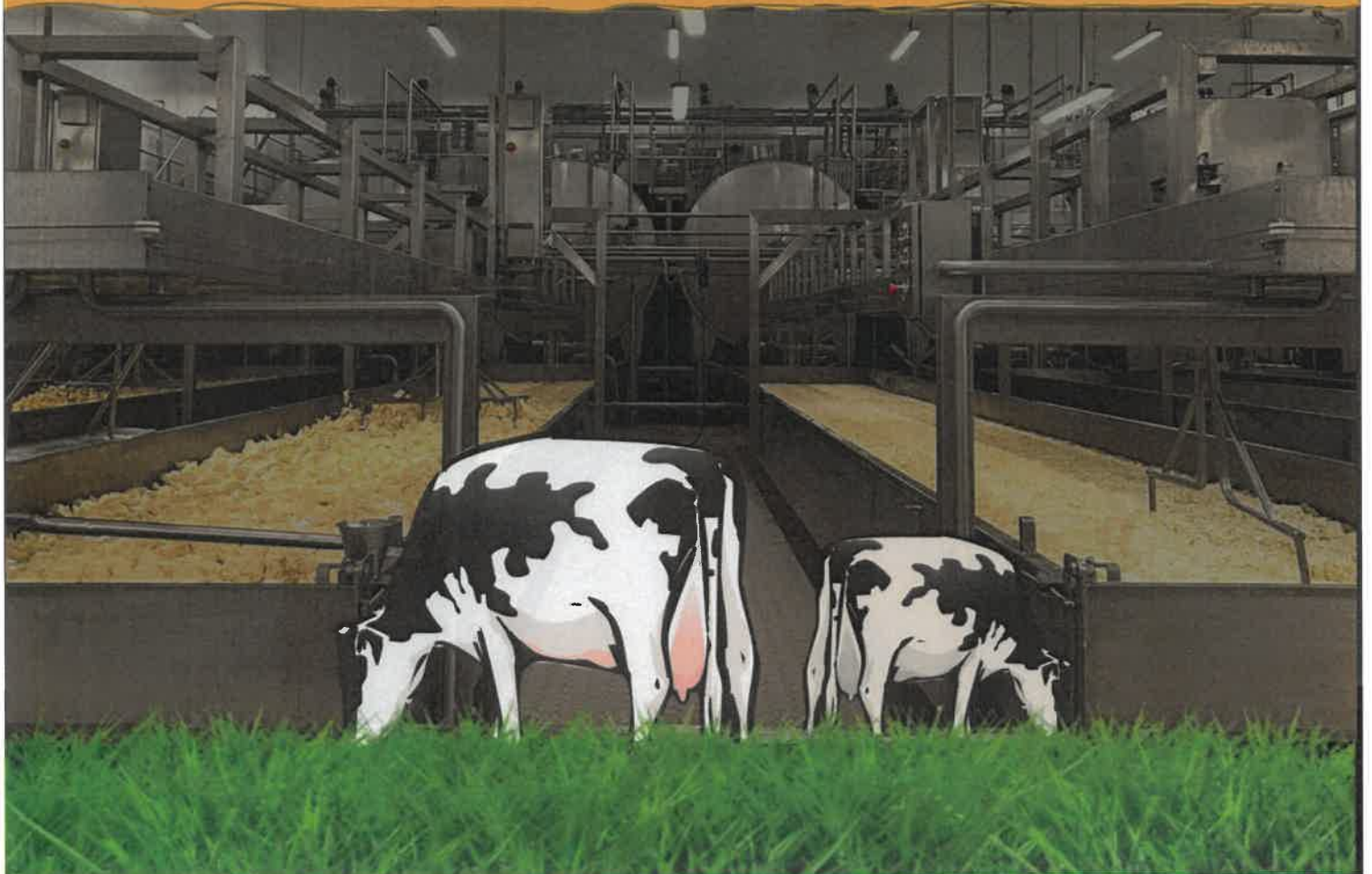




ENVIRONMENT MANAGEMENT SYSTEM

ANNUAL REPORT

2025/26





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Report release date: August 2026

Environmental Report Validation

The information contained within this Environmental Report will be sampled and validated by the Green Dragon auditor in the next scheduled audit in November 2026.





1. INTRODUCTION

South Caernarfon Creameries Ltd (SCC) is a farmer-owned Welsh dairy co-operative established in 1938 by a group of local dairy farmers to process their milk. Over the years, the company has expanded, with its primary activities centred on cheese production and packing. Cheese sales are split between the bulk sector and pre-packed formats, including portion blocks, wedges, slices, and grated cheese. Annual milk volumes are approximately 198 million litres, producing around 22,000 tonnes of cheese. During peak supply months, daily milk intake averages 585,000 litres, equivalent to around 23,500 tonnes annually.

The Creamery employs approximately 200 full-time staff. Operations run 365 days a year, excluding planned annual maintenance shutdowns. Cheese production operates on a seven-day schedule, while the packing operation runs double 10-hour shifts over four days, with occasional additional hours to meet customer demand. Milk is collected from SCC's farmer members across Northwest, Northeast, and Mid-Wales. Collections take place 365 days a year, with all milk processed at the Creamery's facilities in Rhydygwystl. As by-products of cheese manufacture, both cream and whey are also produced on site. SCC Ltd is committed to sustainable dairy production, recognising its responsibility to minimise environmental impact while delivering high-quality products.

South Caernarfon Creameries Ltd regards environment protection as a duty of care for management, employees and other stakeholders involved in the company's activities. It continuously reviews and implements the best possible methods to prevent pollution of air, land, and water while safeguarding against all foreseeable hazards associated with its operations.

SCC forms this report as a commitment to managing the business in the most sustainable manner possible and to seek the same commitment from all stakeholders. The Company is dedicated to sustainability, setting targets that pursue economic and social improvements.

Our mission statement:

To deliver best in class manufacturing milk price in Wales to our farmer members by becoming a low cost and innovative added value cheese producer.





Mission

To be an added value cheese producer selling a focused and award-winning range direct to major multiples, food service, food manufacturers and export markets by leveraging flexibility and provenance.

The Company has recently developed the site with the aid of Welsh Government grants which will see the cheese production annual capacity increasing to 21,000 tonnes. SCC is committed to addressing its impacts on the environment and gained the level 2 Green Dragon Environmental Standard in 2014 and achieving level 4 in 2021-22. As part of this future development, SCC will also continuously invest in more efficient equipment, its buildings, its fleet of vehicles and in renewable energy projects to reduce its Carbon Footprint.

Our Environmental Policy, reviewed annually, guides our efforts to reduce emissions, manage resources efficiently, and support on-farm carbon reduction. As part of our commitment to achieving absolute net-zero carbon equivalent emissions by 2050 at the latest, aligned with the Dairy Roadmap target, we report our environmental data annually. This Environmental Statement outlines our environmental performance, compliance, and progress for the financial year ending 31 March 2026.

For environmental enquiries:

Contact the Compliance Manager/ Sustainability Manager



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**South Caernarfon Creameries Ltd
Rhydygwystl
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2. ENVIRONMENT POLICY

SCC Ltd. is committed to continued improvement in all the following:

- Providing and maintaining a safe and healthy environment.
- Developing and maintaining an Environmental Management System that is reviewed annually and continues to gain Green Dragon approval.
- Adopting a system of Integrated Pollution, Prevention and Control (IPPC) for all company activities.
- Ensuring compliance with all relevant legislation, including meeting the requirements of MCERTS Monitoring of Effluent Flow.
- Implementing best available techniques (BAT) for all methods and new equipment introduced.
- Assessing and reducing all risks to individuals affected by the company`s activities.
- Setting specific and measurable targets wherever practicable, including defined Environmental and Sustainability objectives that are reviewed annually.
- Continually monitoring and reviewing environmental control measures, updating or modifying them as necessary.
- Ensuring staff receive initial training in Environmental Management, with regular updates provided.
- Complying with public registry requirement.
- Consulting with external environmental bodies when necessary.
- Conducting an annual policy review, or more frequently if necessary.
- Seeking staff commitment by communicating environmental issues and all relevant changes and developments Creamery.
- Addressing sustainability within the factory and company activities wherever possible.

SCC Ltd encourages all employees and others engaged in company business to fully co-operate with this policy by:

- Always working safely and efficiently
- Reporting any incidents that have caused or may cause environmental pollution.
- Adhering to company rules and procedures to maintain a safe and healthy environment.
- Supporting the company`s commitment to reducing mileage, water, and energy use while minimising waste.

Signed:

Alan Wyn Jones
Managing Director





3. KEY FINDINGS

In 2025-26, SCC:

- 7,790.73 tonnes CO₂ eq. of direct Greenhouse Gas Scope 1 emissions resulting from activities of the Company (diesel fuel/boiler oil/release of refrigeration gases) and 1,718.26 tonnes CO₂ eq. of indirect Greenhouse Gas Scope 2 emissions resulting from consumption of purchased electricity. Combining these scopes gives an operational carbon-intensity metric of 0.416 t CO₂ eq. per tonne of cheese- which is 16.13% lower than FY24, showing greater factory efficiency.
- Total Scope 3 emissions amounted to 251,207.49 tCO₂e.
- 1,889,944 litres of boiler oil were used to process 206,398,566 litres of milk, which equates to 0.0092 litres of oil per litre of milk processed.
- 9,707,702 kWh of electricity was used to process 206,398,566 litres of milk, which equates to 0.0470 kWh per litre of milk processed.
- 171,806 m³ of water was used to process 206,398,566 litres of milk, which equates to 0.833 litres of water per litre of milk processed.
- From day-to-day operations, 412.93 tonnes of waste were recycled during 2025. 236.88 tonnes were disposed of as mixed general waste all of which goes direct for incineration.
- Food waste as a percentage of product produced and packed during 2025–26 was 0.182% in the Prepack department (compared with 0.183% the previous year), and 0.048% in the Cheese Production department (compared with 0.045% the previous year).



4. THE ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

SCC's Environmental Management System covers the system boundary based on the factory operations from gate-to-gate below.



The scope of the EMS covers the handling and storage of raw milk, along with all aspects of the manufacture, packing, and on-site storage of cheese, cream, and whey. All associated activities — including steam production, effluent treatment, refrigerant management, energy-efficiency measures, and environmental awareness training — are included within this scope.

South Caernarfon Creameries' EMS aims to comply with Green Dragon Level 5 standards and is subject to continuous improvement and regular audits to demonstrate ongoing conformity with these requirements.

The EMS also encompasses all obligations associated with the site's environmental permit (Permit No. EPR/BL9941IC), issued in May 2023 and replacing all previous versions, including the original permit from May 2004. This includes the monitoring and reporting of emissions and discharges, and the submission of all required reports and results to Natural Resources Wales.

The EMS is implemented to ensure:

- Awareness and reduction of associated environmental impacts
- Compliance with Green Dragon Environmental Certification
- Cover all aspects of compliance with the site environmental permit No. EPR/BL9941| C issued May 2023 by Natural Resource Wales.





5. GREENHOUSE GAS EMISSIONS 2025-26

South Caernarfon Creameries systematically identifies the greenhouse gas (GHG) emissions that derive from all relevant aspects of its activities and operations.

The main greenhouse gases identified from SCC activities:

1. Carbon Dioxide (CO₂)- from direct fuel use, electricity consumption and transport
2. Indirect Methane (CH₃)- indirect emissions from on-farm milk production
3. Nitrous Oxide (N₂O)- from indirect on-farm milk production emissions

These emissions identified are categorised using the principles of Greenhouse Gas Protocol and the sector-specific guidance from the International Dairy Federation (IDF), into the following scopes.

The 2025–26 Scope 1 emissions figures differ from those reported in the Company's Annual Report. Following a review undertaken by Greener Edge Consultancy, the emissions data were corrected and independently verified. The original calculations applied incorrect emission factors, resulting in a misstatement of Scope 1 emissions.

Scope	2025-26	2024-25
Scope 1 Emissions		
- Stationary combustion	7,790.73	7,457.33
- Mobile Combustion		
- Fugitive Emissions		
Scope 2 Emissions		
- Electricity consumption (Location-based)	1,718.26	1,776.95
Scope 3 Emissions (based on cradle-to-process gate)		
- Purchased goods and services	251,207.49	NA
- Capital Goods		
- Fuel and Energy-related Activities		
- Waste generated from production		
- Upstream transport and distribution		
- Employee Commuting		
- Upstream Leased Assets		





Reducing GHG Emissions

Here are some of the actions that we have in place to reduce our carbon footprint.

- New LED bulb lights fitted to all cold store warehouse. All light replacements going forward will change to LED bulbs.
- Installation of sub-meters to continually monitor electric, boiler fuel and water usage.
- Recovering 72,302m³ litres of water to reuse in CIP systems since commissioning the Water Recovery Plant.
- Providing environmental awareness training to staff during briefings
- Working alongside farmer members to reduce carbon footprint by hosting knowledge exchange events.
- Increasing our waste recycling by providing more recycling bins on site for operations waste and staff waste in canteens.
- Worked alongside a third-party consultancy firm to carry out an Energy Strategy Audit, exploring opportunities for renewable energy sources.
- Developed a Carbon Reduction Plan in collaboration with Greener Edge Consultants, establishing both short-term and long-term strategies for SCC to reduce and mitigate emissions.
- Formed a Sustainability Committee that meets biannually to discuss sustainability matters, monitor progress, and drive continuous environmental improvement.





6. MANAGEMENT REVIEW

South Caernarfon Creameries Ltd maintains a structured approach to the management review of its Environmental Management System (EMS), ensuring it remains effective, compliant, and aligned with the principles of continual improvement required under the Green Dragon Level 5 standard.

The Compliance Manager and Sustainability Manager form the Management Review Team, which conducts a formal annual review of the EMS and relevant environmental legal compliance in the Legal Register. The company's Environmental Policy and Environmental Statement are also reviewed and signed annually by the Managing Director, demonstrating senior leadership commitment to environmental performance and continual improvement.

In addition to the annual review, SCC operates a dedicated Environmental Improvement Team, which meets biannually to discuss ongoing and emerging environmental issues, performance trends, operational changes, and opportunities for innovation, including progress against environmental objectives and targets. This team plays a key role in driving continuous improvement across the organisation. Minutes are taken every meeting and shared with each department representative during staff council meetings.

Management reviews and improvement discussions may also be undertaken as required, for example in response to significant incidents, regulatory changes, audit findings, or operational developments. This ensures the EMS remains dynamic, responsive, and continually aligned with best practice throughout the year.





7. ASPECTS AND IMPACTS

The company has a number of environmental aspects and impacts associated with its day-to-day operations, all of which are identified, assessed and monitored through the Aspects and Impacts Register. The environmental aspects are the elements South Caernarfon Creameries production site activities that can potentially cause an impact on the environment.

Each recognised aspect is assessed by assigning a score based on its likelihood and severity, with appropriate control measures identified and any required actions or improvements allocated accordingly.

The highest risk environmental aspects identified are those associated with the transportation and storage of raw milk from farm to our site at Rhydysgwystl, energy use for processing and production, chemical use for cleaning activities, and refrigeration gases for storage of product.

The Register is reviewed annually to confirm that all identified aspects remain relevant and to incorporate any new significant aspects or impacts where necessary. It also falls within the scope of the annual external Green Dragon verification audit, which provides independent assurance of continued compliance.

8. POLLUTION PREVENTION PLAN

In relation to the high-risk aspects above, a Pollution Prevention Plan is in place to minimise risk, prevent occurrences and actions to take in the event of any spillages. Monitoring criteria is given for each risk.

The document is reviewed annually or as deemed necessary due to operational or site changes.

To minimise risk of pollution SCC ensures:

1. All spill kits are fully stocked
2. All relevant staff are fully trained
3. Hazardous chemicals are stored correctly and monitored.

In the event of any spillages, the incident shall be dealt with in accordance with the actions laid out in the Procedure in the Event of a Milk, Chemical or Fuel/Oil Spillage (P4), and details of the incident, including actions taken, shall be recorded as a non-conformance on Qpulse.



9. OBJECTIVES AND TARGETS

OBJECTIVE	TARGET	RESPONSIBILITY	TARGET DATE	MONITORING CRITERIA	DATE COMPLETED	DATE LAST REVIEWED
Reduce water usage	Reduce water consumption in line with Dairy UK Cheese and Butter Sector Benchmarking, achieving a ratio of 1 litre of water used per litre of milk processed and also by 15% through recovering and utilizing recovered water.	Factory, Engineering and Production Managers	March 2027	SCC Ltd. Energy Management System – Monthly Data	Monthly review	On- going trends reviewed graphically on Utilities Usage Model
Reduce daily average COD figures	Maintain the daily average COD concentration entering the effluent plant at or below 3,946 kg/m ³ .	Factory, Engineering and Production Managers	March 2027	Effluent monitoring data	Monthly review	On-going trend reviewed weekly from ETP testing results
Waste Recovered/R recycled (% of total waste)	Increase recycled waste year on year in comparison to site total landfill/incineration waste	Site, Cheese Stores and Prepack Managers	March 2027	Recycling data from waste carrier contractor	Monthly summary	April 2026
Reduce landfill/incineration waste (% of total waste)	Reduce landfill/incineration waste in line with Dairy UK Cheese and Butter Dairy Sector Benchmarking Figures of 4.10%	Factory, Engineering and Production Managers	March 2027	Waste data from Williams and Williams Ltd	Monthly summary	April 2026
Reduce Climate Change Agreement (CCA) carbon Buy Out cost	Achieve zero CCA carbon buy out fees.	Compliance Manager	March 2027	Supply Inenco Energy Consultants with quarterly Energy use and milk intake figures	Quarterly review	April 2026
Reduce Scope 1 & 2 Emissions	Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by at least 22% by 2030, against a 2025 baseline year.	Factory, Compliance Manager and Sustainability Manager	March 2030	Annual calculation of Scope 1 and 2 tCO ₂ e emissions against the 2025 baseline, with progress measured as percentage reduction towards the 2030 target.	Annual Review	April 2026
Scope 3 Emissions Data Gaps	After completing the Carbon Reduction Plan, several gaps in scope 3 data were found. Data capture systems need to be improved.	Sustainability Manager	March 2027	Improve data capture systems.	Ongoing	June 2026 (date of completing the Carbon Reduction Plan)
Reduce food waste	Reduce food waste in line with Dairy UK Cheese and Butter Dairy Sector Benchmarking Figures of 2.67%	Production Managers	March 2027	Daily prepack and cheese production floor waste data and daily COD product conversion data.	Monthly summary	April 2026



UK Dairy Roadmap Members

As a member of the UK Dairy Roadmap, SCC aligns its sustainability objectives with the targets and commitments set out by the Roadmap. The latest UK Dairy Roadmap targets are currently under final review and, once published, will be incorporated into SCC's sustainability roadmap and future environmental improvement plans.

10. COMPLIANCE

All applicable environmental legislation, regulatory requirements and other voluntary commitments that relate to the environmental aspects of South Caernarfon Creameries's activities are documented in the, Legislation Register. This register is reviewed annually, or as when new major legislation are introduced, under the responsibility of the Compliance Manager, and using the company's subscription to Barbour.



