



# Glanbia Dairy Ingredients Ireland – Where is the Sustainable Road Leading to?



- Dairy Forecast - Growth
- Glanbia plc – An overview
- Factors driving demand for sustainability
- Industry response
- What is sustainability?
- Sustainability at processing level
- Sustainability on farm



# Global dairy context



**2012 market value**  
**\$450bn**

# Global dairy context



The diagram features a central text block 'Forecast Demand 2015 \$494bn' in bold blue font. Surrounding this central text are four light gray circular nodes, each containing a factor: 'OIL STABILITY' (top-left), 'WESTERN DIET TRENDS' (top-right), 'HEALTH WELLNESS' (bottom-right), and 'GDP GROWTH' (bottom-left). Arrows point from each of these four nodes towards the central text. In the background, there is a faint outline of a globe and a stylized illustration of a milk drop.

**Forecast Demand**  
**2015 \$494bn**

OIL  
STABILITY

WESTERN  
DIET  
TRENDS

HEALTH  
WELLNESS

GDP  
GROWTH



# Forecast 2020

## 10bn litres of additional milk from EU



# Forecast 2020

## Ireland positioned for supply growth







# Ireland 2020

25% of new EU27 milk

2.5bn litres per annum

95% export

Natural advantage

# Ireland's natural advantage

## LOW COST DAIRY

- Gulf stream
- Moderate climate
- Rain nourished
- Pasture fed



# Ireland's natural advantage

## TRUSTED SOURCE

- Dairy Heritage
- Herd Traceability
- Green & natural brand
- Island protection



# Ireland's natural advantage

219,000 babies born everyday



Equivalent to 1 New York  
every 10 weeks.



1,152,000 million litres  
of extra milk needed  
every 10 weeks



# Ireland's natural advantage

## NATIONAL PRIORITY

- Irish economic driver
- State investment
- Quality regulation
- Industry co-operation





# Ireland is ready

- Scalable
- Sustainable
- Low cost



# Glanbia plc

A trusted global food partner.



# Glanbia plc – Facts



2011 Group revenue €3.2bn (including €0.5bn share of Joint Ventures revenue). Equals \$4.5bn (at \$1.3923 annual average 2011 rate)



Headquarters in Kilkenny, Ireland - over 4,300 employees globally



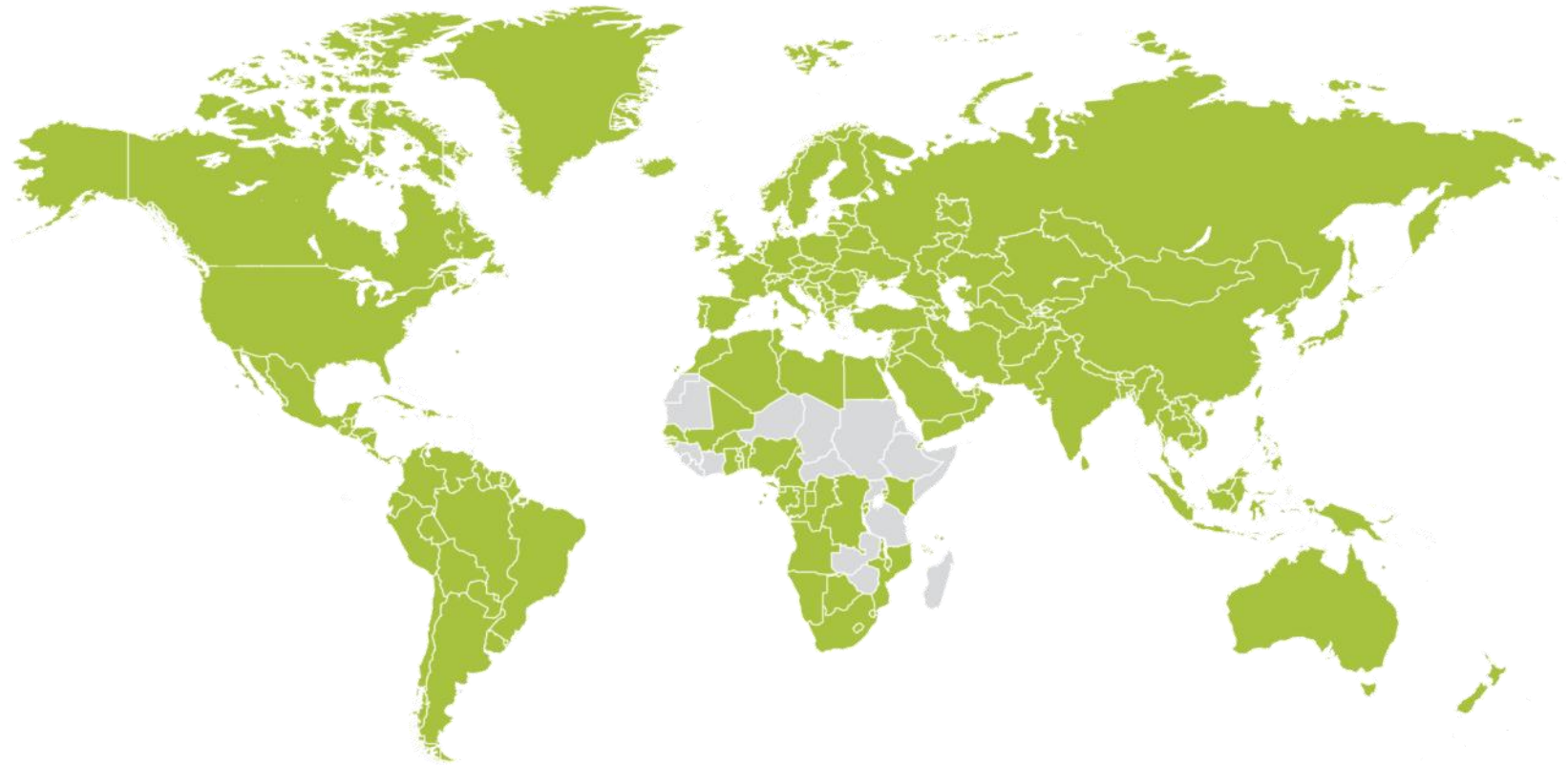
Across all locations, processing a milk pool equivalent to total Irish milk pool (5 billion litres)



Market capitalisation (today) 294.5m shares x €5.80 per share = €1.7bn = \$2.2bn (at \$1.29 today).



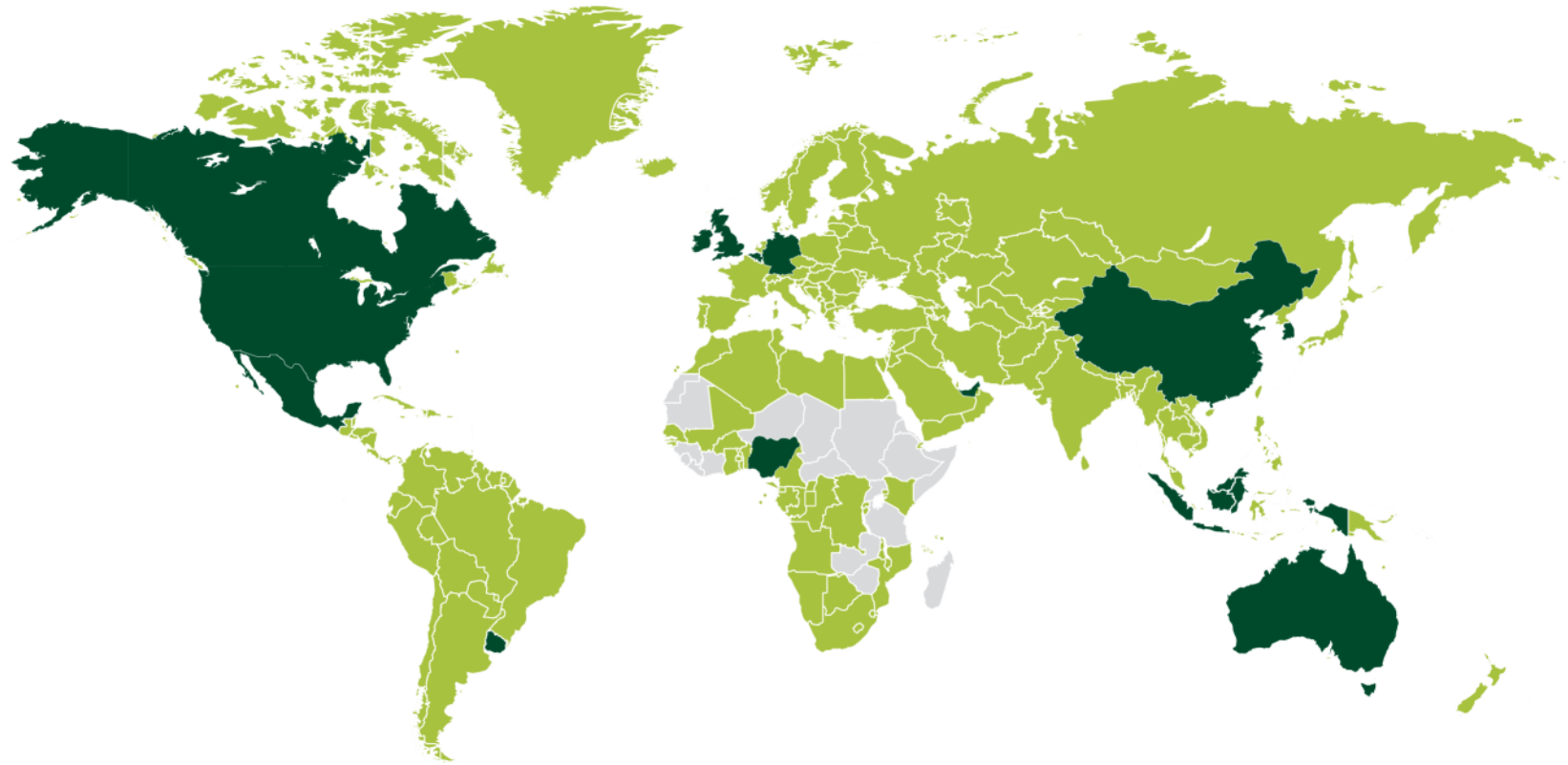
# Global reach



EXPORT/PRODUCT DISTRIBUTION  
LOCATIONS

IRELAND – **TRUST** – INGREDIENTS – GROWTH – COLLABORATION

# Global reach

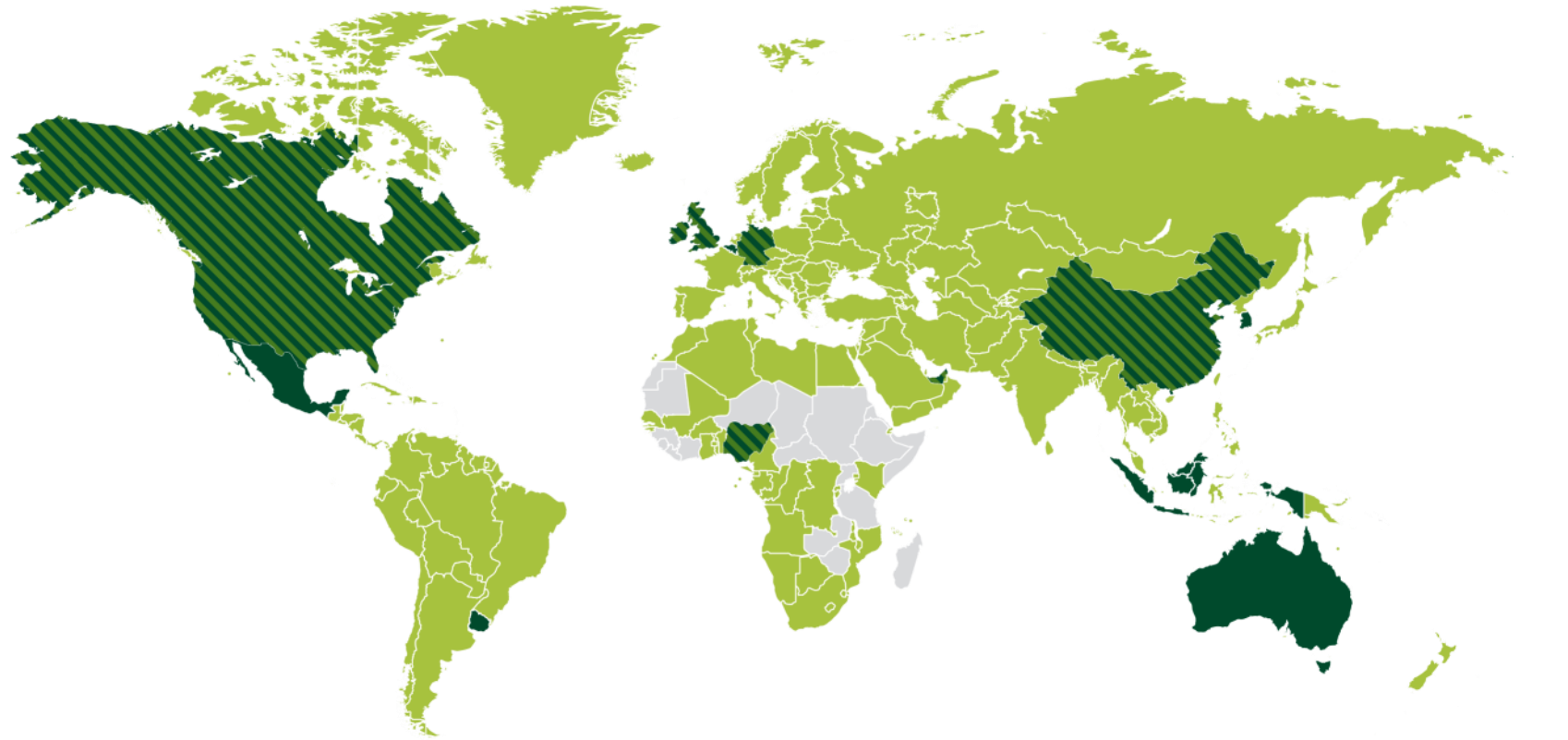


EXPORT/PRODUCT DISTRIBUTION  
LOCATIONS

SALES/TECHNICAL SUPPORT  
LOCATIONS

IRELAND – TRUST – INGREDIENTS – GROWTH – COLLABORATION

# Global reach



EXPORT/PRODUCT DISTRIBUTION  
LOCATIONS

SALES/TECHNICAL SUPPORT  
LOCATIONS

MANUFACTURING /PROCESSING  
AND SALES/TECHNICAL SUPPORT  
LOCATIONS

IRELAND – TRUST – INGREDIENTS – GROWTH – COLLABORATION



# Geographical spread of R&D resources



IRELAND – TRUST – INGREDIENTS – GROWTH – COLLABORATION

# 3 Business Units & 10 Divisions



# Glanbia Ingredients Ireland



GROW STRONGER



# DII A Key Dairy Ingredient Irish Exporter

- Processing 1/3 of Ireland's milk pool
- Servicing B2B customers
- Exporting to 50 countries globally
- Supplied by over 4,300 Irish farmers
- Fully integrated supply chain – from farm inputs, milk supply to ingredient manufacturing

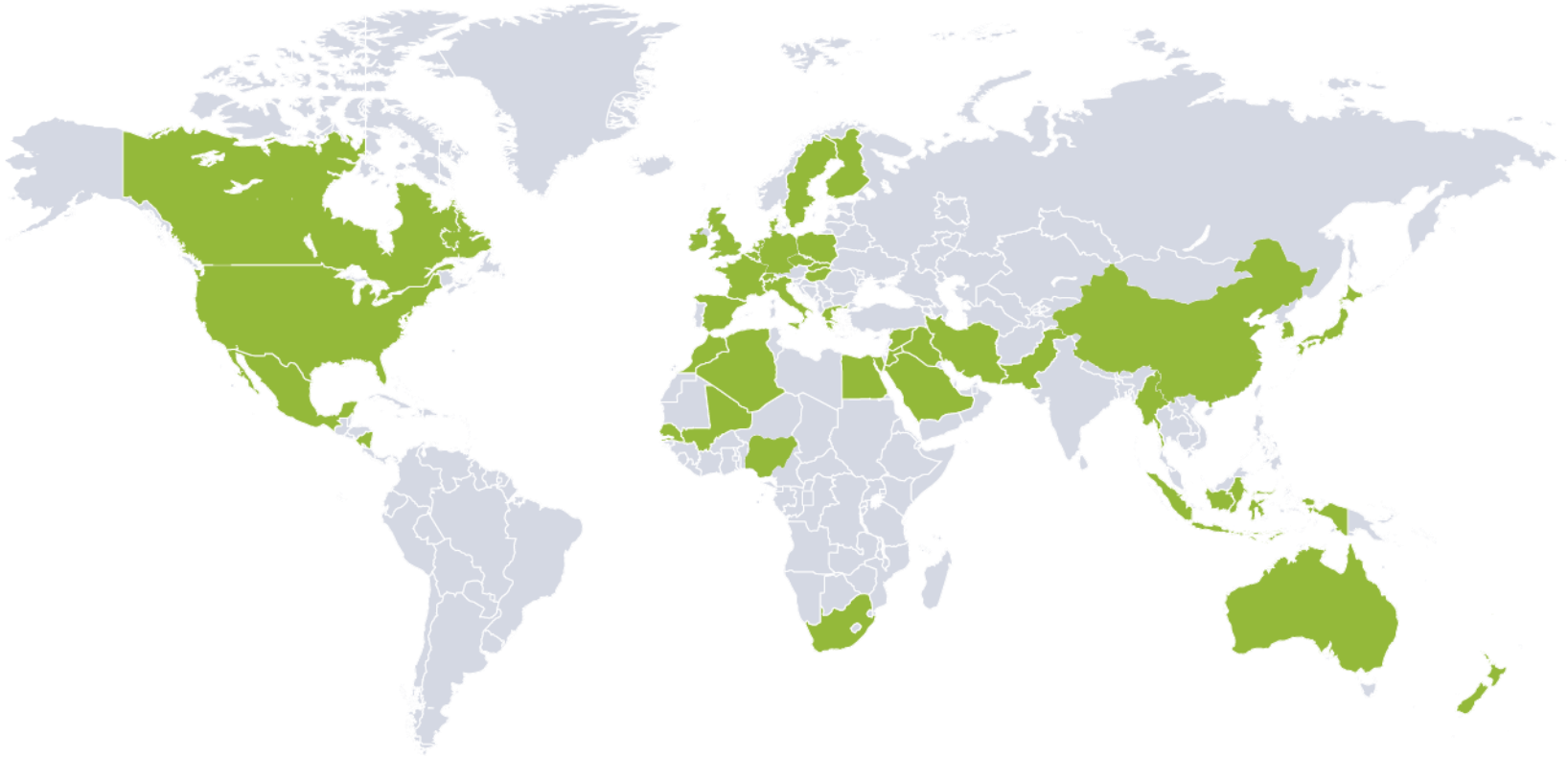
# Milk Processed at Irish Sites



# Milk Processed at Irish Sites



# 210,000 tonnes to 50 markets\*



\* in 2010



# A platform for growth

Investing in the future.

50-60% Milk Growth  
by 2020

GLANBIA DAIRY  
INGREDIENTS IRELAND

SUSTAINABILITY  
PROGRAMME

A young girl with brown hair in pigtails, wearing a bright pink puffer jacket, is drinking from a small carton of 'Super Milk'. The carton is white with green and red accents and features the text 'Super Milk' and '100%'. The background is a blurred outdoor setting with green grass and trees. The overall image has a soft, natural lighting.

# Factors Driving the Demand for Sustainability in the Dairy Sector

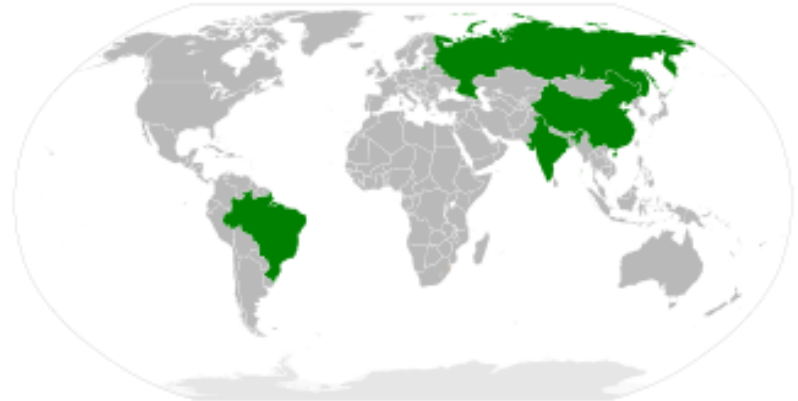
# Driving Demand for Action...

- Sustainability – emerging as a key driver of choice for food buyers
- Increasingly influencing the strategic thinking of internationally players
- Key factor in long-term product sourcing



# ...with a Number of Motivating Factors

1. Security of supply  
as demand  
increases  
especially from  
within the BRIC  
countries





...with a Number of Motivating Factors

2. Quality Assurance/  
Guarantee –  
integrity/visibility  
across the full  
supply chain



...with a Number of Motivating Factors

3. Drive to source from production efficient areas



## ...with a Number of Motivating Factors

4. Desire to respond to consumer demands



# ...with a Number of Motivating Factors

5. Particular concern in high end / branded products





## ...with a Number of Motivating Factors

- 6. E.U. Context End of Quota regime – provides expansion opportunity
- Greening of the CAP



...with a Number of Motivating Factors

6. Therefore different motivations from a single global market



# ...with a Number of Motivating Factors

## 6. With motivations expressed in different ways





How is the industry  
responding?





# Sustainability Initiatives - Ingredient Manufacturers



**Innovation Center for U.S. Dairy**

Consumer Confidence | Health & Wellness | Research & Insights | **Sustainability** | Globalization | Dairy Research Institute

Home > Sustainability > U.S. Dairy Sustainability Awards > Holsum Dairies, LLC

**U.S. Dairy Sustainability Awards**  
Innovation Center for U.S. Dairy

**Holsum Dairies, LLC: Elanco Award for Outstanding Dairy Farm Sustainability**

Sustainability practices woven into farm's foundation  
More than a motto, sustainability is a cornerstone for Holsum Dairies in Hilbert, Wis. Long-term sustainability, according to Holsum, must benefit the dairies, employees and the community financially and socially; have a positive impact on the environment; maintain the welfare of animals; and produce safe, high-quality milk. These were significant considerations when Holsum selected a location for their two dairies in 2001 and 2006.

Over the past 25 years, Calumet County lost animal operations but significantly

**Holsum Dairies Facts**  
**\$1,000,000:** the value of organic fertilizer produced by the digester for local farmers  
**40:** the number of local crop



Sustaining the dairy industry for future generations

**U.S. Dairy Sustainability Commitment Progress Report**  
December 2010

**INNOVATION CENTER for U.S. DAIRY**  
RESEARCH • EDUCATION • TECHNOLOGY



# Sustainability Initiatives

## - Retailers

2012 Global Responsibility

Message from Mike Duke

Top 10 list of achievements

Women's economic empowerment initiative

Healthier food

Communities

Associates

Environment

Our company

Our progress

GRI Index

Search

Download the 2012 GRR Report

**Walmart**

Beyond 50 years:  
Building a sustainable future

Read Message  
Mike Duke  
President & CEO

Back To Top

**Kohl's Cares**  
Advancing Environmental Solutions

Sustainable Operations Stakeholder Engagement Supply Chain

Kohl's is committed to protecting and conserving the environment by seeking innovative solutions that encourage long-term sustainability.

From large-scale initiatives like constructing environmentally friendly buildings to everyday practices like recycling hangers, we're taking big steps to ensure we leave a smaller footprint.

**Kohl's Cares**  
Advancing Environmental Solutions

Kohl's is committed to reducing the impact of our stores on the

**703** ENERGY STAR labeled stores

**Greener Living**  
Together we can make a difference

Home Greener Tesco Go greener Save money Products Seasonal food

Welcome to Greener Living. (Login/Register)

Follow us: Facebook Twitter LinkedIn Tesco.com

Greener Tesco

**Corporate Responsibility**  
Looking after the environment is a top priority, which is why we're striving to find ways to be greener and help you be green too.

Find out about Corporate Responsibility  
What is a carbon footprint?  
Tesco Home Efficiency  
See everything that Tesco is doing

greener with Tesco

Our recycling services  
In-store cardboard recycling  
Mobile phone recycling  
Battery recycling  
Automated recycling centres

Green Clubcard points  
You can collect green Clubcard points when you do something green! From simply reusing old carrier bags to recycling, it's really easy to earn green Clubcard points

Video  
**Tesco recyclers**  
See how they make recycling easier

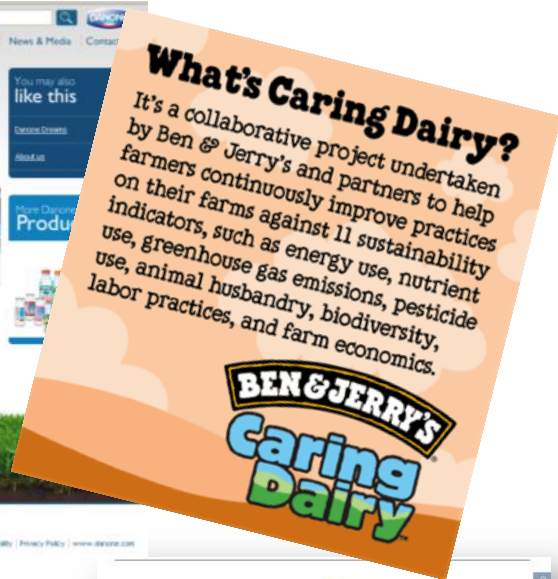
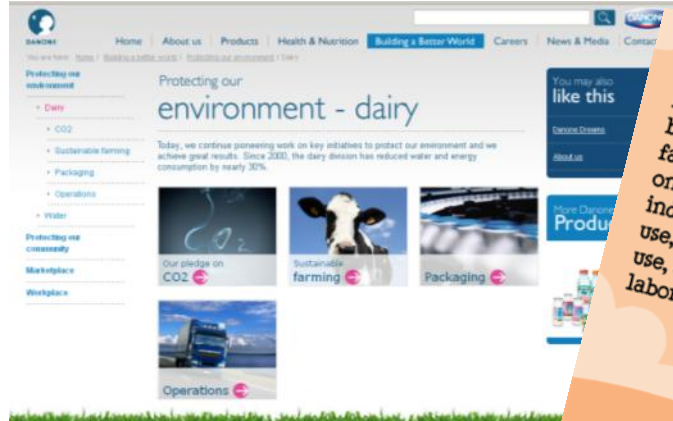
CR Report 2011  
We've set ambitious targets to reduce our carbon footprint, the emissions of our supply chain, and help our customers lower their footprint too. Find out more in our CR Report 2011.

Download the report

Corporate Responsibility Report 2011





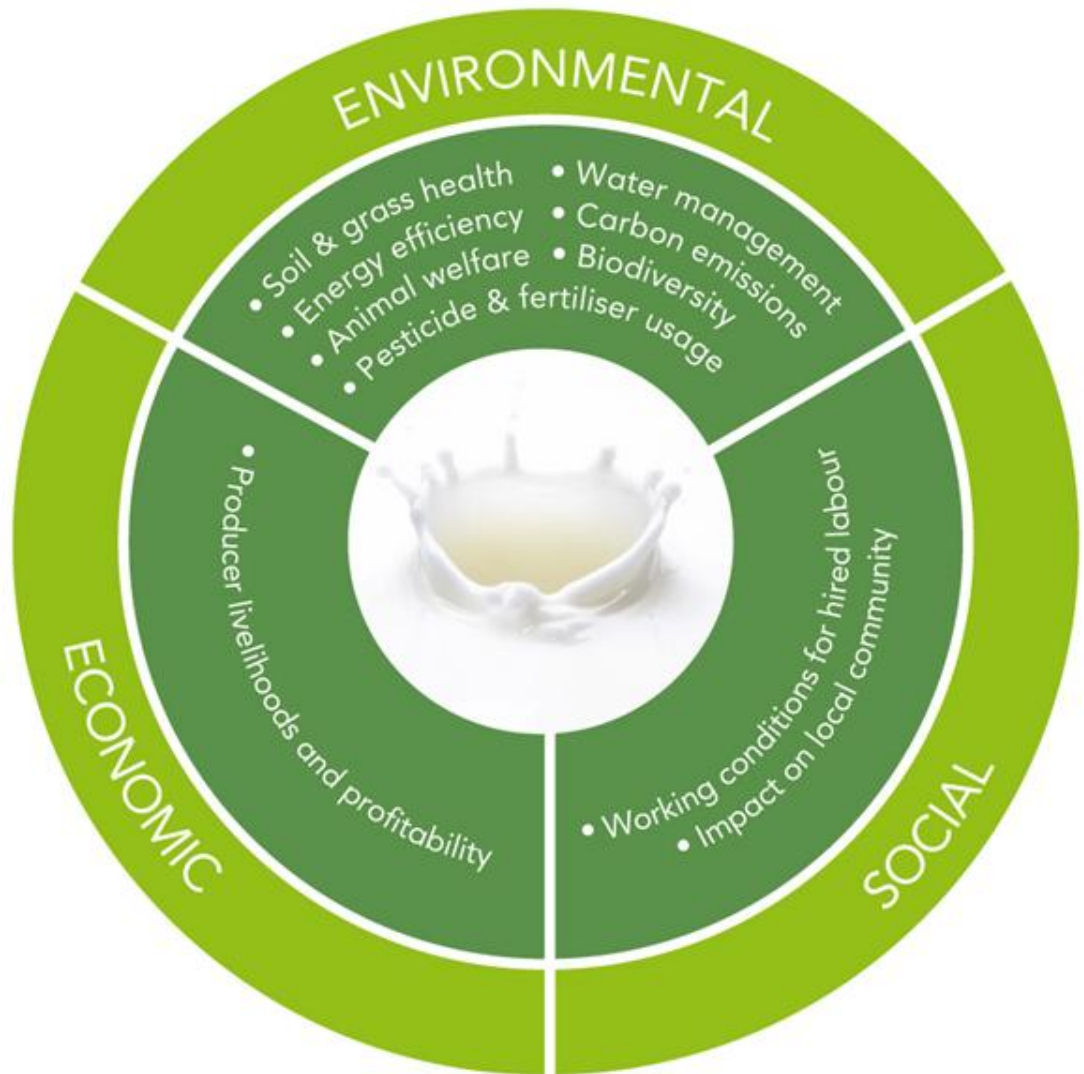


The background of the slide is a full-page photograph of a vast, green grassy field. The sun is low on the horizon, creating a strong golden glow that illuminates the sky and the field. The sky is filled with soft, white clouds. The overall mood is peaceful and natural.

What is  
Sustainability?



# What is Sustainability?



A young girl with brown hair in a braid, wearing a white sleeveless dress, is smiling and looking down at a bouquet of yellow and blue flowers she is holding. The background is a soft-focus outdoor scene with green foliage and a bright sky.

# Corporate Social Responsibility vs. Sustainability Programme

WE CONTRIBUTE TO  
SOCIETY BECAUSE  
WE ARE SUCCESSFUL

vs.

WE ARE SUCCESSFUL  
BECAUSE WE  
CONTRIBUTE TO SOCIETY



WE CONTRIBUTE TO  
SOCIETY BECAUSE  
WE ARE SUCCESSFUL

vs.

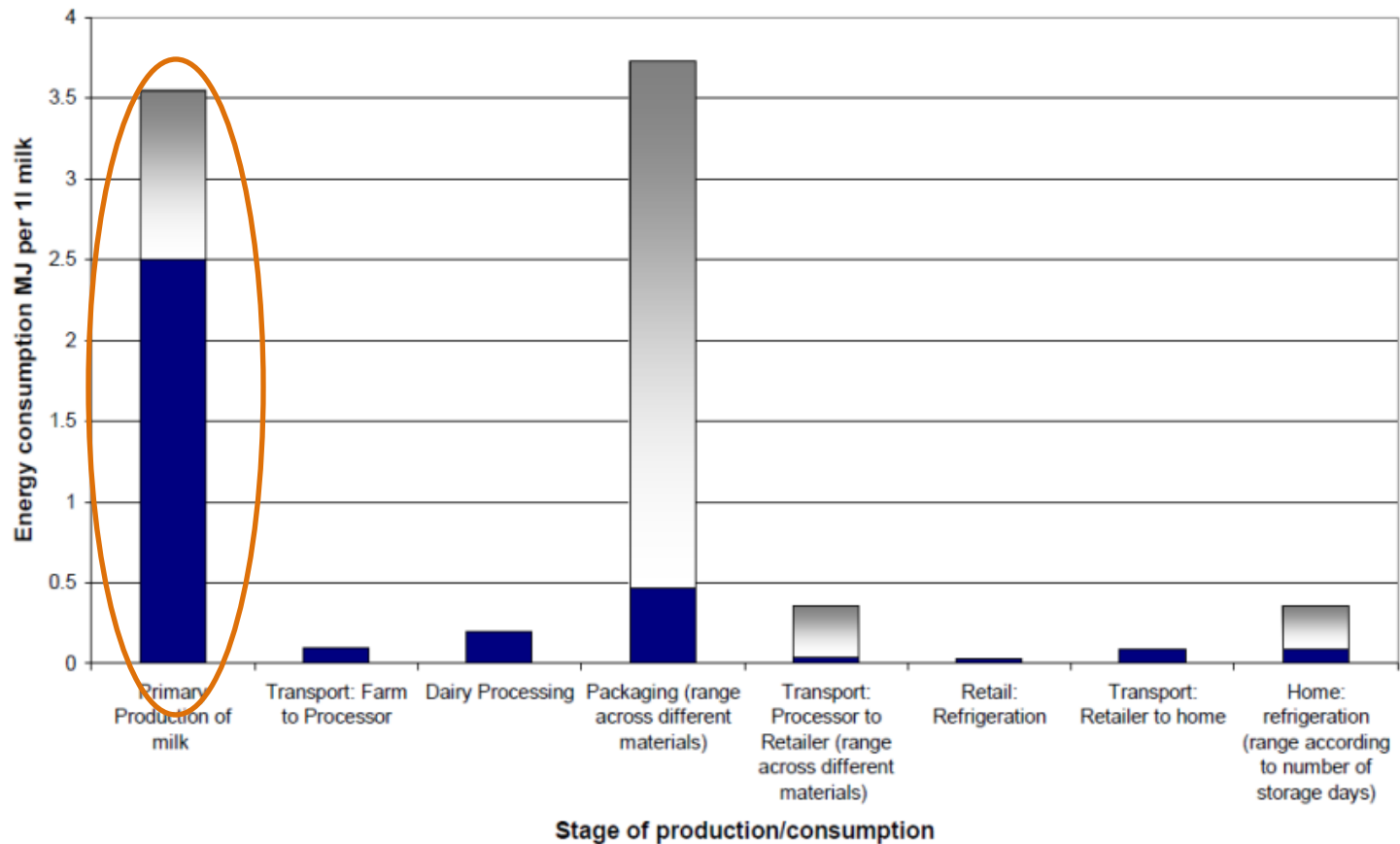
WE ARE SUCCESSFUL  
BECAUSE WE  
CONTRIBUTE TO SOCIETY

**GIVING SOMETHING BACK** vs.

**CREATING SHARED VALUE**



# Carbon Associated with LCA of a Single Litre of Milk



# Sustainability at Processing Level



# Key Sustainability Focus at Processing Level

- Plant Energy Efficiency
- Operating under ISO 50001 Global Energy Management Standard
- Carbon Trust Accreditation
- Waster Water Treatment Facility
- Nutrient Management Planning







# Sustainability On Farm



# Sustainable Opportunities for DII

- Significant natural advantages
- Grass based milk production
- Existing DII Quality Assurance Programme
- Integrated supply chain – from farm inputs to end product
- Opportunity for Ireland to take a global lead



# Direct Benefit to Our Suppliers



# Direct Benefit to Our Suppliers

- Glanbia committed to providing advice/support to suppliers
- CAP reform - potential alignment



# Dairy Ingredients Ireland Sustainability Programme – Key Components





# Sustainability Advisory Group

- ✓ Advise on the development of the Sustainability Programme
- ✓ Provide content & test concepts
- ✓ Demonstrate 'openness' on the part of Glanbia.
- ✓ Group membership will rotate over a two year period



# Sustainability Advisory Group

Members are drawn from:

- ✓ Irish Food Board (Bord Bia)
- ✓ National Technical Advisory Board (Teagasc)
- ✓ Global customer
- ✓ Non Governmental Organizations
- ✓ Independent Experts
- ✓ DII Supply base
- ✓ Glanbia Management



# Best Practice Framework

- ✓ Code of Practice defined
- ✓ Key sustainability parameters include:
  - ✓ Quality Assurance
  - ✓ Animal welfare
  - ✓ Carbon emissions
  - ✓ Energy usage
  - ✓ Water usage
  - ✓ Biodiversity
  - ✓ Health & Safety
- ✓ Performance scored – providing scope for continuous improvement and international accreditation



# On-Farm Audits

- ✓ Independent audits of all farms
- ✓ Audits take place over an 18 month cycle
- ✓ Audits score suppliers against 'best practice' criteria
- ✓ A 'supportive approach' underlies the audit process





# Continuous Improvement

- ✓ Full time resources to advise and assist in achieving continuous improvement
- ✓ These resources do not engage in the audit process but do have access to the results of the audits
- ✓ Focus on how suppliers can gain real value from the programme through a best practice approach



# Communications & Marketing

- ✓ Key to unlocking the value of the programme
- ✓ Marketing resources deployed to the programme



# Performance Review

- ✓ Programme success is monitored and reviewed on an ongoing basis
- ✓ Feedback sought from all stakeholders
- ✓ Programme content will continuously evolve to reflect new learnings





# Sustain Ability – The Journey Continues



Thank You – Audrey O'Shea, Sustainable Strategy Manager

