

Our future success depends on our ability to meet a range of pressing environmental and social needs – that is why Corporate Responsibility (CR) is so important to us.



Winner
IGD President's
2014 Cup



FT Finalist
FT Corporate
Responsibility
Company of
the Year 2014



We use Business in the Community's CR Index to integrate responsible business practice into our mainstream business operations. It provides a robust framework to systematically measure and manage our progress and allows us to compare the results we are achieving with those of other responsible businesses.

We are delighted that Dairy Crest has again come out top in the Business in the Community ('BITC') benchmark. In addition we are only one of a handful of participants to

achieve a top rated 5 star score, up from 4½ last year. During the year we increased our focus on community initiatives such as engaging with young people as well as developing a programme to help improve safety on farm for our supplying farmers.

More information on recent awards can be found in our CR online report. This includes the progress the business has made against its sustainability pledges.

<http://ourcommitments.dairycrest.co.uk>

"I congratulate Dairy Crest for achieving its ranking and look forward to working together to create a fairer society and a more sustainable future"

Stephen Howard,
Chief Executive, BITC

Mandatory Greenhouse Gas Report

In line with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 our greenhouse gas ('GHG') emissions are quantified below.

Green House Gas Emissions for 1 April 2014 to 31 March 2015			
	2014/15	2013/14	
Scope 1	89,377	87,256	Tonnes CO ₂ e
Scope 2	77,612	74,646	Tonnes CO ₂ e
Total Scope 1 and 2	166,989	161,902	Tonnes CO₂e
Intensity ratio	78.58	74.71	kg CO ₂ e per tonne of milk intake
Emissions from biomass fuel	22,192	27,619	Tonnes CO ₂ e

We follow the GHG Protocol Corporate Accounting and Reporting Standard to calculate emissions from the combustion of fuels (Scope 1) and from purchased electricity, heat, steam and cooling (Scope 2). Carbon emission factors are used to convert each activity that gives rise to GHG emissions to a carbon dioxide equivalent (CO₂e) using the latest UK Government conversion factors for Company Reporting.

The GHG data reported relates to emissions from activities in the operational control of Dairy Crest Group plc from 1 April 2014 to 31 March 2015 consistent with our financial reporting period.

Scope 1 emissions data includes material sources of fossil fuels used at manufacturing sites and depots and road fuel used in the transport and distribution of intermediate and finished products. Road fuel used

in company cars operated by Dairy Crest for business travel is also included. Minor losses of refrigerants used in cooling equipment have been converted to tonnes of carbon dioxide equivalent and are included for completeness.

Scope 2 emissions data includes material sources of purchased electricity used at manufacturing sites, depots and offices.

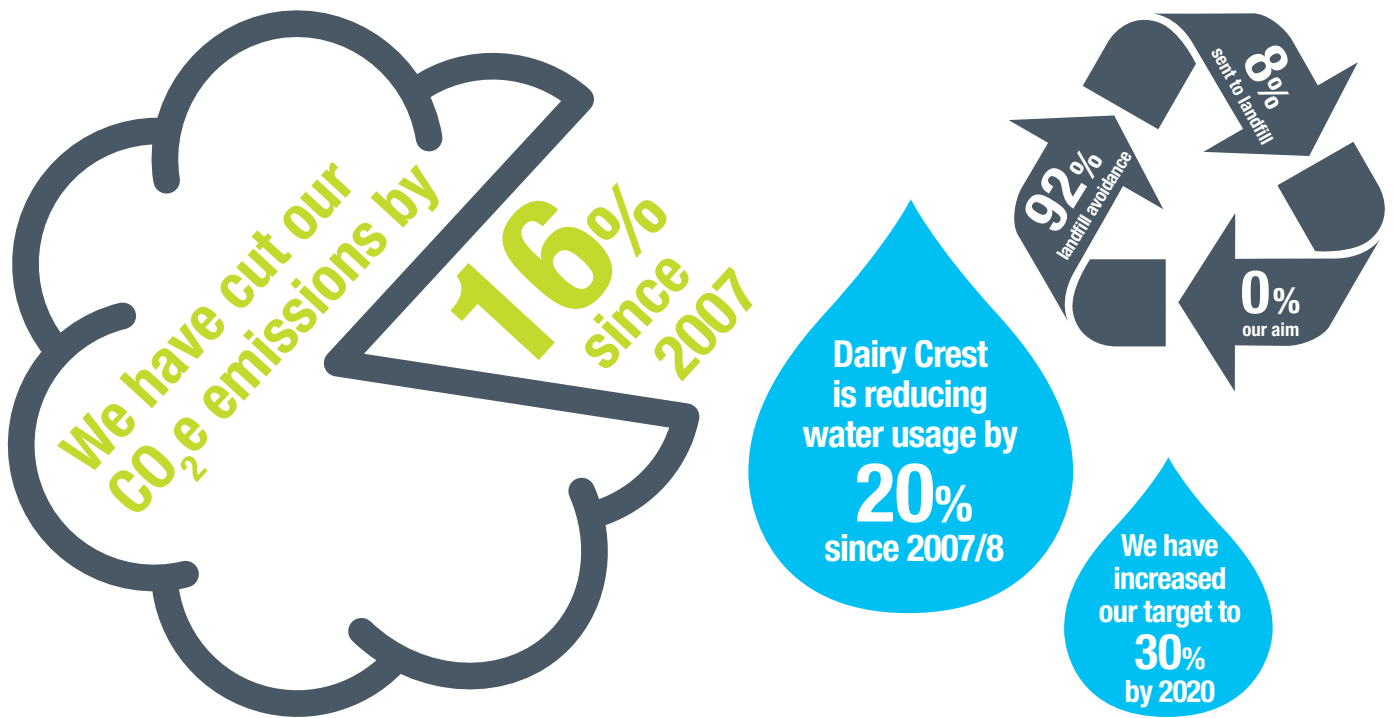
We employ a 'per tonne of milk intake' denominator as the most effective measure of relative performance. This measure is routinely employed for our manufacturing operations and is employed here as an intensity measure for our business as a whole.

Consistent with the GHG Protocol emissions from biologically sequestered carbon are reported separate to the other Scopes. These comprise emissions from combustion of biomass fuel at our creamery in Davidstow that significantly reduce Scope 1 emissions from fossil fuels. Emissions from combustion of biomass fuels are not included in the emissions intensity ratio reported above.

Absolute Scope 1 and 2 emissions increased in 2014/15 by 3% (with an associated 5% increase in intensity ratio) compared to the previous year. Although the emissions reductions activities described elsewhere in this report (page 24) delivered significant reductions in relative energy used in both manufacturing operations and transport, a number of key factors impacted emissions performance:

- (i) Reduced output from biomass boilers at Davidstow mid-year necessitating increased use of fossil fuel. This contributed 1% increase in Scope 1 emissions and is evident in the reduction in emissions from biomass. Steam output from the biomass boilers returned to normal high levels by the end of 2014/15.
- (ii) Increased operation of Severnside dryer to produce milk powder influenced by commercial drivers in the milk sector. This resulted in increased use of natural gas at Severnside leading to 2% increase in Scope 1 emissions.
- (iii) 11% increase in the UK Government's Carbon Emission Factor for electricity supplied from the public grid. This results in a 4% increase in Scope 2 emissions despite a 6% reduction in imported electricity.

Environment



As a leading dairy manufacturer and processor we are aware of global trends and we are determined to play an active role in tackling climate change, reducing waste and looking after our natural resources.

Climate change

Dairy Crest is committed to reducing and controlling greenhouse gas emissions associated with our direct operations and our wider supply chain.

All of our manufacturing sites use assessment and monitoring tools to identify energy reduction projects.

In 2014/15, we delivered over 50 projects to reduce electricity and energy use, including installing digital controls on the boilers at Kirkby and investing in high quality and efficient compressed air at Severnside. These two projects will reduce CO₂ emissions by over 800 tonnes per year.

Against our target of reducing carbon emissions from energy used in manufacturing by 30% by 2020 against 2007 levels we have achieved a 16% reduction.

To push ourselves further, this year we committed to increase the proportion of

renewable energy used in manufacturing to more than 20% by 2020.

By looking at our transport network, we are on course to reduce its carbon intensity by 10% by 2020 vs 2013/14 levels. We have achieved approximately a 7% reduction since 2007. We have reduced the distance driven by our primary vehicles by approximately 150,000 miles, saving over 1,200 tonnes per year of CO₂ emissions.

We work with our dairy farmers to assess their carbon footprint using a Carbon Trust certified emissions tool. During 2014/15, the proportion of milk supplied from farms using this tool increased to 27%. We want 50% of our farmers to have completed this by the end of 2016.

Each year we provide a voluntary report via CDP (formerly the Carbon Disclosure Project) describing our greenhouse gas emissions management and performance. In 2014 we achieved our highest ever score.

Waste

We aim to reduce waste at every point in our supply chain. Where waste is unavoidable, we always look for ways of diverting it from landfill for beneficial recovery or reuse.

Our aim is for zero waste to go to landfill by 2015. By the year end we diverted 92% of operational waste from landfill and we are focusing on key residual waste streams to achieve our target of 100%.

We also consider materials used in our packaging. This year we improved

the design of our plastic milk bottles so they are now on average 13% lighter. In 2014/15 we reduced our total packaging footprint by 9% (a total reduction of 20% since 2010).

In 2014/15 we also helped lead the IGD's collaborative 'Working on Waste' household food waste campaign.



Water

Parts of the UK have less water available per person than some southern European countries. We therefore need to look to make best use of the water available to us as well as reducing the amount we use.

In 2014, we commenced a major project to reduce freshwater abstraction at Severnside, the largest user of water across our manufacturing network. Investment will enable recovery of over 500 million litres of processed water per year. We are employing similar technology at Davidstow.

Dairy Crest is on track to meet our target of reducing water usage by 20% against a 2007/8 baseline by the end of 2015. We have increased our target to a 30% reduction by 2020.

We are promoting water stewardship with our dairy farmer suppliers through 'WaterWell', our innovative on-farm water use auditing programme.



We are committed to creating healthy, tasty enjoyable products, making it easier for consumers to choose healthier foods.

Healthier choices

Dairy Crest is proud to make healthy and nutritious products. We have continued to invest in our healthier ranges, driving sales through promotions, advertising and innovation. Consumer IRI data shows that the lower fat and added value variants of our brands achieved a collective retail sales value of £58 million in 2014/15, a slight decline from £61.3 million in 2013/14.

Cathedral City Lighter, continues to lead the lower fat branded Cheddar market, recording a retail sales value of £32.1 million, bigger than the next three rival brands put together.

Our lower fat spreads – Clover Lighter, Clover Lighter than Light, Utterly Butterly Lightly, Country Life Lighter and our Clover Additions range – have a collective retail sales value of £25.6 million.

Frylight, our one calorie cooking spray, enjoyed another impressive year with sales growth of over 20%. Today the brand has a retail sales value of about £22 million.

A real highlight, in February 2015 we launched a new range of FRijj milkshakes

made with 40% less sugar. The range is available in two flavours, Choc-a-Chocolate and Seriously Strawberry, in 471ml bottles. Each bottle sports a distinctive, refreshed blue FRijj logo.

The launch demonstrates our commitment to the Department of Health's Responsibility Deal.

Milk Race

To highlight the health-giving properties of milk and strengthen the dairy sector's links with the sporting world, this year, through Dairy UK, we once again sponsored the Milk Race, held in Nottingham on 25th May 2014.



Innovation

Work started on our £4 million dedicated Food Innovation Centre on the Harper Adams University campus. The partnership with Harper Adams University provides a link into leading agriculture and food research and will help us to continue to develop healthy products.

Ethical supply

In 2013 we updated our comprehensive ethical supply policy. The policy (which can be found at www.dairycrest.co.uk) extends our vision and values across a diverse and extensive supplier base.

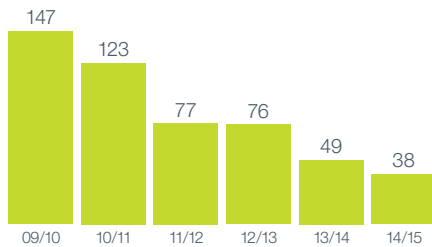
Dairy Crest aims to exceed best practice around quality, animal welfare, traceability, allergies and product recalls. Through our team of Direct Supply Managers and the White Gold accreditation service, we work with farmers to ensure animal welfare is of the highest standard possible and the milk we buy is of an exceptionally high quality.

We can trace milk and raw materials from farms and suppliers through to finished product and within our manufacturing plants we utilise tools such as Hazard Analysis Critical Control Points (HACCP), and Quality Monitoring Plans (QMP) to identify hazards and put systems and controls in place to ensure critical limits are not exceeded.

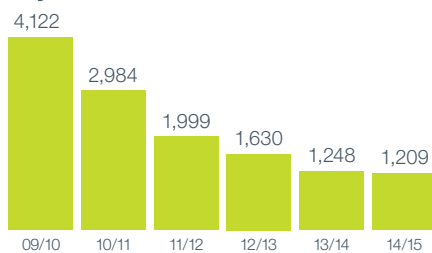
Our quality management systems are regularly reviewed and audited by our own technical teams and by third parties to ensure they comply with industry standards. In addition to an internally audited programme, each manufacturing site is accredited to the British Retail Consortium Standard and by an independent auditing body.

Workplace

Number of accidents reportable to the HSE incl > 3 day lost time accidents
Progress against 3-year strategy



Days lost



At Dairy Crest we are committed to ensuring that the safety of all of our employees, franchisees, contractors and other people affected by our activities is an integral part of managing our business.

Safety first

We believe such a strong, proactive commitment, which goes beyond legislative requirements, contributes to our business performance by reducing the risk of injuries and drives continuous improvement and engagement.

We have made excellent progress against our zero tolerance of unsafe working practices and by the end of March 2015 we had reduced our Accident Incident Rate, including Riddors and over three day lost time accidents, to 588 from the 1,027 base line set in 2013. This 43% reduction means we are well on the way to achieving our challenging target of a 50% reduction in Accident Incident Rate by 2018, against the 2013 baseline. Among the year's highlights include Chard who achieved more than 1,000 days without a lost time accident, and our Nuneaton Prepack operation achieved 987 days.

Challenging the behaviour of staff has been key to our success, with much



“I took one of the health assessments at the Royal Cornwall Show and I think this campaign to encourage farmers to think about their health and also the safety of their holdings is really welcome.”

George Eustice MP, Farming Minister has a free health MOT at the Royal Cornwall Show

We offer all staff a free health check

focus being placed on encouraging staff to engage in near miss reporting and behavioural conversations so that we can continue to make workplaces safer. Against our target of having a 100:1 ratio of near miss and behavioural conversations versus all types of accidents by 2018, we achieved a ratio of 127:1 by the end of March 2015.

Some key activities have included a £250 prize draw we hold each quarter for drivers in our secondary and residential operations that have not had an ‘at fault’ collision. At all locations we promote our ‘Stop, Think, Assess, Review’ (STAR) principles to help our staff stay accident free. Finally, aware that driving in winter weather can potentially be more hazardous, this year we issued all of our professional drivers with a ‘Winter Driving Guide’.

Wellbeing at work

Dairy Crest is proud to take a proactive approach to looking after employees’ health, which we believe results in a happier, more engaged and productive workforce. Through our in-house occupational health team we provide all staff with the opportunity of having a free wellbeing check.

Since introducing this free service, and including the mandatory health checks for staff performing specific roles, by the end of March 2015 we had carried out 6,422 health related checks across the business.

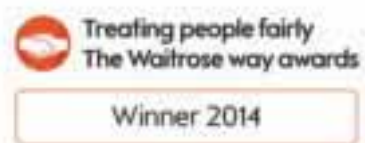
Farm Health & Safety programme

In 2014, we expanded this service to our dairy farmers. Our occupational health team provided a free health check to 219 farmers at local shows, including the Royal Cornwall Show, and our regular farmer meetings.

Wellbeing days

Since March 2014, we have been running special wellbeing days across all of our manufacturing sites and depots, addressing heart health, mental health, sleep and healthy eating. Significantly these four topics were chosen after our occupational health advisors analysed the results of the staff health screenings they conducted in 2013.

As a result of our proactive approach to employee wellbeing we were delighted to have been shortlisted for the 2014 Bupa Workwell Engagement and Wellbeing Award and were named as Waitrose’s overall ‘Treating People Fairly’ supplier of the year.



Community




MOVEMENT
TO WORK™

Powered by Dairy Crest

£100,000

contribution to the Prince's Countryside Fund



Our community programme supports four key areas; looking after the countryside, promoting healthy living, supporting education and employability and engaging with local communities.

Looking after the countryside

In 2014 we were delighted to announce the Prince's Countryside Fund as our staff charity partner, building on the relationship the charity already has with our Country Life and Davidstow brands. The charity, set up by HRH The Prince of Wales in 2010, aspires to a healthy, economically vibrant countryside – an aspiration supported by Dairy Crest's vision and values.

In addition to contributing £100,000 to the Fund, staff raised money through activities including cycling and baking challenges. In March 2015 we co-sponsored a racing day at Ascot.

Through the Fund, we support the Prince's Dairy Initiative, offering tailored support to vulnerable small and medium sized dairy farms. As part of the programme non-aligned farmers participate in a series of practical workshops delivered locally by dairy sector experts. 216 farmers have enrolled on the programme since 2012 and all are still in

business. An independently conducted evaluation showed that the majority feel more confident about their future in the dairy sector as a result of participating.

We are also long term supporters of 'Open Farm Sunday'. On 8 June 2014, over 300 farms opened their gates to the public to demonstrate food production methods.

Promoting healthy living

Dairy Crest always promotes healthy living. Through Meals on Wheels, staff voluntarily deliver healthy, fresh food to the most vulnerable in our communities. During winter 2014, we also donated over 8,500 litres of milk and enough Frylight to make over 30,000 meals to Crisis, the homeless charity.

Supporting education and employability

We want to encourage young people into the food and manufacturing sector. Through the IGD's Feeding Britain's Future programme, employees have helped over 140 young people find employment since 2013. In 2014, we hosted local unemployed youngsters at Davidstow to help with CV-writing skills. For the first time, 6 youngsters then completed two weeks' work experience at the site. Every candidate had the opportunity to gain a professional food hygiene and preparation certificate.

We worked with M&S to deliver their youth unemployment programme,

Movement to Work. Dairy Crest staff pledged to offer 80 young people 80 hours of work experience by June 2015. By April 2015 91 placements had been offered.

Dairy Crest supports community educational programmes, including food science placements at Reading and Nottingham Universities. We also support Festomane, a manufacturing and engineering festival in Gloucestershire. This year we ran a competition for schools to create a new flavour Frijj milkshake as well as a 'career day' at a local dairy farm.

This year staff helped at schools careers sessions through IGD's 'Feeding Britain's Future' programme. By the end of March 2015, we had visited a total of 8 schools and reached over 200 young people.

Dairy Crest has also signed up to the 'females in factories' ambassador campaign by appointing a female champion to visit secondary schools and talk about manufacturing as a career option.

Local community programme

This year staff have supported over 124 local causes through volunteering, product donations and financial donations.