfast commitment to building a more sustainable future. We firmly believe that it's our responsibility to operate in a manner that ensures the wellbeing of our planet for generations to come, while simultaneously providing high-quality and trusted dairy nutrition.

Lakeland Dairies operates a circular business for our farm families and customers. The Lakeland Agri and Member Relations teams guide farmers on their journey of producing safe, sustainable and traceable milk which is then processed into a range of world-class Food Ingredients, Foodservice and Consumer Foods products. We believe in sustainability in every respect - environmental, societal

and financial. We are focused on protecting the environment for our current and future generations. We understand the crucial role we play in the social and economic fabric of the communities in which we operate.

Building on current initiatives and programmes, we are committed to exploring new avenues of innovation and we are actively engaging with our stakeholders to shape a sustainable future for Lakeland Dairies.

I extend my sincere thanks to our dedicated milk suppliers, employees, loyal customers and partners who have been instrumental in our journey. As we move forward, we remain resolute in our pursuit of excellence.

We're on a pathway to a better future together. Let us embrace the challenge of sustainability and create a world where nature flourishes, communities thrive, and future generations can enjoy the goodness of dairy for years to come.





**Colin Kelly**  
Group CEO

**I'm privileged to lead a dedicated team which fully embraces the importance of Sustainability and the Environmental, Social and Governance (ESG) agenda to every aspect of the Lakeland Dairies business.**

The seventeen 'Sustainable Development Goals' (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Lakeland Dairies is committed to honouring those goals applicable to our business and our network of communities.

Together, we're shaping a future where sustainability is not just a goal but a way of life. At the heart of our sustainability pathway lies the belief that we can achieve more when we work together. We have fostered strong partnerships with farmers, suppliers, customers, and communities, recognising that collective action is essential in addressing the challenges we face.

Our farm families are true pioneers of sustainability. They have adopted new technologies and practices to

make their businesses and farms more sustainable – futureproofing their operations for the next generation.

Through our inclusive business practices, we strive to empower local communities, provide opportunities for personal and professional development, and contribute to socio-economic wellbeing.

Innovation is at the core of our sustainability journey. We continuously seek out new technologies, processes and solutions that enable us to minimise our environmental impact while maximising efficiency. From harnessing renewable energy sources to optimising our supply chain, we are constantly seeking to create a more sustainable and resilient dairy industry.

As we look to the future, we're excited by the possibilities that lie ahead. We remain committed to investing in sustainable infrastructure and research and development. We will continue to work with industry partners and all stakeholders to drive innovation and accelerate positive change.



**Rory Farrell**  
Group Head of Sustainability

**I am a firm believer that the solution to our sustainability challenge is collective and impactful action.**

At Lakeland Dairies, we are taking strong and positive steps to protect the Co-operative and the environment for future generations.

Following an extensive stakeholder engagement and materiality assessment process we have organised the necessary actions into six ESG Pillars – Climate Action, Sustainable Farms, Supply Chains, People and Communities, Sustainable Operations & Responsible Business.

Climate action is critical to us as a business and is also an imperative for our customers and consumers across the world who we serve. Irish dairying is already hugely sustainable, having one of the lowest carbon footprints in the world. Working with our farm families, as well as our suppliers and customers, we are stepping up on this position.

Lakeland Dairies commits to setting science-based targets which are

aligned to all latest climate science and can be verified externally through the SBTi (Science Based Targets Initiative\*). These targets are externally validated. By adopting these targets, we are automatically involving the entire supply chain – from the soil of our farmers to the kitchen tables of our consumers.

Our Farm Sustainability Programme supported by our Sustainability Incentive payment will ensure that action is taken at farm level.

As we address the wider ESG agenda we have provided a pathway for action through our supply chain and in our operations while also addressing our commitment to our people and surrounding communities. We also continue to operate as a responsible business.

Our Board, Management Team and people are committed to a *Pathway to a Better Future*. Now we are going to make that better future happen.

Together we're shaping a future where sustainability is not just a goal but a way of life.

\*The Science Based Targets initiative is a partnership between the Carbon Disclosure Project, World Resources Institute, Worldwide Fund for Nature and the UN Global Compact, leading the way to a zero-carbon economy, boosting innovation and driving sustainable growth.

## OUR CO-OPERATIVE

### 100+

Countries served worldwide with a portfolio of 240 Dairy Products.



### 3,200+

Farm families producing over 2 billion litres of top-quality milk annually.



### €1.1bn

Total payment in 2022 to farm families supplying our milk across seventeen counties in ROI and NI. Milk price supports our suppliers, local businesses and communities.

### 1,400+

Dedicated people employed in Lakeland Dairies.



### 130

Years of excellence in dairying across the generations.



### MILK SUPPLIERS

100% of milk suppliers in ROI certified through the Sustainable Dairy Assurance Scheme and 100% certified in NI through Red Tractor.

### SBTi

Lakeland Dairies commits to setting science-based targets that will be verified by the Science Based Targets Initiative (SBTi).

### FARM PROGRAMME

Lakeland Dairies will launch a dedicated farm sustainability programme in Q4 of 2023 which will be supported by a sustainability incentive payment.

### 32,000

Soil samples collected and analysed since 2014.



### STANDARDS

Our processing sites adhere to the highest standards:

- ISO 14001
- ISO 50001
- Ecovadis
- Sedex
- Origin Green

# OUR APPROACH

Lakeland Dairies has carried out a comprehensive stakeholder engagement process, with over two hundred internal and external stakeholders consulted around the development of a sustainability strategy for the business.

Their views were then collated into a detailed materiality assessment. The strategic priorities have been organised into six ESG pillars as described below:



## 1. Climate Action

Ensuring that we play our part in mitigating the impact of climate change.



## 2. Sustainable Farms

Lakeland Dairies is committed to ensuring the long-term sustainability of our 3,200 family farms.



## 3. Supply Chains

Our supply chains are complex and far reaching. We're committed to using only the most responsible and ethical channels to source materials.



## 4. People and Communities

We recognise that our people are critical to the success of the business. We pride ourselves on being a positive and responsible influence in our communities.



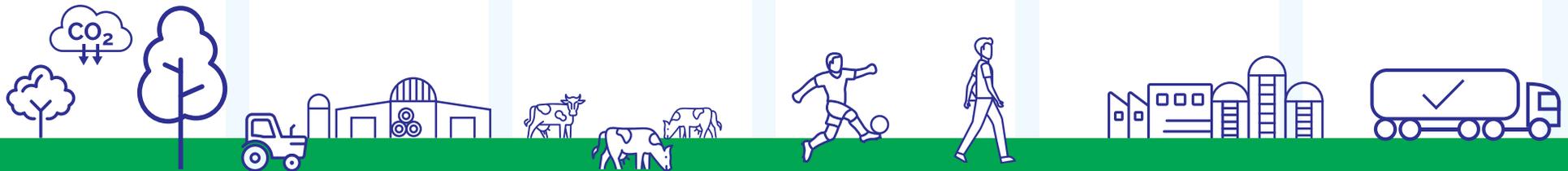
## 5. Sustainable Operations

Lakeland Dairies has implemented a systematic approach to reducing our carbon footprint inside the factory gate and we recognise the need for resource efficiency and waste minimisation across all parts of the business.



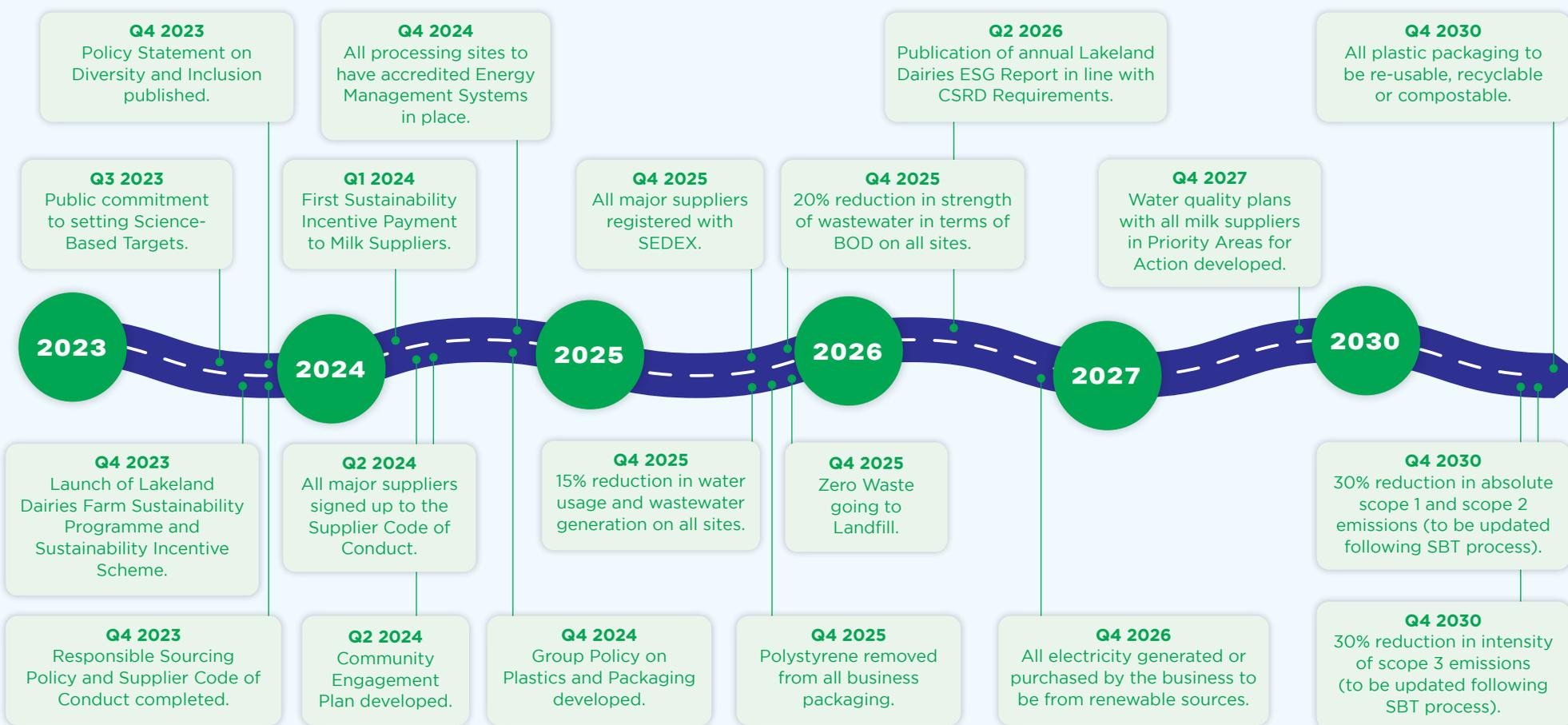
## 6. Responsible Business

From sourcing of finance to corporate governance, and through all our operations, we are a responsible, ethically-managed co-operative business.



# OUR COMMITMENT

## Timeline on what we are committing to do



## Our Sustainability Pillars

# 1. CLIMATE ACTION



# OUR SUSTAINABILITY PILLARS

## CLIMATE ACTION



Lakeland Dairies is committed to producing safe, sustainable and nutritious foods, in harmony with nature, for consumers across the globe.

We are a responsible, globally-focused nutrition company committed to setting science-based targets aligned to the latest climate science that can be verified through SBTi.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



**13** CLIMATE ACTION



### How we contribute to SDG 13

Working with and supporting farmers and our business to mitigate the risk of climate change.

We will determine and quantify Scope 1, 2 and 3 carbon emissions associated with our business. Scope 1 emissions are those directly owned by Lakeland Dairies, such as fuel used at our processing facilities. Scope 2 and 3 emissions, however, are indirectly linked to Lakeland Dairies' carbon footprint through energy generated off-site or supplier and customer actions up and down the business value chain. We commit to setting science-based targets that are aligned with climate science. As we move through the process of validating our science-based targets, we continue to work towards a 30% reduction of our absolute Scope 1 and Scope 2 emissions by 2030. We also aim to reduce the intensity of our Scope 3 emissions by 30%.

We are developing and implementing an action plan to reduce carbon emissions. This plan will address emissions across the supply chain from our suppliers, transport from farm and onto our customers and through all our operations. We will measure greenhouse gas emissions and reductions as a direct result of initiatives outlined in the action plan and we will monitor and report on these actions.

We are establishing an engagement and incentivisation process with our milk suppliers to align with Lakeland Dairies' policy statement and reduction action plan. We will continue to align and communicate with our milk suppliers in relation to our sustainability ambition.

### CASE STUDY: KILLYGARRY SOLAR PANELS

Since 2019, we have used solar power at our corporate headquarters in Killygarry, Co. Cavan. Lakeland Dairies was one of the first dairy co-operatives to adopt solar technology and this has been beneficial for the business as well as the environment. The solar panels have directly resulted in a 25% reduction in electricity demand from the national grid by our head office. This is another step in Lakeland Dairies' continued strategy of supporting green energy.

**Left:** EV charging points available to staff at corporate headquarters in Killygarry, Co. Cavan.

## SUSTAINABILITY IN ACTION PATRICK O'NEILL, CO. LONGFORD

Milking 115 cows, Patrick O'Neill and his father Tom are on a journey of farming excellence in Co. Longford.

The O'Neill family farm is continually improving and developing, with ambition to produce high-quality milk with the lowest possible carbon impact. Since 2019, Patrick and Tom have reduced their carbon footprint by 12%.

They have placed a huge emphasis on improving soil health and productivity. Soil testing is conducted every two years by Lakeland Dairies. This gives a scientific profile identifying where nutrients are needed most, leading to more precise and efficient nutrient management planning on the farm. Patrick has reduced his chemical fertiliser usage as a result. He has also adopted Protected Urea fertiliser, lowering his nitrous oxide (a greenhouse gas) and ammonia emissions. Optimising soil fertility has allowed Patrick to successfully introduce clover to his paddocks. To date, 35% of the farm has had clover incorporated. Clover captures freely-available nitrogen from the atmosphere

and makes it available for grass growth, thus lowering the requirement for chemical nitrogen applications. Where Patrick has incorporated clover, he has been able to reduce his chemical nitrogen input by 50%.

Taking a scientific approach to organic fertiliser, Patrick uses Low Emission Slurry Spreading equipment and targets organic fertiliser application to the most appropriate parts of the farm, using his nutrient management plan to inform his decision-making. These actions reduce nitrous oxide and ammonia emissions while also reducing costs significantly and maintaining forage production.



**Above:** Patrick O'Neill and his son Paidí on their farm in Co. Longford.

12%

REDUCTION OF CARBON  
FOOTPRINT SINCE 2019

50%

CHEMICAL NITROGEN  
REDUCTION IN CLOVER  
PADDOCKS

Our Sustainability Pillars

# 2. SUSTAINABLE FARMS

Above: Alan Clarke with Lakeland Dairies Farm Advisor Susan Casey.





## OUR SUSTAINABILITY PILLARS SUSTAINABLE FARMS

Lakeland Dairies is committed to ensuring the long-term sustainability of all our 3,200 family farms. Farmers have already shown tremendous leadership in this space, and we will further assist milk suppliers through our new Farm Sustainability Programme which will be launched in late 2023. The Programme will be supported with a Sustainability Incentive Payment to our suppliers.



**Above:** The River Blackwater running through Alan Clarke's farm in Co. Cavan. Alan displays best practice by fencing off the watercourse with adequate buffer zones and has planted hedgerow on each side of the bank to intercept nutrients, sequester carbon and create habitats for nature.

Over the last decade, farmers have not only embraced but championed the need to farm in harmony with nature. Farmers have invested significantly in technology and infrastructure such as Low Emission Slurry Spreading (LESS) and Nutrient Storage as well as animal welfare, herd genetics and soil health to drive the efficiency of grass-based systems.

With a strong base already in place, now is the time to push this ambition forward with the creation of the Lakeland Dairies Farm Sustainability Programme and the Sustainability Incentive Payment.

This new programme will ensure farms are environmentally, socially and economically sustainable. It will focus on reducing the environmental footprint of dairy farming through regenerative agricultural practices while ensuring the highest animal welfare standards continue to be met.

Lakeland Dairies will continue to assist our milk-supplying family farms in the adoption of the most up-to-date, climate-smart farming practices.

Dairy farming is an attractive and rewarding career, and we want to ensure that remains the case. As part of this ambition, we will continue to pay a competitive milk price to ensure Lakeland Dairies is a driver of a balanced regional economy.

Farmers have a passion for and interest in growing their knowledge of sustainability. Supporting this, we are developing a Lakeland Dairies sustainability training programme.

Our ambition is for every farm to develop and adhere to a detailed farm safety plan. Lakeland Dairies will support this by developing a farm safety awareness campaign. We endeavour to reach 100% of our milk suppliers through these programmes.

Lakeland Dairies, in partnership with our farmers, will focus on key actions to achieve increased levels of sustainability throughout the Co-operative. By doing all of this, we will see increased levels of technical efficiency within our milk supply base while also ensuring that we have a positive environmental impact.

Lakeland Dairies is working with our 3,200 milk-supplying family farms to ensure long lasting sustainability. By continuing to implement regenerative agriculture practices, we aim to achieve a 30% reduction in the carbon footprint of milk production by 2030.

# 30%

REDUCTION OF CARBON FOOTPRINT IN MILK PRODUCTION BY 2030



### Carbon Footprint

Lakeland Dairies is working collectively and collaboratively with our 3,200 milk-supplying family farms with the aim of achieving a 30% reduction in the carbon footprint of milk production by 2030. This will be achieved through the adoption of cutting-edge, climate-smart farming practices in line with the most up-to-date scientific research available to the industry.

### Water Quality

Protecting and improving water quality is of paramount importance to the Co-operative. We are fully committed to building on the exceptional progress achieved by the Agricultural Sustainability Support and Advisory Programme (ASSAP) which provides one-to-one advice to farmers.

As part of our ongoing commitment to protecting water quality, Lakeland Dairies will assist milk suppliers in developing and implementing water quality plans for all farms located in Priority Areas for Action and Nitrate Referral Areas. By the end of 2027 we will develop water quality plans with all milk suppliers in Priority Areas for Action.

### Biodiversity

Creating space for nature to thrive and protecting habitats will ensure that the land farmed by our milk suppliers is home to a flourishing ecosystem above and below the soil profile. We will develop best practice guidelines in partnership with industry-leading experts to ensure that the most appropriate farm-specific measures are implemented.

### Soil Health

The foundation of our renowned grass-based system of dairy production is soil health. For nearly a decade, Lakeland Dairies has operated a subsidised soil sampling programme for milk suppliers and in that time has collected and analysed over 32,000 soil samples. We will build on this by ensuring the continued rollout of the Lakeland Soil Sustainability Programme which focuses on improving the chemical, physical and biological health of the soil. This enables farmers to harness the full potential of the ground beneath their feet. Our continuing focus on improving soil health will actively combat climate change through the capture and storage of carbon in our soils. To ensure progress and development, we will monitor this across a subsection of our farms.

### Animal Welfare

Lakeland Dairies is committed to upholding the highest standards of animal welfare on each of our milk-supplying family farms in line with the Sustainable Dairy Assurance Scheme and Red Tractor standards. We are also committed to ensuring the responsible use of antimicrobials. We will continue our ongoing participation in collaborative animal health initiatives. Using on-farm somatic cell count as a key performance indicator, Lakeland Dairies will monitor animal welfare and report externally through the Dairy Sustainability Framework and the Sustainable Dairy Partnership.



Sustainable Dairy Assurance Scheme



15 LIFE ON LAND



### How we are supporting SDG 15

We are helping our farmers to protect and restore the ecosystems that they have control of.

## SUSTAINABILITY IN ACTION ALAN CLARKE, CO. CAVAN

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Alan Clarke milks 140 cows in Co. Cavan. His farm has been a Demonstration Farm in the Teagasc Signpost Programme since 2020.

Nestled among the rolling green hills and drumlins of Cavan lies the productive and sustainable farm of Alan Clarke and his family. With 140 cows, Alan's demonstration farm is part of the Teagasc Signpost Programme which showcases the very best of sustainability in action on farms.

**By adapting to and embracing new technologies, Alan has been able to reduce his carbon footprint by 10% since 2019.**

As part of this initiative, Alan has undertaken targeted and specific measures to bolster his farm's sustainability credentials. He has developed a water quality plan to prevent nutrient losses to watercourses and has planted an extensive network of hedgerows along watercourses. To improve the health and fertility of his soils, he has conducted regular soil analysis and applied ground limestone to correct pH deficiencies. He has incorporated clover into his system to capture nitrogen from the atmosphere and improve forage production.



This has the potential to fix up to 150 kg N/ha/year which can significantly reduce the demand for chemical nitrogen fertiliser.

Other practices Alan has adopted on his farm include a switch in fertiliser type from nitrogen fertiliser to using Protected Urea, Low Emission Slurry Spreading, and reducing the level of protein in his concentrate feed over the summer months. Alan has also spent years focusing on improving the genetic merit of his herd using the Economic Breeding Index. These efforts place his herd in the top 20% nationally for herd genetics.

## SUSTAINABILITY IN ACTION IAN McCLELLAND, CO. DOWN

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Ian McClelland milks 90 cows in Co. Down. The farm is managed to an excellent level of efficiency which has resulted in a 13% carbon footprint reduction since 2020.

Ian took part in the ARCZero programme to develop a carbon balance sheet for his farm. The survey examined both the carbon emissions associated with the farm enterprise and the stocks of carbon stored in the farm's soils, trees, and hedgerows.

Regular soil sampling on Ian's farm has allowed informed choices around where organic nutrient can be targeted and most effectively utilised, and this has significantly reduced the requirement to use imported chemical fertiliser. As another sustainability measure, Ian has sown clover throughout his farm. Clover captures nitrogen from the atmosphere and makes it available in the soil for grass growth. This change reduced the need for chemical nitrogen fertiliser without impacting normal levels of production. By using a run-off risk map generated by an aerial Light Detection and Ranging (LiDAR) survey, Ian has planted a woody riparian strip in an optimal location.



This helps reduce nutrient losses and improves water quality in the neighbouring watercourse, which is part of the Upper Bann catchment area. Ian has also incorporated beehives on the farm to increase biodiversity and contribute to overall farm sustainability.

Our Sustainability Pillars

# 3. SUPPLY CHAIN



# OUR SUSTAINABILITY PILLARS SUPPLY CHAIN



At all stages of the supply chain, we operate a system that integrates ethical and environmentally responsible practices. From packaging to energy to food ingredients, all our resources are carefully monitored to ensure they are as sustainable as possible. Lakeland Dairies is committed to managing supply chains that minimise impacts on the environment.



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



### How we are making a difference

We are sourcing products that mitigate local and global impacts and ensure that our supply chain partners match our sustainability ambitions.

Lakeland Dairies is developing a Responsible Sourcing Policy and a Supplier Code of Conduct covering areas such as safety, environment, ethics, labour practice and standards. This will be completed by the end of 2023.

Relevant employees will be trained in our Responsible Sourcing Policy and implement it in their day-to-day activities.

Our major suppliers will sign up to our Supplier Code of Conduct by mid-2024 and ongoing audits will ensure compliance.

We will monitor the number of suppliers that are registered on SEDEX, Ecovadis or other third-party validation systems. We aim to have all major suppliers, contractors and partners by volume of business registered with SEDEX by the end of 2025.

We are working with our palm oil and soya suppliers to develop sustainability policies to be compliant with EU Deforestation Regulations due to come into effect in 2024.

We will develop a Group Policy on Plastics and Packaging in 2024 which aligns with 2030 Waste and Resources Action Programme (WRAP) targets and customer ambitions. We aim to remove polystyrene

from all business packaging by 2025 with 100% of plastic packaging to be reusable, recyclable or compostable by 2030.

Our existing packaging development projects align with the European Circular Economy Package II. As part of our work to achieve European plastics targets, we have saved over 170 tonnes of plastic in our retail fresh milk bottles in the past six years. In addition, our bottles and caps are 100% recyclable and we have incorporated more than 25 tonnes of recycled material in their production since 2021.

All paper and cardboard is sourced from certified Forest Stewardship Council (FSC) sources.

As a business we are striving to purchase or generate all our electricity from renewable sources. We extensively make use of CHP technology to generate our own electricity reducing our reliability on grid sourced electricity. The Ballyrashane AD plant provides a 60% reduction in the site electricity demand from the grid.

We are in the process of moving our company car fleet to Electric Vehicles (EVs) and installing EV Charging points on all sites.



## CASE STUDY 1: GLOBAL LOGISTICS CENTRE

To ensure the fast, effective, and efficient transit of finished products, Lakeland Dairies operates a technologically advanced 14,000-pallet Global Logistics Centre at our facility in Newtownards, Co Down. Fully automated with advanced technology and robotic systems, the Global Logistics Centre has a simultaneous loading capacity of up to 11 forty-foot container vehicles at any one time. Opened in 2015, the Global Logistics Centre plays a critical role in serving the needs of our worldwide customer base on every continent.



## CASE STUDY 2: MILK BOTTLES

Lakeland Dairies has reduced the environmental impact of our retail milk packaging. In 2017, we reduced the weight of our two-litre bottles by 10%. In 2020, we reduced the weight of our three-litre bottles by 4%. This was followed by the introduction of 20% recycled material into the bottles in 2021. Our bottles, caps and sleeves are now 100% recyclable and are widely recycled in Ireland and the UK.

## CASE STUDY 3: PIONEERING PAPER STRAWS

In 2020, Lakeland Dairies became the first-to-market with an innovative and pioneering paper straw for our market-leading range of VIVA flavoured milk. In addition to shaking up the sector with eco-friendly alternatives, the 100% recyclable straw has saved an equivalent of 20 tonnes of plastic since 2020.



## CASE STUDY 4: MILK POTS

Lakeland Dairies transitioned our milk pots base from using a high impact polystyrene to recycled PET moving our packaging to a more sustainable material during 2023. The PET contains 50% recycled plastics and is recyclable. This resulted in the removal of 700 tonnes of Polystyrene from our factories and a reduction in the volume of virgin plastics purchased.

Our Sustainability Pillars

# 4. PEOPLE & COMMUNITIES

**Above:** Niamh Byrne, Lakeland  
Dairies Milk Transport Manager.



## OUR SUSTAINABILITY PILLARS

### PEOPLE & COMMUNITIES



Healthy and sustainable food systems and environments are driven by Lakeland Dairies' people and the communities in which we operate.

Lakeland Dairies places the safety, experience, and wellbeing of our people at the centre of everything we do. The Co-operative has a working target of being a zero-harm workplace on each of our sites.

Lakeland Dairies has a clear focus on promoting gender balance, LGBTQIA+ initiatives and ensuring we are an employer of choice for all.

We proactively engage with people and communities throughout the

areas in which we operate. We support local initiatives and regularly work with schools and communities.

Lakeland Dairies is developing group-wide awareness training on sustainability – by sharing knowledge, views, and challenges. As part of the comprehensive programme, we have established cross-functional teams for managing specific sustainability focus areas where all employees will receive tailored training.



#### Safe Place, Safe People

Lakeland Dairies seeks at all times to be a zero-harm workplace and we proactively encourage our people, employees, contractors, and visitors to contribute to this aim in every possible way.

We have a strong commitment to employee wellbeing that includes providing for work-life balance, health initiatives and support services. A comprehensive Employee Assistance Programme (EAP) is available to all employees and family members.

#### Diversity and Inclusion

Lakeland Dairies recognises that our staff and customers come from diverse backgrounds with varying experiences and needs. We are committed to ensuring that diversity and inclusion are embedded into our day-to-day working practices.

Lakeland Dairies is committed to continuous improvement and actively promotes fairness, respect, equality, diversity, inclusion, and engagement.

We have partnered with the Irish Centre for Diversity as we continue on the pathway to achieving Gold Status EDI mark accreditation. This reflects our commitment and performance to build a better future for all our people through fostering equality, diversity and inclusion in our business.

A new and pioneering Diversity and Inclusion (D&I) strategy is being rolled out throughout the company in 2023 and will form the bedrock of the Lakeland Dairies' ambition for D&I into the future.

#### Strong Communities

Our community outreach includes a range of programmes with schools and colleges in our localities. Through these programmes, we continue to build awareness among young people about the career opportunities that exist within our business. This is a key part of our commitment to sustaining vibrant and active communities and playing our part as good corporate citizens. Our Community Engagement Plan will be developed by mid-2024.

**Left:** Craig Jackson, at the Artigarvan site.

## LAKELAND DAIRIES IN THE COMMUNITY



**Above:** Pictured is Peter Reilly, a member of the Lakeland Dairies maintenance team and one of our beekeepers. Based at our milk production site in Bailieboro, Co. Cavan, Lakeland Dairies has a colony of 80,000 to 100,000 bees. Bees are the lifeblood of our biodiversity and a healthy bee equals a healthy environment. Lakeland Dairies distributes the delicious honey from the colony among its staff.

Lakeland Dairies and its people are deeply rooted in the communities in which we operate. The co-operative ethos of working collectively and collaboratively is espoused by our staff, our farmers, and our communities.

In recent years, we have played a leadership role in supporting some of the most important causes. Lakeland Dairies Board of Directors and staff raised €50,000 to support humanitarian efforts in Ukraine.

With a strong presence in North and West Africa since the 1980s, Lakeland Dairies makes annual contributions to Good Governance Africa. The Good Governance Africa initiative is a research and advocacy non-profit committed to improving governance structures across the continent.

Lakeland Dairies' farm families raised over €30,000 for famine-stricken Yemen. The initiative was designed by a Lakeland Dairies supplier and saw farmers donate the equivalent value of one milking for one cow on one day from their herd.

As part of Lakeland Dairies' commitment to equal opportunities, diversity and inclusion, we support the Pride movement. The rainbow flag flies outside our Headquarters and events are organised across our sites to support Pride.

As an innovative and cutting-edge company, Lakeland Dairies is committed to honing and fostering the next generation of scientific minds. We partner with local schools to foster and generate interest in core Science, Technology, Engineering and Maths (STEM) subjects among students.

We are foundation supporters of the Wild Work biodiversity training programme. The aim of the Wild Work programme is to help people and nature. Designed by expert ecologists, the training programme integrates the use of innovative virtual and augmented technologies to focus on how best to support local biodiversity. The initiative also supports the mental and physical health benefits of taking part in positive environmental actions.

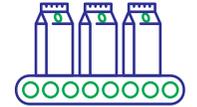
Our Sustainability Pillars

# 5. SUSTAINABLE OPERATIONS



# OUR SUSTAINABILITY PILLARS

## SUSTAINABLE OPERATIONS



Resources are finite and must be managed sustainably. This understanding and commitment is at the heart of everything we do at Lakeland Dairies.

We are meeting the challenge of safely and sustainably managing our resources by adopting clear strategies including full segregation of waste on sites, zero waste to landfill, a 15% reduction in water usage and the introduction of accredited energy management systems.



↓15%

REDUCTION IN WATER USAGE BY Q4 2025

↓15%

REDUCTION IN WASTE-WATER GENERATION BY Q4 2025



### Water

Clean water is the foundation of our business and our entire ecosystem. It is critical to the social licence enabling industry to operate. Lakeland Dairies recognises the importance of this and places our clean water strategy at the centre of everything we do. We commit to a 15% reduction in water usage per site and will also aim for a 15% reduction in waste-water generation per site by the end of 2025. We will reduce the strength of waste-water by 20% in terms of its Biochemical Oxygen Demand (BOD) content also by the end of 2025. We utilise traditional waste-water treatment processes and innovative solutions such as reed-beds on our Monaghan site to achieve the required wastewater standards.

### Waste

Lakeland Dairies has long been committed to operating a sustainable and conscientious waste management strategy. We have a clear and unambiguous focus on ensuring that zero waste goes to landfill across all our sites. Through a targeted strategy of reduction and optimisation, we have seen a 4% decrease in the overall packaging used per unit of product in 2022 compared to 2021.

**Left:** Monaghan team member Never Munemo in the liquid milk production facility and Derek McElwaine on the Bailieboro Site.

### Energy Management

All processing sites will have Energy Management Systems accredited to ISO 50001 or will have similar standards in place by the end of 2024.

### Electricity

All electricity purchased or generated will be from renewable sources by the end of 2026. We will also continue to seek options for renewable fuels in our factories. Similarly, we continue to generate clean electricity using anaerobic digestion (AD) facilities at Lakeland Dairies Ballyrashane. The AD plant results in a 60% reduction in the need for electricity from the grid. Overall, through our measured approach, we have seen a 6% decrease in energy use in factories per unit of product in 2022 compared to 2021.

13 CLIMATE ACTION



### How we are supporting SDG 13

We are reducing our emissions and energy usage across our operations and working with farmers to reduce their own impacts.

## CLEAN GREEN ENERGY FROM NATURAL RESOURCES – ANAEROBIC DIGESTION TECHNOLOGY

Lakeland Dairies has a longstanding commitment to the use of anaerobic digestion (AD). The technology is a core part of our operations and we will continue to leverage this in the times ahead.

At our Ballyrashane production site, AD produces 60% of the site's electricity requirement.

Capturing the latest technological advancements, we use dairy waste and energy crops to produce biogas at the AD plant.

This biogas is then utilised to power two combined heat and power (CHP) units generating heat and electricity. The energy produced not only powers the operations of the AD plant but also provides electricity and heat to the site. Surplus energy is then provided to the national electricity grid.

Power generation from the Ballyrashane AD plant is equivalent to the average energy usage of 2,393 homes annually. Anaerobic digestion has an essential role to play in responding to the climate emergency at local, national and global levels. We will continue to evolve our use of this highly modern and beneficial technology to drive further sustainability gains. Energy self-sufficiency at national and individual levels is a key policy target and Lakeland Dairies is playing a leadership role in this space.

↓60%

REDUCTION OF SITE  
ELECTRICITY DEMAND

2,393

HOMES COULD BE POWERED WITH  
ENERGY FROM THE AD PLANT



**Above:** The Lakeland Dairies Anaerobic Digestion plant in Ballyrashane which generates up to 60% of the site's electricity demand.

Our Sustainability Pillars

# 6. RESPONSIBLE BUSINESS

**Above:** Shannon Murnaghan,  
Lakeland Dairies Environmental  
and Sustainability Technician.

## OUR SUSTAINABILITY PILLARS

### RESPONSIBLE BUSINESS



A dedicated Sustainability Sub-Committee of the Board of Directors has been established to ensure that sustainability is at the centre of the strategy for the Lakeland Group. Strategic direction from the Board ensures that all facets of the Lakeland Dairies business are clearly focused on driving sustainability improvements forward.



**Above:** Operating at the ice-cream production facility in Lakeland Dairies Killeshandra are Catherine Reilly (left) and Grace Cadden (right).

Lakeland Dairies is governed by its constitution and operates under the stewardship of our Board of Directors, made up of elected members of the Society and a number of co-opted external directors. The Chief Executive and leadership team of the business report to the Board. Throughout the governance and organisation of the Co-operative, business and operations, responsibility is the cornerstone of everything we do.

Recognising that our actions impact upon a wide variety of stakeholders, we ensure that every decision is made with a balanced approach that respects our commitment to our farm families and our duty towards the people in our employment, our customers, the entire community and the environment in which we operate.

We will continue to prioritise transparency and integrity in every aspect of our operations. By implementing sustainable business practices, we will minimise our impact on the environment and contribute positively to the communities we serve. We will continue to foster a positive and diverse work environment, one which encourages growth and development.

Through our ongoing comprehensive initiatives, we will continue to promote local economic development, emphasising the importance we place in contributing to the overall wellbeing of society.

#### Lakeland Dairies is a Responsible Business

We are members of the Sustainable Agriculture Initiative (SAI) and the Dairy Sustainability Framework (DSF), reporting under the Sustainable Dairy Partnership (SDP). These global initiatives enable us to demonstrate the level of commitment and contribution to sustainability that is taking place both on our milk supplying farms and across all our operations.

We continue to score our operations under ESG Reporting Systems such as SEDEX, an online database which allows companies to store and view data on ethical and responsible business practices, and Ecovadis, the sustainability reporting database.



#### Corporate Sustainability Reporting Directive

Lakeland Dairies is integrating the Corporate Sustainability Reporting Directive (CSRD) into the ecosystem of the Co-operative. The CSRD will be an important metric for the ongoing success of the Co-operative. Reporting of the CSRD will be in line with the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation.

### Governance

In line with our corporate governance values, we have clearly-defined anti-corruption policies in place across our organisation and entire supply chain. These will be continually updated and adhered to in line with best practice. To ensure that sustainability is at the centre of the Lakeland Dairies strategy, a dedicated Sustainability Sub-Committee of the Board has been established, chaired by Sean Connolly. Made up of company directors, this specific sub-committee meets at least six times per year where it plots the long-term strategic sustainability direction of Lakeland Dairies while continually assessing the credentials of the business.

### Shareholding Structure

Lakeland Dairies is a co-operative with a heritage of almost 130 years. As a Co-operative, we are owned and run by our members. Our shareholders are deeply invested in the success of their business.

Shareholders elect representatives to positions within the structure of the Co-operative including to the Board of Directors. This unique and robust system ensures that our milk-supplying shareholders have a vested interest in the strategic direction of the Co-operative that they, as well as their parents and grandparents, have helped to create and develop.

### Diverse Shareholding

Lakeland Dairies is proactively introducing measures to promote more diverse shareholding and to encourage more female and young farmer participation.

The challenges of generational renewal and attracting more women into agriculture and representative positions are seen across the globe. Lakeland Dairies is taking a proactive approach to encourage female and young farmers into shareholding with the Co-operative. Increasing diversity and broadening age demographics is crucial for ensuring a representative culture.

We actively encourage greater participation and welcome diverse perspectives in the life of our Co-operative. Across Europe, women are seriously under-represented in co-operative organisations, and Lakeland Dairies is actively attempting to break that trend.



**Above (top):** The Lakeland Dairies production site at Bailieboro, Co Cavan.

**Above (bottom):** The Lakeland Dairies Feedmill at Lough Egish.

## CONCLUSION

We take our responsibility to the environment, our people, our farmers, our customers and our communities seriously. We are committed to making tomorrow better than today as we move along our pathway of sustainability.

As a leading farmer-owned dairy co-operative, Lakeland Dairies provides wholesome, nutritious food at home and abroad with one of the island's most abundant and natural treasures – pure, fresh milk.

Lakeland Dairies, and the farm families we serve, operate in one of the world's most beautiful and unspoiled natural environments. That's the foundation of what we achieve together.

Our progress is centred around the 3,200 dedicated farm families we serve and supported by our 1,400 committed employees. We collect fresh milk daily, converting it into a variety of wholesome ingredients, foodservice products, and consumer foods, distributed from our technologically advanced facilities to leading national and international food companies and consumers.

Our farmers are backed by the skills and expertise of our Member Relations and Lakeland Agri teams to ensure they remain at the cutting edge of farm and animal-feed advice. This enables the supply of high quality nutritious dairy products.

The expertise of our people and our strategic emphasis on research, development and innovation, coupled with an unwavering commitment to dependability and exceptional performance in all our operations, sets us apart.

We envisage long-lasting success and sustainable prosperity for our dairy farm families and look forward to achieving our ambitions together.

We hold the utmost respect for our environment's sustainability and adhere to the highest ESG standards. We are already on a journey. We are on a Pathway to a Better Future, and we walk together with our farmers, colleagues, customers, and the communities in which we operate.

**Above:** Ian McClelland and his children Sarah and James on their farm in Co Down.



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