



Skånemejerier

# Sustainability report

# 20 23





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This report has been prepared by Skånemejerier AB, corporate identification number 556820-8317. It is an independent sustainability report that includes Skånemejerier AB and its wholly owned companies (Hjördnära Mejeri AB, Malmö Mejeri AB, Kristianstads Mejeri AB, Kristianstads Östförädlning AB, Skånemejerier Storhushåll AB, Skånemejerier Försäljning AB, Svenska Ostkompaniet HB (dormant company)), its subsidiaries and the products the business sells within the Skånemejerier group. The company is referred to in this report as Skånemejerier. The report constitutes Skånemejerier AB's statutory sustainability report in accordance with the requirements of the Swedish Annual Accounts Act. The contact person for the report is Anette Gregow, Communications and Sustainability Director.

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## PART OF THE WORLD'S LEADING DAIRY GROUP

Since 2012, Skånemejerier has been part of the Lactalis Group, a worldwide group with both global and local brands. Lactalis, founded in Laval, France, in 1933, is currently the world's leading producer of dairy products. The Group has 270 facilities in 51 countries and around 85,500 employees. Sales in 2023 were EUR 29.5 billion. In 2023, Lactalis celebrated 90 years by formulating a new purpose for the entire group: Nurturing the future.



# KEY EVENTS IN 2023



## LAUNCH OF SUSTAINABLE DAIRY FARM

The autumn saw the launch of Skånemejerier's programme for increased sustainability at farm level. Our objective is to work closely with Skånemejerier Ekonomisk Förening and their milk suppliers to reduce the negative impact of farms while increasing positive impact on animals, climate and the countryside. An important part of the programme includes a new sustainability incentive model, which aims to reward efforts and practices that contribute to increased sustainability at farm level. *More information is available on page 24.*



## FOCUS ON A SAFE WORK ENVIRONMENT

A major focus of 2023 has been on safety at Skånemejerier's facilities, particularly with the help of our twelve golden rules for a safe work environment. We have also introduced Safety Observation Visits, where Skånemejerier's heads of departments and management participate in feedback discussions about the work environment at the facilities to engage employees in the efforts towards a safer workplace. *More information is available on page 42.*



## RECORD YEAR FOR KALVINKNATET

Kalvinknatet is Sweden's largest children's run and is organised by Skånemejerier together with Malmö Allmänna Idrottsförening and local sports clubs. It is a much-loved family event where every child goes home a winner. But most importantly, the run helps children form a positive association with physical activity at an early age. 2023 was a record year, with over 32,400 children taking part – more than ever before! *More information is available on page 44.*

## HUSHÅLLSOST 'HOUSEHOLD CHEESE' WITH NEW RECYCLABLE PACKAGING

After extensive work with one of our material suppliers, in 2023 we succeeded in providing our household cheese with packaging made from a mono-material. This means that it is made of a plastic that consists of only one type of plastic with the same chemical composition. Unlike previous packaging, this means that it can now be recycled and turned into new plastic packaging. *More information is available on page 35.*



## IN-HOUSE HAULAGE COMPANY

Since the spring of 2023, we have been running some of the local distribution of our products ourselves. All transport vehicles in our fleet run on fossil-free fuel. *More information is available on page 36.*



## MORE REUSE WITH RETURN PALLETS

Since 2023, all our domestic products are produced on returnable pallets instead of EUR pallets. Returnable pallets can be used up to 104 times before being discarded, compared to EUR pallets which can be used on average nine times. Fossil oil and primary energy use during the lifetime of the returnable pallet is also lower, and their weight of just under 15kg, instead of 25kg, means that returnable pallets provide an improved working environment with less heavy lifting. *More information is available on page 36.*



## MOVEMBER (MILK) MOUSTACHE CAMPAIGN

Skånemejerier became the new main partner of 'Mustaschkampen' – the Prostate Cancer Association's moustache campaign to spread knowledge about prostate cancer and contribute to research, development and better care. During November, Skånemejerier donated one krona to the Moustache Campaign for every carton of fresh milk sold, with a limit of 200,000 cartons sold.





# SKÅNE MILK IS NEEDED FOR A SUSTAINABLE FOOD SUPPLY

In recent years, there have been many changes in the world around us, resulting in major challenges for the Swedish food industry. At the same time, Skåne-mejerier remains strong. Our aim is to always be close to customers and consumers. By providing nutritious dairy products to shops, schools, preschools and restaurants, we show that locally produced milk plays an important role in sustainable living.

After my first year as CEO, I can look back with pride on the many initiatives we have launched and improvements we have made for the environment and for people. One of the most important has been the launch of Sustainable Dairy Farm, our on-farm sustainability programme, which, together with other measures, means we at Skånemejerier are keeping our vision alive to become the most sustainable dairy in Sweden.

## A YEAR OF CONTINUED CHALLENGES

2023 was a challenging year, with many of the effects of prior years' turbulence in global markets lingering. Rising inflation, fluctuating food prices and growing concerns about Sweden's food security have created major challenges for both the food industry in general and the dairy industry.

Although both inflation and raw material costs stabilised in 2023, food prices remain at a relatively high level. The trend of consumers opting for cheaper, imported goods has therefore persisted and has led to a fall in demand for domestically produced Swedish food. As a result, Skånemejerier's sales also fell in 2023, and operating profit ended up at SEK 31 million. Despite the lower demand, it is crucial for us that our main suppliers – the dairy farms – can continue their operations. Continued production and deliveries from the farms have meant that, like the dairy industry in general, we have had large milk surpluses during the year, resulting in increased costs.





The changed purchasing pattern in the Swedish food market is a challenge that we share with others in the industry, but despite this, at Skånemejerier we are still positive about the future. We have a joint responsibility to change this trend and must do a better job of emphasising the benefits and value of paying a little more for food that is produced in Sweden, but – above all – is locally produced.

### THE ROLE OF MILK IN SUSTAINABLE SWEDISH FOOD PRODUCTION

The dairy farmers who supply Skånemejerier's raw milk have worked for generations to look after their animals, and their pastures and fields. Healthy cows as a result of good animal welfare are essential to the work of dairy farmers. Dairy farms also create jobs and help to ensure that Skåne and southern Sweden have a vibrant countryside with open landscapes and rich biodiversity. Choosing milk from Skåne farms means that milk production can continue to be a strong engine for the local economy and that the agricultural landscape is preserved.

Milk is an amazing food in many ways, and as part of the world's largest dairy company, we are in a unique position to educate and guide consumers. In times of rising food prices and climate change, we believe that consumers are particularly interested in getting the most nutrition per krona. In our comparisons with plant-based beverages, we see that milk not only contains more nutrients, but also provides the most protein for the money while having a slightly lower climate footprint relative to its protein content.

Locally produced milk can therefore play an important role in sustainable living. But from a broader national perspective, it also fulfils an important social function. Given the turmoil around the world, Sweden's ability to be self-sufficient in food in the event of a crisis has been pushed up the agenda. In such a situation, milk, with its high nutritional content, can be particularly valuable, but currently the dairy sector's degree of self-sufficiency is 70 per cent.

The prospects for supplying Sweden with Swedish food are thus not sufficient. Therefore, to strengthen the dairy industry's and the country's ability to deal with a crisis, more space should be given to more sustainable production, and there should be more opportunities for consumption and export of Swedish food with lower climate impact.

### THE PATH TO BECOMING THE MOST SUSTAINABLE DAIRY IN SWEDEN

Through the EU's Green Deal, more and more demands are being placed on companies' sustainability efforts. At Skånemejerier, we welcome the ambitions for a more sustainable industry and see how that is in line with the work we have done for several years.

We are approaching 2025, when several of our time-specific sustainability targets are to be met. In 2023, we used 98 percent fossil-free energy at our facilities, and owing to focused initiatives, we achieved 97 percent fossil-free domestic transport. In terms of packaging, we are also close to

**‘Choosing milk from Skåne farms means that milk production can continue to be a strong engine for the local economy and that the agricultural landscape is preserved.’**

our target of 100 percent recyclable packaging by 2025, having reached 96 percent in 2023. We have also managed to significantly reduce raw material losses in our production during the year and, due to focused efforts, we have been able to reduce the amount of organic material in our waste water. Other targets are more challenging, where, contrary to the reduction targets we set, we see that changes in our production processes with more ESL (extended shelf life) products as well as several different products have led to an increased use of energy and water per tonne of raw material compared with our 2020 base year.

Since 2020, we have been working to identify the climate impact of both our own operations and those of our value chain. The results have been used to provide the Lactalis Group with the basis for setting science-based targets in line with the SBTi (Science Based Targets initiative), which will help the group contribute to the goals of the Paris Agreement.

The analysis has also given us at Skånemejerier a better understanding of where our biggest climate impact occurs and how we ought to use our resources to reduce our footprint. What we have found is that the greatest impact occurs in connection with milk production, which is why we have worked intensively during the year to support and develop sustainability efforts on dairy farms in various ways.

### LAUNCH OF SUSTAINABLE DAIRY FARM

In 2023, we launched the Sustainable Dairy Farm programme, which combines our existing farm-level measures with new ways of working and incentives. The aim is to work more closely with dairy farmers, supporting and guiding their work, and contributing to the financing of their transition through a new sustainability incentive model.

In addition to measures to reduce climate impact, we also reward measures that contribute to world-class animal welfare and increased biodiversity.

The programme and payment enable us to involve dairy farmers in our sustainability efforts and create the conditions for us to move forward together on the journey towards more sustainable milk production.

### OUTLOOK FOR 2024

Now we are leaving behind another challenging year, and although the economic situation is expected to ease, we expect 2024 to be characterised by continued uncertainty. Both inflation and high interest rates will continue to affect consumers' purchasing power in the short term, resulting in a risk of continued challenges for Swedish food production.

As CEO of Skånemejerier, I see fantastic potential in the business we do and the sustainability efforts we make. We have several challenges ahead, and they make us better by motivating us to make further efforts to develop innovative and nutritious products.

Together with the Lactalis Group, we look forward to setting clear climate targets in 2024 in line with SBTi and continuing to reduce the climate impact of our production and value chain. In 2024, the further development of Sustainable Dairy Farm will also continue to strengthen climate and environmental work on farms.

Together with the industry, we have the task of showing that Swedish food production nourishes not only individuals, but also the country as a whole. We must continue to provide education about the great value that locally produced goods have for society and that Skåne milk is needed for a sustainable Swedish food supply.



Cecilia von Perglas  
CEO Skånemejerier





# THIS IS SKÅNEMEJERIER

## OUR MISSION

We create value for our consumers by providing them with quality, nutritious and innovative dairy products and juices in a profitable and responsible way for people, business and planet.

## OUR CORE VALUES

Ambition, Engagement, Simplicity



## OUR VISION

The most sustainable dairy in Sweden

Turnover  
**5,38**  
BSEK

Number of employees  
at year end 2023/2024  
**779**

Number of  
main brands  
**13**

Milk weighing at  
**291**  
farms  
at year end 2023/2024



**4**  
production  
facilities,  
head office in Malmö

## SALES CHANNELS

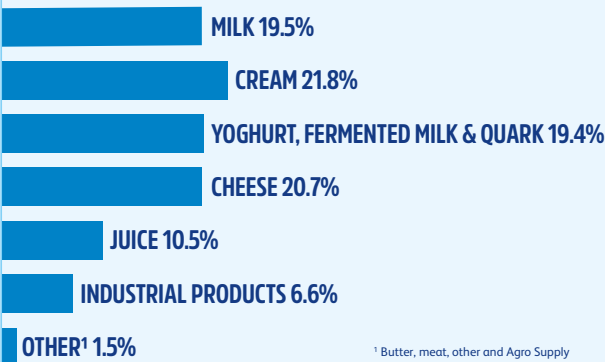
**Catering** (private restaurants, public sector, chain customers, industrial customers)

**Food retailing** (supermarkets, convenience stores, e-commerce)

**Export**

## BREAKDOWN BY PRODUCT CATEGORY

in our range (incl. import and export) 2023



<sup>1</sup> Butter, meat, other and Agro Supply

## PART OF THE WORLD'S LEADING DAIRY GROUP LACTALIS

85,500 employees in 51 countries  
Turnover: 29.5 billion euros (2023)





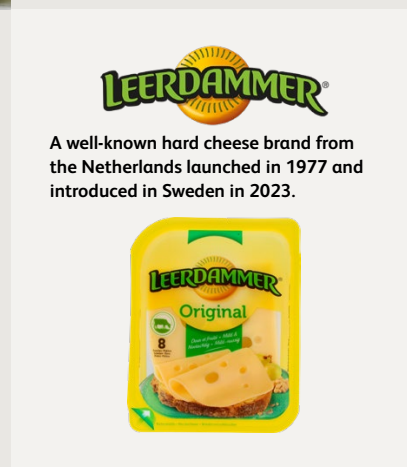
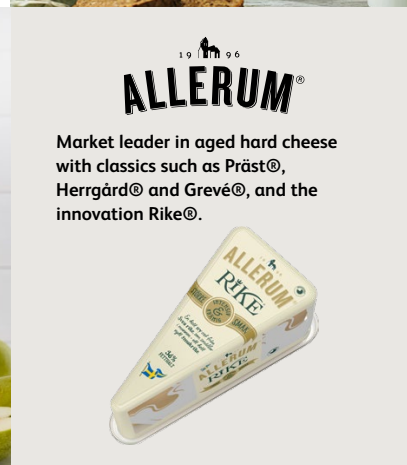
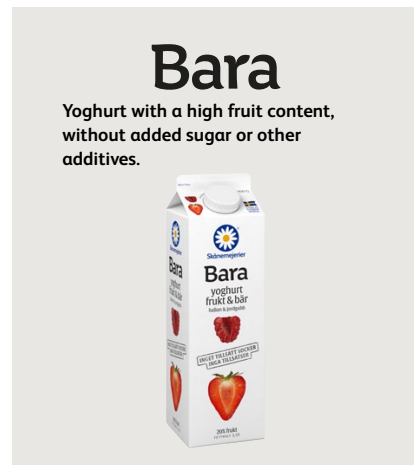
# OUR BRANDS

Skånemejerier has a wide range of popular and well-known brands. Our products include locally produced dairy products, Sweden's most purchased fruit juice and cheese specialities from Sweden and Europe. The range consists of both products produced at one of our facilities in Sweden and imported products.



**ÅSENS**

Åsens Lantmjölk has a genuine, slightly creamier taste due to the fact that it is unhomogenised, which means that the cream in the milk settles on the top.





# OUR MARKET AND THE WORLD AROUND US

**The year 2023 featured continued high inflation and recession, resulting in high food prices and changed consumption patterns. For us to be a competitive organisation in a turbulent world, it is increasingly important that we monitor the world around us and evolve with the new needs of the market.**

## INFLATION AND RECESSION

The turmoil and instability in the global economy in recent years has fuelled inflation and contributed to a recession in both Sweden and Europe in general. Although the pace of cost increases has slowed somewhat over the year, economic activity has remained subdued due to high interest rates, rising commodity and energy prices, and changes in consumer behaviour. The resulting recessionary impact on household consumption is putting pressure on companies, but in the third quarter the Swedish krona strengthened, which will have a positive effect on the cost of imports<sup>1</sup>.

The consequence of falling prices on the world market for dairy products has also led to a reduction in the price of milk for our milk suppliers during the year. At the same time, we are committed to continuing to collect milk from the farms that produce our raw milk, which has led to rising milk surpluses that create challenges as households buy less.

## TRENDS IN THE MILK MARKET

While the food market has featured large price increases during the year, the price of dairy products has fallen at the consumer level<sup>2</sup>. On the other hand, the general trend of high prices in recent years has led consumers to change their habits and opt for cheaper alternatives in the form of discount chains and private label products<sup>3</sup>, which has put a lot of pressure on branded products. In the course of the year, price increases have slowed down, but nonetheless from a previously high level.

More clearly than ever, consumption of drinking milk has declined, and milk is now being consumed in new forms. At Skånemejerier, we meet new consumption patterns through innovations and product development, such as our grilling cheese Pannoumi, a varied range of quark and the new cheese type Rike®.

## MILK'S NUTRITION AND AFFORDABILITY

Milk is a highly nutritious raw material and contains 18 of the 22 nutrients the body needs to be healthy. In addition, milk is naturally high in protein and provides a lot of nutrition per calorie and per krona. Despite this, local authorities have chosen to cut back on both milk and other nutritious foods in school meals due to financial constraints. According to the LRF (the Federation of Swedish Farmers), in the long term this could affect pupils' nutritional intake, concentration and ultimately grades, which is an issue that should concern the whole country. If students are to succeed at school and later contribute to the future of society, nutritious food at school is one of several important factors<sup>4</sup>. Milk and other dairy products are important for maintaining a healthy and nutritious diet that helps promote people's well-being – regardless of age.

## SUSTAINABLE DEVELOPMENT OF THE FOOD SECTOR

The food sector faces a number of sustainability challenges as the world's population grows and pressure on food supplies increases. In 2022, a new agreement was signed between Skånemejerier AB and the association of suppliers. During the year, we have continued our co-operation on sustainability issues with the association of suppliers, focusing on climate, animal welfare and biodiversity. The agreement commits us to pay more than the market price for raw milk as compensation to Skånemejerier Ekonomisk Förening for running a sustainable and quality milk production.

In 2023, the Swedish Competition Authority began conducting investigations into the value chain of the food industry to ensure that all operators comply with competition law rules and the new law on unfair trading practices. Healthy competition benefits businesses and consumers and is essential for a well-functioning market.

## SWEDEN'S DEGREE OF SELF-SUFFICIENCY

In an uncertain world, we need to maintain a secure domestic production of food of good quality, with high nutritional content, providing good value for money and with a focus on animal welfare. Today, Sweden's self-sufficiency rate is around 50 percent, compared to Finland's, which is almost 80 percent. This indicates a vulnerability and an obstacle to a sustainable future. The competitiveness of farmers and food producers is crucial to Sweden's ability to support itself, and domestic food production is needed to ensure that we are prepared in the event of a crisis or war. Choosing local produce also promotes a vibrant countryside.

Promoting self-sufficiency does not conflict with international trade, as the Swedish food industry is likely to remain dependent on imported goods for efficient farming, such as energy, feed, fuel, fertiliser, plant protection products, seeds and spare parts. However, a balanced import strategy would be an important way of ensuring the long-term sustainability of Swedish agriculture by encouraging more people to consume domestically produced goods. By balancing self-sufficiency with international trade, Sweden could thus achieve a more sustainable and stable food supply for the future.



<sup>1</sup> <https://www.konj.se/publikationer/konjunkturlaget/konjunkturlaget/2023-12-20-svensk-ekonomi-vaxer-igen-2024.html>

<sup>2</sup> <https://www.scb.se/pressmeddelande/matprisokningen-2023-nast-storsta-pa-over-tio-ar/>

<sup>3</sup> <https://www.scb.se/pressmeddelande/ekologiska-livsmedel-saljer-allt-mindre--egna-markesvaror-okar-stort/>

<sup>4</sup> <https://mjolk.se/7-av-10-kostchefer-larmar-kostnadsokningarna-gar-ut-over-skolmaten/>





# OUR BUSINESS MODEL

Skånemejerier's business model is to create value for our consumers by providing them with quality, nutritious and innovative dairy products in a profitable and responsible way for people, businesses and the planet.

As a company, we have a responsibility to reuse, reinvest and utilise our resources. Our business model shows the inflows we need to run our company with sustainable profitability, and in the centre of the model is our business concept and our value-creating activities.

The right-hand side shows outflows in the form of the products and values that we create for our stakeholders, the countryside and society – values that in turn are prerequisites for our business.

## INFLOWS TO OUR BUSINESS OPERATIONS

### FINANCIAL CAPITAL

By running a profitable business, we can obtain the financial capital we need to further develop the business and create long-term value for stakeholders, nature and society.

### MANUFACTURED CAPITAL

The raw materials, facilities and infrastructure necessary for production.

### HUMAN CAPITAL

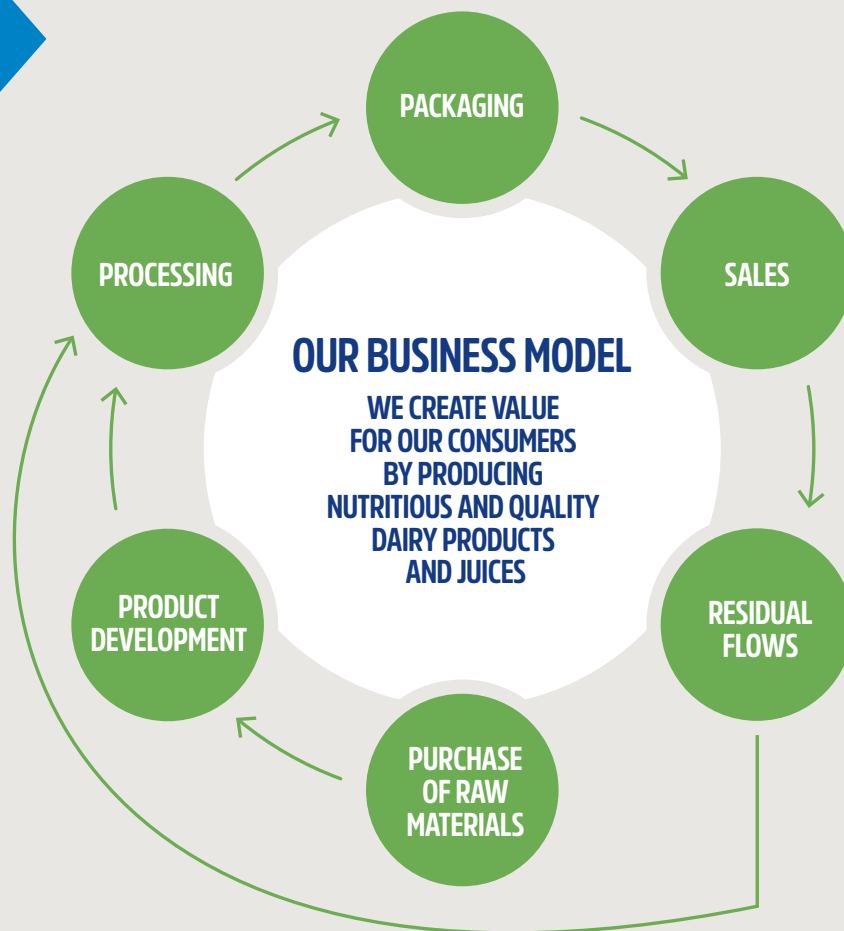
With an attractive vision and business model, we can attract and retain our most important resource: committed, competent and goal-oriented employees.

### INTELLECTUAL CAPITAL

Research and development, innovation, systems, licences goodwill and patents.

### ECOSYSTEM SERVICES AND NATURAL CAPITAL

Natural resources on which we depend for our business operations. Good animal health and a stable climate, with access to renewable energy and clean water. Biodiversity is essential for our food production.



## OUTFLOWS AND VALUE CREATION

### INNOVATION AND NUTRITIOUS PRODUCTS

We offer our customers and consumers a wide range of nutritious products for a healthy lifestyle. Our customers consist of grocery stores, service stores, and e-commerce and catering establishments, which in turn offer our products to end consumers.

### JOB

We create jobs that lead to meaningful employment, improved living standards and taxes for society.

### LONG-TERM ECONOMIC GROWTH

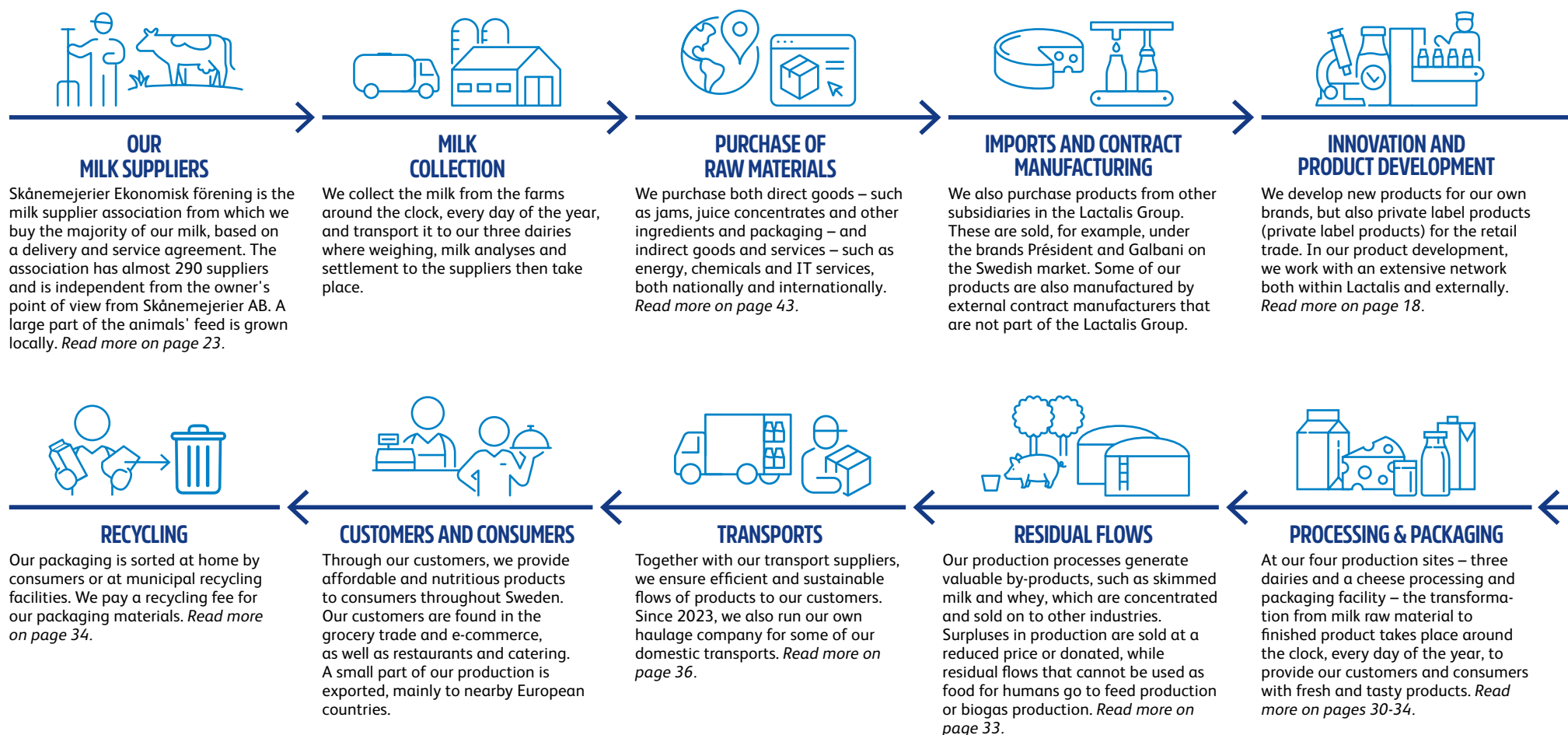
Since 2012, we have been part of the Lactalis Group, the world's leading dairy group. We create returns for our owners, jobs and income for our employees, customers, suppliers and farmers, and tax revenues for society.

### OPEN LANDSCAPES AND BIODIVERSITY

Grazing animals keep the landscape open and different crops are grown in rotation in the fields. Good animal husbandry contributes to biodiversity by keeping landscapes open and the soil fertile and alive.



# OUR VALUE CHAIN



**IMPACT** Throughout our value chain, we can have a positive or negative impact on the world around us. Examples of positive impact include offering nutritious products that our customers and consumers demand, creating jobs in our production and in our value chain, and contributing to a vibrant countryside, open landscapes and biodiversity through milk production.

We are also aware that our operations can have a negative impact on, for example, the environment and climate. We manage this by, among other things, working for fossil-free transport, ensuring good animal welfare in collaboration with our milk suppliers, constantly developing our packaging to increase the amount of recyclable material and much more. *Read more about the impact in our value chain on page 52.*

**STAKEHOLDERS** In our value chain, we interact with a large number of stakeholders, some of which are illustrated in the image above. *Read more about how we work with our stakeholders on page 11.*





# STAKEHOLDER DIALOGUE

Having a close, honest and open dialogue with our stakeholders is crucial to our business. This is an overview of our most important stakeholder groups and examples of how we interact with them. Read more about our stakeholders at [foretag.skane-mejerier.se/intressentoversikt](https://foretag.skane-mejerier.se/intressentoversikt).



## EMPLOYEES

Skåne Mejerier should have a good physical, mental, social and organisational work environment, the foundation of which is a close dialogue with employees. In addition to the daily interaction between employees and managers, we carry out employee surveys, offer continuous training, conduct health and safety audits and hold annual performance reviews.



## OWNER - THE LACTALIS GROUP

Skåne Mejerier has a close relationship with our owner, the Lactalis Group, and thus has a valuable exchange of knowledge and experiences with colleagues around the world. The Group regularly monitors performance, governance, risks and opportunities.



## SUPPLIERS

We have strong co-operation with Skåne Mejerier Ekonomisk Förening, and their members, who are our most important supplier of raw material. By setting standards and engaging in dialogue, we help to raise the level of sustainability efforts among our suppliers of products and services, for example by means of farm certification in environmental and animal welfare.



## THE MARKET

We have a close dialogue with our customers and work together to provide solutions to various sustainability challenges. We want to help develop the industry in a sustainable direction by collaborating with others and participating in important collaborations and different industry initiatives, such as the Plastics Initiative and the Transport Initiative (DLF).



## SOCIETY

Skåne Mejerier operates mainly in Skåne and we have a lively dialogue with both public activities in the region and non-profit organisations that work for a better Skåne. We also maintain a dialogue with public authorities in areas relevant to Skåne Mejerier and we are involved in The Federation of Swedish Farmers' Milk Branch LRF Mjölks working groups in a number of areas relevant to the entire dairy sector.



## CONSUMERS

We are in constant dialogue with our consumers to ensure that we meet their aspirations and needs in the area of sustainability. This is done through consumer contact via our website and on social media, as well as through market research, customer panels and customer surveys.



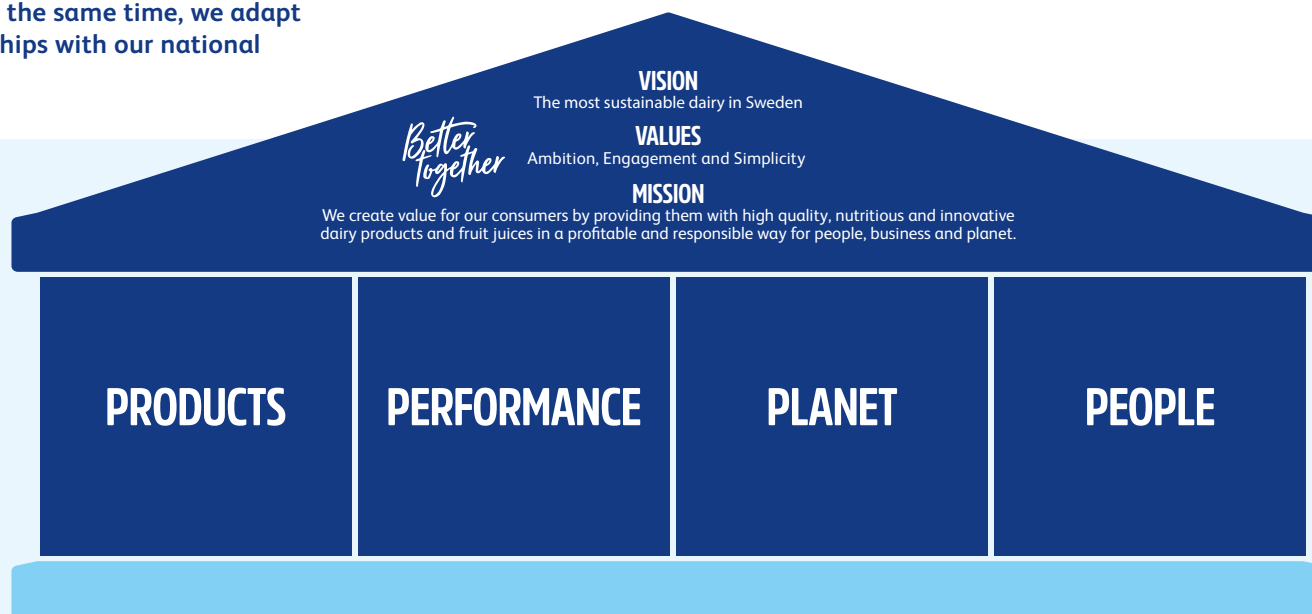
# STRATEGY AND SUSTAINABILITY

Developing as a company is important to us, and as part of the Lactalis Group we contribute to the group's global goals and ambitions. At the same time, we adapt to our national market and are keen to nurture relationships with our national and regional stakeholders.

## CORPORATE STRATEGY

At the end of 2022, the foundation was laid for the Lactalis Group's new corporate strategy Better Together, which Skånemejerier, as a subsidiary, implemented in 2023. The strategy is based on the cornerstones of **Products, Performance, Planet and People**. Skånemejerier's management team has adapted the strategy to the company's operations based on an external and current situation analysis, and has broken it down into an annual business plan with clear priorities.

The overall implementation of the corporate strategy is directed by the management team, while responsibility for implementing the strategy, in the form of ambitions and guidelines for day-to-day work, rests with the respective department and function.



## THREE FOCUS AREAS IN OUR SUSTAINABILITY WORK

In the description of Skånemejerier's sustainability work, we have divided our goals and activities into three focus areas: Sustainable Business, Sustainable Planet and Sustainable Relationships. These areas correspond with what is usually described as the three dimensions of sustainability – ecological, social and economic – all of which need to work together for our business to be sustainable.

## SUSTAINABLE BUSINESS

For us at Skånemejerier, sustainable business is about creating profitability and achieving our own business objectives while facilitating long-term value creation for all stakeholders in our value chain. We set ambitious targets for profitable and responsible growth. At the same time, we are committed to ensuring that all work throughout the value chain is conducted in an ethically, socially and environmentally responsible manner. Our business model is based on reusing, reinvesting and utilising our resources in manufacturing and product development as far as possible.

## SUSTAINABLE PLANET

At Skånemejerier, we work to minimise negative climate and environmental impact throughout the value chain from farm to consumer. The largest greenhouse gas emissions are linked to milk production on farms, and we work with our milk suppliers to measure and monitor their climate footprint. Animal welfare is a very important part of our climate work since a fit and healthy cow produces more

and better milk, creating a lower climate footprint per kilo of raw milk. At farm level we strive for agricultural practices that contribute to healthy soils and biodiversity. In our operations, one of the goals is to achieve a fossil-free dairy production by 2025, and to achieve this, we are focusing on energy and transport. We also want to contribute to a more circular society by choosing recyclable and renewable or recycled packaging materials.

## SUSTAINABLE RELATIONSHIPS

For Skånemejerier, social sustainability is about people and relationships, where we want to be the first choice for our employees, customers and suppliers. By taking care of the well-being, safety and development opportunities of our employees and engaging in issues outside the company, we can achieve long-term profitability, create new jobs and consolidate our role as a responsible corporate citizen. We also want to promote good conditions throughout the supply chain.





# MATERIAL ISSUES

Our sustainability work is based on our material issues, i.e. the areas where we have the greatest impact on the world around us, and which also affect us as a company. By engaging in continuous dialogue with our stakeholders, we jointly drive our material issues and our development forward.

## MATERIALITY ANALYSIS

Our key issues are the result of a materiality analysis that we carried out in 2021. The analysis was based on a stakeholder survey with internal and external stakeholders, and an impact assessment. The summarised results were processed and finally validated by the Skånemejerier management team. Read more about our materiality analysis on page 46.

The most significant sustainability issues fall into three categories:

**Material issues** issues that should be at the centre of the company's long-term sustainability strategy

**Very important issues:** issues that should be given special attention and monitored

**Important issues:** Issues that should be addressed


















The right-hand side shows how the questions are distributed across Skånemejerier's three focus areas.

**SUSTAINABLE BUSINESS** 

**SUSTAINABLE PLANET** 

**SUSTAINABLE RELATIONSHIPS** 

In 2024, the Lactalis Group will carry out a dual materiality analysis at parent company level, in line with new EU legislation. At Skånemejerier, we will validate the results of the materiality analysis at national level.

	SUSTAINABLE BUSINESS	SUSTAINABLE PLANET	SUSTAINABLE RELATIONSHIPS
<b>MATERIAL ISSUES</b>			
Reduce the climate footprint of our entire value chain according to scientifically based methods			
Promote circular production systems at the facilities			
Act responsibly together with farmers to ensure sustainable production and access to milk			
Be a long-term financially viable company			
<b>VERY IMPORTANT ISSUES</b>			
Contribute to reducing the climate impact of dairy farms			
Implement continuous improvements for good animal welfare on dairy farms			
Provide career and development opportunities for all our employees			
Provide a safe and healthy working environment with good working conditions			
<b>IMPORTANT ISSUES</b>			
Contribute to the development of sustainable agriculture based on research			
Provide Swedish-produced milk			
Evaluate our suppliers based on environmental, ethical and social aspects			
Provide healthy products			

## OUR CONTRIBUTION TO THE UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS

At Skånemejerier, we have linked our business concept to seven global goals where we can make a positive difference and three goals where we can reduce our negative impact. You can read more about how we contribute to the global goals on page 56.

### THIS IS WHERE WE CAN MAKE A POSITIVE CONTRIBUTION



### THIS IS WHERE WE CAN REDUCE OUR NEGATIVE IMPACT



# ORGANISATION OF SUSTAINABILITY WORK

Skånemejerier's sustainability work are anchored in the strategic work of both the Lactalis Group and the company's management. We endeavour to ensure that sustainability efforts are well integrated into all parts of our operations. By doing this, we strengthen our ability to make a difference for our environment, our employees, the people in our value chain and other stakeholders.

## SUSTAINABILITY AT SKÅNEMEJERIER

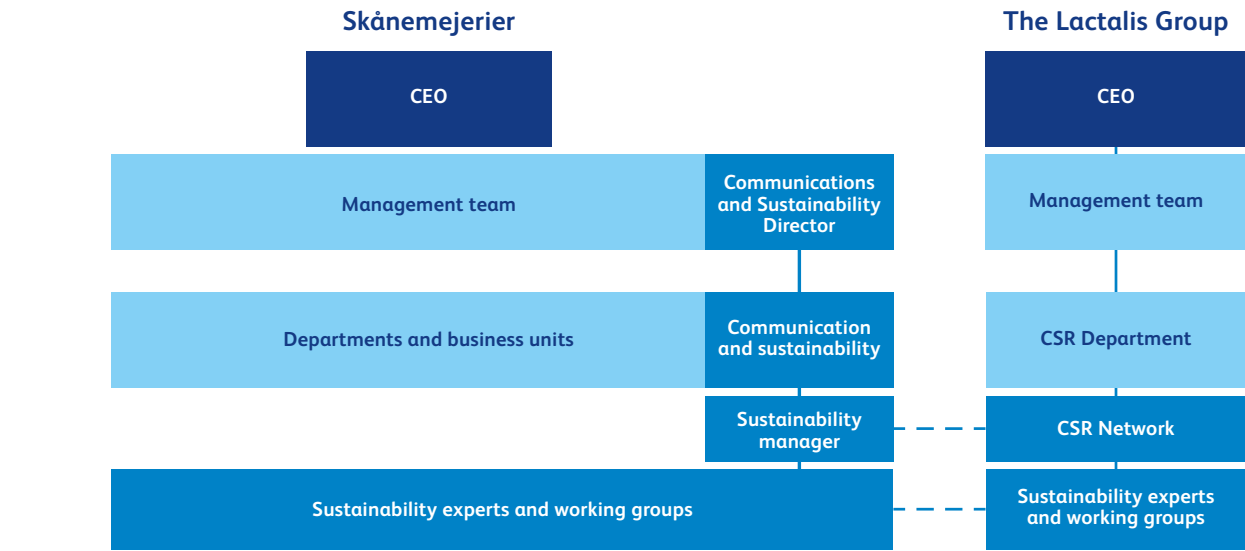
The CEO has ultimate responsibility for Skånemejerier's operations. The focus of the sustainability work is partly governed by the Lactalis Group's objectives and focus areas, but with a great deal of latitude to develop its own initiatives and objectives at subsidiary level. Decisions in the area of sustainability are ultimately made by Skånemejerier's management team, which also includes our Sustainability and Communications Director as a member. Decisions on major issues also involve the Lactalis Group management team. Our sustainability manager coordinates the sustainability efforts, leads various strategic sustainability initiatives and represents Skånemejerier in the Lactalis Group's sustainability network.

The integration of sustainability issues into our corporate strategy gives all department heads a responsibility to contribute to achieving departmental and company-wide goals. In addition, there are experts and working groups tasked with driving operational sustainability efforts in their respective departments and providing support and expertise to their colleagues. Sharing knowledge and experience across departmental boundaries helps us to find effective new solutions and improvements.

## SUSTAINABILITY AT THE LACTALIS GROUP

The Lactalis Group has a central Corporate Social Responsibility (CSR) department that runs its strategic sustainability efforts globally. As part of this work, regular CSR meetings are held where representatives from each country participate and discuss joint initiatives to drive development forward. Skånemejerier participates in several of the Lactalis Group's global groupings in areas such as climate, environment, animal welfare, packaging, logistics and investments in production.

During the year, the Group also took further steps towards a clearer organisation of sustainability efforts at global level, clarifying the responsibilities of senior management, sustainability officers and expert roles.



The Group continuously develops sustainability policies with group-wide targets, such as in the areas of climate, packaging/circularity, animal welfare and deforestation. In 2023, the Group launched a new Code of Conduct for Suppliers (see page 16). During 2023, the Lactalis Group also worked on setting climate targets in line with the guidelines of the Science Based Targets initiative, which are expected to be validated in 2024 (see page 22).

The Lactalis Group has been a member of the UN Global Compact since 2021, committing to ten principles on human rights, labour law, environment and anti-corruption.







## SUSTAINABLE BUSINESS



# RESPONSIBLE BUSINESS CONDUCT

At Skånemejerier, we want to have a positive impact on the world around us, and we are committed to continuing to develop our business, corporate culture and value chain in a responsible way.

## RESPONSIBILITY IN OUR OPERATIONS AND IN OUR VALUE CHAIN

Our work is governed by a number of policies and guidelines to ensure that we run our business in a way that protects both people and the environment. Some of these are common to the Lactalis Group, while others are specific to Skånemejerier. The policy documents that apply to our sustainability work form the basis for how we take responsibility for our employees, suppliers, people and animals in the value chain, the environment around our facilities, and so on (see page 51). Our policies are implemented in the organisation by means of guidelines, processes, tools and training.

## OUR CODE OF CONDUCT

We want to ensure correct behaviour in all aspects of our business and also provide guidance on important issues. Skånemejerier's Code of Conduct defines how we are to act in different situations by clarifying our core values and demonstrating our willingness to take responsibility for social, ethical, legal and sustainability matters.

The Code of Conduct spells out our commitment to our employees, customers and other stakeholders, and also clarifies our expectations of suppliers and partners. It covers topics such as diversity and equal treatment, trade union activities, handling of sensitive information and combating bribery and corruption. The Code of Conduct is in line with the ten principles of the UN Global Compact and is available for download from our website.

Skånemejerier's Compliance Committee (SCC) is responsible for revising the Code of Conduct. The Committee includes representatives from the fields of law, HR, finance, communication, sustainability, quality and purchasing. The Committee meets once a year and, if necessary, in this format or in smaller groups to address issues related to the Code of Conduct. Skånemejerier's Communication and Sustainability Director is then responsible for implementing updates and changes to the Code of Conduct.

In 2023, the Lactalis Group launched the Global Code of Conduct for Suppliers, which harmonises the requirements imposed on the Group's

suppliers in terms of working conditions, human rights, quality and food safety, environment and animal welfare. The Code of Conduct also applies to Skånemejerier's suppliers, with the exception of milk suppliers (see page 44). Since the requirements for suppliers are formulated in the Global Code of Conduct, Skånemejerier's code of conduct will be updated in 2024 primarily to be directed at our employees.

## ZERO TOLERANCE FOR BRIBERY AND CORRUPTION

At Skånemejerier we have zero tolerance for corruption. In accordance with the Lactalis Group's anti-corruption policy, our employees must never accept or give unauthorised payments in relation to customers, suppliers, authorities or other decision-makers, for example to obtain or retain business. Administrative staff and managers receive digital training on the fight against corruption. There were no breaches in relation to bribery and corruption in 2023.

## LACTALIS'S WHISTLEBLOWING PLATFORM

We promote open communication and encourage all our employees to tell us immediately if they see anything in our operations that is not in line with laws and regulations. To facilitate such reporting, the Lactalis Group uses a whistleblowing platform called Lact@Lert.

The platform enables individuals to report behaviours or situations that violate the law or the Group's internal rules and procedures. This includes, for example, criminal behaviour and actual or suspected violations of the Lactalis Group's anti-corruption policy, as well as serious violations of human rights and fundamental freedoms, health and safety of individuals and the environment.

Lact@Lert is a secure, confidential and anonymous reporting system that is managed by an external provider. The system ensures that individuals who file a report are protected from direct or indirect retaliation, disciplinary action or pressure of any kind as a result of making their report. The platform is open to all current or former employees of the Lactalis Group (full-time or part-time employees, managers, trainees, etc.), external and temporary staff (e.g. consultants and contractors),



applicants for vacancies within the Lactalis Group, as well as all contractors and agents of the Lactalis Group and their employees. The Lactalis Group's local Whistleblower Committee, consisting of representatives from Skånemejerier's finance, HR and legal departments, is responsible for receiving and processing reports.

## GOOD RISK MANAGEMENT CREATES VALUE

Our commitment to sustainable business is based on producing safe, high-quality products, continuously reducing our environmental impact, respecting human rights and assuming social responsibility in our operations. Skånemejerier's commitments regarding responsibility and integrity, as well as our products, services and collaborations, must always comply with current regulations, national legislation and international declarations and conventions.

Proper risk management is a prerequisite for a long-term sustainable business that creates value for us and for our stakeholders. We therefore work with a focus on managing our most significant risks through ongoing self-monitoring. Tasks related to compliance with the law are broken down by competence and area of responsibility within the organisation. Regulatory compliance as regards quality, health and safety and the environment is part of our internal audit, and we keep up to date with changes in legislation through a regulatory monitoring tool.

Our legal compliance and management system are also reviewed by external parties. We are inspected by the food, feed, environment and health and safety authorities, and external auditors visit to audit us according to FSSC 22000, ISO 9001, ISO 14001 and KRAV (see page 20).

In 2023, we launched an analysis of our value chain to identify potential negative impacts in the areas of human rights, environment and biodiversity. For an overview of Skånemejerier's sustainability risks, see page 52.





# HEALTHY PRODUCTS

At Skånemejerier, we want to contribute to everyone’s good health. Our approach is that natural and nutritious foods with less sugar are beneficial for everyone – regardless of age. By offering a wide range of healthy products, we make it easier for consumers to live a healthier life.

## NATURALLY NUTRITIOUS PRODUCTS

Milk is one of our most nutrient-dense foods, containing 18 of the 22 nutrients we need every day to be healthy. What is more, all the benefits of milk go into a variety of other dairy products such as yoghurt, fermented milk, quark and cheese.

It has also been shown that the natural combination of nutrients in milk and other dairy products provides unique health benefits. This is where the ‘food matrix’<sup>1</sup>, or nutrient matrices, come into play: that the nutritional composition of different foods affects how our bodies can absorb them. Research shows that the natural nutrient composition of milk has greater health benefits than milk alternatives enriched to a similar nutritional content.

## CUSTOMISED FOR SCHOOLS AND ELDERLY CARE

With our wide range of naturally nutrient-dense dairy products, schools and elderly care are important target groups for us at Skånemejerier. We have developed a wide range of customised and climate footprint calculated<sup>2</sup> tips and recipes for the nutritional needs of growing children and the elderly, based on the Swedish Food Agency’s dietary guidelines for children and the elderly, which say that food should be spread out over several small and nutrient-dense meals over the course of the day. The starting point is protein-rich products such as quark and yoghurt, and the concept has been much appreciated.

But also older children need nutrition. In primary and secondary schools, many children and young people eat either too little of their school lunch or none of it at all, and for these pupils milk, with its natural nutrient density, can be an important supplement. From this point of view, school milk has a function that is irreplaceable.

## HEALTHY PRODUCTS WITH LESS SUGAR

Added sugar is a major topic of discussion in the EU, and many companies are working to reduce the amount of sugar in compound foods. Our aim is to have a range where consumers can choose different options based on their preferred sugar content, and we therefore offer naturally

sweetened products, products with sweeteners and products with varying amounts of sugar. The Lactalis Group has set 13.5 percent as the maximum allowable content of sugars in flavoured yoghurt. Today, all Skånemejerier products are below that limit.

## COLLABORATION AND EXTERNAL MONITORING IN NUTRITION AND HEALTH

In June 2023, the Nordic Council of Ministers launched the new Nordic Nutrition Recommendations (NNR). The NNR is the most up-to-date scientific review of how people in the Nordic region should eat to be healthy, and forms the basis for the dietary advice produced in the different Nordic countries. Skånemejerier has followed the development of the nutritional recommendations and The Federation of Swedish Farmers’ Milk Branch LRF Mjöl, where Skånemejerier is represented, is part of the working group that focuses on the Swedish National Food Agency’s work on new Swedish dietary guidelines.

During the year, Skånemejerier also contributed to the work on voluntary industry agreements to reduce the amount of salt and sugar in food. The industry organisation Livsmedelsföretagen, together with several specialist industry associations, has had a close dialogue with the Swedish National Food Agency, and Skånemejerier is part of a working group that will work on an agreement to reduce the sugar content of dairy products.

<sup>1</sup> <https://www.lrf.se/mer-om-vara-omraden/dairy-matrix/>

<sup>2</sup> Since 2023, we have calculated the climate footprint of our recipes for schools and elderly care in cooperation with Klimato.

## NUTRITIONAL CONTENT AND CLIMATE FOOTPRINT

Milk is one of the most naturally nutrient-dense foods on the market and contains more essential nutrients than plant-based drinks. Milk contains 18 of the 22 nutrients we need every day and is only fortified with vitamin D. In terms of protein content, the climate footprint of Swedish milk is similar to, or even slightly lower than, that of oat drinks.



	Semi-skimmed milk 1.5% (fresh)	Fortified oat drink 1.5% (fresh)
Amount of protein (g/100ml) <sup>3</sup>	3.6	1.0
Number of nutrients <sup>4</sup>	18	13
Kg CO <sub>2</sub> e per kg of product <sup>5</sup>	0.9	0.27
Kg CO <sub>2</sub> e per kg of protein	25.0	27.0

For more information, see: <https://foretag.skanejerier.se/mer-for-pengarna/>

<sup>3</sup> Source: Swedish National Food Agency food database

<sup>4</sup> The number of vitamins and minerals that contribute to at least 7.5 % of the recommended intake when consuming five decilitres of drink. Data on vitamins and minerals comes from the Swedish National Food Administration’s food database.

<sup>5</sup> Sources: Milk: RISE climate database. Oat drink: [www.oatly.se](http://www.oatly.se). Soya drink and almond drink: Values are averages for each product from Clune S., Crossin E., Verghese K. (2017) Systematic review of greenhouse gas emissions for different fresh food categories, Journal of Cleaner Production 140 (2), pp. 766–783.



# INNOVATION AND PRODUCT DEVELOPMENT

We want to offer products that are nutritious and provide enjoyment and pleasure, at the same time as contributing to a sustainable lifestyle. We do this both by developing new products that follow research and health trends and by making our well-known products even healthier.

## SUSTAINABLE PRODUCT INNOVATION AND PRODUCT DEVELOPMENT

Our ambition is to develop nutritious, healthy and innovative products that help to create sustainable growth for us as a company. In our innovation process, we identified a number of areas where it is particularly important to integrate sustainability aspects at an early stage of the innovation process. Examples include the choice of packaging and raw materials, as well as how we can reduce waste in production and thus our climate impact.

Skånemejerier's product development follows the Lactalis Group's guidelines for product content and labelling (see page 19) and focuses primarily on taste, health, environment, product safety and competitiveness. As far as possible, we try to minimise the amount of sugar and salt, and to limit the amount of fat in the product without compromising either taste or functionality. We also offer products with highly sought-after features, such as high protein and lactose-free options. We keep up to date by participating in research and networks in the field of health and nutrition, and by collaborating with our colleagues in the Lactalis Group.



### ALLERUM PRÄST® XO 24 MONTHS

This is our finest Präst® with an extra long shelf life of 24 months. XO stands for Extra Old and is a limited edition for special occasions during the year. It is an extra aged, grainy hard cheese, slightly crumbly with a perfectly balanced, powerful aromatic flavour. In 2023, Allerum Präst® XO was given a boost when it was launched in a new format in our recyclable serving dish.

In product development, technical solutions are always prioritised over additives to extend the shelf life of our products. We also avoid ingredients that can have a negative environmental impact, such as palm oil and sucralose.

## LABELLING OF OUR PRODUCTS

Accurate and clear information is essential for making informed choices at the supermarket. We therefore want to make it easy for our customers and consumers to know what our products contain by providing good product information. Our procedure for labelling our products ensures that our labels comply with EU Regulation 1169/2011 on food information to consumers.

To make it easier for consumers to make healthier choices, we label products with the Swedish Food Agency's Keyhole symbol, which means that the product is a healthier alternative with less fat and added sugar. Currently, 16 products in our range are labelled with the Keyhole, including low-fat milk and low-fat yoghurt.



### MORE YOGHURT FLAVOURS ON THE LACTOSE-FREE SHELF

Three new flavours – Tropical, Raspberry/Rhubarb and Forest Berries – were launched in the lactose-free yoghurt range to give more choice to lactose-intolerant consumers looking for good alternatives made with Swedish milk.



### NEW CREAMIER RECIPE FOR LINDAHL'S KVARG

Surveys show that a majority of quark consumers want a texture similar to yoghurt, but with the specific nutritional content of quark. After several years of product development and extensive testing, Lindahls presented an upgraded classic in early 2023. The secret to the creamier texture is a patented production process and the addition of whey protein.



### BRAVO CELEBRATES WITH ANNIVERSARY JUICE

As part of Bravo's 50th anniversary celebrations in 2023, Bravo Jubilee Juice was launched, a limited edition that was on the market for less than a year. The flavour was a fresh blend of orange, mandarin, mango and banana purée, made from 100 per cent fruit, with no added sugar or any other additives.



## THE LACTALIS GROUP'S GUIDELINES FOR PRODUCT CONTENT

### The objectives of the Lactalis Group:

To offer healthy, simple and tasty products that bring us together.

The Lactalis Group has set objectives for nutrition and labelling of the group's products. Outcomes at country level are monitored annually. Skånemejerier is a leader in the Lactalis Group and satisfies all the requirements of the guidelines.

The guidelines cover four areas: nutrition (sugar/salt content), simpler recipes and fewer additives, labelling and consumer information on our packaging, and the role of the product in a sustainable and balanced diet.

AREA 1 Sugar and salt content	AREA 2 Simpler recipes and fewer additives	AREA 3 List of nutrients for consumers	AREA 4 The role of the product in a sustainable and balanced diet
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### Classification of ingredients

The Lactalis Group has established a global systematic classification of ingredients, the 'Clean Approach', to ensure the development of safe and healthy products. Ingredients are divided into four categories: Positive, Used moderately, Controversial and Should be avoided. As a basis, all ingredients are approved by the EFSA (European Food Safety Authority). Category four – Should be avoided – includes 13 red-flagged additives that should not be present in our products. Category three – Controversial ingredients – are those that are both legally and scientifically approved but are challenged for various reasons in certain countries.

Skånemejerier always endeavours to manufacture products that are as natural as possible. We only use ingredients that have been approved and are considered uncontroversial on the Swedish market.

### INGREDIENT CATEGORIES:

POSITIVE	USED MODERATELY	CONTROVERSIAL	SHOULD BE AVOIDED
			↓ 13 RED-FLAGGED ADDITIVES



### PASSION FOR TASTE

In November, our teams in marketing, quality, production and product development came together for a training programme and workshop on the Lactalis Group's major initiative, Passion for Taste – an inspiring day filled with tastings and useful information on sensory and food quality issues, with a clear focus on taste. The Passion for Taste training programme was delivered by colleagues from the Lactalis Group in collaboration with Skånemejerier's quality team.



# GUARANTEED FOOD SAFETY

As a consumer, you should always be able to expect food to be safe in terms of health. No one should get sick or harmed by what they eat. Offering products that are healthy, safe and of high and consistent quality is a cornerstone of our work, and our responsibility extends all the way from the dairy farm to the consumer's table.

## SAFE PRODUCTS

In order to systematically ensure that our quality and food safety requirements are met, our dairies are certified according to FSSC 22000 (systematic food safety management). We work consistently with HACCP (Hazard Analysis and Critical Control Points), which is a standardised and statutory working method for food handling in order to ensure food safety.

We use HACCP to identify, assess and control the risks in our manufacturing and our products to ensure our products are safe.

In addition to FSSC 22000, our dairies are certified according to ISO 14001, which means that systematic efforts are made within the facility to create environmental improvements. The dairies are also certified according to KRAV's regulations for the control of organic products. We are audited annually by external parties to ensure that we fulfil the requirements of legislation and the certified standards.

The dairy farmers who produce our raw milk are certified according to ISO 9001, which ensures systematic quality management at farm level (see page 23). Our raw milk is checked both when it is collected from farms and when it arrives at our dairies, with analyses of fat, protein, freezing point, pH, somatic cells, antibiotic and bacterial content being conducted. In addition to technical quality assurance, trained staff also perform sensory tests on both raw materials and finished products. This includes them making a quality assessment based on appearance, smell and taste.

If any of our checks show that a product may pose a health risk to our consumers, the product is recalled. There were no product recalls in 2023.

## CONSUMER DIALOGUE IS PART OF OUR IMPROVEMENT EFFORTS

The dialogue with our consumers is a valuable tool for improving our products. Our Consumer Contact Centre receives enquiries by phone, email, post and social media, and via our Consumer Forum on our website. In 2023, we had more than 5,000 contacts with consumers, where all criticisms, questions, complaints and praise are recorded and analysed to help us improve.

We work systematically to identify and correct the causes of any deviations. Our target for 2023 was to reduce the number of complaints per million packages sold by 20 percent. Unfortunately, the outcome was an increase of 22 per cent, largely due to a number of incidents that gave rise to a higher number of complaints. We use systematic root cause analysis to be able to address deficiencies with appropriate measures.



## FOCUS ON QUALITY AND FOOD SAFETY

Every year we carry out a number of activities with our staff to strengthen the quality and food safety culture within the company. In 2023, we did this over two weeks – one in June (World Food Safety Day) and one in November (World Quality Week). These included a presentation on

quality and food safety, the introduction of a new updated quality policy, a survey on the quality and food safety culture in the company, and the opportunity for employees to participate with their skills in internal competitions.







## SUSTAINABLE PLANET





# OUR CLIMATE IMPACT

At Skånemejerier, we work actively to reduce climate impact in our own operations and in our value chain.

## OUR CLIMATE TARGETS

The Paris Agreement meant the world's countries made a commitment to limit global warming to 1.5 degrees by significantly reducing greenhouse gas emissions. The Science Based Targets initiative (SBTi) is an organisation that guides companies to set science-based targets to help meet the goals of the Paris Agreement. The Lactalis Group submitted its climate targets for validation to the SBTi in 2023, and the targets are expected to be approved in the spring of 2024. According to the SBTi guidelines, climate targets should primarily be set at Group level. Skånemejerier will thus be included in the Lactalis Group's climate goals and contribute to achieving them by continuing our efforts to reduce the climate impact of our operations and value chain.

## OUR CLIMATE FOOTPRINT

We have calculated our climate emissions according to the Greenhouse Gas Protocol (GHG), which is the most established standard for companies to measure their total climate impact.

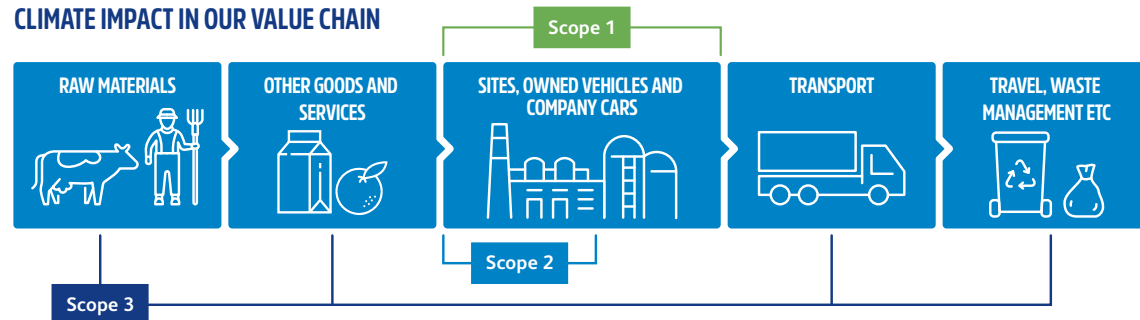
In 2023, our emissions under scope 1 and 2 amounted to 970 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), which is a 32 percent reduction between 2020 and 2023, mainly due to a reduction in the use of oil at

our facilities in favour of renewable fuels and a reduction in the climate footprint of our company cars over the period. However, we see an increase of 6 percent compared with 2022, which is mainly explained by high emissions from refrigerant leaks at our facilities during the year. We are working to phase out refrigerants with a high climate impact, and during the year we partly replaced those refrigerants with carbon dioxide, which has a significantly lower climate footprint.

Our scope 3 emissions amounted to 688,000 tonnes of CO<sub>2</sub>e during the year, an increase of 6 percent between 2020 and 2023, and 10 percent compared with the previous year. The increase in our scope 3 emissions is mostly due to an increase in milk volume between 2020 and 2023. The largest part of our value chain's climate emissions, 64 percent, comes from milk production, and we work actively with our milk suppliers to calculate and reduce the climate footprint of the milk raw material (see page 26). A significantly larger amount of milk and cream has also been exported during the year and is sold in northern Europe for further processing. Since we lack information on the type of electricity our industrial customers buy, we have made a conservative assumption that the residual mix in each country is used (the electricity that remains after excluding renewable electricity sold with guaranteed origin). This is likely to overestimate these emissions.

For a more detailed account of our climate footprint, see page 54.

## CLIMATE IMPACT IN OUR VALUE CHAIN



### Scope 1

Direct emissions of greenhouse gases relate to the fuel consumption directly associated with the activities of the business. For Skånemejerier, this means emissions from biogas, oil and biodiesel at our facilities, as well as emissions from owned vehicles and company cars.

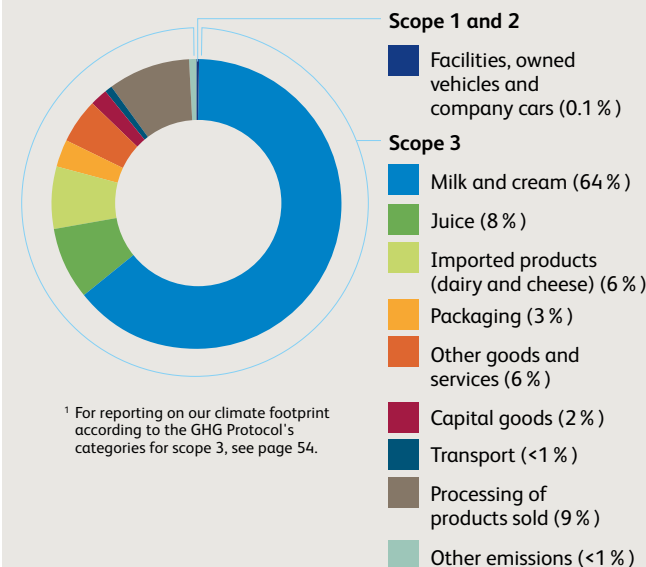
### Scope 2

Indirect emissions of greenhouse gases are emissions from energy generated elsewhere but used by Skånemejerier, such as electricity and district heating.

### Scope 3

Indirect emissions from purchased goods and services (e.g., raw milk, juice, jam, transport and packaging), equipment for our facilities, but also from waste management and recycling.

## OUR CLIMATE FOOTPRINT IN 2023<sup>1</sup>



Emissions under scope 1 and 2:

**970** TONNES CO<sub>2</sub>E  
**32% LOWER EMISSIONS**  
 (compared with 2020)

Emissions under scope 3:

**688,000** TONNES CO<sub>2</sub>E  
**6% HIGHER EMISSIONS**  
 (compared with 2020)



# SUSTAINABLE MILK – OUR MOST IMPORTANT RAW MATERIAL

Milk is a unique food. Cows turn grass, roughage and concentrated feed into a nutritious product that can be enjoyed as it is or processed in a variety of ways. At the same time, cows contribute to open landscapes and a living countryside.

## OUR MOST IMPORTANT SUPPLIERS

Swedish milk is central to Skånemejerier's business and is the basis for everything from fermented milk and yoghurt to quark and Swedish quality cheese. Our milk comes from 291 dairy farms (year-end 2023/24) located in Skåne and southern Sweden. Each farm has an average of 158 cows. The milk suppliers run their farms as their own companies, most of which sell their raw milk to the Skånemejerier Ekonomisk Förening supplier association, which sells it directly to Skånemejerier AB.

Cattle grazing allows farmers to make use of agricultural land that is not optimal for the cultivation of cereals and other crops for humans, creating an efficient use of resources. Cows also provide natural fertiliser for our fields, and their grazing plays a key role in biodiversity. Dairy farms are an important engine of the local economy, contributing to a living countryside through jobs and self-sufficiency in local food. Milk therefore plays a key role in a society where both cities and countryside can thrive.

## FARM CERTIFICATION ACCORDING TO ISO 9001

To ensure that farms comply with legislation, regulations and good agricultural practices, we carry out farm inspections in three stages: self-checks on the farm, internal audits by Skånemejerier's farm specialists and third-party certification according to ISO 9001. Skånemejerier's work with third-party certification began back in 2005, when we were probably the first dairy in Sweden to outsource the quality

control of our milk suppliers to a third party. It is a way of working that gives us extra security to be able to guarantee goods that have been produced with care and control at all levels.

Since 2012, we have been carrying out ISO 9001 certification of all the dairy farms that produce our raw milk, which in practice means that all farms undertake to continuously undergo 35 control points that are relevant from a quality, animal welfare and sustainability perspective. The checks cover everything from the farms' working environment, animal husbandry and energy consumption to how they manage residual products and waste. For farms with their own feed production, there are rules for how, for example, fertiliser and pesticides must be handled. Together with Skånemejerier Ekonomisk Förening, we also work actively to support farmers who need to develop their quality, environmental or animal welfare work.



### SUSTAINABLE DAIRY FARM

In 2023, we launched **Sustainable Dairy Farm**, Skånemejerier's programme for increased sustainability on dairy farms. In close cooperation with Skånemejerier Ekonomisk Förening and the milk producers, we aim to increase the positive impact of the farms on animals, climate and the countryside, while reducing the negative impact.

With **Sustainable Dairy Farm**, we bring everything that is done for more sustainable milk production on farms under one roof: processes such as our farm certification and our delivery and quality rules, financial incentives such as our sustainability payment, and development and skills that ensure that we and our milk suppliers stay up to date and at the cutting edge.



ANIMAL WELFARE



CLIMATE



BIODIVERSITY

**Three areas have been selected as central to our sustainability efforts at farm level:**

**ANIMAL WELFARE** Good animal care is a matter of course for us. Besides our ethical responsibility towards animals, healthy and fit animals mean higher product quality, better profitability and reduced climate impact.

**CLIMATE** Climate change risks negatively affecting agriculture and food security, but agriculture also contributes to greenhouse gas emissions, mainly through biogenic processes in animals and soils.

Milk production is the single largest source of greenhouse gas emissions in Skånemejerier's value chain, but it can also contribute to carbon sequestration in the soil.

**BIODIVERSITY** Preserving biodiversity is important for the continued stability of living conditions on Earth. Through grazing, cultivation of grassland and various on-farm measures, dairy farms are able to promote various animal and plant species and have a positive impact on the biodiversity of the agricultural landscape.



# A STEP TOWARDS MORE SUSTAINABLE MILK PRODUCTION

In 2023, we at Skånemejerier launched our new sustainability incentive model, which rewards engagement, expertise, efforts and working methods that contribute to increased sustainability at farm level. The purpose of the sustainability incentive model is to reward dairy farmers for measures that are currently being taken on their farms, while motivating them to make further efforts.

## HOW DOES THE SUSTAINABILITY INCENTIVE MODEL WORK?

The sustainability payment means that part of the amount we pay for milk is based on measures and activities in six different areas, which

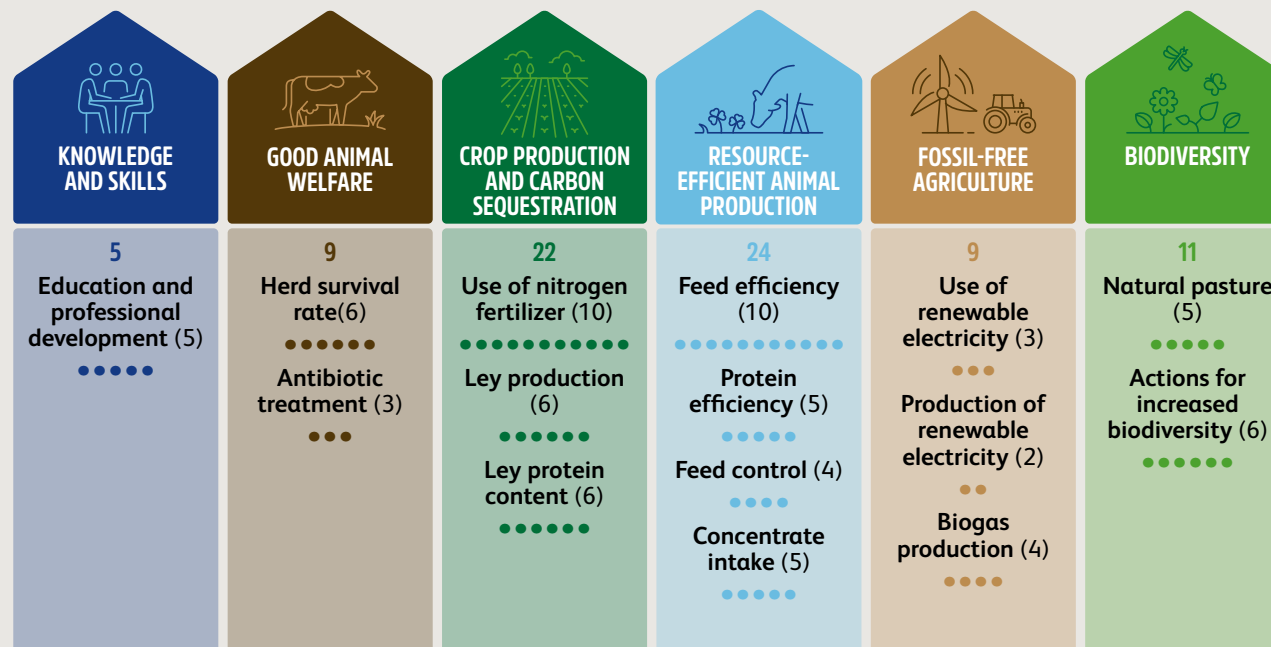
together or individually have a positive impact, or reduce negative impact, in the three focus areas of animal welfare, climate and biodiversity.

The sustainability incentive model is financed by a redistribution of the milk price. Payment to suppliers is allocated according to a points system. The number of points for each supplier is determined each year, based on data from the previous calendar year.

Initially, a maximum of 80 points are available. At the launch of the programme, each area covers between 5 and 24 points at maximum payment. Within each area, there are between one and four Key Performance Indicators (KPIs) that score between two and ten points. Resource-efficient livestock production and crop cultivation and carbon

sequestration are the areas that have the greatest effect on climate impact, and therefore score the most points. In addition, a large proportion of the points have been allocated to efforts to promote biodiversity, a major sustainability challenge alongside climate change. The scoring model takes into account the circumstances of different farms – such as location, size and soil – so as not to disadvantage or overly favour a particular type of farm.

The sustainability incentive model is a complement to existing payments such as the implementation of climate calculations and the animal welfare bonus already paid to our milk suppliers.



## THESE ARE THE AREAS IN WHICH FARMS CAN INVEST - AND BE REWARDED

**KNOWLEDGE AND SKILLS** By participating in training programmes, dairy farmers acquire new knowledge and learn new methods, which improves their ability to implement solutions for more sustainable milk production.

**GOOD ANIMAL WELFARE** Healthy animals produce more milk and meat, which means better profitability for farms and a reduced climate footprint per kilo of milk or meat. Healthy animals also do not need to be treated with medicinal products.

**CROP CULTIVATION AND CARBON SEQUESTRATION** Feed production accounts for a large part of the climate and environmental impact of milk. Sustainable crop cultivation results in reduced nitrogen leakage, increased carbon storage and long-term fertility.

**RESOURCE-EFFICIENT ANIMAL PRODUCTION** Cows' feed digestion accounts for a large part of the climate impact of milk. By choosing feed that cows can efficiently convert into milk, it is possible to reduce the amount of feed that needs to be produced and at the same time reduce methane emissions from cows.

**FOSSIL-FREE AGRICULTURE** Globally, the use of fossil fuels is the main cause of climate change. Dairy farms can contribute by phasing out fossil fuels and using and producing renewable energy, such as biogas or electricity from solar panels.

**BIODIVERSITY** Milk production is well placed to contribute further to increased biodiversity in the agricultural landscape. Grazing animals have also contributed to making Swedish natural pastures some of the most species-rich environments in the entire world.







### DEVELOPED TOGETHER WITH OUR MILK SUPPLIERS

The sustainability incentive model was developed in close collaboration with Skånemejerier Ekonomisk Förening and presented to the milk suppliers at a series of meetings in the autumn of 2023.

‘The new sustainability payment is a new step for Skånemejerier Ekonomisk Förening in its work on climate and sustainability issues. Climate change in agriculture is not free, and it is a good thing that now we can link concrete sustainability efforts to financial incentives for our dairy farmers. Several measures that reduce the climate footprint can also be positive for the economy of the individual farm, as they contribute to making the best use of all resources.’



**Mikael Palm, Vice Chairman of Skånemejerier Ekonomisk Förening and participant in Skånemejerier's climate group.**





# CLIMATE WORK TOGETHER WITH THE FARMS

Owing to productive pastures and good animal welfare, Swedish milk production generates lower climate emissions per kilo of milk than the world average<sup>1</sup>. At Skånemejerier, we work closely with our milk suppliers to further reduce our climate impact.

## ANNUAL CLIMATE CALCULATIONS

In order to achieve effective emission reductions, we need to know where in milk production emissions occur. The Klimatkollen tool – developed within the Greppa Näringen project, run by the Swedish Board of Agriculture, LRF and the county administrative boards with support from the EU – has enabled Skånemejerier's milk suppliers to calculate the climate footprint of their farms since 2021.

Greenhouse gas emissions are calculated from the use of, for example, feed, fertiliser and energy. The climate footprint of milk is calculated by allocating the farm's emissions to all products produced on the farm, such as milk and meat. This results in a climate footprint measured in carbon dioxide equivalents (CO<sub>2</sub>e) per kilo of milk delivered, which is unique to each farm.

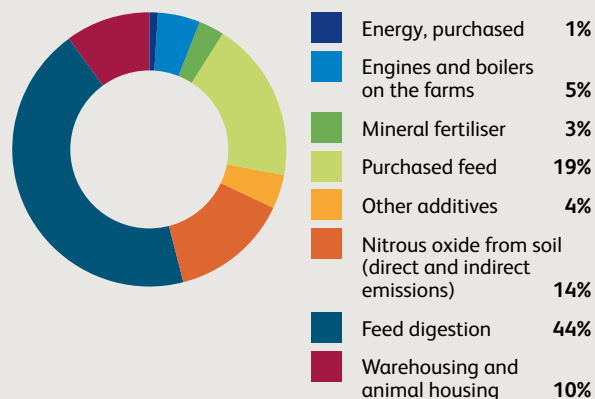
In the spring of 2023, climate calculations were carried out on 99 percent of the dairy farms that produce milk for Skånemejerier. The majority of dairy farms that did not carry out the calculations were farms that are in the process of closure. Milk suppliers receive financial compensation for carrying out the climate calculations.

## THE CLIMATE FOOTPRINT OF MILK

Based on the 2023 calculations, the average climate footprint was 0.97 kg of climate dioxide equivalent per kilo of milk delivered, which is in line with the carbon footprint of previous years. The increase from last year's 0.96 kg of carbon dioxide equivalent is most likely due to variations in the calculations rather than any single event or change on the farms. The presence of peat soils on farms and their effect on the climate footprint is an uncertainty in the climate calculations, and there is an inconsistency in how farms report loam soils. We therefore report the climate footprint without peat soils. For more information, see page 53.

The pie chart on the right shows how greenhouse gas emissions in carbon dioxide equivalents are apportioned on the farms that supply milk to Skånemejerier. The distribution is based on the results from the Klimatkollen tool and is an average value, and the exact distribution differs slightly between farms. The analysis of the farms' climate impact is partly the basis for the design of our sustainability incentive model (see page 24), where we use a points system to reward the efforts that can have the greatest effect on reducing the climate footprint.

DISTRIBUTION OF GREENHOUSE GAS EMISSIONS, AVERAGE OF ALL FARMS<sup>2</sup>

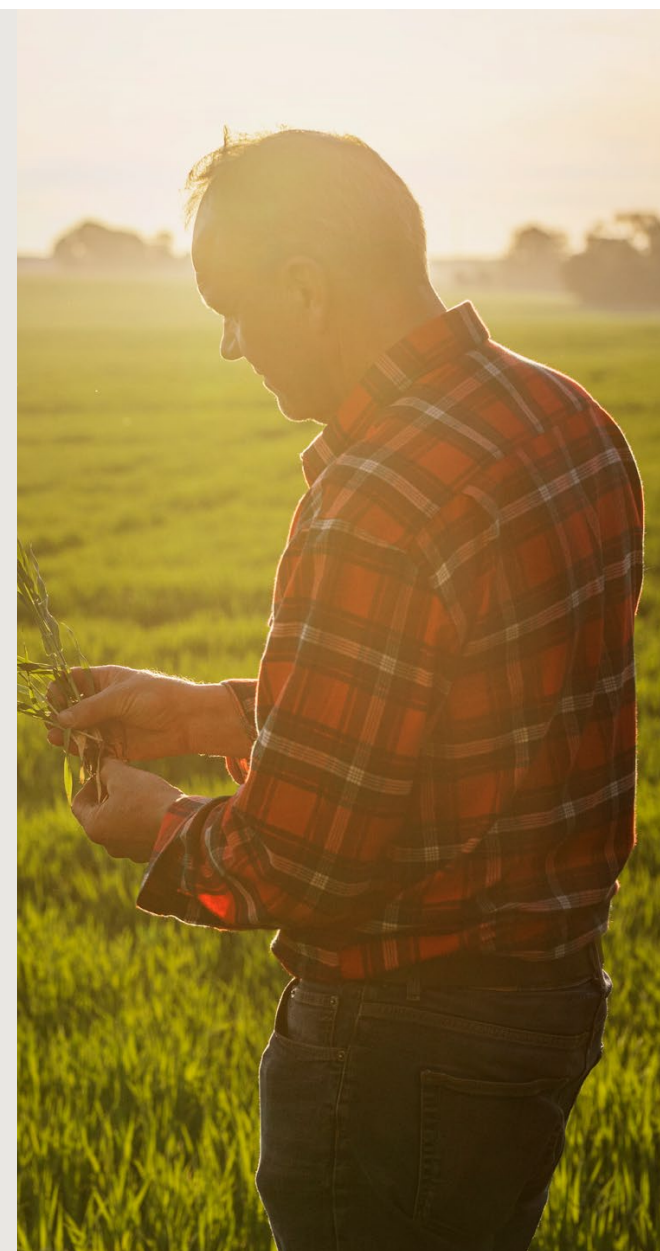


**99%** OF THE FARMS THAT PRODUCE MILK FOR SKÅNEMEJERIER HAVE COMPLETED THE KLIMATKOLLEN CHECK IN 2023.

**0.97** KG CO<sub>2</sub>E IS THE AVERAGE CLIMATE FOOTPRINT PER KILO OF MILK DELIVERED TO SKÅNEMEJERIER<sup>2</sup>.

<sup>1</sup> LRF Mjolk 2019, based on FAO data.

<sup>2</sup> Does not include emissions from peat soils (see page 54).





# CLIMATE IMPACT ON THE FARM

Reducing the climate footprint of milk production can be achieved by optimising many different parameters, such as feed efficiency, crop cultivation strategies, yield and animal welfare. Milk suppliers are continuously working on measures in these areas. Natural variations between years, for example in weather conditions, can also have a significant impact on the climate footprint.



















A farm's emissions can come from many different sources and consist mainly of carbon dioxide, methane and nitrous oxide, which are the dominant greenhouse gases in agriculture:

**Carbon dioxide** comes from the use of fossil fuels, either directly on the farm, for example in tractors and machinery, or indirectly in the production of electricity, input goods and mineral fertilisers. Carbon dioxide is also released from peat soils and land use changes, such as deforestation.

**Nitrous oxide** is formed from nitrogen in arable land fertilised with natural or mineral fertilisers. Nitrous oxide is also produced during the storage of manure and the production of mineral fertilisers, but a large part of the mineral fertiliser produced in the EU is treated to remove much of the nitrous oxide (known as BAT fertiliser).

**Methane** is naturally produced in the rumen – the largest of a cow's four stomachs – as part of cows' feed digestion. Methane can therefore never completely disappear from milk production, but there are strategies to reduce its incidence. Methane is also produced when manure is stored with poor access to oxygen.

## GREENHOUSE GAS EMISSIONS ON FARMS AND MEASURES TO REDUCE THEM

EMISSIONS	 Carbon dioxide	 Carbon dioxide	 Carbon dioxide, nitrous oxide	 Carbon dioxide, nitrous oxide	 Carbon dioxide	 Nitrous oxide	 Carbon dioxide, nitrous oxide	 Methane	 Methane, nitrous oxide
CATEGORY	 <b>ENERGY</b> – production of purchased energy	 <b>ENERGY</b> – emissions from engines/boilers on farm	 <b>MINERAL FERTILISERS</b>	 <b>PURCHASED FEED</b>	 <b>OTHER ADDITIVES</b>	 <b>NITROUS OXIDE FROM LAND</b>	 <b>CHANGES IN SOIL CARBON STOCKS</b>	 <b>FEED DIGESTION</b>	 <b>STORES AND STALLS</b>
ACTIONS	Use renewable electricity, purchased or self-generated.	Optimise running of machines. Use blending of renewable fuels or electricity where possible.	Choose mineral fertilisers with a low climate impact for production (known as BAT fertilisers). Avoid overuse of mineral fertilisers.	Choose feed with a low climate impact, if possible feed without soya and palm oil. Reduce feed waste and avoid overfeeding protein.	Review which products are purchased and whether it is possible to find alternative products with a lower climate footprint.	Optimise fertilisation in terms of both the amount of nitrogen and the time of spreading.	Carbon dioxide and nitrous oxide emissions from loam soil are difficult to influence if this type of soil is present on the farm. Keeping the soil winter-green and reducing tillage can reduce emissions from organogenic soils somewhat.	Fit and healthy cows have more efficient feed digestion. High milk yields increase methane emissions per cow, but distributed over the amount of milk produced the methane emissions are lower.	Keep fertiliser stocks low during the warm season and store fertiliser as cool as possible.



# FOCUSING ON GOOD ANIMAL WELFARE

**Good animal welfare is important to us. In addition to our ethical responsibility towards the animals, the best possible animal welfare is something that favours the profitability of the farm, the climate and product quality.**

## A SYSTEMATIC APPROACH TO ANIMAL WELFARE

When cows are fit and healthy, they can produce high quality milk. This is why an important part of our farm certification is about animal welfare. Cows should be injury-free with normal body condition and good leg and hoof health, they should receive the right amount of feed and fresh water, and they should have clean and dry bedding. Medicinal products should be used restrictively and only after being prescribed by a veterinarian. Our requirements are summarised in our animal welfare policy, which is available on our website<sup>1</sup>. In addition, the Lactalis Group has an overall animal welfare policy, and Skånemejerier is part of the Group's global animal welfare network.

Like the rest of our farm certification, the work on animal welfare is monitored through self-checks on the farm, internal audits by Skånemejerier's farm specialists, and third-party certification. Self-checks are carried out by milk suppliers once a year. Approximately every other year, our internal auditors carry out on-farm inspections, but the frequency of audits is tailored to needs, and a new audit can always be started earlier if circumstances on a farm change or there are indications of deterioration. The third-party check, which is carried out by an external company, includes sample audits on randomly selected farms each year. In addition, we have an in-depth dialogue with the county administrative board in order to detect animal welfare issues at an early stage.

If deficiencies in animal husbandry are detected, corrective measures are taken, and we monitor the situation closely until we can confirm that the measures have been implemented, and there has been an improvement. If there is no improvement, or if the measures have taken an unreasonable amount of time, milk deliveries from the farm are stopped. The case is only considered closed when all deficiencies have been corrected and milk delivery can be resumed.

The milk quality is carefully checked for each delivery (cells, fat and protein content, bacteria and volume) to see if there are any indications of deviations. Milk tanker drivers also play an important role in detecting if something is not right by visiting the farms at least every other day. If something is perceived to be wrong, a decision is made to carry out a farm visit, and if deficiencies are found during the visit, appropriate action is taken and in serious cases milk deliveries are stopped immediately.

In 2023, shortcomings in animal husbandry were detected where one farm was in breach of animal welfare legislation and regulations. Milk deliveries were immediately stopped and authorities were called in. This type of event is very rare, and we consider that the existing control system worked well in this case, and that we acted promptly in accordance with our procedures.

## GOOD ANIMAL HUSBANDRY REDUCES THE USE OF ANTIBIOTICS

Antibiotic-resistant bacteria are increasing at a rapid rate around the world, and the World Health Organisation (WHO) classifies antibiotic resistance as one of the greatest threats to public health. In Sweden we have comprehensive animal welfare legislation, and one of the things that is forbidden is the use of antibiotics as a preventive measure. Ever since the European Medicines Agency (EMA) started producing statistics on the use of antibiotics in agriculture, Sweden has been the EU country with the lowest use of antibiotics. In addition to legislation and checkpoints in our farm certification scheme, milk suppliers with low antibiotic use are also rewarded through our sustainability payment.

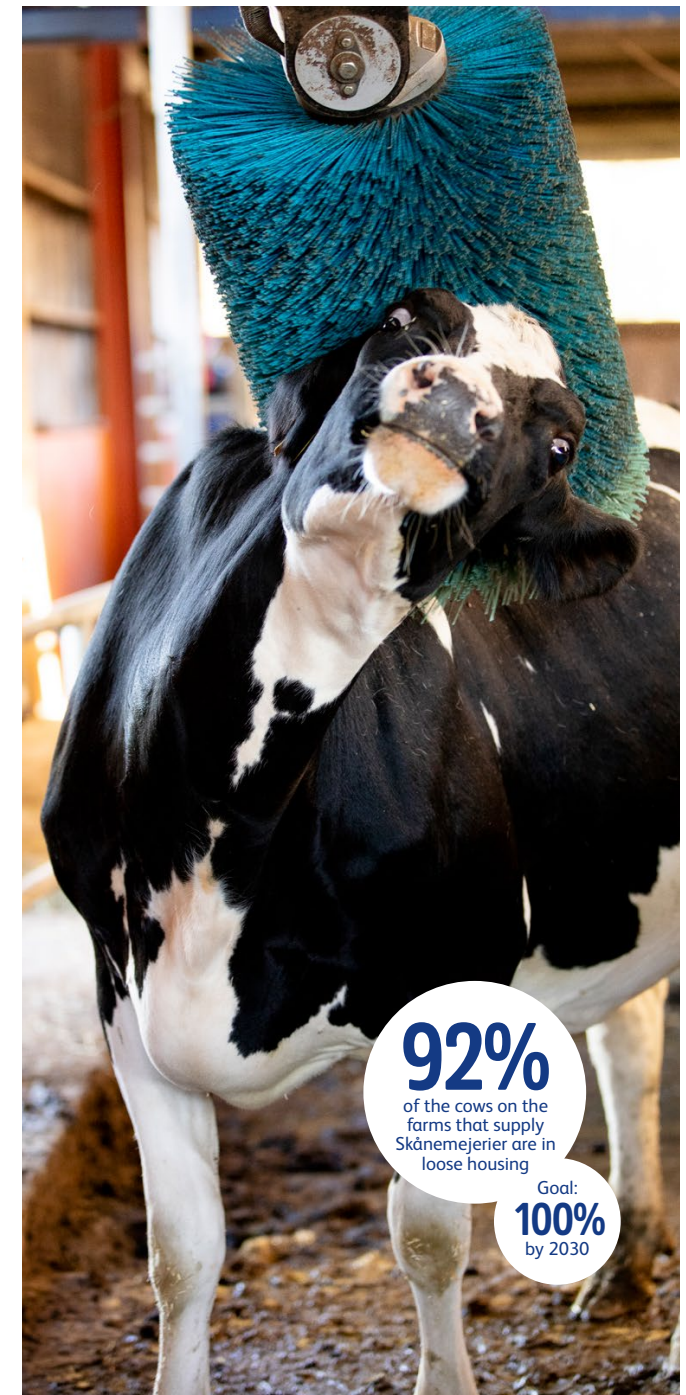
## A GOOD LIFE INDOORS AND OUTDOORS

On the farms that deliver raw milk to us, 92 percent of the cows are in loose housing, which is higher than the average in Sweden (81 percent)<sup>2</sup>. This means that they are not constrained during the period they are kept indoors and can move freely between cubicles, forage tables, water tubs and milking. Dairy cows in loose housing are better able to move freely and exercise more natural behaviour. In the case of new construction, production in loose housing is a requirement, which means that the number of free-range farms is continuously increasing. Our goal is for all animals to be in loose housing by 2030. The environment should also be stimulating for the animals. This is why we aim for all cows in loose housing to have access to rotating cow brushes, which are good for both animal welfare and coat care.

All our suppliers are 100 percent GMO-free, and all soya in the feed must be certified (see page 43). On certified organic farms, at least 60 percent of the feed is grown on the farm or in cooperation with one or more KRAV-certified farms. Free grazing is documented as an important factor for the well-being of cows, and the mild climate in southern Sweden allows cows to spend more time outdoors during the summer months. On average, our milk suppliers' cows spend 34 more days outside than is legally required in the region.

<sup>1</sup> <https://foretag.skanemejerier.se/djuromsorg>

<sup>2</sup> Växa Statistik, 2023 Husdjursstatistik





# BIODIVERSITY AND GRAZING ANIMALS

**Grazing animals on open grasslands are important for promoting biodiversity. Cows' grazing helps to prevent overgrowth and thus provides better conditions for other species. That is why Skånemejerier and the dairy farms attach great importance to contributing to a living cultivated landscape now and for the future.**

## GRAZING ANIMALS NURTURE THE LANDSCAPE

Well-functioning ecosystems with high biodiversity are a prerequisite for sustainable agriculture that can produce food both now and for future generations. Grazing animals have traditionally been important in Swedish agriculture, and meadows and pastures are of key importance for the Swedish cultural landscape. Grazing animals have also contributed to making Swedish natural pastures some of the most species-rich environments in the entire world<sup>1</sup>.

According to the SLU Swedish Species Information Centre's reporting in 2020, landscape overgrowth is one of the main causes of biodiversity

loss in Sweden, which has a major negative impact on more than 1,400 red-listed species. For the pastures, the muzzles and hooves of cattle are important for keeping away more competitive grasses, herbaceous plants and scrub that otherwise take over, but also for spreading seeds.

Skånemejerier's milk suppliers contribute to the preservation of biodiversity by having animals on natural pastures. Our sustainability payment works in such a way that milk suppliers can receive points for working with measures that preserve biodiversity (see page 24).

## GRASS CULTIVATION IMPORTANT FOR BIODIVERSITY AND CARBON SEQUESTRATION

In Swedish agriculture, nearly 40 percent of the area is pasture and forage crops<sup>2</sup>, i.e. the cultivation of grass and clover for ruminant animals. Pasture cultivation binds considerable amounts of carbon into the soil, increases soil fertility, strengthens the soil<sup>3</sup>, and leads to more stable production and drought resistance<sup>4</sup>. Including pasture in the crop rotation not only provides feed for dairy cows, but also helps to increase the yields of other crops.

A diversity of species in the pasture also has a positive effect on biodiversity both above and below ground. Pest problems are reduced when the natural enemies of the pests are better equipped, which in turn reduces the need to use pesticides. Pastures contain both grasses and nitrogen-fixing plants such as clover, which means that the supply of nitrogen through fertilisation is lower. Common species are rye grass, timothy, red clover, white clover, lucerne, red fescue, meadow fescue and tall fescue. Research from the Swedish University of Agricultural Sciences (SLU)<sup>5</sup> shows that soil carbon content on dairy farms is higher than on pure crop farms.

By cultivating pasture land, dairy farmers produce high-quality roughage for their cows while at the same time storing carbon in the ground, increasing soil fertility and helping to ensure sustainable food production for the future.

<sup>1</sup> Anthology ed. Tunön, Sandell, 2021.

<sup>2</sup> Swedish Board of Agriculture, Agricultural land use 2022.

<sup>3</sup> Gould et al., 2016.

<sup>4</sup> van Eekeren et al., 2006; de Wit et al., 2013.

<sup>5</sup> Henrysson et al., 2022.



**34**

more days  
outside than is  
legally required in  
the region

## NATURAL HELP AGAINST PESTS

It is not only on farms that we want to protect biodiversity. We also want to make good choices at our own facilities. For example, we have set up bird of prey nest boxes at our facilities in Malmö and Kristianstad in the hope of getting natural help with pest control.



# ENERGY AT OUR DAIRIES

**Skånemejerier is a major consumer of energy in various forms. During the year, we have reduced our energy use, and we continue to strive for more sustainable and energy-efficient dairy production.**

## TOWARDS 100 PERCENT RENEWABLE ENERGY

Skånemejerier's operations use large amounts of energy, and our goal is to have a completely renewable energy supply by 2025. The energy that powers our four production plants is currently 98 percent renewable and comes from biogas, district heating from burning wood chips and certified green electricity (hydroelectric power with an associated Environmental Product Declaration). However, our dairies in Hjo and Kristianstad use a small amount of oil, which remains to be replaced with fossil-free alternatives.

Two of our facilities are operated entirely or partly on biogas. At our dairy in Malmö, we work according to what is known as the green gas principle or mass balance, which means that the supplier guarantees that an amount of biogas is always produced that is equal to the gas we buy for the dairy. We also hold a sustainability certificate from the Swedish Energy Agency, which ensures that the biogas used at the dairy is not produced from crops meant for food or animal feed.

At Hjordnära Mejeri in Hjo, biogas from a biogas facility on an adjacent dairy farm is used to generate heat and energy at the dairy. The biogas is produced mainly from manure, but also from waste water sludge and discarded products from the dairy, creating its own circular flow between farm and dairy. Despite a slight decline in biogas production in 2023 compared with the previous year, we see a positive trend in production over time, which has greatly reduced the need for oil at the facility.

## IMPROVEMENTS IN ENERGY USE

It takes a great deal of energy to produce dairy products. In addition to pasteurisation, process heat is needed to clean tanks and other production equipment and to heat premises. Electricity is required to power all the machines that produce, package and refrigerate the products in anticipation of transport to stores and customers.

Minor and major improvements – and committed employees – have led to a reduction in energy use per tonne of raw material compared with the previous year. However, energy use per tonne of raw material has increased by one percent compared with 2020, which is not in line with our target of reducing relative energy consumption by five percent by 2025. The main reason for the increase is that the production of long-life milk has increased, and this requires more energy-intensive production processes.

Cooling accounts for around 40–50 per cent of electricity consumption and all dairies have a pressing need for the right temperature to ensure product quality. One of the major projects in 2023 was carried out at the dairy in Malmö where the entire cooling system was reconstructed. Kristianstad Dairy has also completed a multi-year renovation project of its cooling system. Upgrades to the cooling systems have not only increased the energy efficiency of cooling, but also improved monitoring and safety.

An example of a minor adjustment during the year is an optimisation of circulation flows that have led to significant energy savings. Other examples of energy efficiency improvements include sealing compressed air leaks, replacing steam traps, replacing older equipment such as compressors, roller doors on cold stores, vacuum pumps and ventilation units. We also continue to switch to LED lighting and install motion detectors to regulate lighting in our facilities. We are continuing our efforts to improve energy efficiency and hope to see the impact of recently implemented and planned projects in 2024.





# WATER AND WASTE WATER

As a food company, we depend on fresh water for our production. Reducing water consumption is a major but necessary challenge and Skånemejerier is continuously working to find smart, technical solutions to reduce, recover and recycle as much water as possible.

## WATER CONSUMPTION

Skånemejerier, like many other companies in the food industry, needs a significant amount of fresh water. All facilities within the company need a continuous supply of good quality water for production, as an ingredient and for cleaning food equipment, but also for cooling some types of equipment. Without clean water, the facilities quickly shut down, which means that water consumption and waste water emissions are considered a significant sustainability risk in Skånemejerier's production.

Several factors determine how much fresh water we need: the type and number of different products produced and the size of each production run. For example, multiple smaller production runs lead to more rounds of cleaning per volume. Another factor is the type and amount of chemicals used, the temperature of the cleaning water, the time spent per rinse and the mechanical power of the pumps.

We work to reduce our water consumption through tracking, measuring, optimising and monitoring our consumption. Where possible, we work to circulate cooling water and recycle cleaning water. The main challenge in terms of water efficiency is that we handle food, which imposes strict requirements for food safety and makes it difficult to recycle water that has been in contact with organic material.

Our total water consumption in 2023 increased by one percent compared with the previous year, but the relative water consumption decreased slightly at the same time to 2.96 m<sup>3</sup>/tonne of raw material. Although the decline shows that the adjustments we made during the year helped make production slightly more efficient than before, relative water consumption has increased by 15 percent compared with 2020, which is a long way from our target of reducing relative water consumption by 3 percent by 2025 compared with 2020.

Our optimisation efforts will continue in 2024, and we have identified several minor and major potential improvements that will be implemented during the year. One change that is expected to have a relatively significant impact on water consumption is the conversion and expansion of

the central cleaning systems at the dairies in Malmö and Kristianstad, as well as Hjordnära Mejeri. For more information on our water use, see page 54.

## WASTE WATER DISCHARGE

Minimising the amount of dairy products that end up in waste water is a high priority for Skånemejerier. We constantly measure the content of fat and other organic substances in the waste water in order to be able to conduct monitoring and make improvements. Most of the water used at our facilities goes to municipal treatment plants, and a small amount of clean cooling water is returned to the storm water system.

Two of our dairies – Malmö and Hjo – have their own treatment plants that purify the water before it reaches a municipal treatment plant. The separated sludge is used for the production of biogas. In the autumn of 2023, the second phase of optimising the treatment plant at our dairy in Malmö began with the construction of a buffer tank that can even out the flow, pH and organic substances, thus enabling a more even and efficient treatment process.

There was a 14-percent reduction in waste water discharge at Skånemejerier's facilities in 2023 compared with 2020, measured as the amount of degradable organic material in the water (COD<sup>1</sup>). Our dairy in Malmö reduced emissions by 17 percent during the year, which is a combination of internal optimisation in the dairy and focused work with the treatment plant during the year. However, when the treatment plant is fully operational in 2024, we expect to see an even bigger difference in COD emissions and to continue with the positive trend in order to reach the target of reducing COD by 30 percent for Skånemejerier as a whole by 2025 compared with 2020. For more information on our waste water discharge, see page 54.

## ENVIRONMENTAL CASES DURING THE YEAR

In case of major deviations, Skånemejerier must notify the disruption to the relevant stakeholders. In 2023, Skånemejerier had eight environmental incidents that required notification to the supervisory authority. All deviations relate to unplanned waste water discharges, both of products and chemicals. The problems that caused the discharges were addressed by reprogramming equipment and new pumps, but with temporarily elevated discharges of organic matter to the local treatment plant as a consequence.

<sup>1</sup> COD means Chemical Oxygen Demand and is a measure of the amount of degradable organic matter in the water.



# WASTE-SMART DAIRY PRODUCTION

Food loss and waste occur at all stages of the food chain. Skånemejerier's work to reduce and prevent waste is based on the fact that we want to reduce negative climate and environmental impact while conserving resources, both in our own production and at the customer and consumer level.

## WASTE IN PRODUCTION

Waste occurs in different parts of Skånemejerier's production. Reducing waste is desirable from both an environmental and financial perspective, and our goal is to turn as much as possible of the milk that reaches the dairy into finished products that can be consumed. Otherwise, resources such as raw materials, energy, water, transport and packaging materials are consumed unnecessarily.

Raw material losses are calculated by comparing the amount of fat and protein that comes into our dairies in the form of milk and cream with the amount that goes out to customers and consumers. The difference is considered waste, or losses, and can be attributed to different stages of the production process.

Some loss of raw materials occurs when we clean tanks and other equipment as a small amount of product is lost during the first cleaning phase. This mixture of milk product and water usually goes into animal feed. In the later phase of the cleaning process, the proportion of milk decreases and the cleaning water goes into the waste water instead; some of it becomes sludge in our treatment plants, which is then turned into biogas. Waste can also come from unplanned emissions, for example due to equipment or software failures, or from production mishaps.

We are constantly working to minimise raw material losses in our production. In 2023, technological improvements and process optimisation led to a reduction in raw material losses, with an overall reduction of 34 percent in fat losses and 21 percent in protein losses compared with 2020.

## LOSS OF FINISHED PRODUCTS

The products that leave our dairies must meet our high quality standards. Products that do not fulfil the requirements are discarded – this may be due, for example, to deviations in packaging weight, pH value, sugar or fat content. The same applies to lab samples and start-up samples. To extract the contents, the cardboard packaging is crushed at the dairy,

and the content is sent to feed production while the packaging goes to material recycling. Plastic packaging, such as for quark and crème fraîche, is taken care of by a local waste contractor. Here, the content goes to the production of biogas instead, while the packaging goes to material recycling.

## THE BEST WASTE SOLUTION IS TO AVOID CREATING IT

We use accurate forecasting to produce the right amount of goods at the right time. In cases where goods are not sold as forecast, we work actively with other operators to avoid discarding them and thus reduce food waste. In the first instance, we offer our customers the goods at a reduced price, so that they in turn can offer their consumers favourable deals in store. We have also established close collaboration with several local authorities that are happy to buy volumes to be consumed within a relatively short time at a reduced price.

The goods that are not sold at a reduced price are donated to the Stadsmission organisations in Skåne, Stockholm and Gothenburg instead, which ensures that the products are used in breakfasts, lunches and food parcels for the needy, or in the social supermarket Matmissionen. In 2023, a total of over 58 tonnes of food was donated.

As a last resort, the products we have not been able to sell or donate are discarded. Owing to established processes and a focus on clearance sales and donation, the proportion of discarded products out of the total amount of products sold is low and amounted to 0.13 percent in 2023, as in the previous year.

## CONSUMER FOOD WASTE

Food waste occurs throughout the food chain, but most of it is generated in households. Around 18 kilos of liquid food and drink is thrown away per person each year and, according to the Swedish Environmental Protection Agency, dairy products top the list after coffee and tea<sup>1</sup>.

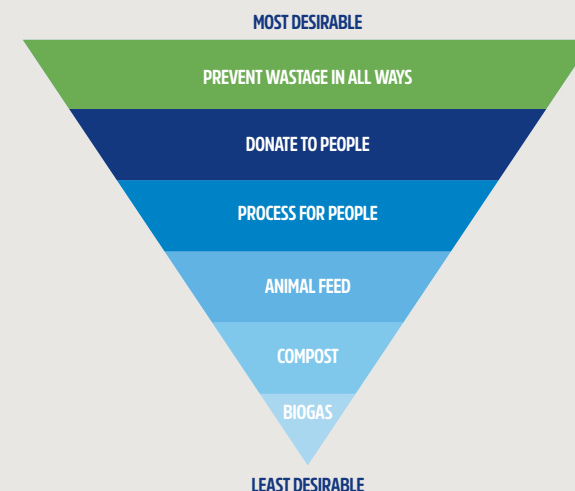
In addition to offering products with an extended shelf life, we work continuously to improve packaging so that our products last as long as possible. We also issue regular communications about food waste to give consumers information about ways to reduce their own waste, including by labelling our milk packaging 'best before often good after'. We always encourage consumers to look at, smell and taste the product to determine whether it is still usable, and we also provide tips such as freezing milk, cream and cheese if they are approaching their best-before date.

<sup>1</sup> Mängd mat och dryck via avloppet från svenska hushåll 2021: <https://www.naturvardsverket.se/om-oss/publications/6900/missing-food-and-drink-via-sewage-from-swedish-houses-2021/>



## THE WASTE FUNNEL

Model from the Matsvinnet association, 2018.





# WASTE AND RESIDUALS

The best waste is that which does not occur. Our goal is to stay at the top of the 'waste staircase' at all times by working preventively to avoid waste. In cases where residues arise from our production nonetheless, we should ensure that they are taken care of for processing, feed production or biogas production.

## RESIDUAL PRODUCTS BECOME ENERGY AND NEW PRODUCTS

Biological residual products that cannot be used as food for humans are primarily used for feed production. Secondly, biological waste, such as some discarded products, cheese crumbs and sludge from treatment plants and grease traps, is sent to biogas production. The biogas produced can then replace fossil fuels in other parts of society.

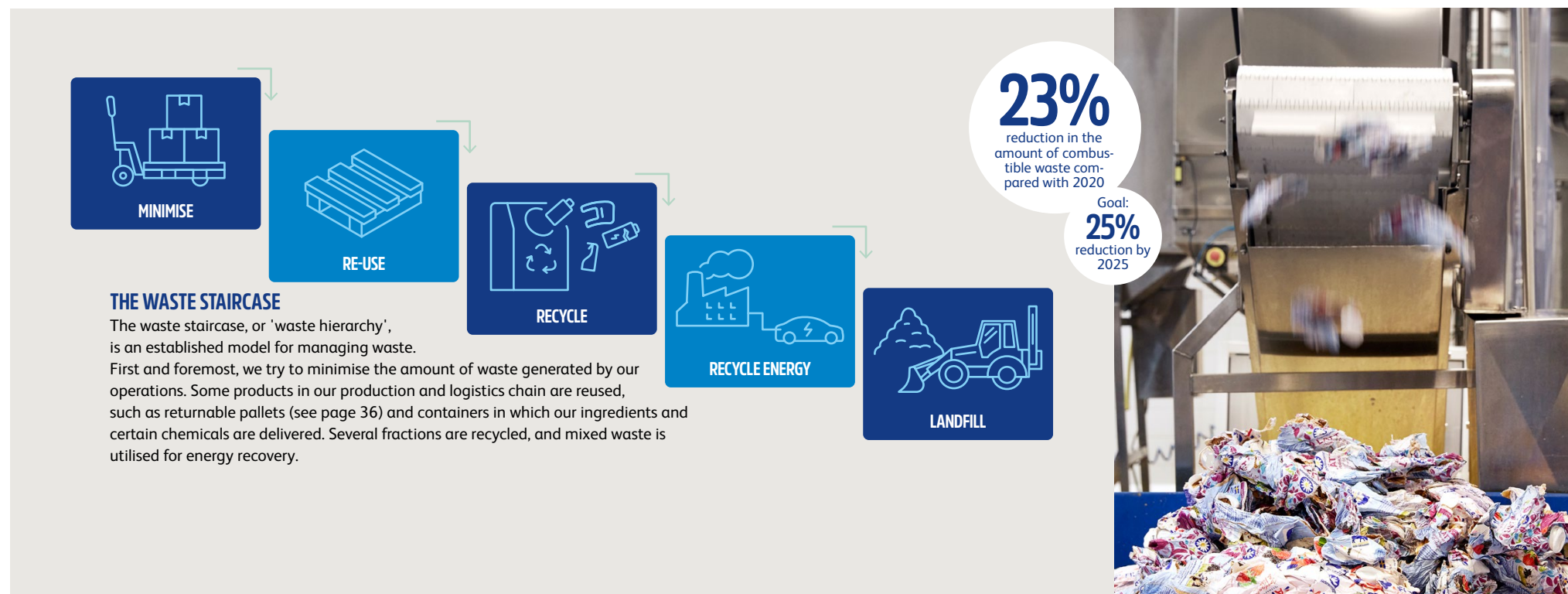
At our dairy in Kristianstad, we concentrate our surplus skimmed milk and sell it on to other industries for further processing. Another example is whey, which is a by-product of cheese and quark production and consists of water, water-soluble proteins, lactose and some minerals and vitamins. By partially concentrating the whey, we can sell it on for use in food and animal feed.

## CONTINUED REDUCTION OF COMBUSTIBLE WASTE

Our two major dairies handle more than 30 different types of waste. As much as 80 % of our waste is some form of biological waste used as animal feed or for biogas production. The waste fractions that can be recycled, such as corrugated cardboard, plastic and wood, account for 15 percent and are taken care of by our local subcontractors for proper management.

Around five per cent of our waste is considered unsorted combustible waste, and we are working to reduce this proportion. The waste consists of mixed waste types that cannot be recycled and are therefore sent for energy recovery. Waste sorting is carefully monitored and there are continuous improvements linked to our environmental management system in the form of training, evaluation and information.

In 2023, we reduced the amount of combustible waste by seven per cent compared with 2022. So far, the amount of combustible waste has been reduced by 23 percent since 2020, which shows that we are well on track to reach our target of a 25-percent reduction by 2025. The outcome is the result of a combination of better monitoring in all departments and the restructuring of waste bins and containers. For more information on combustible waste, see page 54.



# GOOD PRODUCTS IN GOOD PACKAGING

At Skånemejerier, we believe that good products deserve good packaging. Good packaging should ensure that flavour, texture and quality are preserved, while having as little impact on our environment as possible. To achieve this, we continuously improve and develop our packaging solutions – with the aim of finding the best packaging for every product.

## TOWARDS MORE SUSTAINABLE PACKAGING

We are constantly working to improve our packaging. The challenge is to develop the best packaging from an environmental perspective without compromising either food safety or ease of use. The main purpose of packaging is to protect the contents for as long as possible. At the same time, it should make it easy to get all the content out – so that as little as possible is wasted.

Our efforts to develop our packaging follow our packaging policy. The policy is updated as needed by our Packaging Committee, which consists of representatives from purchasing, production, marketing, product development and sustainability. Within the committee, we keep abreast of developments in materials and packaging functions. Skånemejerier's focus is to reduce the amount of material, shift to renewable or recycled packaging materials and increase the proportion of recyclable packaging. As part of our responsibilities as a manufacturer, we are connected to the national recycling scheme NPA (Näringslivets Producentansvar), which helps us to ensure that the packaging we put on the market can be collected and recycled.

Packaging for imported products from the Lactalis Group is being developed in line with the Group's packaging policy. We ensure that all imported packaging complies with Swedish laws and requirements, as well as Skånemejerier's own packaging policy.

## MORE PACKAGING THAT CAN BE RECYCLED

By 2030, 100 percent of our packaging should be both recyclable and made from recycled or renewable materials. In 2023, the proportion of recyclable packaging was 96 percent, the same as in 2022.

Skånemejerier has signed up to the Plastic Initiative from DLF (The Swedish Grocery Suppliers' Association) which commits us to working towards 100 percent recyclable packaging by 2025.

In 2023, 81 percent of our plastic packaging was recyclable. With the opening of Site Zero, the world's largest and most modern plastics recycling facility by Svensk Plaståtervinning, more plastics will be recyclable from 2024.

Some plastics are not currently recyclable but have properties that are needed for a particular production process or to best preserve the flavour and quality of the product. During the year, we switched to recyclable plastic for crème fraîche cups. We are continuing to look for solutions for sour cream as the current type of plastic works better from a quality perspective.

One of our challenges is the plastic films used for packaging cheese, which are often made of composite materials. During the year, a new packaging for our 'household cheese' was launched, made of a recyclable mono-material, i.e. a material consisting of only one type of plastic. During the year, we also carried out extensive tests with mono-materials on other cheeses.

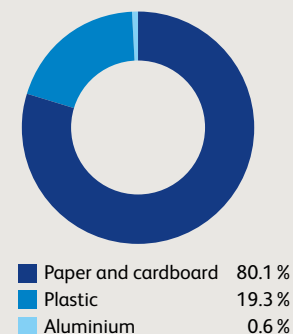
In addition to changes in the choice of materials, we endeavour to simplify the recycling of our packaging, both by choosing packaging that is easy to empty and by providing information to the consumer about how to recycle the packaging.

## MORE RENEWABLE AND RECYCLED MATERIALS

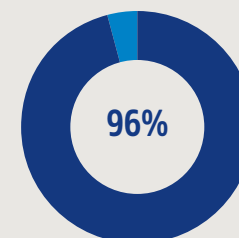
In 2023, the proportion of renewable or recycled packaging materials was 80 percent, which is the same as in the previous year. We aim to use renewable and recycled materials in our packaging, but one challenge is that many recycled materials are legally prohibited from being used in direct contact with food. This means that we, like many others in the industry, have to use virgin plastic in some of our products. However, we try to maximise the proportion of recycled paper raw material in the part of the packaging that is not in contact with the contents. In 2023, 80 percent of all our packaging material was made from renewable paper and cardboard. Some of our cardboard packaging also has plastic from renewable sources in caps and plastic film.

## PROPORTION OF RECYCLABLE PACKAGING AND RENEWABLE/RECYCLED PACKAGING MATERIALS<sup>1</sup>

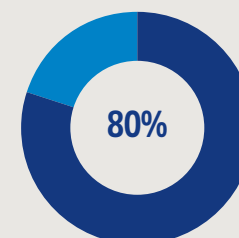
### TOTAL MATERIAL



### PROPORTION OF RECYCLABLE MATERIAL



### PROPORTION OF RENEWABLE MATERIAL



<sup>1</sup> Includes all packaging materials for own-manufactured and imported products sold on the Swedish market and reported to the Näringslivets Producentansvar (NPA, formerly FTI). Exported products and products where the customer reports packaging data to the NPA are not included.







**96%**

recyclable  
packaging

Goal:  
**100%**  
recyclable  
packaging  
by 2025

## LESS MATERIAL

Skånemejerier is constantly working to reduce the amount of material in our packaging without affecting the ability of the packaging to preserve the quality or life of the product.

During the year, we removed the handles on our yoghurt containers, which has led to a reduction in material consumption and more efficient production. We work closely with our customers and suppliers to find ways to reduce the amount of packaging material.

## REDUCING THE ENVIRONMENTAL IMPACT OF OUR PACKAGING

We endeavour to reduce the environmental impact of our packaging, for example by purchasing packaging from suppliers with ISO 14001 certification. In addition, we endeavour to use FSC®-certified<sup>1</sup> raw material in all our corrugated paper and cardboard packaging, which ensures that we use paper raw material from responsibly managed forests. We also ensure that our packaging suppliers use functional and environmentally friendly dyes and adhesives.

In our production, we actively search for optimal solutions in terms of machine functionality and efficiency that can reduce waste in production. We also strive to minimise different types of transport by working smart in terms of packaging volume and weight.

## AWARD-WINNING CHEESE PACKAGING OF MONO-MATERIAL

In 2023, we gave our 'household cheese' a new type of packaging made of a recyclable mono-material. This means that the material consists of only one type of plastic with the same chemical composition, which makes it possible to recycle it and turn it into new plastic packaging, something that was not possible with the previous packaging. This is the first cheese film packaging on the market to be thermoformed to a depth of 15 cm and to fulfil all requirements for recycling. That is the reason it was chosen as the winner of the Food Packaging category in the Packnorth Awards 2023 Nordic packaging competition.



# TOWARDS FOSSIL-FREE TRANSPORT

Transport plays an important role in ensuring that our products reach customers and consumers safely and securely. But even though transport accounts for a small proportion of Skånemejerier's total environmental and climate impact, we are keen to keep it as small as possible. We are therefore working towards achieving 100 percent fossil-free domestic transport by 2025 through fuel switching, optimisation and efficiency improvements.

## THE WAY TO FOSSIL-FREE DOMESTIC TRANSPORT

Skånemejerier's domestic transport includes both collections from farms and deliveries to stores and other customers. Since 2023, we run parts of our local distribution in-house, which includes 21 lorries and 45 employed drivers. In addition, we work with a number of external haulage companies.

Emissions from our transport should be as low as technically and financially feasible. We are working to make both infrastructure and distribution networks more efficient, including through increased collaboration with other operators. We also optimise our routes to reduce the number of vehicle kilometres and to have fewer lorries on the road. Vehicles should be driven in a way that achieves fuel efficiency.

Skånemejerier has signed up to the DLF's Transport Initiative, which aims for its member companies' own and purchased domestic transport to be 100 percent fossil-free<sup>1</sup> by 2025. In 2023, 97 percent of our domestic transport was fossil-free, which represented a recovery compared with 2022 (91 percent). The challenges in 2022 were mainly due to an increased proportion of fossil fuel in collaborative transport, i.e. transport where our products are transported together with other manufacturers' products. In 2023, we reversed this trend by means of measures taken with our carriers. For our proprietary transport vehicles, we run on 100 percent fossil-free fuel. All milk collection and transport between our facilities is done exclusively with HVO and biogas as fuel.

## RENEWABLE DIESEL, BIOGAS AND ELECTRICITY

In order to transition to a completely fossil-free vehicle fleet, we need to use several different fossil-free fuels. HVO is a 100 percent renewable fuel that is chemically identical to fossil diesel, but with carbon dioxide emissions that are almost 90 percent lower. The fuel can be produced from, for example, forest waste and rapeseed, and since 2019 we only use certified palm-oil-free HVO in our transport. For Skånemejerier,

HVO currently constitutes a significant part of our fossil-free fuels, and we secure the supply of this fuel through long-term collaborations with our haulage companies. We have our own fuel station with HVO at our dairy in Malmö.

We use biogas-powered lorries for some domestic distribution. In 2023, our hauliers invested in more gas vehicles, and we use several biogas-powered lorries for distribution to customers in Österlen. In 2023, we also commissioned the first biogas vehicle for milk collection.

We have conducted tests with an electric lorry that produced good results, and our first electric lorry is expected to come into service in the spring of 2024. We want to be involved in further advancing the electrification of heavy transport, but we see deficiencies in current infrastructure and long delivery times for electric lorries, which create challenges for continued electrification at present. We therefore continue to participate in regional initiatives for the electrification of the transport sector, such as Skåne's Electrification Pledge.

## CLIMATE BENEFITS WHEN FRUIT AND DAIRY PRODUCTS ARE TRANSPORTED TOGETHER

Following a collaboration launched in 2020, Skånemejerier now distributes dairy products collaboratively with fruit and vegetable suppliers in fifteen municipalities in Skåne. Mixed loading reduces the transport of food to municipal catering facilities, such as schools and care homes, by 30 to 40 percent. As these transports account for a large part of the municipalities' total greenhouse gas emissions, the collaboration means a climate benefit for the whole of Skåne. In addition to the climate benefits, collaborative distribution also means cost savings for the municipalities. They also help to reduce heavy traffic around schools and in

preschool settings, where children are constantly on the move. We will further expand our collaborative distribution in 2024.

## MORE CARGO PER VEHICLE MEANS LESS TRANSPORT

Skånemejerier is participating in the Swedish Transport Administration's project to reclassify our nationwide roads to Load-Carrying Capacity Class 4 (BK4). Load-carrying capacity describes how much weight vehicles can carry on a bridge or road, and the load-carrying capacity class determines what vehicle weights are allowed.

The reclassification of regional roads to BK4 in 2023 means that we can load up to 74 tonnes per lorry, an increase of 10 percent per lorry. More cargo per vehicle means fewer lorries on the roads. In 2023, we rolled this out in both distribution and milk collection by expanding the number of areas in Malmö and Kristianstad where we operate with greater weight.

## RETURNABLE PALLETS ARE BETTER FOR BOTH THE CLIMATE AND THE WORK ENVIRONMENT

In 2023, Skånemejerier completed work on replacing EUR pallets with returnable pallets from Svenska Retursystem (SRS). The returnable pallets have several advantages. In particular, they can be used up to 104 times before being discarded, compared to EUR pallets which can be used on average almost nine times. The fossil oil and primary energy use during the lifetime of the returnable pallet is also lower than for EUR pallets, and, in addition, they weigh significantly less. Weighing 14.8 kg instead of 25 kg, the returnable pallets provide an improved working environment with less heavy lifting.

<sup>1</sup> For transport to be classified as fossil-free, the fuel must provide an emission reduction of at least 70 percent compared to fossil fuels. For more information, see [www.dlf.se/transportinitiativet-2025/](http://www.dlf.se/transportinitiativet-2025/).







## SUSTAINABLE RELATIONSHIPS



# SKÅNEMEJERIER AS A WORKPLACE

With our core values – ambition, engagement and simplicity – as a starting point, we at Skånemejerier work every day to become Sweden's most sustainable dairy. In 2023, we had a particular focus on our core values and our safety work.

## CONTINUED FOCUS ON OUR CORE VALUES

Our core values of ambition, engagement and simplicity are global and permeate the entire Lactalis Group. The values are kept alive every day through our people, how we act and how we behave towards one another. The values are also the basis for how we work together, and how we create engagement and satisfaction in our workplace. They are therefore also a natural part of our recruitment processes and a focus of all performance reviews.

We are convinced that our core values can help strengthen cohesion and our internal consensus, which is why we have continued to focus on this in 2023. During the year, we conducted workshops in almost all teams in the company where our values were discussed and defined based on what they mean for that particular team. The teams also developed proposals on how to keep those values alive in everyday life. These values are also reflected in our Code of Conduct, which sets out how employees should act in different situations. If any employee sees something that is not right or is in breach of our Code of Conduct, they are encouraged to report it immediately through the Lactalis Group's whistleblowing platform Lact@Lert, which was launched in 2022 (see page 16).

In 2023, Lactalis launched a new leadership model, the Lactalis Leadership Model, aimed at both managers and employees. The model is based on four areas – Care, Share, Dare and Inspire – and 16 behaviours that, like our core values, should guide us in leading others and ourselves in our daily work. During the year, all administrative staff benefited from a digital training programme that explains and demonstrates examples of our leadership model. To further understand and incorporate the model into our everyday life, all teams will take part in a workshop where the model is discussed, and strengths and areas of development for the team are identified.

To achieve our Better Together strategy, we have chosen to focus on two of the behaviours in 2024 and make them measurable targets in all employee objectives. To further emphasise the importance of these behaviours, we have designed some of our interview questions based on these behaviours.

## AN INCLUSIVE WORKING ENVIRONMENT

At the turn of the year 2023/2024, Skånemejerier had 779 employees at our production facilities, our head office and in our sales force across Sweden. Staff turnover stood at 5.9 percent, with the highest turnover among administrative staff. In total, the number of employees increased in 2023, which is partly due to the fact that in the spring we took the decision to operate direct distribution in-house and hired several drivers and transport managers.

At Skånemejerier as a whole, we are 26 percent women and 74 percent men. The distribution differs between departments, where we have 45 percent women among our administrative staff, but only 11 percent women in warehousing and production. In terms of leadership, 29 percent of managers are women while 71 percent are men. In our management team, the distribution is somewhat more even, with 33 percent women and 67 percent men, while in the Board of Directors it is 25 percent women and 75 percent men.

In 2023, we started working with municipalities to match our skills needs with people who are further away from the labour market, something that will continue in 2024.

We strive for an inclusive working environment where all employees are treated equally with respect, consideration and appreciation. By recognising and embracing differences, we gain a broad and varied range of experience, which is a significant asset. In 2024, work will be done to update our diversity policy and to set new targets for our diversity work.

## ACTIVE MEASURES AGAINST DISCRIMINATION

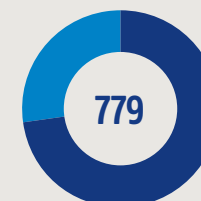
Salaries are set individually and are primarily based on performance, but also take into account experience and market salary levels. We take an active stance against pay discrimination and take several measures to counter its occurrence. One example is our annual salary survey to detect, manage, address and prevent unfair differences in pay and other employment conditions between men and women. The 2023 salary survey found no unjustified differences.

Skånemejerier works with a structured recruitment process based on a clear requirement profile. This means that recruitment is based on the requirements of the post in terms of personal characteristics, experience and knowledge, which reduces the risk of discrimination.



## OUR STAFF IN FIGURES

### EMPLOYEES



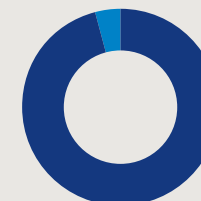
Men 74 %  
Women 26 %

### AGE DISTRIBUTION



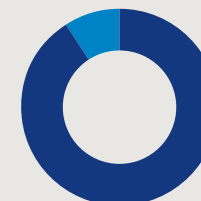
under 30 years of age 15 %  
30–50 years of age 54 %  
over 50 years of age 31 %

### FORM OF EMPLOYMENT



Permanent employees 92 %  
Fixed-term employees 8 %

### FULL-TIME/PART-TIME



Full-time employees 89 %  
Part-time employees 11 %

For more detailed information, see page 55.



## HEALTH AND WELL-BEING IN OUR WORKPLACE

In 2023, sickness absence fell to 4.3 percent (5.3 percent % in 2022). Our target for sickness absence is 4.0 percent, and we continue to work with managers, HR and occupational health services to proactively prevent both long-term sickness absence and repeated short-term sickness absence.

One of the main risks in working life today is excessive workload leading to stress-related problems. Our managers are carefully selected, and we also ensure they receive training in various areas to equip them to take care of their staff. Our employees have clearly set objectives and job descriptions that clarify expectations, which helps to provide clarity and reduce stress. For office workers, sedentary behaviour and unnecessary strain from computer screen work are additional risk areas. The risks to our employees in the production environment relate primarily to the physical working environment (see page 42). In 2023, training was provided to all shift workers on sustainable health and how to manage their health and lifestyle when working shifts.

## COLLECTIVE AGREEMENTS FOR ALL EMPLOYEES

All Skånemejerier employees are covered by a collective agreement with guidelines for how we deal with setting salaries, compensation in case of illness and parental leave. Representatives from the company and the trade unions work together on a continuous basis to develop and improve Skånemejerier as a workplace. Skånemejerier also participates in the Lactalis Special Negotiation Board, which is a forum where employee representatives from different countries meet company representatives from the Group to discuss issues that transcend national boundaries.



## STAR OF THE QUARTER AND THE YEAR

Since 2020, employees who have gone the extra mile for the company and who have particularly lived up to one or more of Skånemejerier's values can be nominated and awarded the Star of the Quarter.

After the end of the year, employees will have the chance to vote from among the four quarterly winners to select the Star of the Year. In 2023, the winner was Stefan Borg, product developer. During the year, we also awarded prizes to various initiatives that have been particularly successful and important for our organisation, such as in the categories of Sustainability, Safety and Quality.



Join the  
**#LACTALIS  
EXPERIENCE**

## #LACTALISEXPERIENCE

Skånemejerier is a local company in many ways, but at the same time part of the world's largest dairy group. We recognise the value of local production and the strengths of global collaboration. Employees have access to an international network of 85,500 colleagues in almost 100 countries. #LactalisExperience is our way of highlighting the benefits and experiences of being part of the Lactalis Group from the employees' perspective.

# ENGAGED EMPLOYEES PROVIDE ADDED VALUE

To create engagement and participation, it is important that all employees know and support the company's objectives, plans and decisions. It is also important that we listen to our employees and create opportunities for dialogue.

## BETTER INFORMATION OUTSIDE THE ORGANISATION

Our internal communication plays a key role in driving engagement and participation among our employees and helps to create an understanding of both the company's goals and how their own work fits into the whole. Since many of our employees do not have access to a computer or telephone during their work, we are constantly striving to optimise our information flows at the facilities to reach as many people as possible.

In 2023, the Manager Forum digital meeting was extended to a physical meeting every month. The purpose of the forum is to ensure that all managers in the company are provided with information about the company's progress and current issues. By having all managers participate in the Manager Forum, we also create better communication with employees.

The year also saw the introduction of all-staff meetings. The concept is similar to the Manager Forum, but is aimed directly at employees, and the all-staff meetings take place quarterly for those working at the dairy in Malmö and Kristianstad.

To contribute to our staff's development and career opportunities, we have also started presenting vacancies and staff who have made internal career moves via our internal information screens.

## PERFORMANCE APPRAISALS PROVIDE AN OPPORTUNITY FOR FEEDBACK

It is crucial that we can offer our staff the opportunity to continue to grow and develop, which also requires clear leadership as well as effective and supportive development processes throughout our organisation.

The performance appraisal is an important tool for driving development and performance in our company, and it is through these discussions that we strengthen both the organisation and the individual. Appraisals address the whole work situation and take a long-term approach with feedback, evaluation and planning. We believe that having a career within the company is very important for both the individual and the company, which is why we have established a clear process for talent development and succession planning. Individual objectives and development plans are documented in the Lactalis Group's group-wide system Lactalent.

## OUR EMPLOYEE SURVEY SHOWS THE WAY FORWARD

The employee survey Atmosphere, which was last conducted in December 2022, gives us a picture of how everyone who works at Skånemejerier experiences their work environment. The survey gives us an insight into what works well and what we can improve. In the future, the employee survey will be conducted every other year according to a timetable, with the next survey taking place in December 2024.

The response rate in the latest survey was a record 90 percent, indicating a strong willingness to provide feedback. Based on the latest results, we are working at both corporate and team level on action plans that focus on our culture, security, internal communication, and systems and processes.





# GREAT OPPORTUNITIES FOR DEVELOPMENT

**We want to attract, develop and retain the best talent, and we therefore place considerable emphasis on training, leadership and professional development. By providing both internal and external training programmes, we contribute to our employees' skills development and enable the continued growth of our business.**

## WE INVEST MORE IN EDUCATION AND TRAINING

Investing in our employees' training is an important way to strengthen Skånemejerier's long-term competitiveness and employer brand, but above all it contributes to our employees' well-being and to their feeling appreciated. In 2022, our training investments were 0.9 percent of the total salary cost for employees, which is in line with our target. In 2023, the target was increased to 1.0 percent, and 0.98 percent of the salary budget was spent on training, particularly in industry and dairy technology, safety and leadership.

In 2023, two more employees at our production in Malmö completed a dairy technical training programme. Employees keep their salary during the programme; the training takes eighteen months and is held at Kold College in Odense, Denmark.

The year also saw a second cohort graduate from our internal cross-functional talent programme, the Academy, which targets employees who show great potential and have the ambition to grow and develop to accede to new responsibilities and roles. The programme includes lectures, group exercises and study visits focusing on both joint and individual projects. Several of the 2022–2023 participants have taken on new managerial roles or increased responsibilities in their current roles.

New for 2023 is the Leadership & Growth programme, the concept for which is based on the Academy but is aimed at managers with the ambition to develop and who live our core values. The aim is to provide managers with tools and training on how to continue driving change and development, both in their own teams and cross-functionally within the company.

Since 2021, we have also been working with our Young Talent trainee programme to coach the next generation of leaders. The programme lasts for up to 18 months and is a good career opportunity for those interested in fast-moving consumer goods with a focus on food. In 2023, three new trainees were recruited in different parts of the company.

## EMPLOYEES WHO ALWAYS LEARN MORE

Our global training platform, the Lactalis Learning Factory, provides more than 100 digital training programmes and is constantly evolving.

In 2023, the number of completed unique training programmes increased from 54 to 88 and, in total, Skånemejerier's employees spent 1,075 hours on further development provided digitally. The training programmes that are completed by the most employees are the Lactalis Leadership Model and the mandatory training programmes on GDPR, anti-corruption and competition law.

At Skånemejerier, we are proud to be able to frequently promote existing employees to leading positions within the company and, to support this, we organise internal leadership training for new managers every year. The programme highlights our core values, coaching, feedback and difficult conversations, group dynamics and leading change. In 2023, we also continued to offer several courses for managers such as Coaching Leadership, Labour Law, Work Environment and Communication and Leadership.



## CAREER COMPANY OF THE YEAR 2023

For the third year in a row, Skånemejerier was nominated as one of Sweden's Career Companies. The Career Companies Award recognises employers that provide unique career and development opportunities for young people. Based on our work with our core values, Skånemejerier is once again on the list of the 100 Swedish companies that have managed to profile themselves as Sweden's most attractive employers.



# HEALTH AND SAFETY AT WORK

The health and safety of our employees is a very important issue. This is why we are working to build a strong safety culture where all employees should always put safety first.

## SAFETY IS THE HIGHEST PRIORITY IN OUR WORK ENVIRONMENT MANAGEMENT

Within the Lactalis Group, we have what is known as a Safety First Approach, which means that we constantly work to improve our work environment and ensure that safety comes first. The group-wide strategy for health and safety has been broken down for Skånemejerier as a whole as well as for each facility, which creates a common thread in our safety work, from group level down to each department.

A local policy has been established, based on the Group's overall policy, for how we at Skånemejerier should work systematically with our work environment. It describes how operations should be conducted by tracking risks according to systematic work environment management with measures and action plans.

The Safety Committees at all facilities are important forums for safety development work and consist of employer representatives, safety representatives and trade union representatives who meet once a quarter. These deal with health and safety issues, safety inspection reports, possible injuries, near misses and measures to be taken. All departmental meetings at our production facilities must put safety as a mandatory first item on the agenda.

## FOCUSED EFFORTS ON SUSTAINABLE HEALTH

In 2023, a health initiative was implemented at our facilities, involving all employees being trained in sustainable health. This included employees learning more about their own health and receiving practical advice on how to create a sustainable healthy lifestyle with little effort. We also organised a targeted training course in Health-promoting Leadership for our managers, where they gained insights into how to identify early signs of ill health among employees and how to conduct a health conversation. All participants in these training programmes were also offered a digital health check with counselling.

## CONTINUED FOCUS ON REPORTING OF NEAR MISSES

The number of reported near misses is one of our key indicators in our work environment programme. It shows that our employees recognise and take the time to report near misses, which is crucial for us to be able

to work together on prevention and create a safer workplace. Near misses show where there are workplace risks and represent an undesirable event or situation that could have led to health problems, illness or accidents.

In 2023, communication on the importance of reporting of near misses and risk observations continued. The reporting of near misses has increased significantly, and we can see that the investments made in safety culture and the physical work environment over the past year have produced good results. The number of near misses and risk observations reported during the year was 818, exceeding our target of 680.

## ACCIDENTS WITH ABSENCE

Another key figure that is in focus in our work environment work is Lost Time Incident (LTI)<sup>1</sup>, which shows the accident rate in our company. For 2023, the accident rate was 9.92 LTIs, a slight increase from 2022, compared with our target of fewer than 8.16 LTIs. The target is based on the previous year's results and our ambition to improve by 15 percent compared with the previous year. For more information on occupational injuries, see page 55.

## ENHANCED EFFORTS TO IMPROVE OUR WORK ENVIRONMENT

In 2023, we launched our behavioural safety programme Safety Observation Visits (SOV). Employees and managers, accompanied by an SOV observer, conduct a conversation to review safety procedures and how they are complied with, or whether they are missing in people's daily work. This is an opportunity for participants to synchronise their views of safety and work to find synergies with other parts of the business as well as learn from one another. The aim is to facilitate an ongoing dialogue on safety and the work environment between employees and managers, and to actively work together in our daily lives to strengthen our safety culture.

In our strategic plan to 2025, machine safety has been identified as a key project. In 2022, we started an inventory of our machinery and equipment to validate machine safety together with an external party. The project is expected to run for several years.

During the year, we carried out focused communication activities to further promote our safety and work environment efforts. In the spring, we organised our annual safety week, this year focusing on a healthy working life. During the autumn, we trained our employees in our golden safety rules, which are the cornerstone of a safe workplace.

<sup>1</sup>The Lost Time Incident rate is a standardised measure of the frequency of accidents. This is achieved by multiplying the total number of accidents resulting in more than one day's absence by one million and then dividing by the total number of hours worked.





# SUPPLIER-LEVEL RESPONSIBILITY

**In addition to milk, Skånemejerier buys a variety of products and services from both local companies and large global suppliers in different industries. We therefore have a considerable responsibility to ensure that our supply chain is responsible and sustainable, and our ambition is that our actions will have a positive impact on our suppliers, their environmental performance and their employees.**

## OUR SUPPLIERS

Skånemejerier Ekonomisk Förening is our single largest supplier, providing us with raw milk from nearly 290 farms in Skåne and southern Sweden (see page 23). In addition to our main raw material – milk – we also purchase other types of materials and raw materials used in our products, such as packaging and ingredients, as well as indirect products and services such as energy and production equipment. Our suppliers have either a global agreement with the Lactalis Group or a local agreement directly with Skånemejerier. In addition, we also buy products from other subsidiaries within the Lactalis Group, such as various products under the Président and Galbani brands, which we sell on the Swedish market. Some of our products are also manufactured by external contract manufacturers that are not part of the Lactalis Group.

## SELECTION OF SUPPLIERS

To become an approved supplier to Skånemejerier, it is necessary to go through our supplier procedure, which includes signing the Lactalis Group's quality and food safety requirements as well as the Lactalis Group's Code of Conduct for Suppliers. By doing so, the supplier undertakes to operate in accordance with applicable laws and regulations on food quality and safety for the products and services supplied. Regular quality and product safety audits are also carried out by auditors trained and authorised by the Lactalis Group to ensure that our suppliers live up to our high standards. The frequency of the audits depends on the outcome of the risk assessment we do of each supplier, which is carried out according to documented guidelines.

## CODE OF CONDUCT FOR SUPPLIERS

We require our suppliers to conduct their operations responsibly. This means following both the Lactalis Group's Code of Conduct for Suppliers and international human rights standards, such as the UN Declaration on Human Rights and the International Labour Organisation (ILO)'s core conventions.

We also expect our suppliers to work actively to reduce their environmental impact. The Lactalis Group Code of Conduct for Suppliers covers both direct and indirect suppliers with local or global agreements, as well as contract manufacturers. In contrast, milk suppliers are not covered by the Code of Conduct, but are governed instead by a well-developed certification programme that addresses issues such as the environment, animal welfare and health and safety on farms (see page 23).

The Lactalis Group's Code of Conduct for Suppliers was introduced in 2023, and all our major suppliers have been asked to sign the code during the year. During the transition period, Skånemejerier's own Code of Conduct has continued to apply to those suppliers who have not yet signed the group's Code of Conduct.

Global suppliers, who supply several companies in the Group with items such as packaging and ingredients, sign the Code of Conduct at a global level. All direct suppliers with local contracts with Skånemejerier have either signed the code or have referred to their own code of conduct with equivalent requirements.

Among indirect suppliers, the new Code of Conduct has mainly been signed by suppliers with whom we place recurring orders, as well as suppliers of chemicals, energy or other products with a potentially significant environmental impact. The roll-out will continue among the remaining indirect suppliers in 2024. As regards external contract manufacturers, a majority have signed or refer to their own equivalent codes of conduct. The roll-out will continue in 2024.

The Lactalis Group's whistleblowing platform, Lact@Lert (see page 17) is open to suppliers, contractors and subcontractors of the Lactalis Group and their employees who wish to report behaviours or events that are against the law, or against the Group's internal rules or procedures.

## SUSTAINABILITY RISKS IN OUR VALUE CHAIN

Our operations, as well as the activities upstream and downstream in our value chain, have an impact on both people and the environment. We strive to manage and minimize negative impact and utilize opportunities to create positive change.

Among our ingredients are a number of crops, such as cocoa, coffee and vanilla, which may be associated with risks to human rights and the environment in the value chain. Here we work with established actors who take responsibility in the entire supply chain. In 2023, we have switched to using only certified cocoa in our products.

Risk crops can also be found in cattle feed. We therefore require that all soy that is included in feed for the animals on the farms in Sweden that supply milk to us must be certified in accordance with the criteria from the Round Table on Responsible Soy Association (RTRS) or ProTerra<sup>1</sup>. There are currently no corresponding requirements for palm oil products, but we welcome the Swedish Grain and Feed Trade Association recommendations regarding fat products from oil palm. These guidelines state that all oil palm fat products included in products are used in Swedish feed production must meet the certification requirements according to criteria established by the Roundtable on Sustainable Palm Oil (RSPO) by the end of 2024 at the latest.

In 2023, we began an analysis of our value chain to identify possible negative impacts in human rights, the environment and biodiversity, see page 52.

<sup>1</sup>Round Table on Responsible Soy Association, RTRS, and ProTerra Foundation are two non-profit organisations that promote the growth of production, trade and use of responsible soya.



# COMMITMENT TO ISSUES CLOSE TO OUR HEART

As a major corporate player with strong local roots, we also have a responsibility to the community around our operations. We have our roots and heart in the Skåne soil and recognise the importance of giving back to both the people and the environment. We are passionate about the health of young people, the safety of those living in vulnerable situations and the importance of recycling.

## WHERE DOES THE MILK COME FROM?

As a local food producer, we protect the Swedish food supply, and we see it as part of Skånemejerier's remit to inform consumers about the importance of choosing local produce.

That is why we continue to provide tours for school classes in collaboration with some of our milk suppliers, who volunteer as visitor farms. The farm visits are greatly appreciated and are adapted according to age with the aim of providing knowledge not only about Swedish milk production, but also about nature conservation more generally. During the year, a total of over 1,500 children and young people visited seven different visitor farms.

With the same aim, Skånemejerier has promoted the Bonde i Butik (Farmer in Store) concept in 2023, which gives Skåne residents and visitors to Skåne the chance to meet Skåne farmers in their supermarket. The concept has led to many interesting conversations and questions from adults and children alike about life as a farmer and food production in general.

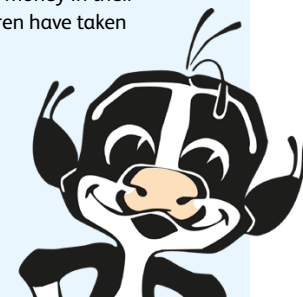


## RECORD YEAR FOR KALVINKNATET

2023 was a record year for Skånemejerier's popular Kalvinknatet event! In the spring, 32,400 children took part in the children's fun run at 21 locations in Skåne, Blekinge, Småland and Halland. The Kalvinknatet is about providing inspiration for a healthy life of physical activity with good dietary habits. The run has been organised since 2002 in cooperation with Malmö Allmänna Idrottsförening (MAI) and local sports clubs around the region. The entire profits from the event go to the clubs, which can reinvest the money in their respective activities. In total, over 370,000 children have taken part in the run since its inception.

# 32,400

children took part in the 2023 children's run



## LONG-TERM COLLABORATION WITH SKÅNE STADSMISSION

Skånemejerier has a long-term collaboration with Skåne Stadsmission – an organisation that offers professional support, in both the short and long term, to people who are in vulnerable life situations. The aim is to prevent exclusion and empower individuals to take control of their own lives. In 2023, Skånemejerier continued to be a main partner of Skåne Stadsmission, which means that we provide financial support in addition to the food donations we make.



Every week, Skånemejerier donates surplus products that either go to Skåne Stadsmission's social activities, the social food store Matmissionen or are distributed in food parcels to people living in vulnerable situations. Since 2021, food donations have also been going to the Stadsmission organisations

in Stockholm and Gothenburg. In 2023, more than 58 tonnes of food were donated to the organisations' various activities.

During the year, employees from Skånemejerier participated as volunteers in some of Skåne Stadsmission's social activities. At a summer party for families with children at the Young Forum, we had the honour of helping with both face painting and sausage grilling. We also participated for the second year running in Skåne Stadsmission's Christmas gift shop, where parents who live in financial deprivation can come and choose free Christmas gifts for their children.

## KARTONGMATCHEN DRAWS ATTENTION TO THE IMPORTANCE OF RECYCLING

Since 2012, Skånemejerier has been a local partner to Kartongmatchen, a project initiated by Tetra Pak. Kartongmatchen aims to educate children about the importance of recycling drink cartons by providing playful information and creative competitions. We use our milk packaging and social media channels to reach Swedish households with information about Kartongmatchen.



In 2023, 7,500 children participated in Kartongmatchen. In the match sponsored by Skånemejerier, the focus was on them designing their own recycling campaign that could be printed on the back of a milk carton. Nearly 320,000 pupils and preschool children all over Sweden have participated in Kartongmatchen in recent years. The children compete for great prizes, including money that goes to make schools and preschool settings more sustainable.







Skånemejerier

# Sustainability report

20  
23

**APPENDIX**



# MATERIALITY ANALYSIS

## MATERIALITY ANALYSIS METHODOLOGY

In order to set the right focus for Skånemejerier's sustainability efforts, we have a continuous dialogue with our stakeholders. In 2021, a materiality analysis was carried out based on the Global Reporting Initiative (GRI) standards; it is summarised below and on page 13. A dual materiality analysis for the entire Lactalis Group will be conducted in 2024.

The process consisted of three steps:

### 1. Stakeholder survey

The survey included both external stakeholders (suppliers, customers, trade associations, non-profit organisations) and internal stakeholders (employees, owners). We used a quantitative survey where external respondents were asked to rate 25 sustainability issues, which were based on Skånemejerier's previous materiality analysis, as well as relevant industry and external environmental issues. The stakeholder groups' responses were weighted together with ratings given by Skånemejerier's internal respondents to assess how much impact the various sustainability issues have on finances, the environment and society, and how much influence Skånemejerier has on the various issues.

### 2. Materiality matrix to assess the impact of the relevant sustainability issues

An aggregated matrix (see figure) showing the responses from all stakeholders was used as a basis for decision-making during a workshop with Skånemejerier's management team. The Y axis shows how important each sustainability issue is to our stakeholders, while the X axis shows how important the sustainability issues are to Skånemejerier internally. The management team then added an assessment of Skånemejerier's impact based on each sustainability issue.

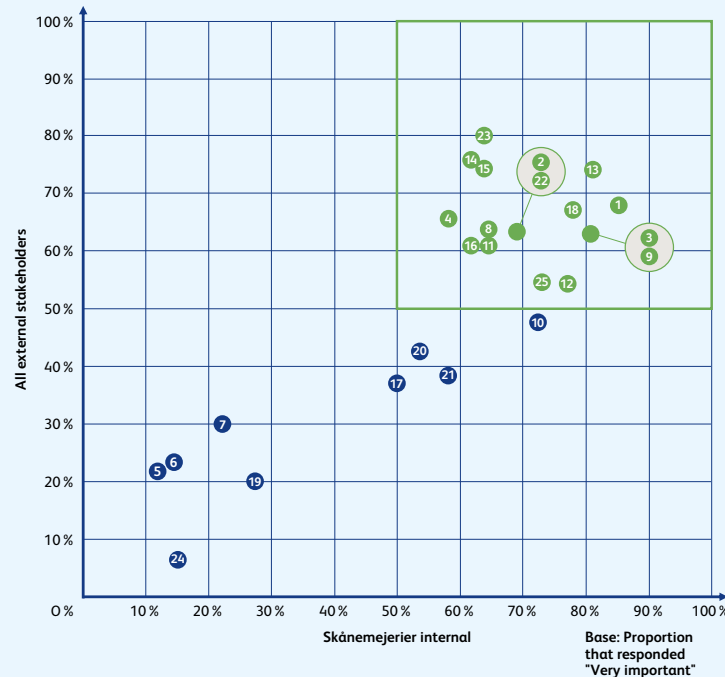
### 3. Internal validation and decision by the management team on Skånemejerier's material topics

Finally, Skånemejerier's management team processed the combined results of the stakeholder survey and impact assessment. Based on the parameters of impact and influence, the issues were grouped according to the degree of materiality that emerged (see page 13):

- Material issues – issues that should be at the centre of the company's long-term sustainability strategy
- Very important issues – issues that should be given special attention and be monitored
- Important issues – issues that should be addressed

## THE RESULTS OF THE STAKEHOLDER SURVEY

### Materiality matrix



### QUESTIONS IN THE STAKEHOLDER SURVEY

Green-marked topics are the topics that ended up in the upper green corner of our materiality analysis. See matrix above.

- 1 Reduce the climate footprint of the entire value chain
- 2 Introduce environmentally efficient transport for collection of milk raw materials and transport to stores
- 3 Promote circular production systems in the dairy (i.e. an environmentally efficient way of using resources such as water, energy, raw materials, waste, chemicals)

- 4 Prevent food waste throughout the value chain (i.e. acting to ensure that food is put to good use, primarily for human consumption)
- 5 Work together with neighbouring countries to avoid food waste
- 6 Conduct organic production
- 7 Promote the consumption of organic products
- 8 Contribute to the development of sustainable agriculture based on research
- 9 Preserve and strengthen biodiversity
- 10 Reduce the climate impact of dairy farms
- 11 Use recyclable and renewable packaging options
- 12 Conduct innovation work with a focus on sustainability
- 13 Provide Swedish-produced milk
- 14 Protect the Swedish dairy farmer (i.e. the ongoing job security of dairy farmers, economic growth and sustainable agriculture over time)
- 15 Implement continuous improvements for good animal welfare on dairy farms
- 16 Review and support suppliers based on environmental, ethical and social aspects
- 17 Provide healthy products
- 18 Promote responsibly produced raw materials
- 19 Get involved with the local community
- 20 Promote diversity, gender equality and inclusion in recruitment
- 21 Provide career and development opportunities for employees
- 22 Provide a safe and healthy working environment with good working conditions
- 23 Fight against all forms of corruption
- 24 Provide affordable food from other countries
- 25 Be a long-term financially viable company



## KEY SUSTAINABILITY PERFORMANCE INDICATORS

These tables show sustainability-related key performance indicators in our three focus areas. More detailed information on each area can be found in the respective sections of the report.

SUSTAINABLE BUSINESS				
Focus area	Key performance indicators	Status 2021	Status 2022	Status 2023
CORRUPTION	Zero corruption and bribery	0	0	0
RECALLS	No recalls	0	1	0
NUTRITION	100 % of the company's branded products meet the Lactalis Group's nutritional guidelines, and the amount of salt and sugar in the products is below the Group's limits.	100 %	100 %	100 %
EBITDA	EBITDA of net sales (EBITDA/net sales)	6.66 %	4.65 %	3.05 %
TURNOVER	The company's total turnover	4.34 BSEK	4.96 BSEK	5.38 BSEK
MILK VOLUME	Total inflow of milk	435 million kg	426 million kg	450 million kg
COMPETITION LAW TRAINING	Number of colleagues trained at physical and digital meetings	100	0 <sup>1</sup>	76
LEGAL COMPLIANCE/STATUTORY COMPLIANCE	No fines or penalties imposed for non-compliance concerning product information and/or labelling laws and regulations, social economic or environmental issues	0	0	During the year, minor fines were imposed for two reports of refrigerants submitted late to the supervisory authority.

<sup>1</sup>Training in competition law has moved from physical training sessions to a digital training programme. Therefore, no training was held in 2022.



## SUSTAINABLE PLANET

Focus area	Key performance indicators	Status 2021	Status 2022	Status 2023
ENERGY	100 % renewable energy at our production facilities by 2025	98 %	98 %	98 %
ENERGY	Reduce relative energy consumption at our production facilities by 5 % by 2025 compared with 2020, measured as kWh/tonne of input raw material	(+) 2 % <sup>1</sup>	(+) 6 % <sup>1</sup>	(+) 1 %
TRANSPORT	Fossil-free domestic transport by 2025	96 %	91 %	97 %
WATER CONSUMPTION	Reduce relative water consumption by 3 % by 2025 compared with 2020, measured as water/tonne of input raw material	(+) 8 %	(+) 16 %	(+) 15 %
WASTE WATER DISCHARGE	Reduce COD (Chemical Oxygen Demand) by 30 % by 2025 compared with 2020	(+) 4 %	(+) 6 %	(-) 14 %
PACKAGING	100 % recyclable packaging by 2025	96 %	96 %	96 %
PACKAGING	100 % renewable or recyclable packaging materials by 2030	79 %	80 %	80 %
COMBUSTIBLE WASTE	Reduce the amount of combustible waste at our production facilities by 25 % by 2025 compared with 2020	(-) 9 %	(-) 17 %	(-) 23 %
FOOD WASTE	Reduce raw material losses in production by 15 % by 2025 compared with 2020	Fat: (+) 8 % <sup>1</sup> Protein: (-) 3 %	Fat: (+) 1 % Protein: (-) 11 %	Fat: (-) 34 % Protein: (-) 21 %
FOOD WASTE	A maximum of 0.15 % of the volumes sold may be discarded	0.19 %	0.13 %	0.13 %
ENVIRONMENT	No major environmental deviations during the year	2	10	8
ANIMAL WELFARE	100 % of cows in loose housing to have access to rotating cow brushes by 2025	78 %	92 %	90 %
ANIMAL WELFARE	100 % of cows to be in loose housing by 2030	89 %	91 %	92 %
GRAZING	Grazing period in addition to legal requirements	33 days in addition to legal requirements	36 days in addition to legal requirements	34 days in addition to legal requirements

<sup>1</sup>Updated figures since last year's report





## SUSTAINABLE RELATIONSHIPS

Focus area	Key performance indicators	Status 2021	Status 2022	Status 2023
EMPLOYEE ENGAGEMENT	Positive developments with the aim of constantly increasing the parameters of 'engagement' and 'enablement' <sup>1</sup>	-	'Engagement' 61 % and 'enablement' 68 %	No employee survey was carried out in 2023.
STAFF TURNOVER	Staff turnover, voluntary redundancies	6.7 %	9.3 %	5.6 %
SICKNESS ABSENCE	Positive development with the goal of having a maximum of 4 % sickness absence	Total sickness absence 4.7 %	Total sickness absence 5.3 %	Total sickness absence 4.3 %
ACCIDENTS	No accidents (LTI: Lost Time Incident)	8.27 LTI	9.65 LTI	9.92 LTI
REPORTING OF INCIDENTS/NEAR MISSES	Number of reported near misses and risk incidents: > 550 (> 0.8 per employee)	484 (0.69 per employee)	680 (0.95 per employee)	818 (1.17 per employee)
PERFORMANCE REVIEWS	100 % of employees have regular performance reviews	95 %	96 %	98 %
TRAINING	The sum of training investments is 0.6 % of the total salary cost for employees in 2021, 0.8 % in 2022 and 1 % in 2023	0.63 %	0.88 %	1 %
GENDER DISTRIBUTION	Total proportion of women/men	76 % men, 24 % women	73 % men, 27 % women	76 % men, 24 % women
RELATIONSHIP WITH MILK SUPPLIERS	Two physical/digital training courses for milk suppliers each year	A total of three in specific areas (training sessions on Klimatkollen and Vera, and information meetings about Skånemejerier and Lactalis)	Training in Klimatkollen and Vera, and information meetings about Skånemejerier and Lactalis	Two information meetings on Sustainable Dairy Farm and the sustainability payment, as well as training in Klimatkollen and Vera
RESPONSIBLE SUPPLIERS	All priority suppliers signed Skånemejerier's Code of Conduct in 2022, based on risk analysis Direct (local suppliers): 100 % 2021 Contract manufacturers: 100 % 2021 Indirect (priority suppliers) <sup>3</sup> : 100 % 2022	Direct suppliers (local agreements): 95 % Direct suppliers (global agreements): 0 % <sup>2</sup> Contract manufacturers (local agreements): 93 % Indirect priority suppliers: 84 %	Direct suppliers (local agreements): 95 % Contract manufacturers (local agreements): 93 % Indirect priority suppliers: 94	The Lactalis Group's Code of Conduct for Suppliers was introduced during the year. New target under development.
RESPONSIBLE SUPPLIERS	Proportion of new local direct suppliers and contract manufacturers that have signed the Lactalis Group's ethical guidelines on business ethics, counteracting corruption, labour conditions, human rights and the environment	100 %	100 %	The Lactalis Group's Code of Conduct for Suppliers was introduced during the year and replaces the ethical guidelines. New target under development.

<sup>1</sup>Updated KPI as the format of our employee survey has changed. The results for 2021 and later years are therefore not comparable.

<sup>2</sup>Our global suppliers will now be covered by the Lactalis Group's Global Code of Conduct. We have therefore not included this supplier group in our KPI for 2022.

<sup>3</sup>Indirect priority suppliers included large suppliers and smaller suppliers in areas such as environment, energy and chemicals.

# IN-DEPTH INFORMATION AND DATA

## SUSTAINABLE BUSINESS

### CORPORATE SOCIAL RESPONSIBILITY

Policies

Impacts and risks in our value chain

## SUSTAINABLE PLANET

### OUR CLIMATE IMPACT

Climate footprint

Climate footprint trend

### CLIMATE WORK TOGETHER WITH THE FARMS

Accounting for the climate footprint of purchased milk

### WATER AND WASTE WATER IN OUR DAIRIES

Water consumption

Waste water discharge

### WASTE AND RESIDUALS

Combustible waste from all facilities

## SUSTAINABLE RELATIONSHIPS

### SKÅNEMEJERIER AS A WORKPLACE

Form of employment

Age and gender distribution

### HEALTH AND SAFETY AT WORK

Occupational injuries

KPI work environment





## SUSTAINABLE BUSINESS

### RESPONSIBLE BUSINESS Page 16

A number of policies govern different aspects of our sustainability efforts. Some of these are established by the Lactalis Group, while others are specific to Skånemejerier. Skånemejerier's policies are reviewed in connection with an annual audit or other annual review. The CEO has ultimate responsibility for Skånemejerier's policies. Lactalis Group policies are developed and updated by the relevant function within the Group.

Policy	Last update completed	Results of the 2023 monitoring
<b>Environment</b>		
Skånemejerier's environmental policy	January 2018	Replaced by the Lactalis Group environmental policy.
Skånemejerier's animal welfare policy	April 2022	Still current
Skånemejerier's packaging policy	May 2021	Still current
Skånemejerier's transport policy	June 2020	Still current
The Lactalis Group's environmental policy	February 2024	New policy
The Lactalis Group's quality policy	April 2023	Updated policy from the Lactalis Group
The Lactalis Group's climate policy	February 2022	Still current
The Lactalis Group's packaging policy	February 2022	Still current
The Lactalis Group's animal welfare policy	February 2022	Still current
The Lactalis Group's deforestation policy	September 2023	New policy
The Lactalis Group's policy on palm oil	May 2022	Still current
<b>Respect for human rights</b>		
Skånemejerier's Code of Conduct	April 2021	Need for updating due to the introduction of a global Code of Conduct for Suppliers
The Lactalis Group's Code of Conduct for Suppliers	November 2022	New Code of Conduct
<b>Counteracting corruption</b>		
Skånemejerier's Code of Conduct	April 2021	Need for updating due to the introduction of a global Code of Conduct for Suppliers
The Lactalis Group's Code of Conduct for Suppliers	November 2022	New Code of Conduct
The Lactalis Group's anti-corruption policy	2020	Still current
The Lactalis Group's Whistleblowing Platform Policy	December 2022	Still current
<b>Social conditions and staff</b>		
Skånemejerier's Code of Conduct	April 2021	Need for updating due to the introduction of a global Code of Conduct for Suppliers
The Lactalis Group's Code of Conduct for Suppliers	November 2022	New Code of Conduct
The Lactalis Group's work environment policy	February 2022	Still current
Skånemejerier's diversity policy against victimisation and discrimination	2019	Still current



## IMPACTS AND RISKS IN OUR VALUE CHAIN

Based on a materiality analysis, the Lactalis Group has identified the following sustainability risks for its operations (see table). These are included in the Group's Plan de Vigilance<sup>1</sup>, which also contains more detailed information on risks and risk management within the Lactalis Group.

At the end of 2023, Skånemejerier initiated a review of our value chain and a mapping of impact areas and risks in our value chain. We have also conducted a gap analysis of our due diligence process. Our work has been guided by the OECD Due Diligence Guidance for Responsible Business Conduct, and has deepened our understanding of the potential and actual negative impacts on human rights and the environment in our operations, supply chains and business relationships. This work, which will be finalised in the spring of 2024, will form a foundation for further work to develop our understanding and management of sustainability-related risks and impacts.

### READ MORE ABOUT HOW WE MANAGE SUSTAINABILITY-RELATED IMPACTS AND RISKS:

**Environment:** Our climate impact (page 22), Climate work together with the farms (page 26), Energy at our dairies (page 30), Water and waste water (page 31), Waste and residuals (page 33), Good products in good packaging (page 34), Responsibility in the supply chain (page 43)

**Respect for human rights:** Corporate responsibility (page 16), Guaranteed food safety (page 20), Skånemejerier as a workplace (page 38), Responsibility in the supply chain (page 43)

**Counteracting corruption:** Corporate responsibility (page 16), Responsibility in the supply chain (page 43)  
**Social conditions and staff:** Corporate responsibility (page 16), Skånemejerier as a workplace (page 38), Health and safety at work (page 42)

Priority issue	Identification of risks related to human rights, the environment and health & safety
<b>Health &amp; Safety</b>	The Health and Safety of employees is recognized as a human right and is also part of the UN Sustainable Development Goals. Negligence on the part of the company in terms of health & safety protection at work could result in occupational injuries or diseases for employees or external workers.
<b>Human resources and social issues</b>	In the Group's own activities, non-compliance with the Group's Human Resources policies could lead to situations of discrimination or non-respect of freedom of association. Through their supplies, players in the value chains of certain raw materials could resort to practices that violate human rights.
<b>Food safety</b>	Any breach of food safety can present serious health risks to consumers. At each stage of product production, failure to comply with hygiene standards or product health controls can have serious impacts on consumers.
<b>Water, energy and GHG emissions (scopes 1 and 2)</b>	The Group's activities may give rise to environmental risks, notably related to the use of water and energy. Failure to address environmental issues related to water, energy, and greenhouse gas emissions could therefore present a risk to the preservation of resources and the necessary mitigation of global warming
<b>Responsible packaging and circular economy</b>	Packaging is fundamental for preserving the strictest food quality and safety standards for dairy products, which are fragile by nature. The ways we produce and dispose of packaging result in the overconsumption of natural resources, threatening the environment and biodiversity
<b>Biodiversity and forests</b>	The Lactalis Group's supplies of agricultural raw materials may be directly or indirectly linked to a risk of deforestation or the conversion of natural areas, having an unfavorable impact on biodiversity and ecosystems.
<b>Safety and sustainability of upstream milk production methods</b>	Milk is the key raw material for Lactalis' activities. While the safety of milk is a key factor in guaranteeing product quality and safety, the Group's consumers and stakeholders are increasingly looking for guarantees of the sustainability of upstream processes. Poor upstream dairy practices could have negative consequences on animal welfare, the environment, and consumer Health and Safety.

<sup>1</sup> [https://www.lactalis.com/wp-content/uploads/2023/06/Sustainability-Report-2022\\_Lactalis-Group-v1.pdf](https://www.lactalis.com/wp-content/uploads/2023/06/Sustainability-Report-2022_Lactalis-Group-v1.pdf)





## SUSTAINABLE PLANET

### OUR CLIMATE IMPACT Page 22



#### Climate footprint

Climate footprint, scope 1 and 2 (tonnes CO <sub>2</sub> e)				
	2020	2021	2022	2023
Scope 1	1,370 <sup>1</sup>	1,030	860	890
Scope 2, market-based	60	60	60	80
Scope 2, location-based	1,190	1,180	1,180	490
<b>Total</b>	<b>1,430</b>	<b>1,090</b>	<b>920</b>	<b>970</b>

Climate footprint, scope 1, 2 and 3 (tonnes CO <sub>2</sub> e) <sup>2</sup>				
	2020	2021	2022	2023
<b>Scope 1 and 2</b>	<b>1,400</b>	<b>1,100</b>	<b>900</b>	<b>1,000</b>
<b>Scope 3<sup>3</sup></b>				
Goods and services purchased (1)	610,700	590,300	577,500	602,500
Capital goods (2)	5,800	8,600	11,300	15,100
Fuel- and energy-related activities (3)	2,400	2,400	2,500	2,000
Upstream transport and distribution (4)	5,400	5,000	4,600	5,000 <sup>4</sup>
Waste arising from operations (5)	1,800	1,600	1,400	1,900
Business travel (6)	300	100	200	200
Commuting by employees (7)	700	700	700	700
Downstream transport and distribution (9)	1,100	1,100	1,100	500
Processing of products sold (10)	21,300	24,700	26,300	60,100
<b>Total scope 3</b>	<b>649,400</b>	<b>634,400</b>	<b>625,400</b>	<b>688,100</b>
<b>Total scope 1, 2 and 3</b>	<b>650,800</b>	<b>635,500</b>	<b>626,300</b>	<b>689,000</b>

For information on the calculation of our climate footprint, see page 58.

<sup>1</sup>Emissions from company cars and business travel in 2020 are based on 2019 data to correct for the effects of Covid-19.

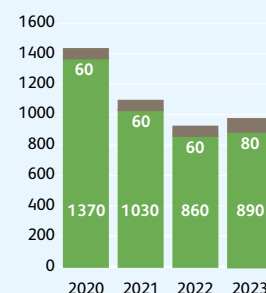
<sup>2</sup>Rounded to the nearest 100 tonnes. Discrepancies in totals may occur due to rounding.

<sup>3</sup>The numbers in brackets indicate the category within scope 3 of the Greenhouse Gas Protocol. Categories 8, 11, 12, 13, 14 and 15 are not relevant for Skånemejerier.

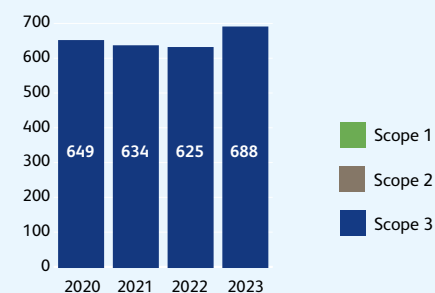
<sup>4</sup>Data for domestic transportation covers December 2022 - November 2023.

#### Climate footprint trend

Scope 1 and 2, tonnes CO<sub>2</sub>e



Scope 3, 1,000 tonnes CO<sub>2</sub>e



#### CLIMATE WORK TOGETHER WITH THE FARMS Page 26

##### Accounting for the climate footprint of purchased milk

There is uncertainty in the reporting of peat soils from the farms, so we report the climate footprint without peat soil for better comparability between farms.

In the 2022 reporting, emissions from peat soils were partly included for comparability with the previous year's reporting. The climate footprint without and with emissions from peat soils is presented below.

We are continuously working to improve the reporting of emissions from peat soils.

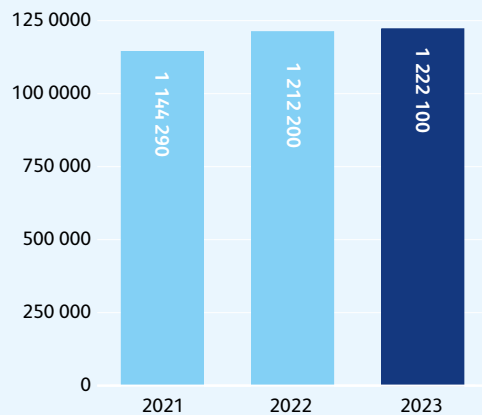
Year	Average climate footprint, kg CO <sub>2</sub> e per kilo of milk delivered	
	Without peat soils	With peat soils
2023	0.97	1.00
2022	0.96	0.99 <sup>5</sup>

<sup>5</sup> This figure differs from the one reported in the 2022 sustainability report as adjustments were made to the allocation model for comparability with the 2023 footprint.



## WATER AND WASTE WATER IN OUR DAIRIES Page 31

Water consumption<sup>1</sup> m<sup>3</sup> 2021-2023



<sup>1</sup> The water used is municipal water or from the company's own water source.

## Waste water discharge

Facility	Waste water volume (m <sup>3</sup> )	Recipient	BOD7 <sup>1</sup> tonnes	Purification method
Malmö Mejeri	630,900	Municipal waste water treatment plant	980	Flotation <sup>2</sup>
Kristianstads Mejeri	423,000	Municipal waste water treatment plant	285	pH equalisation <sup>3</sup>
Hjördnåra Mejeri	50,600	Municipal waste water treatment plant	22	Flotation and biostage <sup>4</sup>
Kristianstads Ostförädling	8,950	Municipal waste water treatment plant	0	-
<b>Total</b>	<b>1,113,450</b>	<b>-</b>	<b>1,287</b>	

<sup>1</sup> BOD7 (Biochemical Oxygen Demand) is a measure of how much soluble oxygen is needed for microorganisms to break down organic matter in water over seven days.

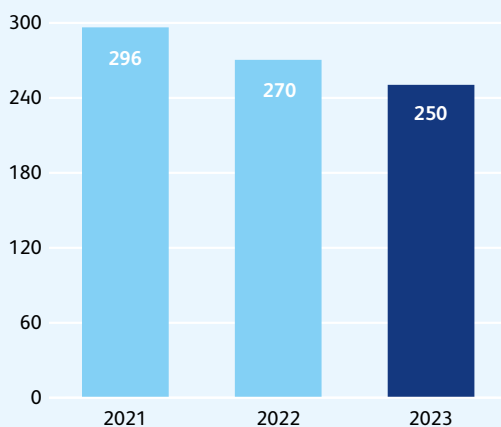
<sup>2</sup> Flotation is chemical purification where grease, etc. is removed to form a sludge.

<sup>3</sup> pH balancing is a step to neutralise the waste water.

<sup>4</sup> Biostage is the decomposition of organic matter with the addition of oxygen and bacteria.

## WASTE AND RESIDUALS Page 33

Combustible waste from all facilities in tonnes



All waste water discharges pass through a municipal treatment stage to a recipient before reaching the receiving waters. In 2023, there was no waste water discharge to surface water, groundwater or seawater. No discharges occur in areas with water shortages. Discharges to third-party water totalled 1,113 ML. All emission data has been analysed by an accredited laboratory using current ISO methods. Waste water volumes are recorded daily through waste water meters.





## SUSTAINABLE RELATIONSHIPS

### SKÅNEMEJERIER AS A WORKPLACE Page 38-39

#### Form of employment

	Women	Men	Total	Proportion as %
Permanent	186	534	720	92 %
Fixed-term	13	46	59	8 %
Total	199	580	779	
Full-time	187	505	692	89 %
Part-time	12	75	87	11 %
<b>Total</b>	<b>199</b>	<b>580</b>	<b>779</b>	

#### Age and gender distribution

	Age	Women	Men	Total
<b>Members of the Board</b>				
	–29 years of age	0	0	0
	30–49 years of age	1	3	4
	50 – years of age	2	3	5
	<b>Total</b>	<b>3</b>	<b>6</b>	<b>9</b>
<b>Managers</b>				
	–29 years of age	2	1	3
	30–49 years of age	20	45	65
	50 – years of age	8	27	35
	<b>Total</b>	<b>30</b>	<b>73</b>	<b>103</b>
<b>Employees (not represented at board, senior management or executive level)</b>				
	–29	29	82	111
	30–49	87	269	356
	50 –	51	154	205
	<b>Total</b>	<b>167</b>	<b>505</b>	<b>672</b>

## HEALTH AND SAFETY AT WORK Page 42

### Occupational injuries

#### INJURIES WITH ABSENCE

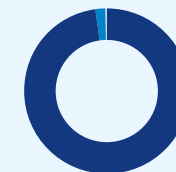
(number of injuries leading to more than one day of sick leave)



■ Addressed 15  
■ Under investigation 0  
■ Not addressed 0

#### REPORTED NEAR MISSES

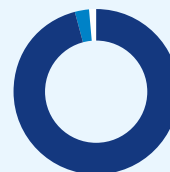
(number of observations and near misses that could have led to an accident)



■ Addressed 801  
■ Under investigation 16  
■ Not addressed 1

#### INJURIES WITHOUT ABSENCE

(number of minor injuries without sick leave)



■ Addressed 75  
■ Under investigation 2  
■ Not addressed 1

**Under investigation** – action in progress  
**Not resolved** – no further action needed











#### KPI work environment

	2021	2022	2023	Target (2023)
Injury rate, LTI <sup>1</sup> (number of injuries with absence * 1,000,000/number of hours worked)	8.27	9.65	9.92	8.16
Severity of injuries (number of days lost through sickness due to work injury * 1000/number of hours worked)	0.043	0.099	0.078	0.090
Number of near misses reported	484	680	818	685

<sup>1</sup> The Lost Time Incident rate is a standardised measure of accident frequency. This is achieved by multiplying the total number of accidents resulting in more than one day's absence by one million and then dividing them by the total number of hours worked.



# CONTRIBUTION TO THE GLOBAL SUSTAINABILITY GOALS

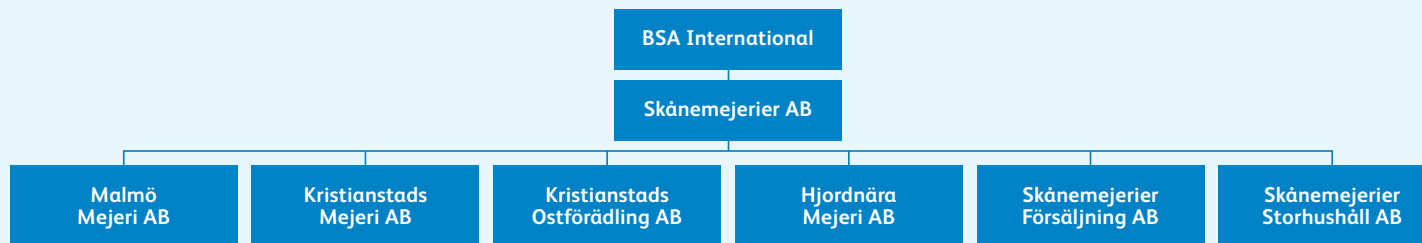
Global Sustainability Goal (SDG)	Description of the goal	Targets	Skånemejerier's contribution to the target
 <b>2</b> ZERO HUNGER	<b>No hunger</b> Eliminate hunger, achieve food security and improved nutrition, and promote sustainable agriculture.	<b>2.4</b> Achieve sustainable food production systems and introduce resilient agricultural practices that increase productivity and production. This contributes to maintaining ecosystems, strengthening their ability to adapt to climate change and gradually improving land and soil quality.	An increased population requires us to use the earth's resources responsibly. Sweden is a natural dairy country with access to land, open landscapes, biodiversity, good animal husbandry, efficient production and skilled agriculturists. The dairy industry and its working methods should contribute to development and food security in a sustainable way.
 <b>3</b> GOOD HEALTH AND WELL-BEING	<b>Good health and well-being</b> Ensure healthy lives and promote well-being for everyone at all stages of life.	<b>3.4</b> By 2030, use prevention and treatment to reduce premature deaths from non-communicable diseases by one third and promote mental health and well-being.	Skånemejerier wants to contribute to the good health of all people. Milk is a naturally nutrient-dense food that contains 18 of the 22 nutrients the body needs. Low-fat dairy products also help reduce the risk of several diseases, including high blood pressure, stroke and type 2 diabetes <sup>1</sup> . Our involvement in various sporting events aims to inspire children and adults to pursue an active lifestyle.
 <b>6</b> CLEAN WATER AND SANITATION	<b>Clean water and sanitation for everyone</b> Ensure access to sustainable water and sanitation management for everyone.	<b>6.3</b> By 2030, improve water quality by reducing pollution, stopping dumping and minimising emissions of hazardous chemicals and materials, halving the proportion of untreated waste water and significantly increasing recycling and safe reuse globally.	We invest in water treatment, measurements and monitoring of emissions. We produce our products according to the best possible methods and technologies.
 <b>8</b> DECENT WORK AND ECONOMIC GROWTH	<b>Decent working conditions and economic growth</b> Promote lasting, inclusive and sustainable economic growth, full and productive employment with decent working conditions for everyone.	<b>8.5</b> By 2030, achieve full and productive employment with decent working conditions for all women and men, including young people and people with disabilities, as well as equal pay for equal work.	Our Code of Conduct and Diversity Policy should protect workers' rights and improve the working environment for all employees. We want to ensure equal treatment of men and women, and achieve greater economic productivity through diversity, technological development, education and innovation. Our role in society should be reflected in our organisation and the partnerships we initiate must lead to sustainable growth.
 <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE	<b>Sustainable industry, innovation and infrastructure</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<b>9.4</b> Upgrade the infrastructure and adapt the industry by 2030 to make them sustainable, with more efficient use of resources and more clean and environmentally friendly technologies and industrial processes. All countries take action in accordance with their respective circumstances.	Focus on the best possible technology. Work towards renewable fuel for transport, energy supply (biofuel, green electricity). Reduce raw material waste; reuse product and input goods.
 <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>Sustainable consumption and production</b> Ensure sustainable consumption and production patterns.	<b>12.2</b> Achieve sustainable management and efficient use of natural resources by 2030. <b>12.3</b> Halve global food waste per person at the retail and consumer level by 2030 and reduce food waste along the entire food chain, including post-harvest losses. <b>12.5</b> Work to significantly reduce waste through prevention, reduction, reuse and recycling. The responsibility ranges from resource management and waste management to production and consumption.	We work to be resource-efficient in our operations, for example by measuring, monitoring and optimising processes. We endeavour to reduce food waste in our production, in stores and at the consumer level. We work closely with suppliers, customers and consumers to prevent waste associated with both our production and our products.
 <b>13</b> CLIMATE ACTION	<b>Combat climate changes</b> Take direct and indirect action to combat climate change and its consequences.	<b>13.3</b> Increase knowledge and capacity to tackle climate change through improved education, awareness and human and institutional capacity as regards climate change mitigation, climate adaptation, reduction of the consequences of climate change, and sounding an early warning.	We invest in green energy, efficient logistics chains, fossil-free fuels and supply agreements. We monitor the improvement work on the farm and train employees to ensure control over environmental aspects in relation to carbon dioxide emissions.
 <b>14</b> LIFE BELOW WATER	<b>Sea and marine resources</b> Preserve and use the seas and marine resources in a sustainable way in order to achieve sustainable development.	<b>14.1</b> By 2025, prevent and significantly reduce all types of marine pollution, in particular from land-based activities, including marine debris and nutrient pollution.	We ensure control of plant nutrient balances, water use and chemical management at our milk suppliers to set high standards and achieve sustainable agriculture.
 <b>15</b> LIFE ON LAND	<b>Ecosystems and biodiversity</b> Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.	<b>15.5</b> Protect biodiversity and natural habitats. Take immediate and significant action to minimise the destruction of natural habitats, halting the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	Grazing animals on open grasslands are important for promoting biodiversity. Ecosystem services and biodiversity are important for sustainable development, and natural pastures are one of the most species-rich environments in the Swedish agricultural landscape. We use FSC certified wood raw material in our packaging to contribute to sustainable forestry.
 <b>17</b> PARTNERSHIPS FOR THE GOALS	<b>Implementation and global partnership</b> Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.	<b>17.16</b> Strengthen the Global Partnership for Sustainable Development and complement it with multi-party partnerships mobilising and exchanging knowledge, expertise, technology and financial resources to contribute to the sustainable development goals in all countries, especially developing countries.	Achieving the SDGs requires a common sustainability agenda with partnerships between government, private organisations, NGOs, universities and society. Skånemejerier is part of several collaborations and groups within the industry where members exchange knowledge and seek synergies to strengthen the implementation of the SDGs.

<sup>1</sup> <https://www.livsmedelsverket.se/matvanor-halsa--miljo/kostrad/rad-om-bra-mat-hitta-ditt-satt/mejeriprodukter---rad>

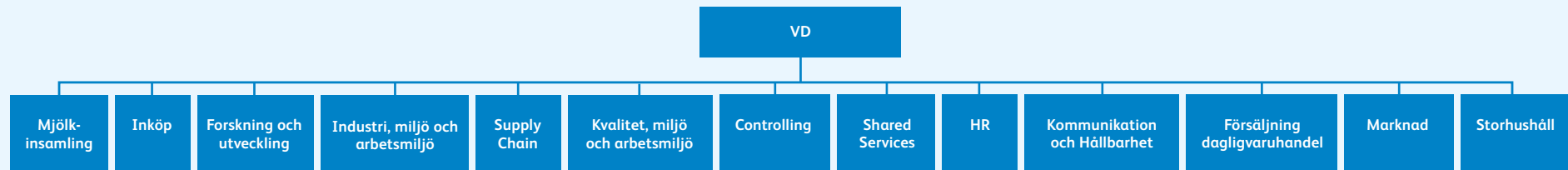


# ORGANISATION OVERVIEW

## ORGANISATION LEGAL ENTITIES



## ORGANISATION





# REPORTING PRINCIPLES

This report has been prepared by Skånemejerier AB, corporate identification number 556820-8317. The sustainability report is independent of the company's annual report and includes Skånemejerier AB and its wholly owned legal entities (Hjördnära Mejeri AB, Malmö Mejeri AB, Kristianstads Mejeri AB, Kristianstads Ostföreläring AB, Skånemejerier Storbushåll AB, Skånemejerier Försäljning AB, Svenska Ostkompaniet HB (dormant company)) and the products the business sells within the Skånemejerier group. The report constitutes Skånemejerier AB's statutory sustainability report in accordance with the requirements of the Swedish Annual Accounts Act.

## REPORTING PRINCIPLES

Skånemejerier is reporting on its sustainability efforts for the twelfth year running. We are inspired by the GRI content principles (inclusion of stakeholders, sustainability context, materiality and completeness), which continue to guide the scope and content of the sustainability report. We adopt the reporting principles of precision, balance, clarity, comparability, reliability and timeliness in order to ensure the quality of the report content.

## METHOD AND DECLARATION

The sustainability report has been prepared in accordance with the Swedish Annual Accounts Act's requirements for a statutory sustainability report and Ernst & Young have verified that the report fulfils these reporting requirements. The report includes the legal entities listed above and those activities that have significant direct and indirect impact from a sustainability perspective, including the supply chain. The sustainability report follows Skånemejerier's financial year and relates to 1 January to 31 December 2023.

## CHANGES SINCE THE PREVIOUS REPORTING PERIOD

There have been no changes in legal entities since the previous reporting period. We work continuously to develop our sustainability efforts and our reporting, so new information and metrics may be added.

## THE PRINCIPLE OF COMPARABILITY

Skånemejerier strives to apply the same reporting principles year on year in order to be able to make comparisons and see trends.

Over time, some data collection changes, often for the better, which can affect comparability. Changes in calculation models that affect comparability are explained in connection with the relevant data. Comparability is also affected by the fact that production can change between reporting years, especially for key performance indicators in water and energy.

Key performance indicators can also be adjusted and changed over time. The table on pages 47–49 presents our main sustainability KPIs with comparative figures for the previous year and comments on any changes.

## DATA COLLECTION AND CALCULATION METHODS

The reporting of sustainability data takes place annually, and Skånemejerier works continuously to document procedures for collecting, checking and verifying data. Sustainability data has been collected centrally by the sustainability manager. Reporting is carried out by experts from different parts of the value chain. Environmental parameters for Skånemejerier's facilities are calculated by the environmental manager, the controlling department, and department and production managers. Data from milk suppliers is available in Skånemejerier's ISO 9001 farm certification system, collected in the annual climate reporting process in the Vera tool, or through annual surveys. Figures representing sales and personnel are taken from financial and personnel systems. Sick leave is calculated according to standard practice, i.e. number of absence hours divided by total hours worked times 100. Safety data is recorded at our facilities in a monitoring tool.

## CALCULATING OUR CLIMATE FOOTPRINT

Skånemejerier's climate footprint has been calculated in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard', 'Scope 2 Guidance' and the 'Corporate Value Chain (Scope 3) Standard'.

The emission factor for milk is based on farm calculations in Klimatkollen (see page 26). The 2020 footprint is based on the emission factor calculated in 2021 using 2020 data, while 2021 and 2022 are based on the emission factor calculated in 2022 using 2021 data. The 2023 footprint is based on the emission factor calculated in 2023 using 2022 data. Emissions from peat

soils are not included in the milk emission factor. For more information on the climate footprint of milk and accounting for emissions from peat soil, see page 53.

Emissions from fuel used for purchased transport are calculated using emission factors that include the emissions from their entire life cycle, known as well-to-wheel.

The emissions from the processing of sold products have been calculated based on a scenario where an assumption has been made about how much energy is needed to process 1 kg of product in downstream companies. This has then been multiplied by country-specific emission factors for each country where Skånemejerier sells its products to industrial customers for further processing. In the absence of information on customers' electricity contracts, the residual mix has been used as an emission factor as a conservative assumption.



# AUDITOR'S OPINION

## THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Skånemejerier AB, org.no. 556820-8317.

## MISSION AND RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2023 in this document and for its drafting in accordance with the Annual Accounts Act.

## FOCUS AND SCOPE OF THE REVIEW

Our review has been carried out in accordance with FAR's recommendation RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared with the focus and scope of an audit according to International Standards on Auditing and generally accepted auditing practice in Sweden. We believe that this review provides us with sufficient basis for our opinion.

## OPINION

A sustainability report has been prepared.

Malmö, date as per our electronic signature  
Ernst & Young

Martin Henriksson, Authorised Public Accountant





Skånemejerier

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